

WHITE OAK CAPITAL MANAGEMENT CONSULTANTS LLP

DISCLOSURE DOCUMENT

PORTFOLIO MANAGEMENT SERVICES

**DISCLOSURE DOCUMENT OF
PORTFOLIO MANAGEMENT SERVICES**

BEING OFFERED BY

WHITE OAK CAPITAL MANAGEMENT CONSULTANTS LLP

- i. This Disclosure document has been filed with the Board along with a certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations 2020.
- ii. The purpose of this Disclosure document is to provide essential information about the portfolio management services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.
- iii. This disclosure document contains necessary information about the Portfolio Manager, required by an Investor before investing and the Investor is advised to retain the Disclosure document for future reference.
- iv. The name, phone number, e-mail address of the Principal Officer so designated by the Portfolio Manager is:

Name of the Principal Officer	Mr. Chaitanya Kapur
Phone	022-62308185
E-mail	chaitanya.kapur@whiteoakinvestors.com
Website	www.whiteoakindia.com

Investors should carefully read the entire document before making a decision to invest and should retain it for future reference.

Disclosure Document dated – October 30, 2024

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1. Disclaimer

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

This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

2. Definitions

In this Disclosure Document, unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively:

- (i) "Act" means the Securities and Exchange Board of India Act 1992.
- (ii) "Agreement" or "Portfolio Management Services Agreement" or "PMS Agreement" means the agreement executed between the Portfolio Manager and its Clients in terms of Regulation 22 and as per Schedule IV of Securities and Exchange Board of India (Portfolio Managers) Regulations 2020 and amendments to the Act from time to time.
- (iii) "Applicable Law" means any applicable Indian statute, law, ordinance, regulation, rule, order, bye-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. For the avoidance of doubt, the term 'Applicable Law' shall include the Regulations.
- (iv) "Board" means the Securities and Exchange Board of India.
- (v) "Bank" means any scheduled commercial bank, with which the Portfolio Manager will open and operate the bank accounts for the purpose of portfolio management services.
- (vi) "Client" or "Investor" means any person who registers with the Portfolio Manager and enters into an agreement with the Portfolio Manager for availing the services of portfolio management.
- (vii) "Custodian" means any entity(s) appointed as custodian by the Portfolio Manager from time to time and on case to case basis to provide custodial services and to act as a custodian on the terms and conditions agreed between the custodian and the Portfolio Manager.
- (viii) "Depository" means a body corporate as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Limited ("NSDL") and Central Depository Services (India) Ltd. ("CDSL").
- (ix) "Disclosure Document" means this disclosure document issued by White Oak Capital Management Consultants LLP for offering portfolio management services prepared in terms of Regulation 22 and Schedule V of the SEBI (Portfolio Managers) Regulations 2020.
- (x) "Financial year" means the year starting from 1st April and ending on 31st March of the following year.

- (xi) “Funds” means the moneys placed by the Client with the Portfolio Manager and any accretions thereto including the proceeds of the sale or sale or other realization of the portfolio and interest, dividend or other monies arising from the assets, so long as the same is managed by the Portfolio Manager.
- (xii) “Initial Corpus” means the value of the funds and the value of readily realizable securities brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager.
- (xiii) “Portfolio” means the total holdings of securities managed by the Portfolio Manager on behalf of the client by the Portfolio Manager, on the terms and conditions contained in the agreement and includes any further securities placed by the client with the Portfolio Manager for being managed pursuant to the Agreement, securities acquired by the Portfolio Manager through Investment of Funds and bonus and rights shares in respect of securities forming part of the portfolio, so long as the same is being managed by the Portfolio Manager.
- (xiv) “Portfolio Manager” means White Oak Capital Management Consultants LLP, incorporated under the Limited Liability Partnership Act, 2008 and having its registered office at Unit No. B2, 6th Floor, Energy Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400025.
- (xv) “Principal Officer” means a person who has been designated as Principal Officer by the Portfolio Manager as required under the SEBI (Portfolio Managers) Regulations 2020 and he will be responsible for the activities of Portfolio Manager.
- (xvi) “Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulations 2020, including rules, guidelines or circulars issued in relation thereto from time to time.
- (xvii) “SEBI” means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act 1992.
- (xviii) “Securities” means and includes Securities as defined under Securities Contracts (Regulation) Act 1956.

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing portfolio management services.

3. Description

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

White Oak Capital Management Consultants LLP (hereinafter referred to as ‘White Oak Capital’) was incorporated on June 06, 2017 at Mumbai. Mr. Prashant Khemka is the founder of White Oak Capital. White Oak Capital is also registered as an Investment Adviser with SEBI and is the Sponsor and Investment Manager to “White Oak India Equity Fund”, “White Oak India Equity Fund II”, “White Oak India Select Equity Fund”, “White Oak India Equity Fund IV” and “White Oak India Equity Fund V”, “White Oak India Equity Fund VI”, all Category III AIF’s registered with SEBI.

White Oak Capital also acts as Investment Adviser to Acorn Asset Management Ltd, Mauritius and White Oak Capital Partners Pte Ltd, Singapore, which are Investment Managers to various Funds and segregated mandates.

Transfer of PMS Business:

Due to internal group reorganisation and streamlining of business verticals, a Business Transfer Agreement dated February 20, 2024, was executed between White Oak Capital Management Consultants LLP (“White Oak LLP”) and its group entity, i.e. WhiteOak Capital Asset Management Limited (“WhiteOak AMC”) (Reg. No. INP000007766) wherein the discretionary portfolio management business offered to the retail and corporate clients of White Oak LLP will be transferred to WhiteOak AMC on a going concern basis, effective from April 01, 2024. Both White Oak LLP and WhiteOak AMC are under the control of common shareholder, and the following Investment Approaches / Strategies of White Oak LLP will be rendered through WhiteOak AMC w.e.f. April 1, 2024:

1. White Oak India Equity Portfolio Approach
2. White Oak India Select Equity Portfolio Approach
3. White Oak India Pioneers Equity Portfolio Approach.
4. White Oak India Pioneers Equity Portfolio Approach – STP Plan.
5. White Oak India Liquid Portfolio Approach.
6. WhiteOak India Business Leaders PMS Portfolio Approach.
7. White Oak India Pioneers Equity ESG Portfolio Approach.
8. White Oak India Digital Leaders Portfolio Approach.
9. Research Picks I Portfolio Approach.
10. Research Picks II Portfolio Approach.
11. Key Picks Portfolio Approach.

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

Mr. Prashant Khemka is the founder and Partner of White Oak Capital holding 51% of the ownership, Mr. Rajendra Khemka (on behalf of RKR Trust), Designated Partner holds 48.99% of the ownership, Ms. Mayadevi Khemka, Designated Partner holds 0.01% of the remaining ownership. Mr. Rohit Chordia, Designated Partner do not have any holdings in White Oak Capital.

Prior to setting up White Oak Capital in June 2017, an investment advisory firm in India, Prashant Khemka spent 17 years at Goldman Sachs Asset Management (GSAM), most recently as CIO and lead PM of Global Emerging Markets (GEM) Equity and India Equity strategies.

He won several accolades as the CIO and Lead PM of GS India Equity. He and his fund won several awards including AAA rating from City wire and Elite rating from Fund calibre among others.

In addition to his long-standing India investing experience, Mr. Khemka brings a unique perspective derived across developed and emerging market equities having successfully managed, US and global emerging markets funds for leading institutions, during the last two decades.

Mr. Khemka started his professional investing career in 1998 at SSGA in Boston as senior portfolio officer of Enhanced International equity in the quant group. He started his career at GSAM in 2000 as a research analyst in US Growth Equity, and by 2004 he rose to become Senior Portfolio Manager and Co-Chair of the Investment Committee of the team that managed over \$25bn in US equities.

He returned to Mumbai in 2006 to start GSAM India business and served as the CIO and CEO/ Co-CEO of their domestic AMC while launching the offshore GS India strategy in 2007. On the back

of his strong performance, in addition to India he was also made the CIO and lead PM of GEM equity in June 2013. During his tenure, he built these businesses to over US\$5bn in AUM with top ranking peer group performance.

Mr. Khemka graduated with honors from Mumbai University with a BE in Mechanical Engineering and earned an MBA in Finance from Vanderbilt University, where he received the Matt Wigginton Leadership Award for outstanding performance in Finance. He was awarded the CFA designation in 2000 and is a fellow of the Ananta Aspen Centre, India.

Details of Key Investment Management and other personnel:

Name	Designation	Years of Experience	Brief Profile
Chaitanya Kapur	Principal Officer	5	Chaitanya has over 5 years of work experience. He is a Chartered Accountant and has received a bachelor's degree in Commerce (Accounting and Finance) from Mumbai University. He has worked as an Articled Assistant at Deloitte Haskins & Sells LLP where he worked on statutory audits in the Automobile, Financial services, Pharmaceutical, Chemicals and Industrial sectors.
Rohit Chordia	Senior Investment Analyst	17	Rohit has over 17 years of total experience with over 14 years in the investment industry having covered the Indian Telecom, Consumers and IT services sectors as a sell-side analyst at Kotak Institutional Equities. Rohit was consistently ranked amongst the top analysts in both his lead coverage sectors in polls conducted by Institutional Investor and Asia Money. Prior to his sell-side stint, Rohit spent a couple of years working with Ameriprise Financial as a financial analyst on areas like competitive intelligence and cost reengineering.

(iii) Top 10 Group Companies/ Firms of the Portfolio Manager on turnover basis:

The details of group/associate companies of the Portfolio Manager on turnover basis for the period ended March 31, 2024.

