

Shah Manish

Co.

CHARTERED ACCOUNTANTS (Regd.)

412/C Alka,
S. V. Road,
Andheri (West),
Mumbai-400058.

Email: shahmanish.co@gmail.com

Mobile No: 9833260202

CERTIFICATE

The Partners
Green Lantern Capital LLP,
201, Udyog Bhavan,
Sonawala Marg,
Goregaon (East),
Mumbai – 400063

You have requested us to provide a certificate on the Disclosure document for Portfolio Management services ("the Disclosure Document") of Green Lantern Capital LLP, having its address 201, Udyog Bhavan, Sonawala Marg, Goregaon - (East), Mumbai- 400063, and PAN NO. AAQFG3684C, SEBI Registration NO. INP000005829, LLP Identification No. AAH-9384 ("the LLP"). We understand that the disclosure document is required to be submitted to the Securities and Exchange Board of India ("the SEBI").

1. The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ("the SEBI Regulation") and the Guidelines issued by SEBI dated February 13, 2020 is the responsibility of the management of the company. Our responsibility is to report in accordance with the Guidance note on Audit Reports and Certificates for special purposes issued by the Institute of Chartered Accountants of India. Further, our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statement taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statement, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.
2. In respect of the information given in the Disclosure document, we state that:
 - (a) The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the company.
 - (b) The partner's qualification, experience, ownership details are as declared by them and have been accepted without further verification.



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- (c) We have relied on the representations given by the LLP about the penalties or litigations against the Portfolio Manager mentioned in the Disclosure document.
- (d) We have relied on the representation made by the management regarding the Assets under LLP as on 28th February, 2023.
3. Read with above and on the basis of our examination of the unaudited books of accounts, records, statements produced before us and to the best of our knowledge and according to the information, explanations and representations given to us, we certify that the disclosure made in the Disclosure Document dated 28th February, 2023 for the financial period 01/04/2022 to 28/02/2023 are true and fair in accordance with the disclosure requirements laid down in Regulation 22 read with Chapter V to the SEBI Regulations. A management certified copy of the disclosure document is enclosed herewith.

This certificate is prepared solely for the purpose of submitting the same to Securities Exchange Board of India and sharing with clients.

The enclosed document is stamped and initialed / signed by us for the purpose of identification.

For Shah Manish & Co.

Chartered Accountants

Firm Registration No. 116591W


CA Manish N. Shah

Proprietor

Place : Mumbai

Date : March 07, 2023

Membership Number 101193

UDIN 29101193B6SZHB7706



GREEN LANTERN CAPITAL LLP
PORTFOLIO MANAGEMENT SERVICES

DISCLOSURE DOCUMENT

GREEN LANTERN CAPITAL LLP

Key Information

- *This Disclosure Document has been filed with the Securities and Exchange Board of India (SEBI) along with the certificate in the prescribed format in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020.*
- *The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decisions for engaging Green Lantern Capital LLP (GLC) as a Portfolio Manager.*
- *This disclosure document sets forth concisely the necessary information about GLC that is required by a prospective investor before investing.*
- *The investor should carefully read the entire disclosure document prior to making a decision to avail of the Portfolio Management Services and should retain this Disclosure document for future reference.*

PRINCIPAL OFFICER

Mr. Abhishek Bhardwaj

201, Udyog Bhavan, Sonawala Marg, Goregaon - East, Mumbai - 400 063.

Tel no. 022 26867201

Mobile No: 98213 42303

Email: abhishek@glcapital.in

COMPLIANCE OFFICER

Miss. Pooja Doshi

201, Udyog Bhavan, Sonawala Marg, Goregaon - East, Mumbai - 400 063.

Tel no. 022 26867202

Mobile No: 98193 73906

Email: pooja@glcapital.in

The Disclosure document is dated March 7, 2023.

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1. DISCLAIMER CLAUSE

This Disclosure Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations 2020 as amended till date and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

2. DEFINITIONS

In this disclosure document, the following words and expressions shall have the meanings specified herein, unless the context otherwise requires:

| | |
|---|---|
| Act | means the Securities and Exchange Board of India Act, 1992 (15 of 1992) |
| AUM | Asset Under Management |
| Board | means the Securities and Exchange Board of India |
| Client or Investor | means any person who registers with the Portfolio Manager for availing the services of portfolio management. |
| Custodian | mean any person with whom the custody of the Securities of the Client (whether in physical or dematerialized form) are to be entrusted with, pursuant to the Communication given by the Client from time to time and who has to perform the functions of a custodian of Securities, pursuant to such agreement, understanding or writing as may be executed between the Client and the Custodian or executed between GLC on behalf of the Client with the Custodian. |
| Depository Account | means any account of the client with an entity registered as a Depository Participant as per the relevant regulations |
| Discretionary Portfolio Management Services | Discretionary Portfolio Management Services” means Portfolio Management Services provided by the Portfolio Manager exercising any degree of discretion as to investments, or management of the Portfolio of the securities or the funds of clients, as the case may be, as per the Agreement relating to portfolio management and to ensure that all benefits accrue to the Client’s Portfolio, for an agreed fee structure, and for a definite period as described, entirely at the Client’s risk. |
| Disclosure Document | This document issued by GLC for offering Portfolio management services, prepared in terms of Regulations 22 of SEBI (Portfolio Managers) Regulations, 2020. |
| Financial year | means the year starting from April 1 and ending on March 31 of the following year or as prescribed under Laws. |
| Funds | means the money placed by the Client with the Portfolio Manager and any accretions thereto. |
| Funds Managed | means the market value of the Portfolio of the Client as on date. |
| Initial Corpus | means the value of the funds and the market value of readily realizable investments brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager. |
| Investment Amount | The money or securities accepted by the Portfolio Manager from the Client in respect of which the portfolio management services are to be rendered by the Portfolio Manager. |
| Non-discretionary Portfolio Management Services | Non-discretionary Portfolio Management Services” means a Portfolio Management Services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure, and for a definite period as described period, invests in respect of the Client’s account in any type of security entirely at the Client’s risk and to ensure that all benefits accrue to the Client’s Portfolio. |
| NRI | Non-Resident Indian |

| | |
|-------------------|--|
| Portfolio | Portfolio means the total holdings of securities belonging to any person / investor |
| Portfolio Manager | shall have the same meaning as in the SEBI (Portfolio Managers) Regulations, 2020 and for the purpose of this document shall mean Green Lantern Capital incorporated under the LLP Act, 2008, vide LLP registration number AAH-9384 dated December 26, 2016 and registered with SEBI vide Registration No. INP000005829 dated September 07, 2017 |
| Principal Officer | means an employee / Director/ Partner of the portfolio manager, who is responsible for the activities of portfolio management and has been designated as Principal Officer by the Portfolio Manager. |
| RBI | Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time. |
| Regulations | means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020. |
| SEBI | Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 2020as amended from time to time. |
| Portfolio | means any of the current investment Portfolio or such Portfolio that may be constructed at any time in future by the Portfolio Manager. |
| The Agreement | The agreement executed between the Portfolio Manager and its clients in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 |
| “Securities” | Security as defined in Section 2(h) of the Securities Contract (Regulation) Act, 1956, provided that securities shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the Regulations or any other law for the time being in force. |

Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in “Regulations.

3. DESCRIPTION

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

GLC has been incorporated on December 26, 2016, Mumbai, under the LLP ACT, 2008 vide registration no AAH-9384.

GLC received SEBI Registration Vide No. INP000005829 dated September 07, 2017 under Securities and Exchange Board of India (Portfolio Manager) Regulations, 2020.

As on February 28, 2023 GLC has been rendering Portfolio Management Services to 64 numbers of clients having assets of Rs. 96.12 Crores under its Discretionary and Advisory Services.

(ii) Promoters of the Portfolio Managers, Designated Partners and their background

Promoters and Designated Partners:

I. Mr. Nilesh Doshi- CEO & Managing Partner

Qualification: B. Tech. Chemical Engineering from Indian Institute of Technology (IIT), Mumbai.

Experience: Nilesh has a market and equity experience of over 35 years, having worked with institutions like Pidilite, Praxair, and Edelweiss Financial. He was earlier the Head - Equity Research at Way 2 Wealth Brokers Pvt. Ltd, Mumbai (including the acquired broking firm Techno Shares & Stocks Pvt Ltd) for over ten years. Lastly, he has worked with Edelweiss Securities Ltd for a small stint as Head- Mid Cap Research in their Institution Department.

During his tenure at Way 2 Wealth Brokers (including Techno Shares), he has served many domestic institutions such as UTI MF, Tata MF, Reliance PMS, and other Insurance companies and banks treasuries with his investment ideas. In addition, he has served many retail clients and HNI clients across the country. Way 2 wealth Broking has more than 600 franchises and 20000 + active customers nationwide.

