

BLACKSOIL ASSET MANAGEMENT PRIVATE LIMITED

DISCLOSURE DOCUMENT

As required under Regulation 22 of Securities and Exchange Board of India
(Portfolio Managers) Regulations, 2020

A. Declaration:

- (i) This Disclosure Document (hereinafter referred as “**this 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 the SEBI (Portfolio Managers) Regulations, 2020 (“**PM Regulations**”).
- (ii) The purpose of this Document is to provide essential information about the co-investment portfolio services in a manner to assist and enable the investors in making an informed decision for engaging ‘**Blacksoil Asset Management Private Limited**’ (hereinafter referred as the “**Portfolio Manager**”) as the Co-investment Portfolio Manager (defined hereinafter).
- (iii) This Document contains the necessary information about the Portfolio Manager required by an investor before investing. The investor is advised to retain this Document for future reference.
- (iv) The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the correspondence address of the Portfolio Manager are as follows:

PRINCIPAL OFFICER	PORTFOLIO MANAGER
Name: Ankur Bansal	Name: Blacksoil Asset Management Private Limited
Phone: 022 6915 2200	Address: 1203, Floor-12, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Delisle Road, Mumbai, Maharashtra 400 013, India
E-mail: ankurbansal@blacksoil.co.in	

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1) Disclaimer

- (a) Particulars of this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020, as amended till date and filed with SEBI.
- (b) 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 Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

- (a) **"Additional Returns"** shall have the meaning as ascribed to it under the Agreement.
- (b) **"Affiliate(s)"** means, with respect to any Person, which, directly or indirectly, controls, is controlled by or is under common control with such Person. "Control" including with its grammatical variations such as "Controlled by", "that Controls" and "under common Control with" shall have the meaning ascribed to the terms under Section 2(27) of the Companies Act, 2013. In case of an individual, "Affiliate" shall mean to include his "relative" as defined in Section Schedule 2(77) of the Companies Act, 2013.
- (c) **"Agreement"** means the co-investment portfolio management services agreement entered between the Portfolio Manager and the Client/Investor, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.
- (d) **"Alternative Investment Fund(s)"/"AIF(s)"** means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which:
 - (i) is a privately pooled investment vehicle which collects funds from investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors; and
 - (ii) is not covered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities.*

* The following shall not be considered as an Alternative Investment Fund:
(i) family trusts set up for the benefit of 'relatives' as defined under Companies Act, 2013;
(ii) ESOP Trusts set up under the Securities and Exchange Board of India (Share Based Employee

- (e) **“Applicable Law(s)”** means any applicable statute, law, ordinance, regulation including the PM Regulations, circular, rule, order, by law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India, as is in force, from time to time.
- (f) **“Blacksoil Group”** means and includes Blacksoil Asset Management Private Limited together with all of its Affiliates.
- (g) **“Co-investment Contribution”** means the amounts contributed by the Client for co-investments in accordance with the terms of the Agreement, read along with the terms of this Document, private placement memorandum and any other AIF related documents, as amended from time to time.
- (h) **“Chartered Accountant”** means a Chartered Accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act.
- (i) **“Client / Investor(s)”** means contributors of the Fund.
- (j) **“Co-investment Portfolio Manager”** means a Portfolio Manager who is a Manager of a category I or category II AIF and:
 - (i) provides services only to the investors of such category I or category II AIFs; and
 - (ii) makes investment only in unlisted securities of Investee Companies where such category I or category II AIFs make investments:

Provided that the Co-investment Portfolio Manager may provide services to investors from any other category I or category II AIFs which are managed by them and are also sponsored by the same Sponsor(s);
- (k) **“Disclosure Document” or “Document”** means this document issued by the Portfolio Manager.
- (l) **“Fund / Co-investing Fund”** shall mean such Category I AIFs and/or Category II AIFs, which in each case are managed and sponsored by the Portfolio Manager.

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- Benefits) Regulations, 2014 or as permitted under Companies Act, 2013;
 - (iii) employee welfare trusts or gratuity trusts set up for the benefit of employees;
 - (iv) holding companies’ as defined under sub-section 46 of section 2 of Companies Act, 2013;
 - (v) other special purpose vehicles not established by fund managers, including securitization trusts, regulated under a specific regulatory framework;
 - (vi) funds managed by securitisation company or reconstruction company which is registered with the Reserve Bank of India under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; and
 - (vii) any such pool of funds which is directly regulated by any other regulator in India;

- (m) **“Financial Year”** means a period of 12 months commencing on 1st of April and ending on the 31st of March of the succeeding year.
- (n) **“Hurdle Rate”** shall have the meaning as ascribed to it under the Agreement.
- (o) **“Investee Company(ies)”** means any company, special purpose vehicle or limited liability partnership or body corporate in which the Fund makes/has made an investment;
- (p) **“Manager”** means Blacksoil Asset Management Private Limited, having its registered office at 1203, Floor-12, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Delisle Road, Mumbai, Maharashtra 400 013, India (including its successors, permitted assigns or any other entity to be appointed by the trustee as the investment manager under the investment management agreement) acting as an investment manager to the Fund to manage its investments and may also be same as the sponsor of the Fund.
- (q) **“Management Fee”** means the management fee payable to the Portfolio Manager in accordance with the terms of the Agreement.
- (r) **“Person(s)”** includes, whether in India or otherwise, a Hindu Undivided Family, an individual, sole proprietorship, body corporate, partnership, corporation, limited liability company, limited liability partnership, trust, society, body of individuals, association of persons, an institutional investor or other entity or organisation, whether incorporated or not, including a Government body (Central or State) or an agency or instrumentality thereof.
- (s) **“Portfolio or Client Portfolio”** means the total holdings of all investments, Securities and funds belonging to the Client in accordance with the Agreement.
- (t) **“Portfolio Investments”** means investments in the Securities of one or more Investee Companies made by the Portfolio Manager on behalf of the Clients under the CPMS from time to time.
- (u) **“Portfolio Manager”** means Blacksoil Asset Management Private Limited having its registered office at 1203, Floor-12, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Delisle Road, Mumbai, Maharashtra 400 013, India, who pursuant to a contract or arrangement or an Agreement with a Client / Investor, shall undertake CPMS on behalf of the Client / Investor.
- (v) **“Principal Officer”** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.
- (w) **“CPMS”** means the co-investment portfolio management services provided by the Portfolio Manager in accordance with the terms and conditions set out in the Agreement and in accordance with the terms of this Document read along with the terms of the private placement memorandum and any other relevant Fund documents, as amended from time to time.

- (x) **“Portfolio Commencement Date”** shall mean the initial date when the payment of the Co-investment Contribution is made by the Client pursuant to the instructions from the Portfolio Manager.
- (y) **“PMLA Laws”** means the Prevention of Money Laundering Act, 2002, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, the guidelines/circulars issued by SEBI thereto as amended and modified from time to time.
- (z) **“PM Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.
- (aa) **“Securities”** shall mean and include unlisted securities/instruments of such Investee Companies where the Fund makes an investment.
- (bb) **“Upfront Expenses/Costs”** means the upfront expenses to be borne by the Client(s) in accordance with the terms of the Agreement.

Capitalized terms used in this Document but not defined herein shall have the same meaning as assigned to them in the PM Regulations, the Agreement and the relevant Fund documents.

3) Description

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

(i) *History, Major events and present activities*

The Applicant is a private limited company incorporated under the Companies Act, 2013 on April 10, 2017 at Mumbai. Blacksoil Asset Management Private Limited is a wholly owned subsidiary of Blacksoil Capital Private Limited. The Applicant is part of the Blacksoil Group. The Blacksoil Group was founded in 2010 with the mission of offering advisory and financing solutions to, start-ups & high growth companies backed by marquee PE/VC, and real estate developers. Since inception, the Blacksoil Group has assisted companies at various stages of growth by offering an array of services including structure lending, fund raising, restructuring advisory, etc. The promoters of the Blacksoil Group include industry experts and promoters of established Indian business houses, who bring in decades of significant expertise in conducting business in India.

Presently, the Applicant, as the investment manager has established and launched the following AIFs:

Registration No.	Role	AIF Name	Stock Exchange	Certificate Date	Registration End	Registration Status
IN/AIF2/17-18/0391	Investment Manager	Walton Street Blacksoil Real Estate Trust	NA	22.11.2017	Perpetual	Active
IN/AIF2/19-20/0775	Investment Manager	Walton Street Blacksoil Real Estate Debt Fund II	NA	24.02.2020	Perpetual	Active
IN/AIF2/20-21/0784	Investment Manager	Blacksoil India Credit Fund	NA	22.04.2020	Perpetual	Active

It is also a SEBI registered Portfolio Manager bearing registration number INP000007553.

(b) ***Promoters/ Directors of the Portfolio Manager and their background***

(i) ***Mr. Mohinder Pal Bansal***

Mr. Mohinder Pal Bansal is a Chartered Accountant, with an illustrious career spanning over 3 decades of experience in M&A, strategic advisory, capital markets, portfolio company integration in addition to post acquisition performance management in India, Asia and Europe.

Mr. Bansal has significant operational experience in managing corporate entities as well as advising private equity firms in India on improving the performance of their portfolio companies in multiple sectors including logistics, auto components, manufacturing, realty, banking, education and IT. He is on the board of directors and is also a committee member for multiple listed and unlisted companies.

Mr. Bansal founded Blacksoil Group in 2010 with the vision of providing financial consulting and strategic advisory to corporates. He has advised on more than 12 M&A transactions across sectors, negotiating on matters ranging from valuation, structuring and integration etc. and has completed more than 30 strategy consulting projects.