Sr. No.	Name of the Entities	Status
1	White Oak Capital Partners Pte Ltd (Incorporated in Singapore)	Promoted by Mr. Prashant Khemka
2	Acorn Asset Management Ltd (Incorporated in Mauritius)	Wholly owned subsidiary of White Oak Capital Partners Pte Ltd

3	White Oak Capital Management (UK) Ltd (Incorporated in United Kingdom)	Wholly owned subsidiary of White Oak Capital Partners Pte Ltd
4	White Oak Capital Management (Switzerland) AG (Incorporated in Switzerland)	Wholly owned subsidiary of White Oak Capital Partners Pte Ltd
5	White Oak Investment Management Private Limited	Promoted by Mr. Prashant Khemka
6	GPL Finance and Investments Private Limited	Majority owned subsidiary of White Oak Investment Management Private Limited.
7	WhiteOak Capital Asset Management Limited	Wholly owned subsidiary of GPL Finance and Investments Private Limited
8	WhiteOak Capital Trustee Limited	Wholly owned subsidiary of GPL Finance and Investments Private Limited

(iv) Details of the services and Investment approaches/strategies being offered:

White Oak Capital is currently providing discretionary portfolio management services and Advisory services but may in future provide non-discretionary services. The broad details of the services are given as below:

a) Discretionary Portfolio Management Services:

In the case of discretionary portfolio management services, the Portfolio Manager shall independently manage the funds and securities of the Client in accordance with the provisions of the portfolio management service agreement. The Portfolio Manager shall have the sole and absolute discretion to invest on behalf of the Client in any type of security as per the executed agreement and make such changes in the investments and invest some or all of the Funds in such manner and in such markets as it deems fit. The portfolio managers' decision (taken in good faith) in deployment of the Clients' account is absolute and final and cannot be called in question or be open to review at time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. Investment under the portfolio management services will be only as per the applicable SEBI regulations. The un-invested parts of the Client's Funds may at the discretion of the Portfolio Manager be held in cash or deployed in liquid fund schemes, exchange traded liquid or index funds, debt-oriented schemes of mutual funds, gilt schemes, bank deposits, or other short-term avenues for investment. The Client's portfolios under the discretionary services are based on Client's investment objectives and should not be construed as any scheme promoted by the company.

b) Non-Discretionary Portfolio Management Services:

Under this category, the Investment decisions of the Portfolio Manager are guided by the instructions received from the Clients under an agreement executed between the Portfolio Manager and the Client. The deployment of funds and/or securities is the sole discretion of the client and is to be exercised by the Portfolio Manager in a manner that strictly complies with the Clients instruction for execution. The decision of the client in deployment of Funds and/or securities and the handling of his/her/its Portfolio is absolute and final. The role of Portfolio Manager apart from adhering to investments or divestments upon instruction of the Client is restricted to providing market intelligence, research reports, trading strategies, trade statistics and such other material which will enable the Client to take appropriate investment decision. However, the Portfolio Manager will continue to act and be strictly guided by relevant guidelines,

Acts, Rules, Regulations and notifications in force from time to time. For the purpose of acting on the Client's instruction, the Portfolio Manager shall take instructions in writing or through any other medium mutually agreed such as e-mail, fax, telephone etc. and may include managing, renewing and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio for an agreed fee structure and for a definite described period, entirely at the Client's risk.

c) Advisory Services:

Under Advisory services, the Portfolio Manager in terms of the Regulations include the responsibility of advising on the portfolio strategy and investment and divestment of individual securities on the Clients' Portfolio, for an agreed fee and for a period as agreed, entirely at the Client's risk; to all eligible category of Investors who can invest in Indian market including NRIs, FIIs, etc.

The Portfolio Manager shall be solely acting as an advisor to the Portfolio of the Client and shall not be responsible for the investment/ divestment of securities and/ or an administrative activity on the Client's Portfolio. The Portfolio Manager shall, provide advisory services in accordance with such guidelines and/ or directives issued by the regulatory authorities and /or the Client, from time to time, in this regard. The Portfolio Manager shall not in any event and at any point of time be responsible in any manner whatsoever for any investment decision taken by the Client on the basis of the investment advice provided by the Portfolio Manager.

The Portfolio Manager may act upon any in-house research, commercially available databases & news services, external meetings and visits, third-party & broker research reports, publicly available information etc. Neither the Portfolio Manager nor any of its affiliates (nor any of their respective control persons, directors, officers, employees or agents) shall be liable to the Client or to any other person claiming through the Client for any claim, loss, damage, liability, cost or expense suffered by the Client or any other person arising out of or related to the advisory services provided therein.

DIRECT ON-BOARDING OF CLIENTS: White Oak Capital provides the facility for direct on-boarding of clients i.e. on-boarding of clients without intermediation of distributors.

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

(i)	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made thereunder.	Nil
(ii)	The nature of the penalty/ direction.	N.A.
(iii)	Penalties /fines imposed for any economic offence and/or violation of any securities laws.	Nil
(iv)	Any pending material litigation/ legal proceedings against the Portfolio Manager/ Key Personnel with separate disclosure regarding pending criminal cases, if any.	Nil
(v)	Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.	Nil

(vi)	Any enquiry/ adjudication proceedings initiated by the Board or any regulatory agency against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Regulations made thereunder.	Nil
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5. Services Offered

(i) Investment Objectives and Policies:

The Portfolio Manager proposes to provide various portfolios/ services based on the mandate of the client as agreed upon between the Portfolio Manager and the Client in the application form / agreement signed by the Client. The investment objectives of the portfolios of the Clients depending on the Clients' needs could fall under any one or more of the following or any combination thereof:

- (a) to seek to generate capital appreciation / regular returns by investing in equity/ debt/ money market instruments / equity related securities and /or units of mutual funds;
- (b) to seek to generate capital appreciation / regular returns by investing exclusively in units of mutual funds;
- (c) to seek to generate regular returns by primarily investing in debt and money market instruments; and
- (d) to seek to generate capital appreciation/ regular returns by investing exclusively in gilt securities issued by the Central/State Government securities.

The type of securities where investments may be made by the Portfolio Manager under any of the above-mentioned Services include the following:

- (a) shares, scrips, stocks, bonds, debentures, debentures stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- (b) derivatives;
- (c) units or any other instrument issued by any collective investment scheme;
- (d) security receipt as defined in clause (zg) of section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002;
- (e) government securities;
- (f) units or any other such instrument issued to the investors under any scheme of mutual fund;
- (g) alternative investment fund or venture capital fund;
- (h) any certificate or instrument (by whatever name called), issued to any investor by any issuer being a special purposes distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be;
- (i) such other instruments as may be declared by the Central Government to be securities; and
- (j) rights or interest in securities.

The above-mentioned securities are illustrative in nature. Investments can be made in various equity and equity related securities including convertible/non-convertible and/or cumulative/non-cumulative preference shares, convertible and/or cumulative/non-cumulative debentures, bonds and warrants carrying the right to obtain equity shares, units of mutual funds, units of alternative investment funds, exchange traded funds (“ETFs”) and other eligible modes of investment as may be permitted by the Regulations from time to time.

The Portfolio Manager may from time to time invest the idle cash balance in units of Liquid Schemes of mutual funds/ liquid ETF. Investments can be made in listed, unlisted, convertible, non-convertible, secured, unsecured, rated or unrated or of any maturity, and acquired through secondary market purchases, RBI auctions, open market sales conducted by RBI etc., Initial Public Offers (“IPOs”), other public offers, bilateral offers, placements, rights, offers, negotiated deals, etc.

The debt category will include all types of debt securities including but not limited to securitised debt, pass through certificates, debentures (fixed, floating, variable coupon, and equity index /stocks/stocks basket linked), bonds, government securities issued or guaranteed by Central or State Government, non-convertible part of partially convertible securities, corporate debt of both public and private sector undertakings, securities issued by banks (both public and private sector) and development financial institutions, bank fixed deposits, commercial papers, certificate of deposit, trade bills, treasury bills and other money market instruments, units of mutual funds, units of SEBI registered alternative investment funds and venture capital funds, floating rate debt securities and fixed income derivatives like interest rate swaps, forward rate agreements etc. as may be permitted by the Act, Rules and/or Regulations, guidelines and notifications in force from time to time.

Asset classes for investment will always be subject to the scope of investments as may be agreed upon between the Portfolio Manager and the Client by way of any agreement, explicit or implied including this disclosure document, addenda thereof, other documents and communications in writing and emails duly authenticated and exchanged between the client and the Portfolio Manager.

Presently the Portfolio Manager is predominantly investing in Listed Equity Shares on stock exchanges in India.

(ii) Investment Approach/Strategies:

Investment objectives and strategies may vary from client to client. The investment objectives of the client are understood and captured from the application form and the client agreement. The application form/client agreement captures the client’s expectation of returns and risk tolerance and other terms. Further, depending on the individual client requirements and specifications, the portfolio can be tailor made.

Diversification Policy: The Portfolio Manager has a diversification policy in place, which covers the following considerations in managing of Client’s funds and mitigating risk that could arise from non-diversification.

- (a) Portfolio construction basis Investment Approach objectives.
- (b) Number of securities and level of concentration of securities basis percentage, sectors/industry.
- (c) Adhering with limits of investment prescribed under the applicable Regulation.
- (d) Client’s guidance on limits/restriction for investment in securities

- (e) Nature of securities viz. equity, debt, liquid, and market capitalization/sector/industry etc.
- (f) Liquidity nature of the securities

The Portfolio Manager offers the below Investment Approach /Strategy :

Pursuant to the execution of Business Transfer Agreement between White Oak LLP and WhiteOak AMC, White Oak LLP continues to offer the said approach to the FPI Client.

White Oak India Equity Portfolio

Investment Objective and Strategy: The objective of the strategy is to achieve long term capital appreciation by primarily investing in 'listed securities' in India. The investment strategy is long only with a bottom-up stock selection approach. The investment philosophy is, that outsized returns are earned over time by investing in great businesses at attractive values. A great business, in our view, is one that is well managed, scalable, and generates superior returns on incremental capital. Valuation is attractive when the current market price is at a substantial discount to intrinsic value.

Portfolio composition: The portfolio composition would consist of primarily listed securities (generally 80% to 100%) but the Portfolio Manager may invest in other securities as may be permissible under the SEBI (Portfolio Managers) Regulations 2020 and/or similar applicable regulation as amended from time to time.

The basis of portfolio composition and a company's weight in the portfolio is typically a function of a combination of greatness of business, upside potential, market capitalization and liquidity. We seek to:

- (a) Maintain a balanced portfolio of select companies agnostic to benchmark
- (b) Ensure alpha generation is a function of stock selection
- (c) Consciously avoid market timing or sector rotation or other such top down bets
- (d) Understand, monitor and contain residual factor risks that are by-product of stock selection

Salient features: The portfolio will be invested in companies across market capitalizations, with generally a higher weightage in the portfolio of mid and small caps.

Portfolio Benchmark: S&P BSE 500 TRI

As prescribed by SEBI for investment approaches covered under the 'Equity' Strategy.

Investment Horizon: Medium to long term

Risk Factors: Detailed risk related to investment in the Investment Approach are included as a part of this Disclosure Document under point 6 (Risk Factors).