Post his graduation, and before joining Techno Shares, he has worked in the manufacturing sectors with companies such as Pidilite Industries, Floatglass India Ltd, Herdillia Unimers, Chemtex Engg, Praxair India, and Jesons Industries., where he was involved in projects financing, project implementation, production, marketing & supply-chain and, international trade. This hands-on experience helps to analyze the businesses in depth, future potential, and realistic approach to investment.

Presently Nilesh is working as CEO & Managing Partner of Green Lantern Capital LLP and will be responsible for ensuring Sales, Marketing, and overall supervision of Operations and Client Interface.

Date of Appointment : Dec 03, 2016

Other Directorship : NIL

II. Mr. Abhishek Bhardwaj - Managing Partner, Principal Officer & Portfolio Manager

Qualification: Chartered Accountant

Experience: Abhishek has about 20 years of Equity Fund Management and research experience. Before starting this firm, Abhishek worked as Equity Portfolio Manager with Star Union Dai-Ichi Life Insurance Company.

Before joining Star Union, he worked with the Indian Sub-Advisors of 2 FII's investing in India Heritage Capital India (May 2008- May 2012) and Monsoon Capital (July 2012 - May 2013). In addition, Abhishek has worked as Head of Research and Senior Analyst at these firms.

Previously, Abhishek worked with Reliance Capital Asset Management as a Research Analyst with Mutual Fund and later on with Reliance PMS. He was promoted to Portfolio Manager at Reliance PMS in July 2007, where he worked until March 2008.

He also worked with Credit Analysis and Research Limited from November 2002 to March 2004 in the capacity of Credit Rating Analyst.

Presently Abhishek at Green Lantern Capital is a key person with significant experience and will be responsible as Principal Officer under the Regulations for Sales, Marketing, and Portfolio Construction.

Date of Appointment : Dec 03, 2016

Other Directorship : Samvridhi Advisors LLP

Samvridhi Advisors LLP is a management advisory firm with the objective of providing advice for strategies in the field of Sales, Marketing, and Corporate Governance. The firm is not in the business of investment advisory. It was set up in 2008 as Samvridhi Advisors Pvt. Ltd. and was converted into an LLP in 2015.

III. Mr. Nitin Pandey - Partner & Portfolio Manager

Qualification: PGDBA

Experience: Nitin has 20 years of capital market experience with prestigious organizations like Reliance Capital AMC and Edelweiss Financials. He is an expert in portfolio management, macro-economy, sector, and business analysis and also brings “Behavioral Finance” expertise with a focus on capitalizing the full potential of investments over the long run.

His last assignment was as an Investment Manager at Miras Investments (a USD2Bn global family office based in Oman), which has added good exposure to the global investment world.

Nitin will be responsible for Client Servicing, Sales, and Marketing in addition to supporting Portfolio Construction.

Date of Appointment : Oct 23, 2020

Other Directorship : NIL

(iii) Top 10 Group companies/firms of the Portfolio Manager on turnover basis

Based on latest audited Financial Statement as of March 31, 2022, GLC has no group companies/ firms.

(iv) Details of services being offered: Discretionary / Non-discretionary / Advisory:

DISCRETIONARY SERVICES

The Portfolio Manager will provide Discretionary Portfolio Management Services, which shall be in the nature of investment management and may include the responsibility of managing, renewing, and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividends, bonus, buy-backs, rights etc. so that all benefits accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described, entirely at the Client's risk.

The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any security as per executed agreement and make such changes in the investments and invest some or all the Client's account in such manner, and such markets as it deems fit would benefit the Client. The Portfolio Manager's decision in deploying the Client's account is absolute and final and can never be called into question or be open to review at any time during the currency of the agreement or any time thereafter. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Act, rules and regulations, guidelines, and notifications in force from time to time.

ADVISORY SERVICES

The Portfolio Manager will provide Advisory Portfolio Management Services, in terms of the SEBI (Portfolio Manager) Regulations, 1993, which shall be in the nature of investment advisory and shall include the responsibility of advising on the portfolio strategy, sectoral allocation and investment and divestment of individual securities in the client portfolio, for an agreed fee structure, entirely at the Client's risk; to all eligible category of investors who can invest in the Indian market including domestic institution, NRIs, FIIs, etc.

The Portfolio Manager shall be solely an advisor to the Client's portfolio and shall not be responsible for the investment/divestment of securities and/or administrative activities on the Client's portfolio. The

Portfolio Manager shall provide advisory services in accordance with such guidelines and/or directives issued by the regulatory authorities and/or the Client, from time to time, in this regard.

(v) Minimum Investment Amount

The first minimum lump-sum investment amount to be invested under the portfolio is Rs. 50,00,000/- (INR Fifty Lacs Only) or any other amount as prescribed by SEBI. The requirement of minimum investment amount per client shall not apply to an accredited investor.

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 Regulations made there under | Nil |
| (ii) | The nature of the penalty / direction | Not Applicable |
| (iii) | Penalties imposed for any economic offence and / or for violation of any securities laws | Nil |
| (iv) | Any pending material litigation / legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any | Nil |
| (v) | Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency | Nil |
| (vi) | Any enquiry / adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Rules or Regulations made there under. | Nil |

5. SERVICES OFFERED

GLC is offering to build portfolio of securities that attempts to meet the investment rationale while following investment principals/ methodology believed and followed by the Portfolio Manager. The Portfolio Manager offers bespoke portfolio built over a period of time, depending upon market opportunity at the time of customer providing capital.

DISCRETIONARY SERVICES

GLC offers two schemes under its Discretionary Services.

(i) GLC Growth Fund

Investment Objective: The fund strategy endeavors to generate superior risk adjusted returns, in varying market conditions, by investing mostly in Mid & Small Cap companies. Ideal long-term investment (2-4 year Horizon) option for investors where we build a portfolio of companies that are Industry leaders, have potential to generate healthy ROE, and are trading at high margin of safety.

Strategy: GLC Growth Fund is an equity strategy.

Investment Approach:

- The portfolio will be diversified with around 20-25 stocks across sectors and market capitalization with a higher focus on Mid-capitalization companies.

- The primary focal point of our investment philosophy is the 'Margin of Safety', i.e. the difference between the purchase price and intrinsic value. A disciplined approach of protecting capital by buying the business at less than its true/potential value should generate superior long-term returns for our clients.
- The portfolio will consist of 0-25% Large Cap companies and 100-75% Small & Mid Cap companies. In case of macro turmoil, we can create a significant cash position to protect capital and take advantage of lower share prices.
- The portfolio manager aims to invest through a combination of top-down and bottom-up stock picking in emerging & existing themes to take advantage of the overall economic growth cycle.
- Invest in companies with a reasonable business size in terms of revenue, are capital efficient, and have low financial leverage and/or special moat business.
- Portfolio Managers would focus on companies with solid management, sustainable competitive edge, scalable businesses, and the presence of pricing power in their products or services.
- Preference is for growth stocks with the potential to generate revenue growth and reasonable ROE/ROCE.
- The portfolio manager would like to adopt a buy-and-hold approach for investment and would attempt to participate through the entire cycle of value unlocking, which can happen over a more extended period.
- Investments will be actively monitored with periodic meetings with different levels of management, internal and external constituents of the companies, and competing businesses to continuously assess the validity of the investment hypothesis.
- Cash to be a default position: We shall invest in companies only when we conclude that potential returns adequately compensate for the risk we take by investing.
- The Portfolio Manager will regularly monitor the Fund's exposure by company and industry concentration, capitalization, liquidity, and valuations of individual positions.

(ii) GL Alpha Fund

Investment Objective: The fund strategy endeavors to generate superior risk adjusted returns, in varying market conditions, by investing in large Mid Cap and Large Cap within a broad Multi Cap allocation strategy. Ideal long-term investment (2-3 years) option for investors to build a portfolio of market leaders with strong balance sheets, superior earnings growth and steady free cash flow generation.

Strategy: GLC Alpha Fund is an equity strategy.

Investment Approach:

- The portfolio will be diversified with around 15-20 stocks across sectors and market capitalization.
- The primary focal point of our investment philosophy is capturing growth opportunities with a long-term compounding mindset. A disciplined approach of investing in medium to long-term compounders coupled with strategically buying the business at less than their true/potential value should generate superior long-term returns for our clients.
- The portfolio will consist of 0-60% Large Cap companies, 20-30% Mid Cap and 0-30% Small Cap companies. In case of macro turmoil, we can create a significant cash position to protect capital and take advantage of lower share prices.
- The portfolio manager aims to invest through a combination of top-down and bottom-up stock picking in existing & emerging themes to take advantage of the overall economic growth cycle.
- Invest in companies that have a reasonable business size in terms of revenue, are capital efficient, and have low financial leverage.
- Portfolio Managers would focus on companies with solid management, sustainable competitive edge, scalable businesses, and the presence of pricing power in their products or services.