In 2013, he was the founding member, head of fund management team and Investment committee member for Blacksoil Realty Fund - I (SEBI registered AIF Category II Fund). Under his leadership, Blacksoil Realty Fund - I has successfully established a strong track record of profitable exits. The INR 160 Crores fund has successfully invested & exited in 7 residential projects located in Mumbai and Bangalore.

In 2016, he also founded Blacksoil Capital Private Limited, a RBI registered non-deposit accepting NBFC with a primary objective of lending to high growth companies and traditional businesses across pan India. Till September 30, 2022, the company has deployed INR ~3,000 Crores across more than 160 deals on a pan India basis and managing AUM of ~INR 780 Crores. Within the NBFC, he is the whole-time director and is managing credit, operations, compliance and liability management for the company.

In 2018, Mr. Bansal successfully launched Walton Street Blacksoil Real Estate Debt Fund - I, a SEBI registered Category II AIF, with a Fund size of ~INR 318.5 Crores. The Fund has fully deployed across 11 investments for residential projects in Bangalore, Hyderabad and Mumbai based residential projects with loan tenure of 36-54 months. The Fund has exited, fully - 7 and partially - another 4 of its investments as on date.

In 2020, Mr. Bansal become part of the management team of the maiden Credit Fund of Blacksoil Group, Blacksoil India Credit Fund, a SEBI registered Category II AIF,. As on date the fund has received a commitment of ~INR 280 Crore and deployed ~INR 220 Crore across sectors viz. Healthcare, Financial Services, B2B E-Commerce, SaaS, etc.

In July 2021, Mr. Bansal launched Walton Street Blacksoil Real Estate Debt Fund II, the successor fund of Walton Street Blacksoil Real Estate Debt Fund - I, a SEBI registered Category II AIF. The fund has received a commitment of ~INR 550 Crore and has made 7 (Seven) investments till date, one of which has been fully exited.

(ii) *Mr. Ankur Bansal*

Mr. Ankur Bansal is a Chartered Accountant and a CFA Charter holder. He completed his Bachelor of Commerce degree from the prestigious Narsee Monjee College of Commerce and Economics, Mumbai. Ankur has over 15 years of rich experience in idea origination, M&A execution, investment thesis, commercial negotiations and post-deal investment management.

At the beginning of his career for almost five years, he has worked with several large foreign investment banks in the country like JP Morgan, Citi and JM Morgan Stanley. He has in-depth knowledge of Indian capital markets and in the past, has been part of deal teams

for various large corporates across industries. He has managed and executed more than 30 marquee Indian capital market transactions aggregating to almost \$15Bn through products like IPOs, DRs, QIPs, blocks, rights, buyback and pre-IPO placements.

He co-founded Blacksoil Group in 2010 along with Mr. Mohinder Pal Bansal, where over seven years, he led buy-side M&A execution of over 13 transactions across sectors, aggregating to almost INR 1,200 Crores. Also completed successfully more than 30 management consulting projects across sectors for marquee listed & unlisted companies.

In 2013, he along with Mr. Mohinder Pal Bansal is a key member of the founding Fund Management team of Blacksoil Realty Fund - I, which is a SEBI registered AIF Category II Fund. He is responsible for deal origination with emphasis on investment execution and management as well as fund raising/ investor relations. He has played a vital role in negotiating / structuring all investment opportunities completed by Fund I as per the defined investment strategy, completing thorough diligence of the project from commercial & legal perspective and closely monitoring the post deal performance of the asset.

Later in 2016, he was also a co-founder of a RBI registered NBFC, Blacksoil Capital, engaged in providing secured credit and has led the firm to deploy over INR 3,000 Crores since inception with a net deployment of INR 780 Crores as on date across more than 160 deals as on date.

Ankur is responsible for Blacksoil lending business which includes origination, execution and portfolio management. He is the Executive Director of the NBFC and is currently handling the credit, business development, disbursement and monitoring of transactions and fund raising.

In 2018, Mr. Ankur Bansal was part of the management team that, successfully launched Walton Street Blacksoil Real Estate Debt Fund - I, a SEBI registered Category II AIF. With a Fund size of ~INR 318.5 Crores. The Fund has fully deployed across 11 investments for residential projects in Bangalore, Hyderabad and Mumbai based residential projects with loan tenure of 36-54 months. The Fund has exited, fully - 7 and partially - another 4 of its investments as on date.

In 2020, Mr. Bansal become part of the management team of the maiden Credit Fund of Blacksoil Group, Blacksoil India Credit Fund, a SEBI registered Category II AIF. As on date the fund has received a commitment of ~INR 280 Crore and deployed ~INR 220 Crore across sectors viz. Healthcare, Financial Services, B2B E-Commerce, SaaS, etc.

In July 2021, Mr. Ankur Bansal become a part of the management team of Walton Street Blacksoil Real Estate Debt Fund II, the successor fund of Walton Street Blacksoil Real Estate Debt Fund - I, a SEBI registered Category II AIF. The fund has received a commitment of ~INR 550 Crore and has made 7 (Seven) investments till date, one of which has been fully exited.

(iii) *Mr. Virendra Gala*

Mr. Virendra Gala is the promoter of Mahavir Agency that is engaged in real estate advisory services. He has over 35 years of consulting experience within the real estate industry in Mumbai and Thane region. His expertise lies in all aspects of real estate sector, from acquisition of land, to handing over possession of fully developed project to customers. He specializes in enabling the sale and acquisition of large parcels of industrial land, strategizing marketing of large real estate projects, bulk buying with the help of corporate houses and HNIs, sole selling of projects through his own retail network, helping developers in deal structuring and raising finances as well as dealing in real estate regulatory and other related issues.

Over the course of his career, Mr. Gala has advised various reputed real estate developers and has been part of several large-scale land sale transaction.

Mr. Virendra Gala is an active member of the investment committee for BlackSoil Realty Fund - I, Walton Street Blacksoil Real Estate Debt Fund - I and Fund-II, thus and is having over 4 years of expertise in the management of the fund.

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

Blacksoil Capital Private Limited - Holding Company

Blacksoil Advisory LLP – entity in which director is interested

Blacksoil Infratech LLP – entity in which director is interested

(d) ***Details of the services being offered: Co-investment***

The Portfolio Manager proposes to primarily carry on co-investment portfolio management services. The key features of the said services are provided as follows:

(i) *Co-investment Services:*

The Fund(s) managed by the Portfolio Manager (in its capacity as Manager), may not be able to fully subscribe to any investment opportunity offered to it (because of size of the opportunity or any

other factors), the Portfolio Manager may offer the remainder of the opportunity at its discretion to the Investors of the Fund.

The terms on which Investors participate in investments alongside the Fund(s) shall not be more favorable than the terms on which the Fund(s) participates in those investments. The Portfolio Manager shall endeavour to ensure that any such co-investment terms are not prejudicial to the interest of the Investors. Further, co-investment in an Investee Company by the Portfolio Manager shall not be on terms more favourable than those offered to the Fund(s). It is clarified that the terms of exit/early withdrawal from an Investee Company will be identical to those of the Co-investing Fund. Any transactional expenses incurred by the Portfolio Manager shall be shared proportionately between the Fund(s) and the Investors in the ratio of their Co-investment Contributions or in such other manner as detailed under the Agreement.

Subject to the foregoing, (i) Investors will act independently and will make its/their own independent decisions on investment opportunities offered by the Portfolio Manager; and (ii) the Fund(s) and the Investors are not expected to act jointly or make any joint decisions and do not intend to form any joint venture or partnership for the purpose of making investments.

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

(a) All cases of penalties imposed by SEBI or the directions issued by SEBI under Applicable Laws.

Nil

(b) The nature of the penalty/direction.

Nil

(c) Penalties imposed for any economic offence and/ or for violation of any securities laws.

Nil

(d) Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.

Nil

(e) Any deficiency in the systems and operations of the Portfolio Manager observed by the SEBI or any regulatory agency.

Nil

- (f) **Any enquiry/ adjudication proceedings initiated by SEBI against the Portfolio Manager or its partners, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its partners, principal officer or employee, under Applicable Laws.**

Nil

5) Services Offered

- (a) **The present investment objectives and policies including the types of securities in which it generally invests shall be clearly and concisely stated in this Document for easy understanding of the potential investor.**

(i) *Investment Objective*

The investment objective of the Portfolio Manager under its CPMS shall be coterminous with the investment objective of the Fund.

I. *Real Estate Funds*

The primary investment objective is to provide regular returns to the Investors on their investments and/or long term capital appreciation by investing in unlisted securities of Investee Companies (in which the Fund(s) makes investments) engaged in the construction and development of real estate (including but not limited to residential and commercial properties, retail malls, and other real-estate development projects) in major metropolitan cities of India including but not limited to, NCR, MMR, Bengaluru, Hyderabad, Chennai and Pune. The primary objective is to provide attractive risk adjusted returns to the Investors. Other than real estate, the applicant proposes to invest in companies that have raised institutional equity, except in exceptional cases where the portfolio entities have a successful or established business track record backed by strong promoters.

II. *Credit Funds*

The primary objective is to generate attractive risk-adjusted returns by providing periodic distributions of interest and/or long-term capital appreciation to the Investors by investing in debt securities, structured debt securities and/or debt securities as well investment in equity and equity linked securities (which shall include convertible debt securities/instruments (fully or partially) and warrants) and/or such securities as defined under the Securities Contracts (Regulation) Act, 1956 of certain Investee Companies.

(ii) *Type of securities in which Portfolio Manager will invest*

The Portfolio Manager shall invest the funds of Investors only in unlisted securities of Investee Companies and any other permissible securities/instruments/products in which the Portfolio Manager/Fund can invest as per the Applicable Laws as amended from time to time.