(iii) Investment in securities of associates/related parties:

The Portfolio Manager will be guided and adhere with PMS Regulations before investing in equity and debt/hybrid securities of its associates/related parties.

6. Risk Factors:

General Risk Factors:

- (i) Investments in Securities are subject to market risks, which include price fluctuation risks. There
- (ii) is no assurance or guarantee that the objectives of any of the Portfolios will be achieved. The investments may not be suited to all categories of Investors.
- (iii) The past performance of the Portfolio Manager in any Portfolio is not indicative of the future performance in the same or in any other Portfolio either existing or that may be offered. Investors are not being offered any guaranteed or indicative returns through these services.
- (iv) The performance of the Portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- (v) The performance in the equity portfolios may be adversely affected by the performance of individual companies, changes in the market place, company specific and industry specific and macroeconomic and regulatory factors.
- (vi) The performance of the assets of the Client may be adversely affected by the performance of individual securities, changes in the market place and industry specific and macroeconomic factors.
- (vii) The debt investments and other fixed income Securities may be subject to interest rate risk, liquidity risk, credit risk, and reinvestment risk. Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures.
- (viii) Investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.
- (ix) The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities which may expose the Client's Portfolio to liquidity risks.
- (x) Engaging in Securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/ counter party.
- (xi) Portfolio services using derivatives, futures and options are affected by risk different from those associated with stock and bonds. Such investments are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of derivatives and futures and options. Some of the risks relate to mis-pricing on the improper valuation of derivatives and futures and options and the inability to correlate the positions with underlying assets, rates and indices. Additionally, the derivatives and future and options market is nascent in India.
- (xii) The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the portfolio management services. All Portfolios under portfolio management are subject to change at any time at the discretion of the Portfolio Manager.
- (xiii) Investment decisions made by the Portfolio Manager may not always be profitable.
- (xiv) Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.

- (xv) The arrangement of pooling of funds from various clients and investing them in Securities could be construed as an 'Association of Persons' ("AOP") in India under the provisions of the Income-Tax Act 1961 and taxed accordingly.
- (xvi) In case of investments in schemes of mutual funds, alternative investment funds and venture capital funds, the Client shall bear the recurring expenses and performance fee, if any, of the portfolio management services in addition to the expenses of the underlying schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying schemes in the same proportions.
- (xvii) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situations, the Clients may suffer opportunity loss.
- (xviii) The Portfolio Manager has no previous experience or track record as a portfolio manager.
- (xix) The investment objectives of one or more of the investment profiles could result in concentration of a specific asset/asset class/sector/issuer etc., which could expose the Clients' Portfolio to risks arising out of non-diversification, including improper and/or undesired concentration of investment risks.
- (xx) In case of conflict of interest arising on the services offered by the portfolio manager with any of the group companies the same shall be disclosed.

Specific Risk Factors:

- (i) **Market Risk:** The Value of the Portfolio will react to the securities market movements. The investor could lose money due to fluctuation in the value of Portfolio in response to factors such as economic and political developments, changes in interest rates and perceived trends in securities market movements and over longer periods during market downturns.
- (ii) **Market Trading Risks - Absence of Active Market:** Although Securities are listed on the exchange(s), there can be no assurance that an active secondary market will develop or be maintained.
- (iii) **Lack of Market Liquidity:** Trading in Securities on the exchange(s) may be halted because of market conditions or for reasons that in the view of the exchange Authorities or SEBI, trading in a particular Security is not advisable. In addition, trading in Securities is subject to trading halts caused by extra
- (iv) ordinary market volatility and pursuant to exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the market necessary to maintain the listing of Securities will continue to be met or will remain unchanged. ETF may trade at prices other than NAV: ETF may trade above or below their NAV. The NAV or ETF will fluctuate with changes in the market value of Scheme's holdings of the underlying stocks. The trading prices of ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand of ETF. However, given that ETF can be created and redeemed only in creation units directly with the mutual fund, it is expected that large discounts or premiums to the NAVs of ETFs will not sustain due to availability of arbitrage possibility.
- (v) **Regulatory Risk:** Any changes in trading regulations by the exchange(s) or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/ discount to NAV for ETFs. In the event of a halt of trading in market the Portfolio may not be able to achieve the stated objective.

- (vi) **Asset Class Risk:** The returns from the types of Securities in which the Portfolio Manager invest may underperform returns from the various general securities markets or different asset classes.

Different types of securities tend to go through cycles of outperformance and underperformance in comparison of the general securities markets.

- (vii) **Performance Risk:** Frequent rebalancing of Portfolio will result in higher brokerage/ transaction cost. Also, as the allocation to other Securities can vary from 0% to 100%, there can be vast difference between the performance of the investments and returns generated by underlying securities.
- (viii) **Interest Rate Risk:** Changes in interest rates may affect the returns/ NAV of the liquid/debt scheme of mutual fund in which the Portfolio Manager may invest from time to time. Normally the NAV of the liquid scheme increases with the fall in the interest rate and vice versa. Interest rate movement in the debt market can be volatile leading to the possibility of movements up or down in the NAV of the units of the liquid/ debt funds.
- (ix) **Credit Risk:** Credit risk refers to the risk that an issuer of fixed income security may default or may be unable to make timely payments of principal and interest. NAV of units of the liquid scheme is also affected because of the perceived level of credit risk as well as actual event of default.
- (x) **Model Risk:** Investments in the Market Linked Debentures (MLDs) are also subject to model risk. The MLDs are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behaviour of the Securities selected for hedging may significantly differ from the returns predicted by the mathematical models.
- (xi) **Investments in Derivative Instruments:** As and when the investments are done in derivative market, there are risk factors and issues concerning the use of derivatives that the investors should understand. Derivative products are specialized instrument that require investment technique and risk analysis different from those associated with stocks. The use of derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivative requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "Counter Party") to comply with the terms of the derivative contract. Other risks in using derivatives include but are not limited to:
 - (a) **Credit Risk:** This occurs when a counterparty defaults on a transaction before settlement and therefore it involves negotiation with another counter party, at the then prevailing (possibly unfavourable) market price, in order to maintain the validity of the hedge. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement but one takes the performance risk on the exchange.
 - (b) **Market Liquidity:** This risk is where the derivatives cannot be sold (unwound) at price that reflect the underlying assets, rates and indices.
 - (c) **Model Risk:** This is the risk of mis-pricing or improper valuation of derivatives.
 - (d) **Basis Risk:** This risk arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may be inter-related

also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. The risk of loss associated with futures contracts is potentially unlimited due to the low margin deposits required and the extremely high

- (e) degree of leverage involved in futures pricing. As a result, a relatively small price movement in a derivative contract may result in an immediate and substantial loss or gain. However, the Portfolio Manager will not use derivative instruments, options or swap agreements for speculative purposes or to leverage its net assets and will comply with applicable SEBI Regulations. There may be a cost attached to buying derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. The possible lack of a liquid secondary market for a derivatives contract may result in inability to close the derivatives positions prior to their maturity date.
- (xii) Illiquidity Risk: The corporate debt market is relatively illiquid vis-a-vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Further, liquidity may occur only in specific lot sizes. Liquidity in a Security can therefore suffer. Even though the Government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. Trading in specified debt securities on the Exchange may be halted because of market conditions or for reasons that in the view of the Exchange Authorities or SEBI, trading in the specified debt security is not advisable. There can be no assurance that the requirements of the securities market necessary to maintain the listing of specified debt security will continue to be met or will remain unchanged. In such a situation, the Portfolio Manager at his sole discretion will return the Securities to the Client.
- (xiii) Zero Return Risk: Returns on investments undertaken in structured securities would depend on occurrence /non-occurrence of the specified event. Thus, returns may or may not accrue to an investor depending on the occurrence/non-occurrence of the specified event.
- (xiv) Redemption Risk: The payoffs as envisaged in structured securities are such that the Client may lose a part/entire amount invested.
- (xv) Risk of Real Estate investment: Investment in Securities of companies investing in real estate is subject to risk of fluctuations in real estate prices. Portfolio returns are dependent on real estate market. Investor could lose money if real estate prices go down at the time of maturity.
- (xvi) Identification of Appropriate Investments: The success of the Investment strategy of White Oak Capital would depend on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the LLP may invest, and other factors outside the control of the LLP. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the LLP.
- (xvii) Specific Risk factors and Disclosures pertinent to Structured Notes & Securitised debt instruments:
 - (a) Presently, secondary market for such securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such Securities. This could limit the ability of the investments to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.
 - (b) Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue.

The credit enhancement stipulated represents a limited loss cover to the Investors. These certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the issuer or the seller or the originator, or the parent or any affiliate of the seller, issuer and originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the credit enhancement and thereby the Investor pay outs may get affected if the amount available in the credit enhancement facility is not enough to cover the shortfall. On persistent default of an obligor to repay his obligation, the Seller may repossess and sell the underlying asset. However, many factors may affect, delay or prevent the repossession of such asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such asset may be sold may be lower than the amount due from that obligor.