- Preference is for growth stocks with the potential to generate revenue growth and reasonable ROE/ ROCE.
- The portfolio manager would like to adopt a buy-and-hold approach for investment and would attempt to participate through the entire cycle of value unlocking, which can happen over a more extended period.
- Investments will be actively monitored with periodic meetings with different levels of management, internal and external constituents of the companies, and competing businesses to continuously assess the validity of the investment hypothesis.
- Cash to be a default position: We shall invest in companies only when we conclude that potential returns adequately compensate for the risk we take by investing.
- The Portfolio Manager will regularly monitor the Fund's exposure by company and industry concentration, capitalization, liquidity, and valuations of individual positions.

ADVISORY SERVICES

Investment Objective: The fund strategy endeavors to generate superior risk adjusted returns, in varying market conditions, by investing mostly in Mid & Small Cap companies. Ideal long-term investment (2-4 year Horizon) option for investors where we build a portfolio of companies that are Industry leaders, have potential to generate healthy ROE, and are trading at high margin of safety.

Investment Strategy/ Approach:

- The portfolio will be diversified with around 10-15 stocks across sectors and market capitalization with a higher focus on Mid-capitalization companies.
- The primary focal point of our investment philosophy is the 'Margin of Safety', i.e. the difference between the purchase price and intrinsic value. A disciplined approach of protecting capital by buying the business at less than its true/potential value should generate superior long-term returns for our clients.
- The portfolio will consist of 0-25% Large Cap companies and 100-75% Small & Mid Cap companies. In case of macro turmoil, we can create a significant cash position to protect capital and take advantage of lower share prices.
- The portfolio manager aims to invest through a combination of top-down and bottom-up stock picking in emerging & existing themes to take advantage of the overall economic growth cycle.
- Invest in companies with a reasonable business size in terms of revenue, are capital efficient, and have low financial leverage and/or special moat business.
- Portfolio Managers would focus on companies with solid management, sustainable competitive edge, scalable businesses, and the presence of pricing power in their products or services.
- Preference is for growth stocks with the potential to generate revenue growth and reasonable ROE/ ROCE.
- The portfolio manager would like to adopt a buy-and-hold approach for investment and would attempt to participate through the entire cycle of value unlocking, which can happen over a more extended period.
- Investments will be actively monitored with periodic meetings with different levels of management, internal and external constituents of the companies, and competing businesses to continuously assess the validity of the investment hypothesis.
- The Portfolio Manager will regularly monitor the Fund's exposure by company and industry concentration, capitalization, liquidity, and valuations of individual positions.

6. POLICIES FOR INVESTMENTS IN ASSOCIATE/GROUP COMPANIES/RELATED ENTITIES

The Portfolio Manager will not be investing in any Associate/ Group companies/Related Entities.

7. DIVERSIFICATION POLICY

The Portfolio Manager will not invest/make any investments in its associate & group companies. The Portfolio Manager will have a bottom-up fundamentals-oriented philosophy where the Portfolio Manager will create a list of portfolio companies based on the fundamental strength and execution track record of those companies against various factors such as macroeconomic factors, competitive intensity, and other parameters. The fundamental strength of these selected companies is that they provide the biggest source of downside protection against volatility in the external operating environment. To manage diversification risk and to reduce the exposure of massive drawdown in a single stock, the Portfolio Manager will diversify in a different types of Stocks and Sectors. The average number of stocks in each portfolio is as per the Investment approach. Further, the investment approach will be sector agnostic.

8. RISK FACTORS

- Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of investments will be achieved.
- Past performance of the Portfolio does not indicate its future performance.
- Investors are not being offered any guaranteed or assured return/s i.e. either of Principal or appreciation on the portfolio.
- Investors may note that Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends.
- The liquidity of the Portfolio's investments is inherently restricted by trading volumes in the securities in which it invests.
- The valuation of the Portfolio's investments, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. There will be no prior intimation or prior indication given to the Clients when the composition / asset allocation pattern changes.

Risk Arising from Investment Objective, Investment Strategy and Asset Allocation

- Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made in the Portfolio. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio to make intended securities purchases due to settlement problems could cause the Portfolio to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the portfolio due to the absence of a well-developed and liquid secondary market for debt securities would result, at time, in potential losses to the Portfolio, in case of a subsequent decline in the value of securities held in the Portfolio.
- Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The Portfolio Manager may choose to invest in unlisted securities that offer attractive yields. This may however increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the

selling ability of the Portfolio(s) and may lead to the investments incurring losses till the security is finally sold.

- **Interest Rate Risk:** As with debt securities, changes in interest rates may affect valuation of the Portfolio's as the prices of securities generally increase as interest rates decline and generally decrease as interest rate rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than prices of short-term securities. Indian debt markets can be volatile leading to the possibility to price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.
- **Liquidity or Marketability Risk:** This refers to the ease with which a debt security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market.
- **Credit Risk:** Credit Risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.
- **Reinvestment Risk:** This refers to the interest rate levels at which cash flows received from the securities under a Portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

Risks arising out of Non-Diversification

Diversification of portfolio across asset classes, investment themes, sectors and securities is normally construed to be less risky for investors. It is to be noted that the portfolio is likely to be more focused on a single asset class, i.e. equities which inherently is very volatile. Further the portfolio could be subject to more risk on account of its concentration of investments into a few sectors or a limited number of securities. In addition to limited/inadequate diversification across asset classes, themes and sectors, the portfolio could be prone to higher risk on account of non-diversification across market capitalizations, particularly if the portfolio has a bias towards mid-cap and small-cap companies

Specific Risk factors pertaining to Unlisted Securities

While portfolio will be predominantly invested in Listed Securities, Portfolio Manager may occasionally invest in private equity or pre IPO related transactions i.e. unlisted securities/ instruments. In case of Company's IPO, then investment will be subject to regulatory lock-in, if any, as prescribed by SEBI from time to time. Many of such investment made by the Portfolio Manager may be illiquid, and there can be no assurance that the Portfolio Manager will be able to realize profits on such investments in a timely manner. Since such investment may involve a high degree of risk, poor performance by any of these investments could lead to adverse effects on the returns received by investors.

9. CLIENT REPRESENTATION

(i) GLC is currently offering Discretionary Portfolio Management Services. There are 64 clients serviced by GLC as on February 28, 2023.

| Category of Clients | No. of Clients | Funds Managed (in crores) | Discretionary / Non-Discretionary |
|------------------------------------|----------------|---------------------------|-----------------------------------|
| Associate / Group Companies | | | |
| FY 2019-20 | Nil | Nil | N.A. |
| FY 2020-21 | Nil | Nil | N.A. |
| FY 2021-22 | Nil | Nil | N.A. |
| April 1 2022 to February 28 2023 | Nil | Nil | N.A. |
| Others | | | |
| FY 2019-20 | 17 | 15.41 | o |
| FY 2020-21 | 15 | 17.02 | N.A. |
| FY 2021-22 | 25 | 30.12 | N.A. |
| April 1 2022 to February 28 2023 | 62 | 79.52 | N.A. |
| Advisory | | | |
| FY 2019-20 | Nil | Nil | N.A. |
| FY 2020-21 | Nil | Nil | Discretionary |
| FY 2021-22 | 2 | 14.79 | Discretionary |
| April 1 2022 to February 28 2023 | 2 | 16.60 | Discretionary |
| Total | | | |
| FY 2019-20 | 17 | 15.41 | Discretionary |
| FY 2020-21 | 15 | 17.02 | Discretionary |
| FY 2021-22 | 27 | 44.91 | Discretionary |
| April 1 2022 to February 28 2023 | 64 | 96.12 | Discretionary |

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

NIL.

(This disclosure is extracted from the information provided in the audited accounts of GLC as on March 31, 2022.)

Related Parties where control exists:

| Sr. No. | Name of the Related Party | Nature of Transaction |
|---------|---------------------------|-----------------------|
| 1 | Nilesh Doshi | N/A |
| 2 | Abhishek Bhardwaj | N/A |
| 3 | Nitin Pandey | N/A |
| 4 | Anurag Jain | N/A |

Other related parties with whom transactions have been taken place during the period.

As on March 31, 2022 following have invested into the Portfolio Management Services:

| Sr. No. | Name of the Related Party | Amount Invested (in INR) | Fund |
|---------|---------------------------|--------------------------|-----------------|
| 1. | Green Lantern Capital LLP | 1,29,00,000.00 | GLC Growth Fund |
| 2. | Green Lantern Capital LLP | 73,00,000.00 | GL Alpha Fund |

10. FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER

Following table captures key financial data of GLC based on Audited Financial Statements as on March 31, 2022 and Provisional Data as on February 28, 2023:

| Particulars | As on February 28, 2023 (in Rupees) (Rounded off to the nearest rupee) | As on March 31, 2022 (in Rupees) (Rounded off to the nearest rupee) |
|---|--|---|
| Sources of Funds | | |
| Share Capital | 3,30,70,326.00 | 3,30,70,326.00 |
| Reserves & Surplus | 2,05,01,365.80 | 1,31,54,171.00 |
| Current Liabilities | 27,85,156.36 | 44,77,155.00 |
| Application of Funds | | |
| Non-Current Assets | 4,93,80,336.46 | 4,60,42,126.00 |
| Current Assets | 69,76,511.20 | 46,59,526.00 |
| Net Worth (as per the method of calculation defined in the Regulations) | 5,35,71,691.80 | 4,62,24,497.00 |
| Total Income | 1,32,97,234.40 | 1,90,78,468.00 |
| Net Profit (before tax) | 91,38,103.08 | 1,49,71,875.00 |

11. PORTFOLIO MANAGEMENT PERFORMANCE

Portfolio Management performance of the Portfolio Manager for the last three years, and in case of discretionary Portfolio Manager disclosure of performance indicators calculated using weighted average method in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993, as amended from time to time.