(b) *Investment approach of Portfolio Manager*

The Portfolio Manager proposes to primarily carry on co-investment portfolio management services to investors of such Category I/II AIFs in which the Portfolio Manager is acting as the Manager.

For investments in real estate, avenues shall be identified through in-depth research and analysis of the demographic profile of the area surrounding each project, existing and in-process infrastructure developments near and/or surrounding each project, along with the drivers of employment and economic growth in the micro markets surrounding each project.

For investments in the credit space, avenues shall be identified through in-depth research and analysis of the portfolio entity's fundamentals, profile of the larger market they cater to, pedigree of the management team and operational experience in India, quality of existing investors backing the company, and the potential of the company from the perspective of an equity investor.

On identifying a potential target, the Investment Manager would perform an in-depth study on the core business model of the portfolio entity, namely the various business segments, types of products/services offered, unit economics, competitors, CAPEX/working capital requirement, historical and future cashflows of the company, favourable/ unfavourable regulatory changes in the market the company operates in, existing debt profile etc.

The Portfolio Manager believes it can provide attractive investment returns to the Investors through its hands-on and collaborative asset management approach applied towards its working relationship with each Investee Company.

Co-investment opportunities to be offered to the Client by the Portfolio Manager shall be at the sole discretion of the Portfolio Manager and only in respect of such opportunities for co-investment which are identified by the Portfolio Manager itself. For the sake of clarity, any investments which are identified or sourced by any other entity of Blacksoil Group including but not limited to Blacksoil Capital Private Limited shall not be offered to the Client for co-investments and shall not be subject to the terms of the Agreement or this Document.

(c) *The policies for investments in associates/group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/guidelines.*

Not applicable.

6) Risk factors

(a) *General Risk:*

Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the CPMS will be achieved.

The past performance of the Portfolio Manager does not indicate its future performance.

Risk arising from investment approach, investment objective, investment strategy and asset allocation:

- (i) Investors will be relying entirely on the investments made by the Fund to ascertain co-investment opportunities. As the investments will not be in listed securities, ascertaining the value of the same may prove difficult. Therefore, valuations of the investments are inherently subjective to a certain extent. There may be no public market for the securities of the Investee Companies. Thus, portfolio valuation inherently is highly subjective and imprecise.
- (ii) The Investee Companies would be subject to local and municipal level laws, taxes and regulations, in addition to central and state government level laws, taxes and regulations. Exposure to such laws and compliances will vary from investment to investment. The Manager may seek advice from consultants and professionals having relevant experience and rendering services in respect of such matters. The performance of Investee Companies may be impacted by the nature and quality of advice and services rendered by such local consultants and professionals.
- (iii) While the Portfolio Manager shall evolve corporate governance guidelines to identify and appropriately address any potential or actual conflict of interests arising in relation to its/Fund's dealings, no assurance can be given that such dealings shall always be to the benefit of the Investors. To this end, besides ensuring transparency in its dealings, it will adopt the necessary checks and balances and suitable policy guidelines.

The co-investment portfolio management service is subject to risk arising out of non-diversification as the Portfolio Manager under its CPMS will invest only in unlisted securities of such Investee Companies in which the Fund makes investments. The performance of the Client Portfolio would depend on the performance of such Investee Companies.

The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a license to function as a portfolio manager only on September 16, 2022.

All transactions of purchase and sale of Securities by the Portfolio Manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the Client's Portfolio.

Under certain circumstances, there may persist an opportunity for investment in which even the Affiliates of the Portfolio Manager/Manager are expected to invest or seek to participate. In connection with such investment opportunities, the Fund, on one hand, and the Portfolio Manager/Manager or its Affiliates may have conflicting interests and investment objectives, including with respect to the operation of the investment, the targeted returns from the investment and the timeframe for, and method of, exiting the investment. In addition, the Fund may be precluded from investing in certain industries as a result of non-competition agreements entered into by the Manager or its Affiliates.

Co-investment opportunities to be offered to the Client by the Portfolio Manager shall be at the sole discretion of the Portfolio Manager and only in respect of such opportunities for co-investment which are identified by the Portfolio Manager itself. For the sake of clarity, any investments which are identified or sourced by any other entity of Blacksoil Group including but not limited to Blacksoil Capital Private Limited shall not be offered to the Client for co-investments and shall not be subject to the terms of the Agreement or this Document.

Certain personnel of the Portfolio Manager, and/or its Affiliates/Group Companies, including the directors and employees, may hold directorships on the boards of other entities, and/or Investee Companies of the Co-investing Fund, where they will be, subject to certain obligations, required to act in the best interests of such other entities, which may conflict with the best interests of the Investors. Such individuals may also acquire confidential information in the course of performing such other activities which they are restricted from using for the benefit of the Co-investing Fund. However, such personnel will provide the time necessary for the proper performance of their duties to the Fund and Investors under CPMS, even though they are involved in other activities (including those related to other investment vehicles) independent of the Fund/CPMS.

Other risks are stated as under:

(b) ***India-related Risks:***

Political, economic and social risks: Political instability or changes in the government could adversely affect economic conditions in India generally and the Portfolio Manager's business in particular. The Investee Company's business may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. Nevertheless, the government

has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Moreover, there can be no assurance that such policies will be continued and a change in the government's economic liberalization and deregulation policies in the future could affect business and economic conditions in India and could also adversely affect the Portfolio Manager's financial condition and operations. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private sector companies, market conditions, prices and yields of the Investee Company(ies).

Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the economies and securities markets of the Indian economy. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India.

(c) ***Legal and Tax risks:***

Tax risks: Changes in state and central taxes and other levies in India may have an adverse effect on the cost of operating activities of the Investee Companies. The government of India, state governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Investee Company. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Client Portfolio's profitability. Furthermore, the tax laws in relation to the Client Portfolio are subject to change, and tax liabilities could be incurred by Client as a result of such changes.

General Anti - Avoidance Rules and its impact on the investors/portfolio investments and risks associated with it:

The General Anti - Avoidance Rules ('GAAR') provisions provide that an arrangement whose main purpose is to obtain a tax benefit and which also satisfies at least one of the four specified tests (i.e. arrangement is not at arm's length, there is misuse or abuse of tax laws, it lacks or is deemed to lack commercial substance or it is not carried out for bonafide purpose) can be declared as an "impermissible avoidance arrangement". Under the GAAR provisions, in case a transaction is regarded as an impermissible avoidance arrangement then the tax authorities are empowered to disregard, combine or recharacterize the arrangement, etc. The provisions of GAAR would be applicable to any transaction undertaken on or after April 1, 2017. There is a risk that the Indian tax authorities could challenge transactions entered into by the Fund under the GAAR provisions, which could result in additional tax liabilities to the investors.

Risks associated with change in tax laws relevant to the investors:

The investors are subject to a number of risks related to tax matters. In particular, the tax laws and its interpretation are subject to change, and tax liabilities could be incurred by investors as a result of such changes. The tax consequences of an investment by the investors are complex, and the full tax impact of an investment will depend on circumstances particular to each investor and the additional peculiarities associated with respect to activities relating to each investment and Investee Company. Further, the information relating to Indian taxation legislation contained herein is based on Indian domestic taxation law along with the rules and regulations made thereunder and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retroactive, could have an effect on the validity of the information stated herein.

Accordingly, prospective investors are strongly urged to consult their tax advisors with specific reference to their own situations.

Tax laws as mentioned in the memorandum could also be subject to change in a retrospective manner, and tax liabilities could be incurred by investors as a result of such changes. The investors are urged to consult their own tax advisers with respect to their particular tax situations and the tax effects of each investment.

Change in Regulation: Any change in the PM Regulations and/or other Applicable Laws or any new direction of SEBI may adversely impact the operation of the PMS.

Additionally, the Client may refer to the relevant sections under the private placement memorandums of the Fund(s) for associated risks in connection with the investment risk attached to each sector where Co-investment opportunity shall be offered.

7) Client Representation

- (a) The Portfolio Manager has no previous experience/track record in the field of co-investment portfolio management services and has obtained a certificate of registration to function as a Co-investment Portfolio Manager only on September 16, 2022 and therefore has no record of representing any persons/entities in the capacity of a Co-investment Portfolio Manager.
- (b) ***Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India (“ICAI”).***

Please refer to Annexure A hereunder for related party transactions undertaken by the Applicant as per the standards specified by ICAI.

8) The Financial Performance of Portfolio Manager (based on audited financial statements)

The Portfolio Manager has no prior experience in the field of co-investment portfolio management services. The latest audited financial statements of the Portfolio Manager shall be provided to the Client upon request.

9) Portfolio Management performance of the portfolio manager for the last three years, and in case of discretionary Portfolio disclosure of performance indicators calculated using weighted average method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

Not Applicable.

10) Audit Observations

The Portfolio Manager has no prior experience in the field of co-investment portfolio management services and thus has no previous Audit observations.

11) Nature of expenses

The following are the general costs and expenses to be borne by the Clients availing the services of the Portfolio Manager. However, the exact nature of expenses relating to each of the following services is annexed to the Agreement in respect of each of the services provided.

(a) *Upfront Expenses/Costs*

The non-recurring establishment expenses actually incurred towards the setting up of the CPMS platform will be charged to the Clients in the manner detailed under Annexure B hereunder and Agreement.

(b) *Management fee*

Management Fee will be payable quarterly in advance from the Portfolio Commencement Date, at such rate as agreed between the Client and the Portfolio Manager, on the outstanding Co-investment Contribution. The Management Fee will be increased by any applicable Taxes (including GST) and other statutory charges payable thereon and allocated to the respective Clients, as applicable.