- (c) The structured notes like the index linked securities, in which funds are proposed to be invested in, are high risk instruments. A small movement in returns generated by the underlying index could have a large impact on their value and may also result in a loss.
- (d) The issuer of equity index linked securities or any of its agents, from time to time may have long or short positions or make markets including in NIFTY indices, futures and options (hereinafter referred to as "Reference Assets") (and other similar assets), they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may be at variance with or asymmetrical to those on the securities, and they may engage in other public and private financial transactions (including the purchase of privately placed investments or securities or other assets). The foregoing activities of *'the issuer of index linked securities'* or any of its agents and related markets (such as the foreign exchange market) may affect the value of the Securities. In particular, the value of the securities could be adversely impacted by a movement in the Reference Assets, or activities in related markets, including by any acts or inactions of *'The Issuer of index linked securities'* or any of its Agents;
- (e) The equity Index linked securities, even after being listed, may not be marketable or may not have a market at all;
- (f) The returns on the structured securities, primarily are linked to the S&P CNX Nifty Index and/or any other equity benchmark as the Reference Asset, and even otherwise, may be lower than prevalent market interest rates or even be nil or negative depending entirely on the movement in the underlying index and futures values as also that over the life of the securities (including the amount if any, payable on maturity, redemption, sale or disposition of the Securities) the security holder may receive no income/return at all or negative income/return on the Security, or less income/return than the Security-holder may have expected, or obtained by investing elsewhere or in similar investments.
- (g) The return on investment in Securities would depend on the prevailing market conditions, both domestically as well as internationally. The returns mentioned in the term sheets are indicative and may or may not accrue to an investor accordingly.
- (h) In equity index linked securities, in the event of any discretions to be exercised, in relation to method and manner of any of the computations including due to any disruptions in any of the financial markets or if for any other reason, the calculations cannot be made as per the method and manner originally stipulated or referred to or implied, such alternative methods or approach shall be used as deemed fit by the issuer and may include the use of estimates and approximations. All such computations shall be valid

and binding on the investor, and no liability there for will attach to the issuer of equity index linked securities /asset management company;

- (i) There is a risk of receiving lower than expected or negligible returns or returns lower than the initial investment amount in respect of such equity index linked securities over the life and/or part thereof or upon maturity, of the securities.
- (j) At any time during the life of such Securities, the value of the Securities may be substantially less than its redemption value. Further, the price of the Securities may go down in case the credit rating of the Company or issuer goes down.
- (k) The Securities and the return and/or maturity proceeds hereon, are not guaranteed or insured in any manner by the Issuer of equity index linked securities.
- (l) The Issuer of equity index linked securities or any person acting on behalf of the Issuer of equity index linked securities, may have an interest/position as regards the Portfolio Manager and/or may have an existing banking relationship, financial, advisory or other relationship with them and/or may be in negotiation/discussion with them as to transactions of any kind.
- (m) The Issuer of equity index linked securities or any of its agents, have the legal ability to invest in the units offered herein and such investment does not contravene any provision of any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the investor, and/or its assets.

7. Client Representation

(i) Details of Clientele and Funds Managed as on September 30, 2024:

Category of Clients	Total No. of Clients	Funds managed	Discretionary/ Non - Discretionary/ Advisory (if available)
		(Rs. Crores)	
(a) Associates /group companies (Last 3 years)			
2020-21	NA	NA	Discretionary
	NA	NA	Non - Discretionary
2021-22	NA	NA	Discretionary
	NA	NA	Non - Discretionary
2022-23	NA	NA	Discretionary
	NA	NA	Non - Discretionary
As on 30 th Sept 2024	NA	NA	Discretionary
	NA	NA	Non - Discretionary
(b) Others: (last 3 years)			
2021-22	5695	12490.17	Discretionary
	0	0	Non - Discretionary
	2	395.38	Advisory
2022-23	7058	12392.74	Discretionary
	0	0	Non - Discretionary

	2	277.43	Advisory
2023-24	4659	12306.17	Discretionary
	0	0	Non – Discretionary
	2	492.28	Advisory
As on 30 th Sept 2024*	1	6701.47	Discretionary
	0	0	Non - Discretionary
	2	624.32	Advisory

***Note: Pursuant to execution of Business Transfer Agreement, Discretionary Portfolio Management Services offered to retail and corporate clients by White Oak LLP will be managed by White Oak AMC effective April 01, 2024.**

(ii) Disclosure in respect of transactions with related parties as on March 31, 2024.

(a) Related Parties and their Relationship:

Nature of Relationship	Name of the Party
Group / Associate Company	White Oak Investment Management Private Limited
Group / Associate Company	WhiteOak Capital Asset Management Limited
Group / Associate Company	GPL Finance and Investments Private Limited
Group / Associate Company	WhiteOak Capital Trustee Limited
Group / Associate Company	White Oak Capital Partners Pte. Ltd.
Group / Associate Company	Acorn Asset Management Ltd
Partner	Prashant Khemka
Designated Partner	RKR Trust
Designated Partner	Mayadevi Khemka

(b) Significant transactions with related parties as per audited balance sheet on March 31, 2024:

Name of the related party	Nature of transactions	Amount for the year ended 31st March 2024
White Oak Investment Management Private Limited	Operation support service	12,20,97,392
	Referral Fees	6,51,779
	Sale of Services and Fixed Asset	42,62,220
WhiteOak Capital Asset Management Limited	Sub Licensing fees	2,93,43,038
	Research Services	1,87,00,969
	Electricity and HVAC charges	13,05,683
	Transfer of Assets under Discontinued Operations	20,06,66,699

	Transfer of Liabilities under Discontinued Operations	20,06,66,699
GPL Finance and Investments Private Limited	Operation support service	9,16,740
White Oak Capital Partners Pte. Ltd.	Investment Advisory Service	10,34,29,080
	Availing of Investment advisory services	1,58,15,125

(c) Amount due to/from related parties:

Name of the related party	Nature of transactions	Amount for the year ended 31 st March 2024
White Oak Investment Management Private Limited	Sale of Fixed Asset	9,80,805
WhiteOak Capital Asset Management Limited	Research Services	94,81,932
	Discontinued Operations	7,85,794
GPL Finance And Investments Private Limited	Operation support service	2,19,067
White Oak Capital Partners Pte. Ltd.	Investment Advisory Service	6,78,66,694

(d) Details of investments in the securities of related parties of the Portfolio Manager

Sr. No.	Investment Approach, if any	Name of the associate/related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	Percentage of total AUM as on last day of the previous calendar quarter
1	All Investment Approaches	None	N.A.	N.A.	N.A.

8. Financial Performance Summary of Portfolio Manager.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2024
	(Rs.) Audited	(Rs.) Audited	(Rs.) Audited
Gross Income	2,59,69,40,099	2,24,57,40,135	2,64,33,33,896
Expenses	(1,77,49,28,64)	(1,58,90,48,454)	1,68,89,21,894
Profit / (Loss) before Tax	82,20,11,454	65,66,91,682	95,44,12,002
Provision for Taxation	(26,77,87,983)	(23,26,40,023)	(29,84,48,519)
Profit / (Loss) after Tax	55,42,23,472	42,40,51,658	65,59,63,483

9. Portfolio Management Performance

Performance indicators are calculated using “Time Weighted Rate of Return” method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulation, 2020 as amended from time to time. The below returns are net of management fees and any other charges levied by the Portfolio Manager.

Sr.No.	Investment Approach	Benchmark Index	FY 2024-2025		FY 2023-2024		FY 2022-2023		FY 2021-2022	
			from April 2024 to Sept 2024		Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
			Portfolio	Benchmark						
1	#WHITE OAK INDIA EQUITY PORTFOLIO (FPI)	BSE500TRINDEX	22.01	20.2	35.59	40.16	-7.75	-0.91	20.61	22.26

#Note: Pursuant to execution of Business Transfer Agreement, Discretionary Portfolio Management Services offered to retail and corporate clients by White Oak LLP will be managed by White Oak AMC effective April 01, 2024.

10. Audit Observations

There has not been any adverse audit observation on the Portfolio Manager for the audit conducted for preceding 3 years including Financial Year 2023-24.

11. Nature of Costs and Expenses

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

- (i) **Management Fees/ Advisory Fees:** Professional charges relate to the portfolio management services offered to clients by the Portfolio Manager. The fee may be a fixed charge or a percentage of the quantum of funds managed and may be return based or a combination of any of these. Return based fees shall be calculated on “High Water Mark Principle”. The Fees would typically be in the range of 0.75% to 2.50%.
- (ii) **Custodian/Depository Fees:** The charges relating to opening and operation of dematerialized accounts, custody, fund administration and transfer charges for shares, bonds and units, dematerialization, dematerialisation and other charges in connection with the operation and management of the depository accounts. The custody charges would range from 1 bps to 3 bps and depository charges of INR 5 per debit. Any changes to these charges will be included in the fees schedule to be signed by the client at the time of onboarding.
- (iii) **Registrar and Share Transfer Agent Fee:** Charges payable to registrars and share transfer agents in connection with effecting transfer of Securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.
- (iv) **Brokerage and Transaction Costs:** The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments. Brokerage charges would be in the range of 10 bps to 20 bps. Any changes to these charges will be included in the fees schedule to be signed by the client at the time of onboarding.
- (v) **Certification and Professional Charges:** Charges payable for outsourced professional services like accounting, taxation, audit and legal services, notarizations etc., for certifications, attestations required by bankers or regulatory authorities would be at actuals and shall be borne by the Client. Such fees shall be payable as and when charged by the relevant service provider.

- (vi) **Audit Report Fees:** In terms of Regulation 30(3) of the Regulations, the Client shall be issued an audit report from the internal auditors of the Company for which fee shall be payable by the client. The fee for the Audit Report would be in the range of INR 1000 to INR 3000
- (vii) **Incidental Expenses:** Charges in connection with the courier expenses, stamp duty, notary, postal, telegraphic, printing, and other cost/expenses etc.
- (viii) **Other Charges:** As may be mutually agreed between Client and Portfolio Manager. Further no upfront fees shall be charged by the Portfolio Managers, either directly or indirectly, to the clients at the time of onboarding of the Client. Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service by White Oak Capital, shall not exceed 0.50% per annum of the client's average daily Assets under Management.

The Client shall pay by way of cheque/ DD/ Debit to the client portfolio account, as per the respective fee schedule applicable to the portfolio services opted by the Client, as provided in the agreement between the client and the Portfolio Manager.

12. Taxation

- 12.1. The information furnished below outlines briefly the tax regulations which may be relevant to the investors and is based on relevant provisions of the Income-tax Act, 1961 as amended by the Finance Act, 2024 ("IT Act").
- 12.2. The summary below provides general information on Indian Income-tax implications but is neither intended to be a complete discussion of all tax implications, nor does it purport to be a complete description of all potential tax costs, tax incidence and risks inherent on the acquisition, ownership and sale of Indian securities.
- 12.3. In addition, the comments herein are not binding on the Indian tax authorities and there can be no assurance that the authorities will not take a position contrary to any of the comments herein. It is emphasized that neither the Portfolio Manager nor any other person involved in the preparation of this document accepts responsibility for any tax effects or liabilities resulting from the purchase, ownership or disposition of the Indian securities. Prospective investors should consult their own tax advisors in relation to any tax consequences on them having regard to their specific facts and situation.
- 12.4. We do not make any representation regarding any legal interpretations. Since the information below is based on relevant provisions of the IT Act as amended by the Finance Act, 2024 , any subsequent changes in the said provisions (which may even be retrospective) could affect the tax implications for the investors.
- 12.5. General Taxation: The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year, as well as the nature of the income earned. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to taxation in India on his worldwide income, subject to certain tax exemptions, which are afforded under the provisions of the IT Act. A person who is treated as non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India sourced income.
- 12.6. Section 90(2) of the IT Act provides that where the Government of India has entered into an agreement with the Government of any country outside India or specified territory outside India (where the taxpayer is a resident) for granting relief of tax or avoidance of double taxation, the taxpayer may opt to be taxed as per provisions of the IT Act or the tax treaty/DTAA, whichever is more beneficial.