Currently, the portfolios being managed by the Portfolio Manager are in the nature of Discretionary Equity Portfolio Management Services.

Historical Performance Indicator for Discretionary Portfolio Management Services vis-à-vis the Benchmark Index:

| Particulars | 1 Year | 2 Year (CAGR) | 3 Year (CAGR) | Since Inception (CAGR) |
|------------------------|--------|---------------|---------------|------------------------|
| Equity Oriented | | | | |
| GLC Growth Fund | 22.28% | 35.39% | 40.64% | 15.46% |

| | | | | |
|------------------------|--------|--------|--------|--------|
| S&P BSE SmallCap Index | 2.55% | 16.48% | 25.89% | 8.57% |
| GL Alpha Fund | 15.67% | 18.54% | 31.21% | 29.07% |
| S&P BSE 500 | 1.51% | 9.17% | 16.44% | 12.98% |

* Returns over 1 year period are annualized and adjusted for inflows/outflows.

* Returns are calculated after expenses on TWRR basis.

12. NATURE OF EXPENSES

The following are indicative types of costs and expenses for clients availing the Portfolio Management services. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement and the agreements of each of the services availed at the time of execution of such agreements.

(a) Management Fees: Management Fees relate to the Portfolio Management Services offered to clients. The fee may be fixed charge or a percentage of the quantum of funds manages or linked to portfolio returns achieved or a combination of any of these, as agreed by the Client in the PMS Agreement. In the event of it being a fixed charge or a percentage of the quantum of funds managed, it shall not exceed 3% p.a. of the Client's portfolio corpus.

In addition to the fixed fee, with regard to the management fees linked to portfolio returns/out performance achieved, the fee structure will be mutually decided as per the client agreement.

Regarding the management fees linked to portfolio returns achieved, the terms will be decided as per the client agreement. Management Fee / Performance Fee carry GST at the applicable rate.

The mentioned fee is applicable to both Discretionary and Advisory services managed by the Portfolio Manager.

(b) Other charges include the following expenses, which shall be charged as mutually decided as per the client agreement.

(c) Custodian/Depository Fees: 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.

(d) Registrar and transfer agent fee: Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.

(e) 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.

(f) Certification and professional charges: Charges payable for out sourced professional services like accounting, taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities.

(g) Incidental Expenses: Charges in connection with the courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank accounts etc.

(h) Any other charges as mutually decided as per the client agreement.

Initial Investment Period and Voluntary Termination

Initial Investment Period is part of the agreement period during which voluntary termination of agreement or premature withdrawal by the Client would be subject to an exit load of 3% of capital contributed for the first 12 months of Initial period and 2% of capital contributed during period 12-24 months which can be waived by the Portfolio Manager as may be decided from time to time at its discretion.

The Initial investment period for this agreement is 24 months from the date of activation of the portfolio as notified by the Portfolio Manager.

13. TAX IMPLICATIONS (PORTFOLIO MANAGEMENT SERVICES)

The tax information described in this Document are as per the provisions of the Income-tax Act, 1961 ('the Act') in force in India at the date hereof.

The information given is included only for general purpose and is based on advice received by the Portfolio Manager regarding the law and practice currently in force in India and the PMS Clients should be aware that the relevant fiscal rules or their interpretation may change. The tax incidence to investors could vary materially based on residential status, characterization of income (i.e. capital gains versus business profits) accruing to them. In case the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case to case basis. As is the case with any investment, there can be no guarantee that the tax position prevailing at the time of an investment will endure indefinitely.

Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of the Company to induce any client, prospective or existing, to invest in the portfolio management services of the Company. Implications of any judicial decisions/ double tax avoidance treaties etc. are not explained herein. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the client should seek advice from his/her/its own professional tax advisor if he/she/it is in any doubt regarding the taxation consequences of investing in the Products offered under Portfolio Management Services. The Portfolio Manager shall not be responsible for assisting or completing the fulfillment of the obligations of an Investor.

The following summary is based on the Income-tax Act, 1961 (the "IT Act"), the Income-tax Rules, 1962 (the "IT Rules") and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year and this summary reflects the amendments enacted by the Finance Act, 2021 (No. 13 of 2021) published on 28th March, 2021 in the Official Gazette of India ('Finance Act, 2021').

Income Tax Slabs:

The maximum tax rates applicable to different categories of assessee are as follows:

| Category of assessee | Maximum tax rate applicable |
|---|-----------------------------|
| Resident individual & HUF ¹ | 30% + surcharge and cess |
| Partnership Firms & Indian Companies (other than specified companies below) | 30% + surcharge and cess |
| Indian Companies having turnover less than INR 4000 million during the financial year 2017-18 | 25% + surcharge and cess |

| | |
|--|--------------------------|
| Company opting for section 115BA (Manufacturing domestic companies) | 25% + surcharge and cess |
| Company opting for section 115BAA ² | 22% + surcharge and cess |
| Company opting for section 115BAB ³ | 15% + surcharge and cess |
| Non-resident Indians | 30% + surcharge and cess |
| Foreign Companies | 40% + surcharge and cess |

¹The Finance Act, 2020 has introduced a new tax regime vide Section 115BAC for Individual and HUF to tax the income of such assessee at lower tax rates if they agree to forego prescribed deductions and exemptions under the Income Tax Act. Under the said provisions, maximum tax rate applicable shall be 30% plus applicable surcharge and education cess.

²The Taxation Laws (Amendment) Act, 2019 has introduced a lower tax regime for domestic companies vide Section 115BAA thereby levying the lower corporate rate of 22% on such companies, subject to certain conditions, including that the total income should be computed without claiming any deduction, exemption or any set off of any loss carried forward or depreciation from any earlier assessment year. Hence, in such case the rate of tax on interest income should be 25.168% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). A company can choose to opt for the new tax rates in the financial year 2019-20 (i.e. assessment year 2020-21) or in any other financial year in the future. Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years.

³The Taxation Laws (Amendment) Act, 2019 has also introduced a lower tax regime for domestic new companies engaged in the business of manufacture or production of any article and research in relation to, or distribution of such article manufactured by it, vide Section 115BAB thereby levying the lower corporate rate of 15% on such companies, subject to certain conditions including that they do not claim certain deductions. Hence, in such case the rate of tax would be 17.16% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years

Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits-

| Sl. No. | Category of Assessee | Range of Income | Rate of Surcharge |
|---------|--|--|-------------------|
| 1. | Individual and HUF (including for Individual and HUF to tax the income at lower tax rates under Section 115BAC) | Rs. 50 Lakhs to Rs. 1 Crore | 10% |
| | | Rs. 1 Crore to Rs. 2 Crores | 15% |
| | | Rs. 2 Crores to Rs. 5 Crores | 25% |
| | | Rs. 5 crores to Rs. 10 Crores | 37% |
| | | Exceeding Rs. 10 Crores | 37% |
| 2. | Partnership Firm and Limited Liability Partnership | Exceeding Rs. 1 Crore | 12% |
| 3. | Local Authority | Exceeding Rs. 1 Crore | 12% |
| 4. | Domestic Company (Where its total turnover or gross receipt during the previous year 2019-20 does not exceed Rs. 400 crore) | -- | 25% |
| | Domestic Company (Where its total turnover or gross receipt during the previous year 2020-21 does not exceed Rs. 400 crore) | -- | -- |
| | Domestic Company (Where it opted for Section 115BAA or Section 115BAB) | -- | 10% |
| | Any other Domestic Company | Rs. 1 crore but not exceeding Rs. 10 crore | 7% |

| | | | |
|---|--|--|-----|
| | (including companies opting for Section 115BA) | exceeds ten crore rupees | 12% |
| 5 | Foreign Company | Rs. 1 crore but not exceeding Rs. 10 crore | 2% |
| | | exceeds ten crore rupees | 5% |

Notes:

- (1) The enhanced surcharge of 25% & 37%, as the case may be, is not levied, from income chargeable to tax under sections 111A, 112A and 115AD. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.
- (2) From Assessment Year 2023-24 onwards:
 - The maximum rate of surcharge on tax payable on dividend income or capital gain referred to in Section 112, shall be 15%.
 - The surcharge rate for AOP with all members as a company shall be capped at 15%.
- (3) However, the surcharge shall be subject to marginal relief where income exceeds specified limits.
- (4) An additional surcharge, by way of health and education cess, is payable at the rate of 4 per cent on the amount of tax payable plus surcharge, if any, as calculated above.