(c) *Operating Expenses*

The Operating Expenses shall be charged to the Clients in the manner detailed under Annexure B hereunder and Agreement.

(d) *Custodian Fees*

Not Applicable.

(e) ***Registrar and Transfer Agent fees***

Not Applicable.

(f) ***Brokerage and transaction cost***

Costs associated with franking, notarization charges, stamp duty including any other taxes would be charged from the Client Portfolio, based on actuals.

12) Taxation

TAXATION IMPLICATIONS FOR CLIENTS

(a) ***General***

In view of the nature of tax consequences, each client is advised to consult their respective tax advisor with respect to the specific tax consequences to the client arising from participation in the investment approaches. Clients are best advised to take independent opinion from their tax advisors/ experts for any income earned from such investments. The Portfolio Manager shall not be responsible for assisting in or completing the fulfilment of the client's tax obligations. The provisions of the Income-tax Act, 1961 ('ITA') should apply to the client and the Portfolio Manager in respect of their individual income.

The general information stated below is based on the general understanding of direct tax laws in force in India as on the date of the Disclosure Document and is provided only for general information to the client vis-a-vis the investments made through the portfolio management services of the Portfolio Manager. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/ the date of making investment should endure indefinitely. Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the portfolio management schemes of the Portfolio Manager. 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 nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the client is advised to best consult their own tax consultant, with respect to specific tax implications arising out of their portfolio managed by the Portfolio Manager.

It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the securities.

The following summary is based on the law and practice of the ITA, the Incometax Rules, 1962 ('IT Rules') and various circulars and notifications issued thereunder from time to time all of which are subject to change, with possible retrospective effect. The ITA is amended every year by the Finance Act of the relevant year, and this summary reflects the amendments enacted in the Finance Act, 2022.

(b) **Tax Rates**

The tax rates stated in this tax chapter are exclusive of surcharge and health and education cess (unless stated otherwise).

The tax rates are applicable for investors who are residents as per the ITA and as applicable for the financial year 2022-23. The rate of surcharge and health and education cess are as under:

(i) Surcharge rates are provided below:

Type of investor	Surcharge rate as a % of income-tax (refer notes below)				
	If income is less than INR 50 lakhs	If income is more than INR 50 lakhs but less than INR 1 Crore	If income exceeds INR 1 Crore but less than INR 2 Crores	If income exceeds INR 2 Crores but less than INR 5 Crores	If income exceeds INR 5 crores
Individual, Hindu Undivided Family ('HUF'), Association of Person ('AOP'), Body of Individuals ('BOI')	Nil	10%	15%	25%	37%

Note 1: In the case where the total income includes any income referred to in Section 111A or Section 112A of the ITA, surcharge on such income does not exceed 15%.

Amendments in the Finance Act, 2022:

In case where the total income includes any income by way of income chargeable under section 111A, section 112 and section 112A of the ITA, the rate of surcharge on the amount of income-tax

computed in respect of that part of income shall not exceed 15%. In case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of income-tax shall not exceed 15%.

Note 2: In the case of a resident investors, where the total income includes dividend income from shares, surcharge on such income does not exceed 15%.

Type of investor	Surcharge rate as a % of income-tax (refer notes below)		
	If income does not exceed 1 Crore	If income exceeds INR 1 Crore but less than INR 10 Crores	If income exceeds INR 10 Crores
Partnership firm	Nil	12%	12%
Company	Nil	7%	12%

Note 1: The applicable surcharge rate on income chargeable to tax under sections 115BAA or 115BAB of the ITA is 10% irrespective of the income threshold.

In addition to the above, health and education cess at the rate of 4% is leviable on aggregate of tax and surcharge.

- (ii) In this tax chapter, we have used the term ‘applicable slab rates’ at many places. The slab rates which are applicable for individuals / HUF/ AOP / BOI are as follows:

Total Income (Refer notes below)	Tax rates (refer notes below)
Up to INR 2,50,000	Nil
From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

Note 1: There is a rebate on tax on total income of upto INR 5,00,000 for resident individual assessee.

Note 2: In the case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is INR 3,00,000.

Note 3: In the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR 5,00,000.

Alternative system of taxation for Individuals and HUFs

The provisions of section 115BAC of the ITA provide an option to individuals and HUFs to pay tax on their income at the rates mentioned below:

Total Income (Refer to notes below)	Tax rates
Up to INR 2,50,000	Nil
From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 7,50,000	10%
From INR 7,50,001 to INR 10,00,000	15%
From INR 10,00,001 to INR 12,50,000	20%
From INR 12,50,001 to INR 15,00,000	25%
Above INR 15,00,000	30%

Note 1: It may be noted that the income, however, have to be computed without claiming prescribed deductions or exemptions.

(c) **Residency provisions**

Resident investors

- (i) An individual is said to be a resident in India if he is in India during a year for 182 days or more; or has within the four years preceding that year, been in India for 365 days or more and is in India for 60 days or more in that year. In the case of a citizen of India or a person of Indian origin who comes to India on a visit, the threshold of 60 days (as mentioned above) gets replaced with 182 days.
- (ii) In the case of a citizen of India or person of Indian origin, having total income (other than income from foreign sources) exceeding INR 15 lakhs, the period of 60 days as mentioned above is replaced with 120 days (all the other conditions mentioned remain the same).

A citizen of India, having total income (other than income from foreign sources) exceeding INR 15 lakhs during a previous year, is deemed to be a resident in India for that previous year, if he is not liable to tax in any other country by reason of his domicile or residence in that country.

- (iii) A HUF, partnership firm or AOP is said to be resident in India in any previous year in every case except where the control and management of its affairs is situated wholly outside India.
- (iv) A Company is said to be a resident in India in the previous year if (i) it is an Indian Company; or (ii) its place of effective management ('POEM') during that year is in India. Every other person is said to be resident in India during the previous year in every case except

where the control and management of affairs is situated wholly outside India.

- (v) A resident investor is subject to tax in India on its global income. In the case of a resident but not ordinarily resident individual, any income which accrues/ arises outside India is not to be subjected to tax in India, unless it is derived from a business/ profession controlled from India.

(d) ***Tax deduction at source***

Typically, withholding obligations arise on the payer of any sum/ income at the time of payment/ credit of such sum/ income to a payee.

The withholding tax rate depends on the type of payment/ credit to be made to the account of the payee. Different withholding tax rates are specified with respect to different payments and with respect to different types of assessees.

(e) ***Tax deduction at source at a higher rate***

Section 206AA of the ITA

The income tax provisions (section 206AA of the ITA) provide that where a recipient of income (who is subject to withholding provisions) does not furnish its Permanent Account Number ('PAN'), then tax is required to be deducted by the payer at the higher of the following i.e., (i) rates specified in the relevant provisions of the ITA; (ii) rates in force; or (iii) at 20%.

Section 206AB of the ITA

The Finance Act, 2021 has introduced a new section 206AB of the ITA which would apply with effect from 1 July 2021 on any sum or income or amount paid, or payable or credited, by a person (herein referred to as deductee) to a specified person. This section shall not apply where the tax is required to be deducted under sections 192, 192A, 194B, 194BB, 194LBC or 194N of the ITA. The TDS rate in this section is higher of the followings rates:

- (i) twice the rate specified in the relevant provision of the ITA; or
- (ii) twice the rate or rates in force; or
- (iii) the rate of five per cent

For the purpose of the said section 'specified person' means a person who has not filed his tax returns for the immediately preceding two financial years* and the time limit for filing such tax returns has lapsed, and the aggregate of tax deducted at source and tax collected at source in his case is INR 50,000 or more in each of the two financial years.

*The Finance Act, 2022 has reduced the requirement of two years to one year by amending section 206AB of the ITA to provide that “specified person” to mean as a person who has not filed its return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is to be deducted or collected, as the case may be, and the amount of tax collected and deducted at source is Rs. 50,000 or more in the said previous year.

The Finance Act, 2022, vide insertion of new provisions, provides that any person responsible for providing to a resident any benefit or perquisite (whether convertible into money or not) arising from carrying out of a business or exercising of a profession by such resident, should deduct tax at source at 10% of the value of such benefit or perquisite as specified in the ITA, before providing such benefit or perquisite, as the case may be.

If the provision of section 206AA of the ITA is applicable to a specified person, in addition to the provision of this section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA of the ITA.

(f) ***Tax deduction on purchase of goods***

The Finance Act, 2021 introduced a new a section to be effective from 1 July 2021, 194Q to provide for TDS by person responsible for paying any sum to any resident for purchase of goods at the rate of 0.1%. To ensure that compliance burden is only on those who can comply with it, the tax is only required to be deducted by those person (i.e. buyer) whose total sales, gross receipts or turnover from the business carried on by him exceed INR 10 crores during the Financial Year immediately preceding the Financial Year in which the purchase of goods is carried out. The Central Government may, by notification in the Official Gazette, exempt a person (i.e. buyer) from obligation under this section on fulfilment of conditions as may be specified in that notification.

Tax is required to be deducted by such person, if the purchase of goods by him from the seller is of the value or aggregate of such value exceeding INR 50 lakhs in the previous year. It also provides that the provisions of this section shall not apply to-

- (i) a transaction on which tax is deductible under any provision of the ITA; and
- (ii) a transaction, on which tax is collectible under the provisions of section 206C other than transaction to which sub-section (1H) of section 206C applies.