12.7. This chapter does not discuss the tax implications applicable to the non-resident Investors under a beneficial DTAA [Section 90(2) of the IT Act], which would need to be analysed separately based on the specific facts.

12.8. The Indian Government has deposited the ratified Multilateral Instrument (“MLI”) to implement tax treaty related measures to prevent Base Erosion and Profit Shifting (“BEPS”) on 25 June 2019 with Organisation for Economic Co-operation and Development (“OECD”). India has notified 93 tax treaties in its ratification and accordingly, India’s tax treaties with such countries will include MLI provisions with effect from 1 April 2020.

12.9. This chapter does not discuss the impact of MLI on the claim of beneficial tax treatment under DTAA by a non-resident Investor. The same would need to be analysed separately based on the specific facts, where applicable. Further, the tax rates mentioned herein are exclusive of applicable surcharge and cess, unless specified otherwise.

12.10. Taxation of individual income component: Tax implications of the following income received by certain categories of clients from investments in securities as per IT Act are discussed as follows:

(i) Dividend Income: With effect from 1 April 2020, dividend distributed by portfolio companies shall be subject to tax in the hands of the shareholders. Similarly, dividend distributed by Mutual Funds (MFs) covered under Section 10(23D) of the IT Act is taxable in the hands of the unitholders at applicable rates and exempt in the hands of Mutual Fund. Further, dividend distributing company / Mutual Fund is required to withhold tax from dividend income as under:

i. For Resident shareholder: 10% (no surcharge and cess applicable) (TDS withholding u/s 194 / 194K);

TDS at the rate of 10% on dividends distributed by a company to an Individual shareholder is applicable only if the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the individual shareholder exceeds five thousand rupees in a financial year.

TDS at the rate of 10% on the income paid by a specified company / MFs to its resident shareholders / resident unitholders if the amount of such income exceeds five thousand rupees in a financial year. However, no tax shall be required to be deducted by the Mutual Fund on income which is in the nature of capital gains.

For Non-resident shareholder: , mutual funds are required to deduct tax at source on income in respect of units at the following rates:

1. In case of FIIs - at 20% (plus applicable surcharge and cess) under section 196D of the IT Act.

Treaty benefit will available only to those FIIs / FPIs who provide their tax residency certificate u/s 90(4) or 90A(4) of the Act, to the fund. In such a case, tax rate applicable will be lower of, 20% (u/s 196D) or the rate or rates of income-tax provided in such agreement for such income.

2. In case of Overseas Financial Organisation - at 10% (plus applicable surcharge and cess) under section 196B of the IT Act,

3. In case of other non-resident unitholders- at 20% (plus applicable surcharge and cess) under section 196A of the Act.

Treaty benefit will available only to those non-resident unitholders who provide their tax residency certificate u/s 90(4) or 90A(4) of the Act, to the fund. In such a case, tax rate applicable will be lower of, 20% (u/s 196A) or the rate or rates of income-tax provided in such agreement for such income.

Deduction under Section 57: The Finance Act 2020 allowed deduction of interest expense incurred while earning the dividend income / income in respect of mutual fund units. The expense allowance is restricted to 20% of the dividend income / income in respect of mutual fund units without deduction under Section 57. The expense allowance is not a standard deduction per se and the shareholder / unitholder would need to establish and demonstrate that interest expense was actually incurred for the purpose of earning the dividend income / income in respect of mutual fund units. Further, it may be noted that interest expenditure is not likely to be allowable in the year when no dividend income / income in respect of mutual fund units is received by the shareholder / unitholder. Hence, in case of Nil dividend income / income in respect of mutual fund units, the expenditure may not be allowable. A deduction for any expenses other than interest (as discussed above) is not allowable from the dividend income.

Roll over benefit: Section 80M of the IT Act provides for benefit of roll-over of deduction for the dividend received by a domestic company from another domestic / overseas company or a business trust (Real Estate Investment Trust / Infrastructure Investment Trust). Accordingly, where a corporate domestic investor is receiving dividend from a domestic / overseas company or a

- (ii) **Gains from sale of securities – Characterization of income:** Gains arising from the sale of securities in India (shares, derivatives etc.) may be taxed as Capital Gains (CG) or Business Income (BI) under the provisions of the IT Act, depending on the facts and circumstances of the case.

Characterization of income arising from the sale of Indian securities has been the subject of legal debate. The CBDT has provided guiding principles (vide its Instruction: No. 1827, dated August 31, 1989 and Circular No 4/2007 dated June 15, 2007 on the determination of whether shares are held as stock-in-trade or held as investments. The Circular states that no single principle is determinative and that the specific facts and circumstances of each case are required to be considered in order to make a determination of whether the shares held would be regarded as stock-in-trade or investment.

The nature of income from the disposal of securities will be classified as CG or BI depending on whether the investments are held as assets, investments with the object of capital appreciation or stock in trade for the purpose of trade / adventure.

The following conditions are to be generally considered for determining the nature of such income:

- i. The motive of the entity is to earn profits through dividends, or from capital appreciations
- ii. The substantial nature of transactions, the manner of maintaining books of accounts, the magnitude of purchases and sales and the ratio between purchases and sales
- iii. Intent of the assessee as is evidenced by the documents / records
- iv. Whether the charter documents authorize any such activity
- v. Volume, frequency, continuity and regularity of transactions of purchase and sale
- vi. Period of holding
- vii. Use of owned funds (as opposed to loan) for acquisition

While the above discussion is predominantly in the context of transactions related to shares, on principles it could equally apply even to derivatives. Therefore, in the context of derivative transactions, given the short duration and nature of the transactions it is likely that the transaction would be considered as giving rise to BI rather than income from CG.

¹ As referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

business trust, such investor shall be eligible for deduction of tax paid on dividend income received ('roll-over benefit under Section 80M') on further dividend distributed by them to their shareholders. This is done to avoid cascading effect of taxation on the same dividend income.

Furthermore, CBDT has provided further guidance on the matter vide circular No.6/2016 dated 29 February 2016 as follows:

- i. Where the taxpayer opts to treat listed shares and securities as stock in trade, the income arising from transfer of such shares / securities would be treated as its BI.
- ii. If the taxpayer desires to treat income arising from the transfer of listed shares and securities held for more than 12 months as CG, the same shall not be disputed by the tax officer. However, such a stand adopted by the assessee will remain applicable in subsequent assessment years also and cannot be altered.
- iii. In all other cases the nature of the transaction shall continue to be decided basis the facts of each particular case

The above referred circular applied to listed shares and securities. Therefore, in order to bring parity in taxability of income/loss arising from transfer of unlisted shares the CBDT issued circular No.225/12/2016 dated 2 May 2016 determining the tax-treatment of income arising from transfer of unlisted shares for which no formal market exists for trading.

CBDT vide this circular clarifies that income arising from transfer of unlisted shares would be considered under the head CG, irrespective of period of holding with a view to avoid disputes/litigation and to maintain a uniform approach.

However, CBDT carves out three exceptions wherein this clarification shall not apply, namely:

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

Thus, it is important to clearly understand the intent of issue of the aforesaid circulars by CBDT from time-to-time and to interpret in a rational manner where gain arising from the sale of securities should be classified under the head CG or BI.

Capital Gains: As per Section 45 of the IT Act, any profits or gains arising from the transfer of capital assets are chargeable to income-tax under the head 'capital gains'. Section 48 of the IT Act provides that income chargeable as CG is the difference between the full value of the consideration received or accrued on the transfer and the cost of acquisition (indexed cost of acquisition in certain specific circumstances) of such asset plus expenditure in relation to such transfer.

The sale of securities would be taxed as under in the case of resident investors.

Type of gain	Period of Holding	Tax rate
Short-term	12 months or less ¹ for listed shares (in which STT paid) and 24 months or less for unlisted	20% in case of equity shares or units of an equity-oriented fund listed on any recognised stock exchange in India and the sale is chargeable to STT. Ordinary rate of tax applicable to the respective investors i.e. at the rate up to 30% for corporate investors, 30% for partnership and limited liability partnerships and at the

	shares	applicable slab rates ² for individual investors in case of shares that are not listed on any recognised stock exchange in India and in case of listed shares being sold/ transferred in a transaction not chargeable to STT.
Long-term	More than 12 months for listed shares and more than 24 months for unlisted shares	12.5% (without cost indexation) in case equity shares are listed on any recognised stock exchange in India and the purchase and sale transaction of such equity shares is chargeable to STT ³ . Further, LTCG shall be chargeable only in case where the capital gain exceeds INR 1,25,000 (Indian Rupees One Lakh Twenty Five Thousands only). 12.50% (without indexation for equity shares which are not listed on any recognised stock exchange in India / in case of listed shares being sold/ transferred in a transaction not chargeable to STT.

Gains on sale of securities would be taxed as under in the case of *non-resident investors*

Type of gain	Period of Holding	Tax rate
Short-term	12 months or less for listed shares and 24 months or less for unlisted shares	20% in case of equity shares or units of an equity-oriented fund listed on any recognized stock exchange in India and the sale is chargeable to STT. Ordinary rate of tax applicable to the respective investors i.e., at the rate of 35% for corporate investors, and at the applicable slab rates ⁴ for other non-corporate investors in case of shares that are not listed on any recognized stock exchange in India and in case of listed shares being sold/ transferred in a transaction not chargeable to STT.
Long-term	More than 12 months for listed shares and more than 24 months for unlisted shares	12.50% (without giving effect to first and second proviso to Section 48 i.e. ignoring forex and cost indexation benefits) in case equity shares are listed on any recognized stock exchange in India and the purchase and sale transaction of such equity shares is chargeable to STT. Further, LTCG shall be chargeable only in case where the capital gain exceeds INR 1,25,000 (Indian Rupees One Lakh Twenty Five Thousands only). Gains on the sale of shares of unlisted companies are subject to tax 12.5% (without giving effect to first and second proviso to Section 48 i.e. ignoring forex and cost indexation benefits) / in case of listed shares being sold/ transferred in a transaction not chargeable to STT

Capital Losses

² Period of holding of 12 months considered only in case of shares or securities of an Indian company listed on a recognized stock exchange in India or Units of UTI or Units of an Equity Oriented Mutual Fund or Zero-Coupon Bonds. In respect of unlisted shares and other securities, period of holding is considered as 24 months.