Tax Implications to different categories of investors for various streams of income

A PMS Client may earn:

1. Income from dividend on shares and units of mutual fund
2. Short-term and/or long-term capital gains (or losses) on sale of Securities (shares, debentures, rights renunciations, units, etc.)
3. Business Income (loss) from purchase and sale of Securities (shares, debentures, rights renunciations, units, etc.)

Each such income has a separate tax treatment in the hands of the PMS Client as discussed hereunder.

5.1 Income From Dividend On Shares And Units Of Mutual Fund

5.1.1 Taxability in hands of shareholders

- Dividend referred to in section 115O of the Act received in respect of shares of an Indian Company on or after 01.04.2003 but on or before the 31.03.2020 is exempt from tax under Section 10(34) of the Act. However, in such cases, the domestic company is liable to pay a Dividend Distribution Tax (DDT) under section 115-O.
- However, under Section 115BBDA, dividend received on or before 31.03.2020 by a specified assessee from a domestic company in excess of INR 10 lakhs are to be taxed at 10 per cent of the dividend on gross basis. The Finance Act, 2020 has abolished the provisions related to Dividend Distribution Tax ("DDT") and move to the classical system of taxation wherein the dividends distributed by an Indian company are taxable in hands of the shareholders / unit holders at the rates applicable to the respective assessees.
- Consequently, Section 115BBDA which provides for taxability of dividend in excess of Rs. 10 lakh has no relevance as the entire amount of dividend shall be taxable in the hands of the shareholder.
- The domestic companies shall not be liable to pay DDT on dividend distributed to shareholders on or after 01-04-2020. However, domestic companies shall be liable to deduct tax under Section 194.

5.1.2 Withholding tax

- As per the Section 194, which shall be applicable to dividend distributed, declared or paid on or after 01-04-2020, an Indian company shall deduct tax at the rate of 10% from dividend distributed to the resident shareholders if the aggregate amount of dividend distributed or paid during the financial year to a shareholder exceeds Rs. 5,000.
- However, where the dividend is payable to a non-resident or a foreign company, the tax shall be deducted under Section 195 in accordance with relevant Double Taxation Avoidance Agreements (“DTAA”).
- As per section 195, the withholding tax rate on dividend shall be as specified in the Finance Act of the relevant year or under DTAA, whichever is applicable in case of an assessee.
- Further, non-resident will be eligible to claim benefit of applicable tax treaties which would include limit on tax rate for dividend specified in the treaty and tax credit in the home country.

5.1.3 The taxability of dividend and tax rate thereon shall depend upon many factors like residential status of the shareholders, relevant head of income. Thus, if shares are held for trading purposes, then the dividend income shall be taxable under the head business or profession. Whereas, if shares are held as an investment, then income arising in nature of dividend shall be taxable under the head other sources.

5.1.4 For the purpose of computation of business income, a taxpayer can follow either mercantile system of accounting or cash basis of accounting. However, the method of accounting employed by the assessee does not affect the basis of charge of dividend income as Section 8 of the Act provides that final dividend including deemed dividend shall be taxable in the year in which it is declared, distributed or paid by the company, whichever is earlier.

5.1.5 Whereas, interim dividend is taxable in the previous year in which the amount of such dividend is unconditionally made available by the company to the shareholder. In other words, interim dividend is chargeable to tax on receipt basis.

5.1.6 Deductions from dividend income

- Where dividend is assessable to tax as business income, the assessee can claim the deductions of all those expenditures which have been incurred to earn that dividend income such as collection charges, interest on loan etc.
- Whereas if dividend is taxable under the head other sources, the assessee can claim deduction of only interest expenditure which has been incurred to earn that dividend income to the extent of 20% of total dividend income.

5.1.7 Tax rate on dividend income

- The dividend income shall be chargeable to tax at normal tax rates as applicable in case of a resident assessee.
- For NRIs, as per Section 115A (1) (a) (i), income by way of dividend from the Indian company which is included in the total income is taxable at the rate of 20%. Where the total income as reduced by such dividend is below the maximum amount which is not chargeable to income-tax, then, such dividend shall not be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax. It means that dividend is taxable @ 20% irrespective of total income does not exceed maximum amount which is not chargeable to income-tax.

5.1.8 Taxability under DTAA

- Dividend income is generally chargeable to tax in the source country as well as the country of residence of the assessee and, consequently, country of residence provides a credit of taxes paid by the assessee in the source country.

- Thus, the dividend income shall be taxable in India as per provisions of the Act or as per relevant DTAA, whichever is more beneficial.

5.1.9 Inter-corporate Dividend

- The provisions of section 80M removes the cascading effect by providing that intercorporate dividend shall be reduced from total income of company receiving the dividend if same is further distributed to shareholders one month prior to the due date of filing of return.
- Advance tax liability on dividend income
- If the shortfall in the advance tax instalment or the failure to pay the same on time is on account of dividend income, no interest under section 234C shall be charged provided the assessee has paid full tax in subsequent advance tax instalments.

5.2 Characterization Of Income Derived from Sale of Securities

Traditionally, the issue of characterization of exit gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the Indian Revenue authorities. There have been judicial pronouncements on whether gains from transactions in securities should be taxed as 'business income' or as 'capital gains'. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case.

The applicable tax rate depends on the nature of income i.e., capital gains or business income. Gains on disposition of securities that are held as "stock-in-trade" should be considered as "business profits" whereas those held as "investment" should be considered as "capital gains".

Judicial precedents have not evolved any specific test that could be universally applied in determining whether gains on disposition of securities are "capital gains" or "business profits". The answer to this question would necessarily depend upon all relevant factors and circumstances of a case.

The Central Board of Direct Taxes ('the CBDT') in its instruction no.1827 dated August 31, 1989 had laid down certain tests to distinguish between shares held as stock-in-trade and shares held as investment.

The CBDT has issued draft instructions seeking comments from all stakeholders on the supplementary instructions proposed to be issued. The following supplementary instructions in this regard will provide further guidelines for determining whether a person is a trader in stocks or an investor in stocks:

- Whether the purchase and sale of securities was allied to his usual trade or business / was incidental to it or was an occasional independent activity;
- Whether the purchase is made solely with the intention of resale at a profit or for long term appreciation and/or for earning dividends and interest;
- Whether scale of activity is substantial;
- Whether transactions were entered into continuously and regularly during the assessment year;
- Whether purchases are made out of own funds or borrowings;
- The stated objects in the Memorandum and Articles of Association in the case of a corporate assessee;
- Typical holding period for securities bought and sold;
- Ratio of sales to purchases and holding;
- The time devoted to the activity and the extent to which it is the means of livelihood;
- The characterization of securities in the books of account and in balance sheet as stock in trade or investments;

- (xi) Whether the securities purchased or sold are listed or unlisted;
- (xii) Whether investment is in sister/related concerns or independent companies;
- (xiii) Whether transaction is by promoters of the company;
- (xiv) Total number of stocks dealt in; and
- (xv) Whether money has been paid or received or whether these are only book entries.

The Assessing Officers also advised that no single criterion listed above is decisive and total effect of all these criteria should be considered to determine the nature of activity.

On 15 June 2007, the CBDT issued Circular no. 4/2007, to update its earlier instruction for the guidance of the tax officer. This circular provides further guidance on determining whether the shares are held by the assessee as investment or stock-in-trade.

This circular is a supplement to instruction no.1827 dated 31 August 1989.

Considering the above, the profits or gains arising from transaction in securities could be taxed either as “Profits or Gains of Business or Profession” under section 28 of the Act or as “Capital Gains” under section 45 of the Act.

With effect from 1 April 2014, any security held by Foreign Portfolio Investor (Foreign Institutional Investors) would be treated as capital asset and any income arising from transfer of such security would be in nature of capital gains.

The CBDT further issued instructions to the AO regarding the treatment to be adopted when surplus is generated from sale of listed securities - Circular No. 6/2016. The AO in holding whether the surplus generated from the sale of listed shares or other securities would be treated as capital gain or business income, shall take into account the following: -

- a) Where the assessee itself, irrespective of the period of holding the listed shares and securities, opts to treat them as stock-in-trade, the income arising from transfer of such shares/securities would be treated as its business income,
- b) In respect of listed shares and securities held for a period of more than 12 months immediately preceding the date of its transfer, if the assessee desires to treat the income arising from the transfer thereof as Capital Gain, the same shall not be put to dispute by the Assessing Officer. However, this stand, once taken by the assessee in a particular Assessment Year, shall remain applicable in subsequent Assessment Years also and the taxpayers shall not be allowed to adopt a different/contrary stand in this regard in subsequent years;
- c) In all other cases, the nature of transaction (i.e. whether the same is in the nature of capital gain or business income) shall continue to be decided keeping in view the aforesaid Circulars issued by the CBDT.