This means, if on a transaction a TDS or tax collection at source (‘TCS’) is required to be carried out under any other provision, then it would not be subjected to TDS under this section. There is one exception to this general rule. If on a transaction TCS is required under sub-section (1H) of section 206C as well as TDS under this section, then on that transaction only TDS

under this section shall be carried out. CBDT with the approval of the Central Government has been empowered to issue guidelines for removing difficulty in giving effect to the provisions of this section.

Where any sum is credited to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income, such credit of income shall be deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

(g) ***Tax Collection at Source on sale of goods***

Per the provisions of the ITA, seller of goods should collect tax @ 0.1% if the receipt of sale consideration from a buyer exceeds INR 50 lakhs in the financial year. Further, it has been provided that the Seller is required to collect such tax only if his total sales, gross receipts or turnover from his business exceeds INR 10 crores during the financial year immediately preceding the financial year in which the sale of goods is carried out. If the buyer (not being a non-resident who does not have a permanent establishment in India) does not provide PAN or Aadhaar number to the seller, then the tax rate would be 1% (section 206CC). In a situation, where the buyer is liable to undertake withholding obligations and has undertaken the said obligation, the seller will not be liable to collect tax at source.

It should however be noted that CBDT has issued a circular clarifying that the above provisions are not applicable to transactions in shares and commodities transacted through recognised stock exchanges/ recognised clearing corporations, including those located in International Financial Service Centres.

(h) ***Tax collection at higher rates***

The provisions of section 206CCA of the ITA apply on any sum or amount received by a person (herein referred to as collectee) from a specified person. The TCS rate in this section is higher of the following rates:

- (i) twice the rate specified in the relevant provision of the ITA; or
- (ii) the rate of five percent

where the recipient (not being a non-resident who does not have permanent establishment in India) has not filed income tax return in the last two financial years (and the timeline for filing such tax return has expired) and the aggregate of TDS and TCS in his case exceeds INR 50,000 in each such year. Where the provisions of section 206CC mentioned above and 206CCA are found to be applicable together, the higher of the two rates under both sections would apply.

The Finance Act, 2022 has reduced two years requirement to one year by amending section 206CCA of the ITA to provide that “specified person” to mean as a person who has not filed its return of income for the assessment

year relevant to the previous year immediately preceding the financial year in which tax is to be deducted or collected, as the case may be, and the amount of tax collected and deducted at source is Rs. 50,000 or more in the said previous year.

Applicability of these provisions in the case of cross-border or offshore transactions to be evaluated on a case to case basis.

(i) ***Advance tax obligations***

It will be the responsibility of the investors to meet the advance tax obligation payable on the due dates prescribed under the ITA.

(j) ***Expenditure incurred in relation to income not includible in the total income***

As per the provisions of section 14A read with rule 8D of the ITA, if any income of the Investor does not form part of the total income or is exempt under the provisions of the ITA then any expenditure incurred by the Investor, directly or indirectly, in relation to such income will not be allowed as deduction for the purpose of calculating the total taxable income of the Investor. Finance Act, 2022 has inserted an amendment to provide that this section shall apply and shall be deemed to have always applied in a case where exempt income has not accrued or arisen or has not been received during the previous year relevant to an assessment year and the expenditure has been incurred during the said previous year in relation to such exempt income. This amendment will take effect from 1st April 2022.

(k) ***It is envisaged that the following streams of income may be earned by the clients/ investors***

- (i) Dividend income on shares/ income distributed with respect to mutual fund units;
- (ii) Interest income on debt securities;
- (iii) Gains arising on transfer of securities;
- (iv) Premium on redemption; and
- (v) Gains arising on buy-back of shares.

The tax implications of each stream of income is provided below:

(i) Dividend income on shares/ income distributed w.r.t. mutual fund units

Dividend income on shares

The dividend income on shares is chargeable to tax in the hands of investors (discussed below in detail).

Further, section 80M has been inserted to remove the cascading effect of tax on dividend income received by a domestic company from another domestic company or foreign company or business trust forming part of its gross total income, where the recipient company pays further dividend to its shareholders on or before the due date i.e. the date one month prior to the date of furnishing the return of income under sub-section (1) of section 139. The deduction in respect of dividend income shall be limited to the extent of dividend distributed by the recipient company. Further, once deduction in respect of such dividend income is allowed in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

Deduction of interest expense should be allowed to resident investors under section 57 of the ITA against such dividend income, with overall capping of 20% of dividend income.

Withholding aspects - The Indian Company declaring dividend is required to deduct tax at 10% in case of payment to resident investors if payment exceeds INR 5000.

Taxability - As per the amended provisions, the dividend income (net of deductions, if any) is taxable at the following rates:

Resident investors

Dividend income earned by	Tax rate for domestic investors
Resident companies (Refer Note 1 and 2)	30% / 25% / 22%
Firms / LLPs	30%
Others (Refer Note 3)	As per applicable slab rates, maximum being 30%

Note 1: The Finance Act, 2022 provides that in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the FY 2020-21 (AY 2021-22), the tax rate is 25%.

Note 2: As per the provisions of section 115BAA of the ITA, domestic company has the option to pay tax at the rate of 22%, subject to certain prescribed conditions.

Section 115BAB of the ITA prescribes a lower tax rate of 15% in case of certain domestic manufacturing companies

subject to fulfilment of prescribed conditions. However, even in case of such companies, any income which is not derived from or is not incidental to the manufacturing or production of an article or thing and in respect of which no specific rate has been provided should be chargeable to tax at the rate of 22%. In order to provide relief to such companies, Finance Act, 2022 amended section 115BAB so as to extend the date of commencement of manufacturing or production of an article or thing, from 31 March 2023 to 31 March 2024.

The option under section 115BAA or 115BAB of the ITA needs to be exercised before the due date for furnishing the first of the return of income for any financial year starting from AY 2020-21 or subsequent AYs. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

Note 3: As per the provisions of section 115BAC of the ITA, individual and HUFs have an option to pay tax on their total income at the reduced tax rates. The income is to be computed without claiming prescribed deductions or exemptions.

Amendment vide Finance Act, 2022: The Finance Act, 2022 withdrew the concessional rate of tax of 15% provided in Section 115BBD of the ITA on the dividend income received by an Indian company from a foreign company in which the said Indian company holds 26 % or more in nominal value of equity shares (specified foreign company). This amendment will take effect from 1st April 2023.

Distribution income with respect to mutual fund units

Per the provisions of the ITA, the mutual fund distributing income on or after 1 April 2020, is not be required to pay any tax on income distributed to its unitholders. The income so distributed is taxable in the hands of the unitholders. Further, taxpayers can claim a deduction of interest expenditure under section 57 of the ITA, against such distributed income up to 20% of the distribution income.

Withholding aspects - The mutual fund distributing income is required to deduct tax at 10% in case of payment to resident investors.

Taxability - As per the amended provisions, the distribution income is taxable at the following rates:

Resident investors

Dividend income earned by	Tax rate for domestic investors
Resident companies (Refer notes below)	22% / 25% / 30%
Firms / LLPs	30%
Others (Refer notes below)	As per applicable slab rates, maximum being 30%

Note 1: The Finance Act, 2022 provides that in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the FY 2020-21 (AY 2021-22), the tax rate is 25%.

Note 2: As per the provisions of section 115BAA of the ITA, domestic company has the option to pay tax at the rate of 22%, subject to certain prescribed conditions.

Section 115BAB of the ITA prescribes a lower tax rate of 15% in case of certain domestic manufacturing companies subject to fulfilment of prescribed conditions. However, even in case of such companies, any income which is not derived from or is not incidental to the manufacturing or production of an article or thing and in respect of which no specific rate has been provided should be chargeable to tax at the rate of 22%. In order to provide relief to such companies, Finance Act, 2022 amended section 115BAB so as to extend the date of commencement of manufacturing or production of an article or thing, from 31 March 2023 to 31 March 2024.

The option under section 115BAA or 115BAB of the ITA needs to be exercised before the due date for furnishing the first of the return of income for any financial year starting from AY 2020-21 or subsequent AYs. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

Note 3: As per the provisions of section 115BAC of the ITA, individual and HUFs have an option to pay tax on their total income at the reduced tax rates. The income is to be computed without claiming prescribed deductions or exemptions.

(ii) Interest income on debt securities

Resident investors

Interest income earned by	Tax rate for domestic investors
Resident companies (Refer Note 1 and 2)	22% / 25% / 30%
Firms / LLPs	30%
Others (Refer Note 3)	As per applicable slab rates, maximum being 30%

Note 1: The Finance Act, 2022 provides that in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the FY 2020-21 (AY 2021-22), the tax rate is 25%.

Note 2: As per the provisions of section 115BAA of the ITA, domestic company has the option to pay tax at the rate of 22%, subject to certain prescribed conditions.

Section 115BAB of the ITA prescribes a lower tax rate of 15% in case of certain domestic manufacturing companies subject to fulfilment of prescribed conditions. However, even in case of such companies, any income which is not derived from or is not incidental to the manufacturing or production of an article or thing and in respect of which no specific rate has been provided should be chargeable to tax at the rate of 22%. In order to provide relief to such companies, Finance Act 2022 amended section 115BAB so as to extend the date of commencement of manufacturing or production of an article or thing, from 31 March 2023 to 31 March 2024.

The option under section 115BAA or 115BAB of the ITA needs to be exercised before the due date for furnishing the first of the return of income for any financial year starting from AY 2020-21 or subsequent AYs. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

Note 3: As per the provisions of section 115BAC of the ITA, individuals and HUFs have an option to pay tax on their total income at the reduced tax rates. The income is to be computed without claiming prescribed deductions or exemptions.