³ The Finance Act, 2023 says that the new regime i.e., Sec.115BAC of the IT Act as the default regime of taxation for Individuals (unless opted otherwise). Under the default regime certain exemptions and deductions from income are not available and slab rates as provided in the proposed section 115BAC(1A) shall be applicable.

⁴ Subject to certain specified exceptions on payment on STT at the time of purchase.

As per the provisions of the Income-tax Act, 1961, short-term capital loss can be set off against both short-term capital gains and long-term capital gains but long-term capital loss can be set off only against long-term capital gains. Capital losses are not permitted to be set off against income under any other head of income. The unabsorbed short-term and long-term capital loss can be carried forward for 8 (eight) assessment years. Such carried forward short-term capital losses can be set-off against short-term as well as long-term capital gains, however, carried forward long-term capital loss can be set-off only against long-term capital gains.

(iib) **Business Income:** As discussed above, the gains on sale of derivative contracts in the futures segment should generally be characterized as BI and the same would be taxable at the rate up to 30% or other ordinary applicable rate.

However, where the derivative contracts are entered into by a person, are settled otherwise than by delivery of transfer of the shares, it may be classified as speculative income, which is a special class of BI (this class of BI cannot set off losses from non-speculative income streams and loss can be carried forward only for four years).

However, where the derivative contracts are entered into electronically through a broker / sub broker on a Stock Exchange, where the broker provides a time stamped contract note, with the PAN of the client thereon, then the income will not be considered as speculative income

Where the Portfolio Manager adopts certain strategies (say 'Long Short') which involves simultaneous purchase/sale of securities and derivative products, it might be possible that the tax authorities could construe the same as "trading income" and tax it as Business income (i.e., at higher tax rates).

(iii) **Interest Income:** Classification of interest income is a matter of dispute with contradicting judicial precedents. Whether interest income would be assessable as business income or income from other sources would depend upon the nexus it has with the assessee's business. Interest income is taxable at the ordinary rate of tax applicable to the respective investors i.e., up to the rate of 30% for Indian resident corporate investors, 30% for partnerships and at the applicable slab rates for individual investors .

In case where the listed debt securities (excluding zero coupon bonds) are transferred, any gains derived from such transfer shall be taxed at applicable rate as short-term capital gains [where the period of holding is 12 months or less] and at the rate of 12.50% as long-term capital gains [where the period of holding is more than 12 months]⁵.

Income-tax provisions applicable to Non-residents in respect of receipt of income from fixed Income products are summarized below:

- (a) In terms of Section 115A of the IT Act, interest on monies borrowed in foreign currency (other than interest referred to in subsequent paragraphs) is taxable at 20% (subject to any tax treaty).
- (b) In terms of Section 115AB of the IT Act, income of an assessee, being an overseas financial organization (Offshore Fund) by way of income received in respect of units purchased in foreign currency or income by way of long term capital gains arising on transfer of units purchased in foreign currency, tax is charged @ 10% and income by way of long term capital gains arising on

⁵ Please refer Note 4 above.

As per the Finance act 2023 the maximum dividend leviable to long term capital gain is 15%

⁶ Please refer Note 4 above.

⁷ The Finance act, 2023 removes the exemption from TDS in respect of payment of interest on any securities in dematerialized form and which are listed on recognized stock exchanges with effect from April 1, 2023, accordingly, such interest is to be subjected to TDS at 10%.

transfer of units purchased in foreign currency, tax is charged @ 12.50% subject to tax treaty benefit, if any. The payor is required to withhold the applicable taxes. No deduction shall be allowed against this income u.s 28 to s. 44C or s. 57(i) or 57(iii) or Chapter VI-A. No indexation shall be allowed on LTCG arising on transfer of units.

- (c) In terms of Section 115AC of the IT Act, income of non-resident by way of interest on bonds of an Indian Company issued in accordance with the notified scheme i.e. 'Issue of Foreign Currency Exchangeable Bonds Scheme, 2008'/'Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993/ Depository Receipts Scheme 2014' or on bonds of public sector company sold by the government and purchased by the investor in foreign currency or income by way of dividends on GDR or, will be taxed at the rate of 10% (plus applicable surcharge Health and Education cess) and any income by way of long term capital gains arising on transfer of above bonds or GDR's will be taxed at the rate of 12.5% (plus applicable surcharge Health and Education cess) subject to tax treaty benefit, if any. The payor is required to withhold the applicable taxes.
- (d) In terms of Section 115AD of the IT Act, income of a Foreign Institutional Investor/ Foreign Portfolio Investors received in respect of securities (other than units referred in Section 115AB) as defined under the Securities Contracts (Regulations) Act, 1956 is taxed @ 20% (plus applicable surcharge and Health and Education cess) subject to tax treaty benefit, if any.
- (e) Similar provision is available for other than FII investors who invest in Long-term Bonds of Indian company or a business trust in foreign currency, or foreign currency debt or rupee denominated bonds issued outside India, withholding shall be done under Section 194LC of the IT Act at 5% (plus applicable surcharge and Health and Education cess) subject to satisfaction of certain conditions (interest to be calculated at the rate approved by Central Government, having regards to the terms of the bonds and its repayment), subject to tax treaty benefit, if any. The payor shall withhold applicable taxes.
- (f) Any interest (other than above) on loan received in India currency is taxable at 35% (subject to tax treaty benefit, if any).

Rate of surcharge

The above rates of income-tax in this document shall be increased by the following surcharge on income-tax and education cess on income-tax and surcharge as per

Old tax regime.

Particulars	Surcharge on income-tax	Education Cess on income-tax and surcharge
Rate of surcharge on Indian companies with income exceeding INR 10 million but less than INR 100 million	7%	4%
Rate of surcharge on Indian companies with income exceeding INR 100 million	12%	4%
Resident companies opting for taxation under section 115BAA and section 115BAB	10%	4%
Rate of surcharge on Foreign companies with income exceeding INR 10 million but less than INR 100 million	2%	4%
Rate of surcharge on Foreign companies with income exceeding INR 100 million	5%	4%

Rate of surcharge on Partnership firm / LLP with income exceeding INR 10 million	12%	4%
Individuals / HUF / AOP / BOI: where the total income exceeds INR 5 Million / 10 Million / 20 Million / 50 Million (Please refer to the note below)	10% / 15% /25% /37%	4%

Note: The enhanced rates of surcharge (essentially the 25% and 37% rate of surcharge applicable for income greater than INR 20 million and INR 50 million respectively), shall not apply for dividend income, capital gain arising to FII on transfer of any securities and in case of capital gains as referred to in section 111A, 112 and 112A of the IT Act.

New tax regime.

Company:

Foreign Company: Taxed at 35%

Domestic Company: Taxed at 30%. Different rates are, however, applicable in the following cases:

- A domestic Company (where its total turnover or gross receipt in the previous year 2022-23 does not exceeds Rs. 4000 Million) will be taxable at the rate of 25% for the Assessment Year 2025-26.
- A domestic company can opt for the alternative tax regime provided under section 115BAB or Section 115BAA.

Surcharge on Income Tax:

As per the Finance Act, 2023 with effect from 1 April 2022	Foreign Company	Domestic Company
If Taxable Income does not exceed Rs. 10 Million	Nil	Nil
If Taxable Income is in the range of Rs.10 Million to Rs.100 Million	2% of Income Tax	7% of Income Tax
If Taxable Income exceed Rs. 100 Million	5% of Income Tax	12% of Income Tax

Health and Education Cess (HEC): it is 4%

FIRMS:

A firm is taxable at the rate of 30% for Assessment Year 2025-26.

Surcharge: Surcharge is 12% of Income Tax if net income exceeds Rs.10 Million. Health and Education Cess (HEC): it is 4% of Income Tax

Individual, Hindu undivided families (HUF), AOPs, BOIs – The tax rates applicable to individuals are also applicable to a HUF, AOP, BOI or an artificial juridical person.

⁸ The Finance act 2023 had an amendment impacting taxation of Market Linked Debentures [i.e. an instrument where returns linked to market returns/ other underlying securities/ indices, and includes securities classified/ regulated as MLDs by Securities and Exchange Board of India (SEBI)] and specified mutual fund. Effective from April 1, 2023 Redemption/ Transfer of Market Linked Debentures shall be deemed as short-term capital gains and shall be taxed at applicable rates. Further, Finance (No.2) Act, 2024 has proposed change in definition of specified fund as follows which is effective from 01 April 2025. Specified mutual fund, means a Mutual Fund where more than 65% of its total proceeds is invested in debt and money market instruments; or 2. a fund which invests sixty-five per cent or more of its total proceeds in units of a fund referred to in sub-clause A

Net Income Range	Income Tax Rates	Surcharge	Health Education and Cess (HEC)
Up to Rs. 0.30 Million	Nil	Nil	Nil
Rs. 0.30 Million to 0.70 Million	5% of (Total Income minus Rs. 3,00,000)	Nil	4% of Income Tax
Rs. 0.70 Million to 1.0 Million	Rs. 20,000 + 10% of (Total income minus Rs. 7,00,000)	Nil	4% of Income Tax
Rs. 1.0 Million to 1.2 Million	Rs. 50,000 + 15% of (Total income minus Rs. 10,00,000)	Nil	4% of Income Tax
Rs. 1.2 Million to 1.5 Million	Rs. 80,000 + 20% of (Total income minus Rs. 12,00,000)	Nil	4% of Income Tax
Rs. 1.5 Million to 5.00 Million	Rs. 1,40,000 + 30% of (Total income minus Rs. 15,00,000)	Nil	4% of Income Tax
Rs.5.00 Million to Rs.10 Million	Rs.11,90,000 + 30% of (total income minus Rs.50,00,000)	10% of Total Income Tax	4% of Income Tax and Surcharge
Rs.10.00 Million to Rs. 20.00 Million	Rs.26,90,000 + 30% of (total income minus Rs.1,00,00,000)	15% of Total Income Tax	4% of Income Tax and Surcharge
Above Rs.20 Million	Rs.56,90,000 + 30% of (total income minus Rs.2,00,00,000)	25% of Total Income Tax	4% of Income Tax and Surcharge

Tax Collected at Source

With effect from 1 October 2020, where the Seller of goods receives any amount as consideration for sale of goods of the value exceeding INR 5 million, such Seller is required to collect from Buyer a sum equal to 0.1% of the sale consideration, exceeding INR 5 million. This shall not be applicable in case Buyer is liable to deduct taxes at source from the payments made to the Seller and has deducted such amount.