Further, the CBDT has issued a clarification on 2 May 2016 vide F. No. 225/12/2016/ITA. II that the income arising from transfer of unlisted shares would be considered under the head ‘capital gain’ irrespective of the period of holding, with a view to avoid disputes / litigation to maintain a uniform approach. However, this would not apply in situations where: -

- (i) The genuineness of transactions in unlisted shares itself is questionable; or
- (ii) The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or
- (iii) The transfer of unlisted shares is made along with the control and management of underlying business.

5.3 Profits And Gains of Business Or Profession

As per the Finance Act 2008, deduction in respect of securities transaction tax paid is allowed in the computation of business income. However, if the income on sale of securities is treated as capital gains (treatment separately discussed), no deduction of securities transaction tax paid will be allowed from the gains derived.

Under section 43(5) of the Act, transactions in stocks and shares ultimately settled otherwise than by actual delivery are regarded as speculative transactions.

However, Finance Act 2005 has inserted proviso (d) to Section 43(5), whereby transactions in respect of trading in derivatives shall not be considered as a Speculative Transaction, provided the transaction is carried out electronically on screen-based systems through a stock broker or sub-broker or intermediary registered under SEBI or by banks or mutual funds on a recognized stock exchange and is supported by time stamped contract note.

Profits/ loss arising on sale / purchase / close out of derivatives on the recognized stock exchange should be considered as Business Profits.

There is no withholding tax on income arising on sale trades through the recognized stock exchange and so tax is payable as advance tax during the year of sale.

Business Profits are taxed as normal income at the rates prescribed under Income tax Act, 1961.

Losses under the head business income

Business loss can be set off against the income from any other source under the same head or income under any other head (except income from Salary) in the same assessment year.

Further, if such loss cannot be set off against any other head in the same assessment year, then it will be carried forward and shall be set off against the profits and gains of the business, within the period of eight subsequent assessment years.

Where the principal business of the company is of trading in shares such company shall not be deemed to be carrying on speculation business. So in case of assessee, which has its principal business of trading in shares, the loss on sale of shares ought to be treated as business loss (and not speculative loss)

Under the provisions of Section 94(7) of the Act, short-term capital loss arising on sale of shares, which are bought within 3 months prior to the record date of declaration of dividend and sold within 3 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such shares.

Under the provisions of Section 94(7) of the Act, loss arising on sale of units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive the income) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

Additionally, as per section 94(8) of the Act, wherein in case of units purchased within a period of three months prior to the record date for entitlement of bonus and sold within nine months after the record date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

5.4 Capital Gains Tax

Where investment under the Portfolio Management Services is treated as investment, then the gain or loss from transfer of securities shall be taxed as Capital Gains under section 45 of the Act. As per the provisions of section 2(42A) of the Act, short-term capital asset means capital asset held for a period of not more than 36 months immediately preceding the date of transfer. In case of a listed share held in a company or any other listed security or units of equity oriented mutual fund or specified zero coupon bonds, the period of 36 months is reduced to 12 months

Further as per the recent amendment in the Act, unlisted shares will be held as short-term capital asset, if held for a period of not more than 24 months.

Long-term capital asset is asset other than short-term capital assets.

5.4.1 Where sale transaction of shares and units are chargeable to STT

Long Term Capital Gains: As per Section 112A of the Act applicable from 1 April 2018 onwards, long term capital gains exceeding Rs. 1 lakh would be chargeable to tax at a concessional rate of 10 percent (to be increased by applicable surcharge and health and education cess as mentioned in Annexure 1). Such gains shall be calculated without inflation index and currency fluctuations.

The following amounts shall be deductible from the full value of consideration, to arrive at the amount of capital gains:

- (i) Cost of acquisition of securities, and
- (ii) Expenditure incurred wholly and exclusively in connection with such transfer.

A cost step up by way of substitution of the actual cost of acquisition for the fair market value as of 31 January 2018 is provided. The cost of acquisition in respect of long-term capital assets acquired before 1 February 2018, shall be deemed to be higher of the following: Actual cost of acquisition of such asset; and Lower of Fair Market Value ('FMV') of such asset; and Full value of consideration received or accruing as a result of transfer of such asset. FMV means:

| Listed on recognized stock exchange | Listed on recognized stock exchange but not traded on 31 January 2018 | Unit - Not listed on recognized stock exchange |
|---|---|--|
| Highest price quoted on 31 January 2018 | Highest price of asset (when the said asset was traded) on date immediately prevailing before 31 January 2018 | NAV as on 31 January 2018 |

In case of Individuals and HUF (being a resident), where taxable income as reduced by such long-term capital gains is upto / below the basic exemption limit, the long-term capital gains shall be reduced to the extent of the shortfall and only the balance long-term capital gains shall be subjected to the flat rate of income-tax.

Short Term Capital Gains: As per Section 111A of the Act, short-term capital gains arising from the sale of shares, unit of an equity-oriented fund or sale of such unit of an equity oriented fund to the mutual fund or sale of unlisted securities in an Initial Public Offer shall be taxed at rate of 15 per cent, provided such transaction of sale is chargeable to securities transaction tax increased by applicable surcharge and health and education cess as mentioned in Annexure 1.

However, in case of Individuals and HUF (being a resident), where taxable income as reduced by short-term capital gains arising on sale of equity shares or units of an equity-oriented fund is upto / below the basic exemption limit, the short-term capital gains shall be reduced to the extent of the shortfall and only the balance short-term capital gains shall be subjected to the flat rate of income-tax. Securities transaction tax is not deductible while computing capital gains.

In case of non-resident investor (including FPI) who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force) income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such non-resident investor.

For non-residents claiming such tax treaty benefits, it is mandatory to obtain a tax residency certificate ('TRC') from the home country tax authority. Further, the non-residents would also be

required to furnish additional information in Form no. 10F and permanent establishment certificate along with the TRC.

The investors should obtain specific advice from their tax advisors regarding the availability of the tax treaty benefits.

5.4.2 In case of sale transaction in shares, units and other securities (other than derivatives) which are not chargeable to STT will be taxed at the normal rates.

Long-term Capital Gains: Long-term capital gains arising on sale of securities (other than derivatives, listed shares and units of equity-oriented fund referred to above), shall be chargeable under Section 112 of the Act, as per the rates mentioned in the table below.

| Resident investors | |
|---|---|
| Income | Rates * |
| A) Listed shares (other than shares on which STT is payable and listed securities (excluding units of mutual funds, bonds and debentures) | 20 (with indexation) 10 (without indexation) |
| B) Units of Mutual Fund (indexation benefit available) | 20 |
| C) Bonds and debentures (without indexation) | 20 |
| Foreign Investors (Other than FPI) | |
| D) Unlisted shares, unlisted securities and unlisted units of debt mutual funds (without indexation and foreign currency fluctuation benefit) | 10 |
| E) Listed units of debt mutual funds (indexation benefit available) | 20 |
| F) Listed securities (other than shares and debentures) | 20 (with indexation) 10 (without indexation) |

The above rates shall be increased by the applicable surcharge and health and education cess as mentioned in Annexure 1.

The following amounts shall be deductible from the full value of consideration, to arrive at the amount of capital gains:

- Cost of acquisition of securities as adjusted by Cost Inflation Index notified by the Central Government, and
- Expenditure incurred wholly and exclusively in connection with such transfer.

In case of Individuals and HUF (being a resident), where taxable income as reduced by long-term capital gains arising on sale of securities (other than derivatives, shares and unit of an equity-oriented fund) is upto / below the basic exemption limit, the long-term capital gains shall be reduced to the extent of the shortfall and only the balance long-term capital gains shall be subjected to the flat rate of income-tax.

FPI/ NRI Investors: Long-term capital gains arising on unlisted shares, units of mutual funds and listed securities and units of equity-oriented fund arising to FPI (other than transactions of listed shares and units chargeable to STT) shall be liable to tax at the rates under Section 115AD and Section 112 and 112A of the Act at the rate of 10 per cent as increased by applicable surcharge and health and education cess mentioned in Annexure 1. Such gains shall be calculated without inflation index and currency fluctuation adjustment.