(iii) Gains arising on transfer of securities

Gains arising from the transfer of securities held in the investee company or portfolio company may be treated either as 'Capital Gains' or as 'Business Income' for tax purposes, depending upon whether such securities were held as a capital asset or a trading asset (i.e., stock-in-trade). Traditionally, the issue of characterisation of gains (whether taxable as Business Income or Capital Gains) has been a subject matter of litigation with the tax authorities. There have been judicial pronouncements on whether gains on transfer of 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. Also, the CBDT has provided guidance, *vide* its Instruction No. 1827, dated 31 August 1989 ('CBDT Instructions') and Circular No. 4/2007, dated 15 June 2007 ('CBDT Circular 2007'), in respect of characterisation of gains as either Capital Gains or Business Income.

Following are the key illustrative factors indicative of Capital Gains characterisation (not Business Income): -

- Intention at the time of acquisition - capital appreciation;
- Low transaction frequency;
- Long period of holding;
- Shown as investments in books of accounts (not stock in trade);
- Use of owned funds (as opposed to loan) for acquisition;
- Main object in constitution document is to make investments;
- Higher level of control over the investee companies; amongst others.

Further, the CBDT had issued a circular no. 6/2016 dated 29 February 2016 ('CBDT Circular 2016'), clarifying the issue of taxability of gains arising on sale of listed shares and securities. The CBDT Circular 2016, laid down guiding principles to characterise the gains from sale of listed shares and securities, either as Business Income or Capital Gains. It had clarified that the income-tax officer should not dispute any income arising from transfer of listed shares and

securities held for more than 12 (twelve) months, if the same was treated as, and offered to tax under, the head ‘Capital Gains’, subject to genuineness of the transaction being established.

However, the CBDT Circular 2016, did not deal with the treatment of Capital Gains arising on transfer of unlisted shares.

To avoid disputes/ litigation and to have a consistent view in assessments, the CBDT had issued an instruction on 2 May 2016, to the tax department, on determining the tax treatment of income arising from transfer of unlisted shares, providing that the income from transfer of unlisted shares (for which no formal market exists for trading) should be treated as ‘Capital Gain’ irrespective of period of holding. However, the CBDT has carved out the following 3 (three) exceptions for the tax department to take an appropriate view, if:

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

(1) ***Gains characterized as capital gains***

The ITA, provides for a specific mechanism for computation of capital gains. Capital gains are computed by deducting from the sale consideration, the cost of acquisition and certain other expenses. The tax payable on capital gains depends on whether the capital gains are long-term or short-term in nature.

Depending on the period for which the securities are held, capital gains earned by the Investors are treated as short-term or long-term capital gains. The taxability of capital gains is discussed below:

Type of instrument	Period of holding	Characterisation
Listed Securities (other than a unit), units of equity-oriented mutual funds, units of Unit Trust of India and Zero Coupon bonds	More than twelve (12) months	Long-term Capital Asset
	Twelve (12) months or less	Short-term Capital Asset
	More than twenty-four (24) months	Long-term Capital Asset

Type of instrument	Period of holding	Characterisation
Shares of a company (other than shares listed on a recognised stock exchange)	Twenty-four (24) or less	Short-term Capital Asset
Other securities	More than thirty-six (36) months	Long-term Capital Asset
	Thirty-six (36) months or less	Short-term Capital Asset

Taxability of capital gains under the ITA is as under:

Sr. No	Particulars	Rate
1	Short-term capital gains on transfer of listed equity shares, to be listed shares sold through offer for sale and units of an equity oriented mutual fund on which securities transaction tax ('STT') has been paid	15%
2	Any other short-term capital gains	22% / 25% / 30% [Note 1]
3	Long-term capital gains on transfer of: (i) listed equity shares on which STT has been paid both at the time of acquisition and sale of such shares; and (ii) units of equity oriented mutual fund on which STT has been paid on transfer [Note 2]	10% [Note 3] [on income in excess of INR 1 lakh]
4	Long-term capital gains on sale of listed bonds or listed debentures	10% (without indexation) [Note 4]
5	Long-term capital gains on transfer of unlisted bonds or unlisted debentures	20% (without indexation)

Sr. No	Particulars	Rate
6	Long-term capital gains on transfer of unlisted securities (other than unlisted bonds and unlisted debentures) [Note 5]	20% (with indexation)
7	Long-term capital gains on transfer of units of listed mutual fund	20% (with indexation)

Note 1:

Assuming highest slab rates for individual investors.

The Finance Act, 2022 provides that in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the FY 2020-21 (AY 2021-22), the tax rate is 25%.

As per the provisions of section 115BAA of the ITA, domestic company has the option to pay tax at the rate of 22%, subject to certain prescribed conditions.

Section 115BAB of the ITA prescribes a lower tax rate of 15% in case of certain domestic manufacturing companies subject to fulfilment of prescribed conditions. However, even in case of such companies, any income which is not derived from or is not incidental to the manufacturing or production of an article or thing and in respect of which no specific rate has been provided should be chargeable to tax at the rate of 22%. In order to provide relief to such companies, Finance Act 2022 amended section 115BAB so as to extend the date of commencement of manufacturing or production of an article or thing, from 31 March 2023 to 31 March 2024.

The option under section 115BAA or 115BAB of the ITA needs to be exercised before the due date for furnishing the first of the return of income for any financial year starting from AY 2020-21 or subsequent AYs. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

As per the provisions of section 115BAC of the ITA, individuals and HUFs have an option to pay tax on their total income at the reduced tax rates. The income is to be computed without claiming prescribed deductions or exemptions.

Note 2:

The cost of acquisition of equity shares or units of an equity oriented mutual funds acquired before

1 February 2018, should be higher of:

- the actual cost of acquisition; and
- Lower of:
 - Fair market value as on 31 January 2018, determined in the prescribed manner; and
 - Value of consideration received or accruing upon transfer.

The CBDT has issued a notification dated 1 October 2018, wherein the list of transactions has been specified in respect of which the condition of payment of STT on acquisition does not apply for applying tax rate the 10% on transfer of listed equity shares.

Note 3:

Without considering indexation and foreign exchange fluctuation benefit.

Note 4:

The Indian Revenue Authorities may disregard the said position and may apply a tax rate of 20%.

Note 5:

As per section 50CA of the ITA, where the consideration received or accruing on account of transfer of unlisted shares is less than the fair market value of such share, determined in the prescribed manner, the fair value as determined is deemed to be the full value of consideration for the purpose of computing capital gains.

Gains characterised as 'business income'

If the gains are characterised as business income, then the same is taxable on net income basis at the rate of 30% for resident investors.

Per the amendment in the Finance Act, 2022, the tax rate has been reduced to 25% in case of domestic companies having a total turnover or gross receipts not exceeding 400 crores in the FY2020-21 (AY2021-22). Kindly note, we have assumed highest rate for resident individual investors. Also, as mentioned above, domestic companies have the option to pay tax on total income at the rate of 22%, subject to certain prescribed conditions.

(i) Premium on redemption

There are no specific provisions contained in the ITA, regarding the characterisation of the premium received on redemption of debentures. Redemption premium earned on account of redemption of Non-Convertible Debentures/ Optionally Convertible Debentures

may be classified as capital gains or interest. The characterisation of premium on redemption of debentures as interest or a capital gain has to be decided based on factors surrounding the relevant case.

Where redemption premium is characterised as capital gains, tax rates applicable with respect to capital gains apply (as discussed above). If redemption premium is characterised as interest, the tax rates applicable with respect to interest applies.

(ii) Proceeds on buy-back of shares by a domestic company

Gains arising on buy back of shares (listed / unlisted) is exempt in the hands of investors. However, a distribution tax at the rate of 20% (plus applicable surcharge of 12% and health and education cess of 4%) is payable by the Indian company on distribution of income by way of buyback of its shares if the buy-back is in accordance with the provisions of any law for the time being in force relating to companies. Such distribution tax is payable on the difference between consideration paid by such Indian company for purchase of its own shares and the amount that was received by the Indian company at the time of issue of such shares.

(m) ***Other considerations***

(i) *Securities Transaction Tax*

STT is applicable on various transactions as follows:

Transactions/Particulars	Payable by Purchaser	Payable by Seller
Delivery based purchase transaction in equity shares entered into in a recognised stock exchange	0.1%	N.A.
Delivery based sale transaction in equity shares entered in a recognised stock exchange	N.A.	0.1%
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange	N.A.	0.025%
Delivery based sale transaction of unit of equity oriented fund	N.A.	0.001%
Sale of options in securities	0.125% of the difference between the	0.017%

Transactions/Particulars	Payable by Purchaser	Payable by Seller
	strike price and settlement price of the option (In case option is exercised)	
Sale of futures in securities	N.A.	0.01%
Sale of a unit of an equity oriented fund to the Mutual Fund	N.A.	0.001%
Sale or surrender or redemption of a unit of an equity oriented fund to an insurance company, on maturity or partial withdrawal, with respect to unit linked insurance policy issued by such insurance company	N.A.	0.001%
Sale of unlisted shares under an offer for sale	N.A.	0.2%
Sale of unlisted units of business trust under an offer for sale	N.A.	0.2%

(ii) *Transfer of unquoted shares at less than fair market value*

As per Section 50CA of ITA, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value, then the fair market value is deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has notified rules for computation of FMV for the purpose of section 50CA of the ITA.

The CBDT vide notification no. 42 /2020/F. No.370149/143/2019-TPL dated 30 June 2020 has notified Rule 11UAD which provides that the above provision shall not apply to any consideration received / accruing on transfer from such class of persons and subject to fulfilment of conditions as prescribed.