Seller for the purpose of TCS provisions under section 206C(1H) of the IT Act has been defined to mean a person whose total sales, turnover or gross receipts exceeds INR 100 million during the financial year immediately preceding the financial year in which sale of goods is carried out.

'Goods' for the purpose of TCS provisions could include shares and securities. There are currently alternative interpretations of the applicability of TCS to transactions in securities including qualifying criteria for a "Seller".

The CBDT, vide Circular No. 17 of 2020 (dated 29 September 2020), has carved out certain transactions wherein the provisions of section 206C(1H) of the ITA shall not apply. This *inter alia* includes transactions in securities and commodities which are traded through various recognized stock exchanges or cleared and settled by the recognized clearing corporation, including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre.

Accordingly, where transactions in securities and commodities are traded through recognized stock exchanges, the provisions of section 206C(1H) shall not apply.

Tax Deducted at Source (TDS) under section 194Q

With effect from 1 July 2021, a buyer while making payment to resident seller on purchase of goods having value exceeding fifty lakh rupees during the financial year is required to withhold tax at the rate of 0.1% under Section 194Q of the IT Act.

‘Buyer’ for the purpose of section 194Q of the IT Act is defined as a person whose total sales, gross receipts or turnover from the business carried on exceeds INR 100 million during immediately preceding financial year in which the purchase of goods is carried out.

‘Goods’ for the purpose of section 194Q could include shares and securities. There are currently alternative interpretations of the applicability to transactions in securities including qualifying criteria for a “Buyer”.

CBDT has also issued a clarificatory circular no. 13 / 2021 dated 30 June 2021 to address various issues in relation to the applicability of Section 194Q. As per the said circular, no TDS u/s 194Q shall apply in case of transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporations located in IFSC. This is in line with the CBDT circular issued in the context of Section 206C(1H).

Accordingly, where transactions in securities and commodities are traded through recognized stock exchanges, the provisions of section 194Q shall not apply in the hands of buyer.

Further, TDS under Section 194Q shall not be applicable where the buyer is a non-resident and the purchase of goods is not effectively connected to its permanent establishment in India (if any).

Withholding of tax at higher rate

As per Section 206AA of the IT Act⁵, where a recipient of income (which is subject to withholding tax) 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 IT Act; (ii) rates in force; or (iii) at 20% (twenty per cent) / 5% (five per cent) in case of withholding of tax under Section 194Q. In case of non-residents not having a PAN, this provision requiring tax deduction at a higher rate shall not apply if they furnish certain prescribed information / documents (including their tax residency certificate).

Accordingly, in case of recipient who do not have a PAN, tax shall be withheld at a minimum rate of 20% (twenty per cent) / 5% (five per cent) for TDS under Section 194Q, except in case of non-resident investors who furnishes certain prescribed information / documents (including their tax residency certificate) are provided by such Investors being non-residents.

Separately, under Section 206AB of the IT Act, where the recipient (other than a non-resident not having a permanent establishment in India) has not filed its income tax return for the financial year preceding the relevant financial year⁷ and such recipient has suffered withholding tax or tax has been collected from such recipient of an amount aggregating to INR 50,000 or more in the said year, then except in case of certain specified payments, tax shall be withheld at higher of the

⁵ Not applicable in case of a non-resident in respect of payment of interest on long term bonds referred to under Section 194LC of the IT Act.

¹² The Finance Act, 2023 has excluded a person who is not required to furnish the return of income (as may be notified by the Central Government) for the relevant financial year from the applicability of higher TDS/ TCS under section 206AB/ 206CCA of the IT Act.

following rates:

- twice the rate provided under the IT Act; or
- twice the rate or rates in force; or
- the rate of 5%.

Further, where the recipient has neither furnished its PAN (which entails withholding of tax at minimum of 20% or 5%, as the case may be, under Section 206AA) nor filed its tax return for last two financial years, tax shall be withheld at higher of the rates under both the provisions.

Deemed income on investment in shares / securities

As per Section 56(2)(x) of the ITA, where any person receives any property, including shares and securities from any person for a consideration which is lower than the FMV by more INR 0.05 million, then difference between the FMV and consideration shall be taxable in the hands of acquirer as 'Income from other sources' ("**Other Income**"). The rules for determining the FMV of shares and securities have been prescribed under the IT Rules.

Separately, if shares other than "quoted shares" are transferred for less than the fair market value of the shares (computed as per prescribed rules), the fair market value of such unquoted shares shall be deemed to be the sale consideration for the seller, for computing its capital gains for Indian tax purposes. "Quoted share" is defined as "the share quoted on any recognised stock exchange with regularity from time to time, where the quotation of such share is based on current transaction made in the ordinary course of business."

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 would be ignored for the purpose of computing his income chargeable to tax.

Further, the loss so ignored would be 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.

The Finance Act, 2022 has made the said provision applicable to securities as well (i.e., stocks and shares) and also modified the definition of unit, so as to include units of business trusts such as InvIT, REIT and AIF, within the definition of units. This amendment will take effect from the assessment year commencing on or after 01 April 2023.

Income Stripping

As per Section 94(1), where any person owning securities sells or transfers the same or similar securities and buys back or reacquires those securities and the result of the transaction is that any interest becoming payable in respect of the securities is receivable otherwise than by such owner, the said interest payable, whether it would or would not have been chargeable to income tax apart from the provisions of Section 94(1), would be deemed to be the income of the owner of the securities and not to be the income of any other person subject to certain specified conditions.

As per Section 94(2), where any person has had at any time during any previous year any beneficial interest in any securities, and the result of any transaction relating to such securities or the income thereof is that, in respect of such securities within such year, either no income is received by him or the income received by him is less than the sum to which the income would have amounted if the income from such securities had accrued from day to day and been apportioned accordingly, then the income from such securities for such year shall be deemed to be the income of such person.

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 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.

The Finance Act, 2022 has modified 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 the assessment year commencing on or after 01 April 2023.

General Anti-Avoidance Rules (GAAR)

The Finance Act, 2012 had introduced General Anti-Avoidance Rules (GAAR) into the IT Act, which, subsequent to the amendments introduced by the Finance Act, 2015, has come into effect from April 1, 2017.

As per the provisions of IT Act, Indian tax authorities have been granted wide powers to tax 'impermissible avoidance arrangements' including the power to disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa. The GAAR provisions are potentially applicable to any transaction or any part thereof.

The term 'impermissible avoidance arrangement' has been defined to mean an arrangement where the main purpose is to obtain a tax benefit, and it:

- (a) Creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
- (b) Results, directly or indirectly, in the misuse, or abuse, of the provisions of the IT Act;
- (c) Lacks commercial substance or is deemed to lack commercial substance; or
- (d) Is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes

Further, an arrangement shall be presumed, unless it is proved to the contrary by the taxpayer, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding

the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

In case the GAAR is applied to any transaction it could have an adverse impact on the taxability of the Investors and hence, impact the returns to the Investors.

It is provided that GAAR shall not apply, inter alia, to arrangements where the aggregate tax benefit in a relevant year, to all the parties involved, does not exceed INR 3,00,00,000 (Indian Rupees Thirty million).

Other applicable taxes

Wealth tax has been abolished by the Finance Act, 2015.

Securities Transaction Tax (“STT”) - As discussed above the concessional rate for short term capital gains and long term capital gains would be applicable only if the sale / transfer of the equity shares takes place on a recognized stock exchange in India. All transactions entered on a recognised stock exchange in India will be subject to STT levied on the transaction value at the applicable rates.

The rates of STT are as follows:-

Transactions/Particulars	Payable by Purchaser	Payable by Seller
Purchase / sale of an equity share in a company or a unit of a business trust - delivery based transaction in recognized stock exchange	0.1%	0.1%
Sale of a unit of an equity oriented mutual fund - delivery based transaction in recognized stock exchange or Sale of a unit of an equity oriented fund to the Mutual Fund	Nil	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 policy issued after 1 February 2021	Nil	0.001%
Sale of equity share in a company or unit of an equity oriented mutual fund or a unit of a business trust – transaction in a recognized stock exchange, settled otherwise than by actual delivery	N.A.	0.025%
Sale of unlisted shares or sale of unlisted units of a business trust under an offer for sale to the public	N.A	0.2%
Sale of an option in securities	N.A	0.1%
Sale of an option in securities, where option is exercised	0.125%	N.A.
Sale of futures in securities	N.A.	0.02%

The amount of STT paid in respect of the taxable securities transactions entered into in the course of a business during the previous year can be claimed as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head ***Profits and gains from business and profession [Section 36(1)(xv)]***.

Stamp Duty and Transfer Tax

The Finance Act, 2019 has amended the above law to provide that stamp duty shall be levied

uniformly throughout the country on transfer of securities in physical as well as dematerialized form.

Applicable stamp duty under various scenarios are tabulated below:

Particulars	Rate	Leviable on
1. Issue of securities		
Shares	0.005%	Issuer
Debentures	0.005%	Issuer
2. Transfer of securities		
A. Shares		
On delivery basis	0.015%	Buyer
On non-delivery basis	0.003%	Buyer
In physical form	0.015%	Seller/ Transferor
B. Debentures		
Marketable	0.0001%	Buyer
Non-marketable	0.0001%	Seller/Transferor

A stamp duty has been imposed on purchase of mutual funds – equity and debt funds – from July 1, 2020. A 0.005% stamp duty shall be levied on purchase of mutual funds, including lump sum, SIP, STP, and dividend reinvestment. It is, however, not applicable on redemption of units. Meanwhile, a stamp duty of .015% shall be levied in case of transfer of units between demat accounts.

There can be no guarantee that the above position regarding taxation of the Client would necessarily be accepted by the income-tax authorities under the IT Act. No representation is made either by the Portfolio Manager or any employee, partner or agent of the Portfolio Manager in regard to the acceptability or otherwise of the above position regarding taxation of the Client by the income tax authorities under the IT Act. Prospective Investors are urged to consult their own tax advisers in this regard.