Short-term capital gains: Short-term capital gains arising on unlisted shares, units of mutual funds and listed securities arising to FPI (other than transactions of listed shares and units chargeable to STT) shall be taxed as mentioned in the table below:

| | |
|------------------|-----|
| Foreign Company | 40% |
| Domestic Company | 30% |

Short-term capital gains - Individuals (including NRI) and HUF: Short-term capital gains arising to individuals and HUFs are taxable on progressive basis, as given below:

| | |
|--|---|
| Where total income for a tax year (April to March) is less than or equal to Rs.250,000/- (the basic exemption limit) | Nil |
| Where such total income is more than Rs.250,000/- but is less than or equal to Rs.5,00,000/- | 5% of the amount by which the total income exceeds Rs.250,000/- |
| Where such total income is more than Rs.5,00,000/- but is less than or equal to Rs.10,00,000/- | Rs.12,500/- plus 20% of the amount by which the total income exceeds Rs.500,000/- |
| Where such total income is more than Rs.10,00,000/- | Rs.1,12,500/- plus 30% of the amount by which the total income exceeds Rs.10,00,000/- |

The basic exemption limit for resident individuals of the age of 60 years or more is Rs.3 lac, for individuals of the age of 80 years or more (very senior citizens) is Rs.5 lac. The said tax rates shall be increased by surcharge and health and education cess, as mentioned in Annexure 1.

Short-term capital gains arising on unlisted shares, units of mutual funds and listed securities arising to FPI (other than transactions of listed shares and units chargeable to STT) shall be taxed as per the provisions of Section 115AD of the Act at the rate of 30 per cent and the applicable surcharge and health and education cess motioned in Annexure 1.

Additionally, for NRIs, by Section 111A, income by way of short-term capital gain from the transfer of an equity share in a company or a unit of an equity-oriented fund or a unit of a business trust which is included in the total income is taxable at the rate of 15%. Where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-term capital gains shall not be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax. It means that short-term capital gains is taxable @ 15% irrespective of total income not exceeding the maximum amount which is not chargeable to income-tax.

However, in case of such other non-resident investor who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force), income-tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such other non-resident investor.

For non-residents claiming such tax treaty benefits, it is mandatory to obtain a tax residency certificate ('TRC') from the home country tax authority. Further, the non-residents would also be required to furnish additional information in Form no. 10F along with the TRC.

5.5 Set Off of Capital Losses

All Investors:

The long-term capital loss suffered on sale of securities (other than derivatives as well as shares and unit of equity-oriented fund referred to in para 4.1) shall be available for set off against long-term

capital gains arising on sale of other assets and balance unabsorbed long-term capital loss shall be carried forward for set off only against long-term capital gains in subsequent years.

Short-term capital loss suffered on sale of securities (other than derivative) shall be available for set off against both long-term and short-term capital gains arising on sale of other assets and balance unabsorbed short-term capital loss shall be carried forward for set off against capital gains in subsequent years.

In the subsequent year(s), such loss can be adjusted only against income chargeable to tax under the head “Capital gains”, however, long-term capital loss can be adjusted only against long-term capital gains. Short-term capital loss can be adjusted against long-term capital gains as well as short-term capital gains.

Such loss can be carried forward for eight years immediately succeeding the year in which the loss is incurred.

Such loss can be carried forward only if the return of income/loss of the year in which loss is incurred is furnished on or before the due date of furnishing the return, as prescribed under section 139(1).

Each Investor is advised to consult his / her or its own professional tax advisor before claiming set off of long-term capital loss arising on sale of shares and units of an equity-oriented fund referred to above, against long-term capital gains arising on sale of other assets.

Under the provisions of Section 94(7) of the Act, short-term capital loss arising on sale of shares, which are bought within 3 months prior to the record date of declaration of dividend and sold within 3 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such shares. Under the provisions of Section 94(7) of the Act, loss arising on sale of units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive the income) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

Additionally, as per section 94(8) of the Act, wherein in case of units purchased within a period of three months prior to the record date for entitlement of bonus and sold within nine months after the record date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

5.6 Minimum Alternate Tax (MAT)

All Corporate Investors: The Finance Act, 2006 amended the Minimum Alternate Tax (MAT) provisions whereby long-term capital gains arising on sale of shares and unit of equity-oriented fund though exempt under section 10(38) of the Act, would not be excluded from the book profits to calculate profits chargeable to MAT.

Any income accruing or arising to any foreign company by way of capital gains from transactions in securities, interest, royalty or fees for technical services shall be excluded from the ambit of MAT i.e., by excluding both the income and corresponding expenses in the computation.

The provisions of section 115JB of the Act have been further amended by the Finance Act 2016 to provide that MAT provisions shall not be applicable to a foreign company if it is resident of a country with which India has a tax treaty and it does not have a PE in India or it is a resident of a country with which India does not have a tax treaty and it is not required to seek registration under any law relating to companies. These provisions are applicable with retrospective effect from 1 April 2001.

The Finance Act, 2017 has introduced special provisions for computing MAT in cases of Ind-AS compliant Companies. Further MAT carry forward period has also been extended from ten to fifteen years.

The domestic company who has opted for special taxation regime under Section 115BAA & 115BAB is exempted from provision of MAT. However, no exemption is available in case where section 115BA has been opted.

5.7 Alternate Minimum Tax (AMT)

The Finance Act 2012 has extended the levy of AMT to tax unit holders (other than companies) at the rate of 18.5 percent on the adjusted total income. In a situation where the income-tax computed as per normal provisions of the Act is less than the AMT on “adjusted total income”, the unit holder shall be liable to pay tax as per AMT. “Adjusted total income” for this purpose shall be the total income increased by deductions claimed under section C of chapter VI-A (other than section 80P), deduction claimed, if any, under section 10AA and deduction claimed under section 35AD reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction under section 35AD was allowed in respect of the assets on which the deduction under that section is claimed. The provisions of AMT shall apply to any person who has claimed any deduction under chapter VI-A (other than section 80P) or under section 10AA or under section 35AD. AMT will not apply to an Individual, HUF, AOP, BOI or an Artificial Juridical Person if the adjusted total income of such person does not exceed INR 20 lakhs. Further, the credit of AMT can be carried forward to fifteen subsequent years and set off in the years(s) where regular income tax exceeds the AMT.

5.8 Securities Transaction Tax

Investor shall be liable to pay securities transaction tax in respect of certain transactions listed hereunder:

| Nature of Transaction | Payable by | Value on which tax shall be levied | Rates (%) |
|--|----------------------|---|-----------|
| Delivery based purchase/sale transaction of equity shares entered in a recognized stock exchange | Purchaser/ Seller | Value at which shares are bought / sold | 0.1 |
| Delivery based purchase transaction in units of equity-oriented fund entered in a recognized stock exchange | Purchaser | Value at which units are bought | Nil |
| Delivery based sale transaction in units of equity oriented fund entered in a recognized stock exchange | Seller | Value at which units are sold | 0.001 |
| Non-delivery-based sale transaction in equity shares or units of equity-oriented fund entered in a recognized stock exchange | Seller | Value at which shares / units are sold | 0.025 |
| Transaction for sale of futures in securities | Seller | Value at which futures are traded | 0.01 |
| Transaction for sale of an option in securities | Seller | The option premium | 0.05 |
| Transaction for sale of an option in securities, where the option is exercised | Purchaser | The settlement price | 0.125 |
| Sale of units of an equity-oriented fund to the mutual fund | Seller | Value at which units are sold | 0.001 |
| Transaction on sale on unlisted securities in an Initial Public Offer | Seller | Value at which units are sold | 0.20 |

“Equity oriented fund” means a fund:

From 1 April 2018, equity-oriented fund” has been defined to mean a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 of Income-tax Act, 1961 and,

- (i) In a case where the fund invests in the units of another fund which is traded on a recognized stock exchange,
- (ii) A minimum of 90 per cent. of the total proceeds of such funds is invested in the units of such other fund; and
- (iii) such other fund also invests a minimum of 90 per cent. of its total proceeds in the equity shares of domestic companies listed on recognized stock exchange; and
- (iv) in any other case, a minimum of 65 per cent. of the total proceeds of such fund is invested in the equity shares of domestic companies listed on recognized stock exchange. Provided that the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of opening and closing figures.

With effect from 1 April 2018, any income distribution made by equity oriented mutual fund shall attract distribution tax under Section 115R of the Act, at the rate of 12.942% (grossed up and inclusive of surcharge at 12% on income-tax and an additional surcharge by way of health and education cess at 4%).

5.9 GAAR is effective from 1 April 2017.

The above taxation details set forth Portfolio Manager's views based on the reliance on the relevant provisions of:

- (i) The Income-tax Act, 1961 (as amended and the rules and regulations thereunder) currently in force;
 - (ii) The Finance Act, 2019; and
 - (iii) The judicial and administrative interpretations of the same,
- which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could be sometimes retroactive, could have an effect on the validity of the details provided above.

5.10 Details under FATCA/ Foreign Tax laws

Tax Regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. Foreign Account Tax Compliance Provisions (FATCA) are contained in the US Hire Act 2000. Applicants are required to refer and fill/ sign off a separate FATCA declaration form. Applications without this information / declaration being filled / signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that information to be provided in the application form may undergo a change on receipt of communication / guidelines from SEBI.

The tax liability explained here is a guideline, we suggest you to consult your tax advisor to understand the exact tax liabilities.