(iii) *Deemed income with respect to investment in securities*

Section 56(2)(x) of the ITA provides that if any assessee receives any property (including securities) without consideration or for inadequate consideration in excess of INR 50,000 as compared to the fair market value, fair market value in excess of such

consideration is taxable in the hands of the recipient as 'Income from Other Sources'. The CBDT has issued rules for computation of FMV for the purpose of section 56(2)(x) of the ITA.

The provisions of section 56(2)(x) of the ITA does not apply in certain specific circumstances as laid down in section 56(2)(x) of the ITA.

(iv) *Dividend stripping*

Where any person buys or acquires any securities or units of a mutual fund or the Unit Trust of India within a period of 3 (three) months prior to the record date (i.e., the date that may be fixed by a company for the purposes of entitlement of the holder of the securities to receive dividend or by a mutual fund or the administrator of the Specified Undertaking or the Specified Company, for the purposes of entitlement of the holder of the units to receive income, or additional unit without any consideration, as the case may be) and such person (i) sells or transfers such securities within a period of 3 (three) months after such record date, or (ii) such unit within a period of 9 (nine) months after such record date, and (iii) the dividend or income on such securities or unit received or receivable by such person is exempt, then, any loss arising to such person on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of such dividend or income received or receivable, would be ignored for the purposes of computing his income chargeable to tax.

Finance Act 2022 has amended the above provisions to make the said provisions applicable to securities as well and also modify the definition of unit, so as to include units of business trusts such as Infrastructure Investment Trust ('InvIT'), Real Estate Investment Trust ('REIT') and AIF, within the definition of units. This amendment will take effect from 01 April 2023.

(v) *Bonus stripping*

Where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of three months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the Administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive additional unit without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of nine months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units is ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored is deemed to be the cost of acquisition of such additional

units as are held by him on the date of sale or transfer of original units.

Finance Act 2022 amended the above provisions to make the said provisions applicable to securities as well and also modify the definition of unit, so as to include units of business trusts such as Infrastructure Investment Trust ('InvIT'), Real Estate Investment Trust ('REIT') and AIF, within the definition of units. This amendment will take effect from 01 April 2023.

(vi) *Set-off and carry forward of capital losses*

In terms of section 70 read with section 74 of the ITA, short-term capital loss arising during a year can be set-off against short-term as well as long-term capital gains. Balance loss, if any, is carried forward and set-off against any capital gains arising during the subsequent 8 assessment years.

A long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, is carried forward and set-off against long-term capital gains arising during the subsequent 8 assessment years.

(vii) *Minimum Alternate Tax*

As per the provisions of the ITA, if the tax payable by any resident company on its total income as computed under the normal provisions of the ITA is less than 15% of its book profits, it shall be liable to pay MAT at the rate of 15% (plus applicable surcharge and cess) of such book profit.

MAT at the rate of 15% of book profits shall be applicable to all companies except:

- A company engaged in life insurance business (as referred to in section 115B of the ITA)
- Any person who has exercised the following two options:
 - under section 115BAA of the ITA, an option to pay tax at the rate of 22% (plus applicable surcharge and cess) by any domestic company subject to certain conditions; or
 - under section 115BAB of the ITA, an option to pay tax at the rate of 15% (plus applicable surcharge and cess) by certain domestic manufacturing companies (If a domestic company set up on or after October 1, 2019 and commencing manufacturing before March 31, 2023). In order to provide relief to such companies, Finance Act 2022 amended section

115BAB so as to extend the date of commencement of manufacturing or production of an article or thing, from 31 March 2023 to 31 March 2024.

An Investor being a resident company may need to include its share of income from the Fund as part of its book profits liable to MAT.

Further, the MAT credit is to be allowed to be carried forward up to 15 assessment years (“AY”) as against ten years.

(viii) *Alternate Minimum Tax*

As per the ITA, if the income-tax payable on total income by any person other than a company is less than the alternate minimum tax, the adjusted total income is deemed to be the total income of that person and he is liable to pay income-tax on such total income at the rate of 18.5%. Such provisions are not applicable if the adjusted total income does not exceed INR 20 lakhs.

Further, the above provisions are not applicable in case of a person who exercises the option referred to in section 115BAC or section 115BAD of the ITA.

The Finance Act, 2022 has amended the above provisions to reduce the rate from 18.5% to 15% for cooperative societies.

(ix) *General Anti Avoidance Rules (‘GAAR’)*

The GAAR regime as introduced in the ITA is effective from April 1, 2017. GAAR may be invoked by the tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
- It results in directly / indirectly misuse or abuse of the ITA;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterise or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situation of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure; or
- Reallocating and re-characterizing equity into debt, capital into revenue, etc.
- Disregarding or treating any accommodating party and other party as one and the same person;
- Deeming persons who are connected to each other parties to be considered as one and the same person for the purposes of determining tax treatment of any amount.

The necessary procedures for application of GAAR and conditions under which it does not apply, have been enumerated in Rules 10U to 10UC of the IT Rules. The IT Rules provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 3 crores.

On 27 January 2017, the CBDT issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Some of the important clarifications issued are as under:

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause ('LOB') in a Tax Treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 3 crores cannot be read in respect of a single taxpayer only.

(x) *Goods and Services Tax*

From July 1, 2017 onwards, India has introduced Goods and Service Tax (GST).

Post introduction of GST, many Indirect tax levies (including service tax) have been subsumed within the GST regime.

GST is applicable on services provided by the Portfolio Manager. GST rate on such services is currently 18%.

(xi) *Stamp Duty and Local Taxes*

The activities of the investee companies would be subject to stamp duties and other local/municipal taxes, which would differ from state to state, city to city and between municipal jurisdictions, depending on the location where activities are carried out by the investee companies.

(xii) *FATCA/ CRS Guidelines*

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions, foreign financial institutions in India are required to report tax information about US account holders to the Indian Government. Along with FATCA, India is one amongst the various countries which has signed up for the implementation of Common Reporting Standards (CRS) under the Automatic Exchange of Information (AEOI) mechanism which requires Indian financial institutions to report tax information about other jurisdiction account holders. The Indian Government has enacted rules relating to FATCA reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

- the name, address, taxpayer identification number TIN (assigned in the country of residence) and date and place of birth DOB, POB (in the case of an individual);
- where an entity has one or more controlling persons that are reportable persons:
- the name and address of the entity, TIN assigned to the entity by the country of its residence; and
- the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
- account number (or functional equivalent in the absence of an account number);
- account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year;

- the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year; and

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and other reportable accounts.

13) Accounting policies

Following key accounting policies shall be followed:

(a) *Basis of preparation of the financial statements*

The financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the 'Act'), the provisions of Schedule III to the Act. The financial statements are presented in Indian rupees.

(b) *Revenue recognition*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- Management fees is recognised on an accrual basis in accordance with the terms of an investment management agreement between the Company and Trustee Company.
- Income from the investment of Alternative Investment Fund ('AIF') is recognised on the basis of distribution advice received from respective funds and in accordance with the contribution agreement.
- Interest income on fixed income debt instruments such as non-convertible debentures is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable

(c) *Investments*

Investments are classified as long-term or current based on intention of management at the time of purchase. Investments that are readily realizable and intended to be held for not more than a year from the date on which investments are made are classified as current investments.

All other investments are classified as long-term investments.

Long-term investments are carried at carrying cost. Provision is made when there is a decline, other than temporary, in the carrying amount of such investments, determined separately for each individual investment.

Purchase and sale of investments are recorded on a trade date.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed and the same is charged or credited to the Statement of Profit and Loss.

(d) ***Tangible assets and Intangible assets***

Fixed assets are stated at are carried at cost of acquisition or the revalued amount as the case may be, less accumulated depreciation and impairments, if any. Acquisition cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed three years from the date when the asset is available for use.

(e) ***Depreciation on tangible asset / amortisation on intangible asset***

Depreciation is provided on a straight line method from the date the asset is ready for its intended use, using the rates prescribed by the Schedule II to the Act as given below:

Class of assets	Useful life
Computer	3 years
Intangible assets	3 years

Individual property plant and equipment costing less than INR 5,000 or less are depreciated fully in the year of purchase.

The Company provides pro-rate depreciation from the day the asset is ready for use and for any asset sold, till the date of sale

14) Investors services

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

Name	Mr. Chirag Shah
Address	1203, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Mumbai 400 013
Telephone No.	+91-22-69152200/ +91-9833540066
Email id	chirag.shah@blacksoil.co.in

Grievance redressal and dispute settlement mechanism:

The aforesaid personnel of the Portfolio Manager shall attend to and address any client query/concern/grievance at the earliest. The Portfolio Manager will ensure that this official is vested with the necessary authority and independence to handle client complaints.

The aforesaid official will immediately identify the grievance and take appropriate steps to eliminate the causes of such grievances to the satisfaction of the client. Effective grievance management would be an essential element of the Portfolio Manager's portfolio management services and the aforesaid official may adopt the following approach to manage grievance effectively and expeditiously:

- (a) ***Quick action-*** As soon as the grievance arises, it would be identified and resolved. This will lower the detrimental effects of grievance.
- (b) ***Acknowledging grievance-*** The aforesaid officer shall acknowledge the grievance put forward by the Client and look into the complaint impartially and without any bias.
- (c) ***Gathering facts-*** The aforesaid official shall gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts shall be maintained so that these can be used in later stage of grievance redressal.
- (d) ***Examining the causes of grievance-*** The actual cause of grievance would be identified. Accordingly, remedial actions would be taken to prevent repetition of the grievance.
- (e) ***Decision-making-*** After identifying the causes of grievance, alternative course of actions would be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure would be analysed and accordingly decision should be taken by the aforesaid official. The aforesaid official would execute the decision quickly.
- (f) ***Review-*** After implementing the decision, a follow-up would be there to ensure that the grievance has been resolved completely and adequately.