13. Accounting policies and valuation.

The following accounting policy will be applied for the portfolio investments of clients:

- (i) Investments in listed equity and debt instruments will be valued at the closing market price on the National Stock Exchange ("**NSE**") as of the previous day from the date of receipt of security under custody. If the Securities are not traded on the NSE on the Valuation Day, the closing price of the security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the Securities that are not traded on the Valuation Day, the last availabletraded price shall be used for the valuation of Securities. Investments in units of mutual funds shall be valued at the repurchase price of the previous day or at the last available repurchaseprice declared for the relevant scheme of the mutual fund on the date of the report.
- (ii) Unlisted Securities/investments will be valued at cost till the same are priced at the fair market value. Such fair value may be determined by an agency appointed by the Portfolio Manager, on periodic basis (once in a year).
- (iii) Realised gains/losses will be calculated by applying the '*First In First Out*' principle.
- (iv) Unrealized gains/losses are the differences, between the current market value/ NAV and the historical cost of the Securities.

- (v) Dividends on shares will be accounted on ex-dividend date and dividends on units in mutual funds will be accounted on receipt of information from the mutual fund house and interest, stock lending fees earned etc., will be accounted on accrual basis. The interest on debt instruments will be accounted on accrual basis.
- (vi) Dividends accrued where credited to the Client's bank account linked to the respective demat account and where the Portfolio Manager does not hold the power of attorney to operate the Client bank account will be shown as corpus outward. In all other cases, dividend accrued and received shall continue to be part of the Corpus.
- (vii) In respect of all interest-bearing investments, income must be accrued on a day to day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase will not be treated as a cost of purchase but will be credited to Interest to be adjusted against the receipt.
- (viii) For derivatives and futures and options, unrealized gains and losses is calculated by marking to market the open positions.
- (ix) Interest received at the time of sale for the period from the last interest due date upto the date of sale will not be treated as an addition to sale value but will be credited to the interest recoverable account.
- (x) Transactions for purchase or sale of investments will be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which there is an enforceable obligation to pay the price or, in the event of a sale, when there is an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- (xi) Bonus shares will be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements will be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- (xii) The cost of investments acquired or purchased will include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered will be reduced from the cost of the investment.
- (xiii) The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case to case basis.
- (xiv) Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities transaction tax, demat charges and custodian fees on purchase/ sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.
- (xv) In case of Portfolio products, Portfolio received from the Clients in the form of Securities will be accounted at previous working day's closing price on NSE. Where the Client withdraws Portfolio in the form of Securities, the same will be accounted on the date of withdrawal at the previous

- (xvi) working day's closing price. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, closing price on BSE will be used for aforesaid accounting purpose.

The Investor may contact the Investor services official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues. The Portfolio Manager may change the valuation policy for any particular type of Security consequent to any regulatory changes or the market practice followed for similar type of Securities.

14. Prevention of Money Laundering and Know Your Customer (KYC) Requirements.

SEBI has mandated that all registered intermediaries formulate and implement a comprehensive policy framework on anti-money laundering and adopt 'Know Your Customer' ("KYC") norms as per the Applicable Law.

Accordingly, the Investors should ensure that the amount invested by them is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of Applicable Law, including the provisions of Income Tax Act 1961, Prevention of Money Laundering Act 2002, Anti-Corruption Act and or any other applicable laws enacted by the Government of India from time to time. The Portfolio Manager is committed to complying with all applicable anti-money laundering laws and regulations in all of its operations.

Accordingly, the Portfolio Manager reserves the right to reject or refund or freeze the account of the client if the client does not comply with the internal policies of the Portfolio Manager or any of the Applicable Laws including the KYC requirements. Further, the Portfolio Manager has put in place Client Due Diligence measures including screening procedures whereby names of the investors will be screened against such database considered appropriate by the Portfolio Manager. Further, the Portfolio Manager shall take necessary action including rejection of application / refund of application money / freezing of investor account for future transactions / submitting suspicious transactions report ("STR") to law enforcement authorities if the Portfolio Manager has reasonable grounds to believe / suspect that the transactions involve money laundering or terrorist financing or proceeds of crime.

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

KYC is mandatory for all investors and registered intermediaries are required to upload the KYC data with Central KYC Records Registry ("CKYCR"). Each investor has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KYC registration agencies ("KRA") and the CKYCR. Applications shall be liable to be rejected if the investors do not comply with the aforesaid KYC requirements.

15. Client/ Investor Services.

(i) Investor Relations Officer:

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

Name:	Ms. Shweta Subramanian
Email:	compliance@whiteoakinvestors.com
Address:	Unit No. B2, 6th Floor, Cnergy Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400025
Telephone No:	022- 69463525

The official mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this official is vested with the necessary authority, independence and wherewithal to handle investor complaints.

(ii) Grievance Redressal and Dispute Settlement Mechanism:

The objective of grievance redressal system is to ensure that all clients are treated fairly at all times and that any complaints raised by the clients are dealt with courtesy and in time. The Portfolio Manager shall endeavour to address all complaints regarding services, deficiencies or causes for grievances, for whatsoever reason, in a reasonable and timely manner.


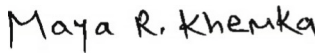
To ensure the same, the following system shall be put in place:

- a) The Client should promptly notify any grievances to the Compliance Officer in writing, giving sufficient details to enable the Portfolio Manager to take necessary steps.
- b) The Compliance Officer, on receipt of any such grievances, shall take prompt action to redress the same no later than 21 calendar days from the date of receipt of complaint. The Compliance Officer shall also inform SEBI about the number, nature and other particulars of the complaints received.
- c) If the grievance persists, all claims and disputes arising out of or in connection with the PMS Agreement or its performance shall be settled by arbitration by a sole arbitrator mutually acceptable to the Parties to such arbitration. If the Parties fail to agree on the appointment of a sole arbitrator within 30 days of the dispute being referred to arbitration, the sole arbitrator shall be appointed in accordance with the Arbitration & Conciliation Act, 1996 as amended from time to time. The arbitration shall be governed by the provisions of the Arbitration & Conciliation Act, 1996 as amended from time to time and unless otherwise agreed by the Parties to such arbitration, the arbitration proceedings shall be held in Mumbai and the proceedings shall be conducted in English language. Any action or suit involving the PMS Agreement with a Client, or the performance of the PMS Agreement by either Party of its obligations will be exclusively in courts located at any place in India subject to the jurisdiction clause in the PMS Agreement. All the legal actions and proceedings are subject to the exclusive jurisdiction of court in Mumbai only and are governed by Indian laws.
- d) Alternatively, with effect from September 2011, SEBI has launched a web based centralized grievance system called SCORES i.e., SEBI Complaints Redressal System, for online filing, forwarding and tracking of resolution of investor complaints. The Client may also make use of the SCORES facility for any escalations on redressal of their grievances. Following is the link to visit the website and inform their dispute/complaints against the company - <https://scores.sebi.gov.in>
- e) The Client may also initiate the dispute resolution process through the mechanism notified by SEBI vide its Circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (as amended from time to time) for online resolution of disputes.
- f) In accordance with the SEBI Circular SEBI/HO/IMD/IMD-II_DOF7/P/CIR/2021/681 dated 10 December 2021, the following information shall be available on the website of the Portfolio Manager:
 - The investor charter prescribed by SEBI; and
 - Monthly data on all complaints received against the Portfolio Manager, including SCORES complaints, by the 7th day of every month.

g) Clients can approach SEBI for redressal of their complaints. On receipt of complaints, SEBI takes up the matter with the concerned PMS provider and follows up with them. Clients may send their complaints to: Office of Investor Assistance and Education, Securities and Exchange Board of India, SEBI Bhavan. Plot No. C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

16. General

The Portfolio Manager and the Client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement.

Name of Designated Partners	Signature
Mr. Rajendra Khemka	
Ms. Mayadevi Khemka	

Date: October 30, 2024

Place: Mumbai

FORM C

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

[Regulation 22]

White Oak Capital Management Consultants LLP

Address: Unit No. B2, 6th Floor, Cnergy New Prabhadevi Road, Mumbai, Maharashtra – 400025
Tel: +91 22 6230 8100; Email: contact@whiteoakinvestors.com

We confirm that:

- i The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time.
- ii The disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us/ investment through Portfolio Manager.
- iii The Disclosure Document has been duly certified by an independent chartered accountant viz. Kamdar Desai & Patel LLP having Firm Registration Number 104664W/W100805, Phone Number - 022- 24475000 and having its office at Sumati Smruti CHS, 296 Cadell Road, Dadar (W), Mumbai – 400028 on October 30, 2024.

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.



Chaitanya Kapur
Principal Officer



Address:
Unit No. B2, 6th Floor, Cnergy,
Appasaheb Marathe Marg, Prabhadevi,
Mumbai – 400025

Date: October 30, 2024
Place: Mumbai

CERTIFICATE

To,
White Oak Capital Management Consultants LLP
Unit B2, 6th floor, Cnergy Building,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400 025

We have examined the Disclosure Document dated **30th October, 2024** for portfolio management prepared in accordance with Regulation 22 of SEBI (Portfolio Managers) Regulations 2020 (updated time to time) by White Oak Capital Management Consultants LLP - Registration No. INP000005865 having its registered office at Unit B2, 6th floor, Cnergy Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025.

Based on the information and details produced before us, we certify that the disclosures made in the attached Disclosure Document for portfolio management are generally true, fair, and adequate to enable the investors to make a well-informed decision except the following:

1. The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the company.
2. The Promoters, director's & Key Managerial Personnel's qualification, experience, ownership details are as declared by them and have been accepted without further verification.
3. We have relied on the representations given by the management of the company about the penalties or litigations against the Portfolio Manager mentioned in the Disclosure document.
4. We have relied on the representation made by the management regarding the Assets under management of **Rs 7,325.79 crores** as on 30th September, 2024. Also, pursuant to execution of business transfer agreement, the Discretionary Portfolio Management Services offered to Retail & Corporate Clients has been transferred & be managed by White Oak Capital Asset Management Limited (White Oak AMC) effective from 01st April, 2024.

This certificate has been issued for submission to the Securities and Exchange Board of India for the sole purpose of certifying the contents of the Disclosure Document for the portfolio management and should not be used or referred to for any other purpose without our prior written consent.

For Kamdar Desai & Patel LLP
Chartered Accountants
FRN No.: 104664W/W100805

Date: 30th October, 2024
Place: Mumbai
UDIN: 24178498BKAJLX9189



A handwritten signature in blue ink that reads "Harsh Sanghvi".

Harsh Sanghvi
Partner
M. No.: 178498