13. ACCOUNTING POLICIES

- A. The company shall maintain a separate Portfolio record in the name of the client in its book for accounting the assets of the client and any receipt, income in connection therewith as provided under SEBI (Portfolio Managers) Regulations 2020.
- B. For every Client Portfolio, the Company shall keep and maintain proper books of accounts, records and documents, for the Client, on mercantile system of accounting, so as to explain its transactions and to disclose at any point of time the financial position of the Client Portfolio and Financial Statements and in particular give a true and fair view of the state of affairs.

C. Following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts, records for the client.

(a) **Basis of accounting:** The financial statements are prepared on an accrual basis of accounting, under the historical cost convention and in accordance with the applicable regulations and the accounting policies as set out below.

(b) Investments

- (i) Transactions for purchase and sale of investments are recognized as of the trade date at cost of acquisition and not as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that year.
- (ii) The cost of the investments acquired or purchased would include brokerage, stamp charges and any charges customarily included in the broker's contract note or levied by any statute except Securities Transaction Tax ('STT').
- (iii) Investments in equity shares / units of mutual funds are reported at cost of acquisition as at the reporting date.
- (iv) In determining the holding cost of investments in equity shares and mutual funds in these financial statements as at the reporting date and for the purpose of computation of gain or loss on sale or redemption of investments, the "first-in-first-out" ('FIFO') method is followed. The differential between the sale value of investments and the cost of investments sold is recognized as a gain or loss in the statement of profit and loss.
- (v) STT incurred on buying and selling of securities is charged to profit and loss account.
- (vi) Corporate actions such as Bonus / split / rights entitlements are recognized as investments on the ex-bonus / ex- split / ex- rights date respectively.
- (vii) Bonus shares to which the Client becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- (viii) Rights entitlement shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
- (ix) The market value of Investments in listed equity and debt instruments are valued at the closing market prices on the National Stock Exchange (NSE). If the securities are not traded on the NSE on the valuation day, the closing price of the security on the Bombay Stock Exchange (BSE) will be used for valuation of securities. In case of the securities are not traded on the valuation date, the last available traded price shall be used for the valuation of securities.
- (x) The market value of Investments in units of Mutual Funds shall be valued at the repurchase price of the previous day declared for the relevant Scheme on the date of the report.
- (xi) Market value of investment in Government securities, bonds etc. will be valued on the basis of valuation prices as provided by CRISIL Ltd Bond valuer (CRISIL) or as displayed on the website of FIMMDA (Fixed Income Money Market and Derivatives Association of India). However, in case of illiquid / thinly traded securities or for the securities when the closing market price is not available in CRISIL/FIMMDA or when the closing price does not reflect the fair value, the same will be valued based on the criteria determined and approved by the investment committee.
- (xii) Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the

transaction should be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

- (xiii) Open positions in derivative transactions, will be marked to market on the valuation day.
- (xiv) Private equity / Pre-IPO placements are valued at cost or at a last deal price available at which company has placed shares to other investors.
- (xv) In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- (xvi) Unrealised gain / losses are the differences, between the current market value / Net Asset Value and the historical cost of the securities.

(c) Capital

- (i) Capital denotes aggregate amount of cash / securities contributed by the Client at the time of initial investment with the Portfolio Manager and includes any subsequent injections of cash/ securities contributed and adjustments on account of repayments or redemptions, in accordance with the PMS agreement.
- (ii) Where securities have been received from the clients towards initial / additional corpus, the closing market value on the previous day of activation of the account / receipt of securities in the books, as initial/additional corpus, is considered as capital contribution and deemed to be the cost of investments for the purpose of tracking performance. Closing market value of the investments is based on last quoted closing price on the 'BSE' (in case the securities are not listed on BSE, the last quoted closing price on the 'NSE' is used).
- (iii) Where securities have been withdrawn by the Client towards Partial / Full redemption, the closing market value of the previous day of such securities is considered for the purpose of determining the value of the capital withdrawn. Closing market value of the securities is based on last quoted closing price on the 'BSE' (in case the securities are not listed on BSE, the last quoted closing price on the 'NSE' is used). Difference in cost and Market Value of the securities at the time of Partial / Full redemption is recorded as gain/loss of the portfolio for accounting purpose.

(d) Fee and expenses

- (i) As per the PMS agreement, Portfolio Management Fees may comprise of Fixed Fees, Performance Fees, and Exit Fees. Expenses include any other cost and expenses arising out of or incurred in the course of managing or operating the Client portfolio.
- (ii) **Fixed fees / Management fees:** Fixed fees/ Management fees is based on fixed percentage of the capital contribution / net assets value (as the case may be) as per the PMS Agreement with the Client and is accounted on accrual basis and is charged on the basis of daily weighted average balance of the asset under management of the Clients, at the end of every applicable charge period i.e. monthly or quarterly or yearly as per the PMS Agreement or on termination of PMS Agreement, whichever is earlier.
- (iii) **Performance fees:** Performance fees is based on portfolio returns and is accounted on the termination of the PMS agreement or on completion of a year from the date of activation, unless otherwise stated in the PMS agreement, whichever is earlier and is calculated based on the high water mark principles set out in the Regulations and in the PMS Agreement.
- (iv) **Exit fees:** Exit fees are payable and accounted at the time of exit from the investments of a particular product based on the fixed percentage as per the PMS Agreement entered with the Client.

- (v) **Expenses:** All expenses are accounted on accrual basis of accounting in the financial statements so that expenses payable by the client shall be accrued as and when Liability is incurred.

Portfolio Management fees is calculated on daily weighted average balance of the asset under management of the Clients and charged on periodic, as mutually agreed.

(e) Income recognition

Dividend income earned by a Client shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on a stock exchange, dividend income shall be recognized on the date of receipt. Interest income is recorded on accrual / receipt whichever is earlier.

In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.

(f) Taxes

Provision for taxes has not been made in respect of the income reported in the Statement of Profit and Loss during the period since the liability to pay applicable taxes is the sole responsibility of the Client.

Tax deducted at source ('TDS') on interest / TDS on dividend received on equity shares and TDS on capital gain (for Non-resident Indian clients) is shown as withdrawal from corpus.

For clarification, TDS on capital gains is not deducted for resident clients and is the responsibility of the Client to pay such taxes to the authorities.

14. INVESTOR SERVICES

(i.) Name, Address and Telephone Number of the Investor Relations Officer, who shall attend to the investor queries and complaints.

Name : Pooja Doshi
Address : 201, Udyog Bhavan, Sonawala Marg, Goregaon - East, Mumbai - 400 063.
Telephone : +91 98193 73906
Email : pooja@glcapital.in

(ii.) Grievance redressal and dispute settlement mechanism

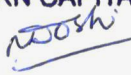
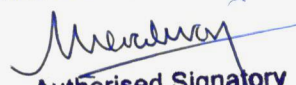
The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. The Investment Relation Officer(s) shall be responsible for redressing the grievances of the Clients.

All disputes, differences, claims and questions whatsoever arising from (i) the Agreement between the Client and the Portfolio Manager and (ii) the services to be rendered by the Portfolio Manager and / or their respective representatives shall be attempted to be resolved by discussions between the parties and amicable settlement. In case the disputes remain unsettled, the same shall be referred to a sole arbitrator and such arbitration shall be in accordance with and subject to the provisions of The Arbitration and Conciliation Act, 1996, or any statutory modification or re-enactment thereof for the time being in force. Such Arbitration proceedings shall be held at Mumbai.



In addition to the above, the clients can also Login to the SEBI SCORES website www.scores.gov.in to register their grievances/complaints.

Name and Signature of at least two Directors of the Portfolio Manager:

| Sr. No. | Name of Directors(Designated Partner) | Signature |
|---------|--|--|
| 1. | Mr. Nilesh Doshi | For GREEN LANTERN CAPITAL LLP  Authorised Signatory |
| 2. | Mr. Abhishek Bhardwaj | For GREEN LANTERN CAPITAL LLP  Authorised Signatory |

Date: March 07, 2023

Place: Mumbai



GREEN
LANTERN
CAPITAL
LLP

FORM C

Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020
[Regulation 22]

Green Lantern Capital LLP

201, Udyog Bhavan, Sonawala Marg, Goregaon - East, Mumbai - 400 063.
Telephone No: 022-26867201

We confirm that:

- i. 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;
- ii. The disclosures made in the 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 the Portfolio Manager.
- iii. The Disclosure Document has been duly certified by an independent chartered accountant Shah Manish & Co. (Firm Registration No. 116591W, Membership No. 101193) on March 7, 2023.

Enclosed: A copy of the chartered accountant's certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision.

Signature of the Principal Officer

For GREEN LANTERN CAPITAL LLP

Authorised Signatory

Abhishek Bhardwaj
Principal Officer

Date: March 7, 2023
Place: Mumbai
Address: 201, Udyog Bhavan, Sonawala Marg,
Goregaon - East, Mumbai - 400 063.