Grievances/concerns, if any, which may not be resolved/satisfactorily addressed in aforesaid manner shall be redressed through the administrative mechanism by the designated Compliance Officer, namely Ishan Patel and subject to SEBI (Portfolio Managers) Regulations 2020 and any amendments made thereto from time to time. The Compliance Officer will endeavor to address such grievance in a reasonable manner and time. The coordinates of the Compliance Officer are provided as under:

Name	Mr. Ishan Patel
Address	1203, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Mumbai 400 013
Telephone No	+91-22-69152200
Email id	ishanpatel@blacksoil.co.in

If the Client still remains dissatisfied with the remedies offered or the stand taken by the Compliance Officer, the Client and the Portfolio Manager shall abide by the following mechanisms:

Any dispute unresolved by the above internal grievance redressal mechanism of the Portfolio Manager, can be submitted to the Principal Officer. The Principal Officer will endeavor to address such grievance in a reasonable manner and time. The coordinates of the Principal Officer are provided as under:

Name	Mr. Ankur Bansal
Address	1203, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Mumbai 400 013
Telephone No	+91 9820254335
Email id	ankurbansal@blacksoil.co.in

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints Redress System), post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same. SCORES is available at <http://scores.gov.in>.

15) Details of investments in the securities of related parties of the portfolio manager

All transactions of purchase and sale of Securities by the Portfolio Manager and its employees who are directly involved in investment operations shall be disclosed to the Investors if found having conflict of interest with the transactions in any of the Client's Portfolio. All such conflicts of interest shall be resolved in the best interests of the Client in accordance with conflict of interest policy of the private placement memorandum of the Fund.

16) Details of the diversification policy of the portfolio manager

Not Applicable.

For and on behalf of Blacksoil Asset Management Private Limited

Mr. Mohinder Pal Bansal	:	
Mr. Ankur Bansal	:	

Place: Mumbai

Date: 2nd December 2022

FORM

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

Blacksoil Asset Management Private Limited

PRINCIPAL OFFICER	PORTFOLIO MANAGER
Name: Ankur Bansal	Name: Blacksoil Asset Management Private Limited
Phone: +91 9820254335	Address: 1203, Floor-12, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Delisle Road, Mumbai, Maharashtra 400 013, India
E-mail: ankurbansal@blacksoil.co.in	

We confirm that:

- (i) the Disclosure Document (“**Document**”) forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI 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 in the Portfolio Management;
- (iii) the Document has been duly certified by an independent Chartered Accountant, **Sanjiv A. Joshi** bearing Membership Number 048857 on 1st December 2022 (enclosed is a copy of the Chartered Accountants’ 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

Date: 2nd December 2022

Place: Mumbai

FORMAT I (Account Opening Form)

Information about the Client

1. General information about the client

- (a) Name, primary mailing address, secondary (back up) mailing address, identity information such as photograph, Permanent Account Number (PAN), driving license etc.
- (b) Occupation _____
- (c) Introduced by _____ (name and full address)
- (d) Annual incomes for the last 3 financial years and the net worth as on the last date of the respective years (optional).

2. Investment profile of the client

- (a) Investment experience regarding securities.
- (b) Indicative percentage of total investment portfolio proposed to be invested with the portfolio manager (optional).
- (c) Overall investment goals such as capital appreciation or capital appreciation and regular income or regular income.
- (d) Risk tolerance i.e. low, medium or high.
- (e) Time period for which investments are proposed to be made with the portfolio manager (This has to be same as the term of the Agreement).

3. Investment approach opted by the client

4. Details of portfolio construction for the client

- (a) Equity: Nature of equities in which investments are desired, may be indicated.
- (b) Balanced: Percentage of debt/equity.
- (c) Debt: Government Bonds, unlisted debentures, corporate debt etc.
- (d) Others.

Date:

Place:

[signature of the Client]

CHARTERED ACCOUNTANT CERTIFICATE

I have been requested by Blacksoil Asset Management Private Limited to certify the contents and information provided in the Disclosure Document required to be filed with the Securities and Exchange Board of India (SEBI) as per Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020.

I have verified the data from the respective documents provided by Blacksoil Asset Management Private Limited. I have relied on various representations made to me by the management of the Portfolio Manager wherever necessary.

Based on my verification of the records and information provided to me, I certify that the contents and information provided in the Disclosure Document dated [], are true, fair and adequate as required under Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020.

For [•]

Chartered Accountants

FRN [•]

[•] [Partner] Membership No. [•]

Date: [•]

Place: [•]

ANNEXURE A

List of related parties and relationships:

Name of entity	Relationship
(i) Blacksoil Capital Private Limited	Holding Company
(ii) Blacksoil Advisory LLP	Entity in which director is interested
(iii) Blacksoil Infratech LLP	Entity in which director is interested
(iv) Ankur Bansal	Director
(v) Mohinder Pal Bansal	Director
(vi) Virendra Gala	Director

(a) Related party transactions during the year

(i)	Transactions during the year	31 March 2022	31 March 2021
	(a) Shared service fee		
	Blacksoil Advisory LLP	5,50,000	3,50,000
	Blacksoil Capital Private Limited	6,00,000	6,00,000
	(b) Rent and infrastructure services		
	Blacksoil Infra Tech LLP	3,31,000	2,89,000
	(c) Interest expense		
	Blacksoil Capital Private Limited	1,20,22,000	40,36,000
	(d) Borrowings		
	Borrowing from Blacksoil Capital Private Limited	53,78,50,000	23,55,10,000
	Repayment to Blacksoil Capital Private Limited	(59,96,50,000)	(19,05,10,000)
	(e) Processing fees		
	Blacksoil Capital Private Limited	33,00,000	63,77,834
(ii)	Balances as at 31 March 2022	31 March 2022	31 March 2021
	(a) Security deposit		
	Blacksoil Infratech LLP	25,000	25,000
	(b) Trade payable		
	Blacksoil Capital Private Limited	23,000	-
	(c) Equity Share Capital		
	Blacksoil Capital Private Limited	50,00,000	50,00,000
	(d) Borrowings payable		
	Blacksoil Capital Private Limited	40,00,000	5,50,00,000

Annexure B

Fee Schedule

I. UPFRONT EXPENSES/COSTS

The Portfolio Manager shall be entitled to charge a one-time upfront cost up to 2.25% (two decimal two five percent) from each Client basis their respective Co-investment Contributions towards CPMS. The Upfront Costs will be increased by any applicable Taxes (including GST) and other statutory charges payable thereon and allocated to the respective Contributors, as applicable.

Notwithstanding the above, certain portion of the Upfront Expenses may be charged by the Portfolio Manager either from the Client's Co-investment Contribution or from the proceeds of divestments of initial investments made, as is mutually agreed between the Portfolio Manager and the Clients.

II. ONGOING FEES AND EXPENSES

(a) **Management Fee**

Management Fee will be payable quarterly in advance from the Portfolio Commencement Date, at such rate as agreed between the Client and the Portfolio Manager, on the outstanding Co-investment Contribution. The Management Fee will be increased by any applicable Taxes (including GST) and other statutory charges payable thereon and allocated to the respective Clients, as applicable.

(b) **Operating Expenses**

The Operating Expenses shall be charged at actuals and allocated to the Clients pro rata to their Co-investment Contributions on a time-weighted basis. These expenses may be incurred by the Portfolio Manager and subsequently reimbursed by the Clients.

The annual operating expenses to be borne by the Clients shall include but not be limited to the following:

- (a) Expenses incurred in the operation of the CPMS;
- (b) Legal, tax, accounting, audit, custodial, consulting and other professional fees;
- (c) Tax (including withholding tax);
- (d) Due diligence expenses;
- (e) Banking, brokerage, broken deal costs, registration, stamp duty, qualification, finders, depository and similar fees or commissions;

- (f) Costs of preparing financial statements and other reports (including reports to Clients), including printing of quarterly reports, annual reports and pitch-books, marketing material, newsletters;
- (g) Communications, travel, boarding and other expenses incurred by the Portfolio Manager in sourcing, completing, monitoring of investments;
- (h) Legal and statutory expenses of the CPMS, audit/compliance and any other third-party fees and operating expenses, ordinary administrative expenses, related to the CPMS;
- (i) Expenses associated with maintenance of books of accounts and other records of the CPMS;
- (j) Administration, communication, advertising, promotional, operating, and transactional expenses incurred by the CPMS;
- (k) All extra-ordinary and non-recurring expenses related to the CPMS's activities;
- (l) Indemnification obligations of the CPMS, if any;
- (m) Expenses in relation to any litigation that may arise between the Portfolio Manager and any Investee Company or any director, employee, employee union officer, lender, shareholder, administrative union, etc. related to the Investee Company; and
- (n) Such other incidental expenses including but not limited to those incurred for honouring indemnification obligations

III. BROKERAGE AND TRANSACTION COST

Costs associated with franking, notarization charges, stamp duty including any other taxes would be charged from the Client Portfolio, based on actuals. Goods & Services Tax (as applicable) shall be charged to the Clients. Any incidental and ancillary out of pocket expenses: All incidental and ancillary expenses not recovered above but incurred by the Portfolio Manager on behalf of the client shall be charged to the Client.

IV. ADDITIONAL RETURNS AND HURDLE RATE

Additional Return of such percentage as agreed with the Client vide terms and conditions mentioned in the Agreement will be charged over and above the Hurdle Rate.