

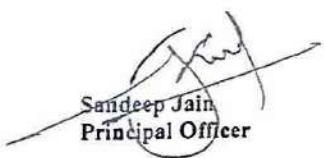
FORM C
SECURITIES AND EXCHANGE BOARD OF INDIA
(PORTFOLIO MANAGERS) REGULATIONS, 2020
(Regulation 22)

Portfolio Manager: Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited)

We confirm that:

- The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time.
- The disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Service.
- The Disclosure Document has been duly certified by an independent Chartered Accountant, M/s. Sundaram & Srinivasan, Chartered Accountants, No. 23, CP Ramaswamy Road, Alwarpet, Chennai - 600018 (Name: S. Usha having Membership No. 211785) on November 4th 2024. A copy of the certificate issued by the said Chartered Accountant certifying the disclosures made in the Disclosure Document is enclosed with this letter.

For Spark PWM Private Limited
(formerly known as Spark Family Office and Investment Advisors (India) Private Limited)


Sandeep Jain
Principal Officer

Date: November 4th 2024

Spark PWM Private Limited
(Formerly Spark Family Office and Investment Advisors (India) Private Limited)
AMFI-Registered Mutual Fund Distributor (AMFI: ARN 86685)
SEBI Registrations (Stock Broker: INZ000285135; Portfolio Manager: INP200007274;
Research Analyst: INH200008954; DP: IN-DP-757-2023); CIN: U93000TN2012PTC086696
Compliance Officer and Grievance Officer: Mr. Anupam Mohaney
Email: pwm.compliance@sparkcapital.in | Tel No.: 022 6291 6700
Registered Office: No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai – 600020
Tel: +91 44 6925 0000 | info@sparkcapital.in | www.sparkcapital.in

DISCLOSURE DOCUMENT

(As per Schedule V of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020).

The Disclosure Document has been filed with Securities and Exchange Board of India (“the Board”) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Manager) Regulations, 2020.

The purpose of the 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.

The Disclosure Document contains necessary information about the Portfolio Manager required by an investor before investing. The investor is advised to carefully read the entire Disclosure Document prior to making a decision to avail of Portfolio Management Services and should retain the Disclosure Document for future reference.

The name, phone number, e-mail address of the Principal Officer designated by the Portfolio Manager is:

Name of the Principal Officer: Mr. Sandeep Jain

Phone: 022 6291 6700

E-mail: sandeep.j@sparkcapital.in **Address:** Unit No. 1252, 5th floor, Solitaire 12, Solitaire Corporate Park, Guru Hargovindji Marg, Andheri-Ghatkopar Link Road, Andheri (East), Mumbai–400 093

Disclosure Document dated: November 4th 2024

Place: Mumbai

Portfolio Manager: Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited)	
SEBI Registration No.:	INP200007274
Telephone No.:	+91 044 6925 0000
Registered Address:	No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020
Correspondence Address:	Unit No. 1252, 5th floor, Solitaire 12, Solitaire Corporate Park, Guru Hargovindji Marg, Andheri-Ghatkopar Link Road, Andheri (East), Mumbai–400 093

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1 Disclaimer

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

Disclaimers in respect of jurisdiction: The possession, circulation and/or distribution of this Disclosure Document may be restricted or regulated in certain jurisdictions by appropriate laws. No action has been or will be taken by Spark PWM Private Limited (*formerly known as Spark Family Office and Investment Advisors (India) Private Limited*) (hereinafter referred to as “Spark PWM”) in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Document shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. Spark PWM requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to Spark PWM. Any dispute arising out of this Document shall be subject to the exclusive jurisdiction of the Courts in Chennai.

2 Definitions

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively.

“**Act**” means the Securities and Exchange Board of India Act, 1992 (15 of 1992) and as amended from time to time.

“**Accredited Investor**” refers to a Client that has obtained a valid accreditation certificate (having a unique accreditation number) from an accreditation agency, in the manner prescribed in the SEBI Circular SEBI/HO/IMD/IMD-I/DF9/P/CIR/2021/620 dated August 26, 2021 (“AI Circular”) and/or any other circulars, rules, notifications and guidelines as may be issued by SEBI from time to time.

“**Advisory Portfolio Management Services**” shall mean the non-binding investment advisory services rendered by the Portfolio Manager to the Client. 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.

“**Agreement**” means any agreement including Discretionary Portfolio Management Agreement, Non-Discretionary Portfolio Management Agreement, Advisory Portfolio Management Agreement and Co-Investment Portfolio Management Agreement executed between the Portfolio Manager and its Clients in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 issued by the Securities and Exchange Board of India & includes any amendment thereto.

“**Applicable Laws**” shall mean any applicable local or national statute, regulation, notification, circular, ordinance, requirement, directive, guidelines or announcement issued by authority.

“**Associate**” shall mean– (i) a body corporate in which a director or partner of the portfolio manager holds, either individually or collectively, more than twenty percent of its paid up equity share capital or partnership interest, as the case may be; or (ii) a body corporate which holds, either individually or collectively, more than twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the portfolio manager.

“**Bank Account**” means one or more accounts opened, maintained and operated by the Portfolio Manager, in accordance with the agreement entered into with the Client.

“Board” means the Securities and Exchange Board of India.

“Co-investment Portfolio Manager” means a Portfolio Manager who is a Manager of a Category I or II Alternative Investment Fund(s) and; provides services only to the investors of such Category I or Category II Alternative Investment Fund(s); and makes investment only in unlisted securities of investee companies where such Category I or Category II Alternative Investment Fund(s) make investments:

Provided that the Co-investment Portfolio Manager may provide services to investors from any other Category I or Category II Alternative Investment Fund(s) which are managed by them and are also sponsored by the same Sponsor(s).

“Client” or “Investor” means any person who enters into an agreement with the Portfolio Manager for availing the Portfolio Management Services offered by the Portfolio Manager.

“Custodian(s)” shall mean custodian of securities, duly holding a certificate of registration under the SEBI (Custodian of Securities) Regulations, 1996 and acting as the custodian of the Portfolio, or any other custodian with whom the Portfolio Manager or the Client enters into an agreement from time to time for the provision of custodial services.

Provided that the requirement of appointing a Custodian shall not be applicable in case of Portfolio Manager offering only Advisory services.

Provided that the requirement of appointing a Custodian shall not be applicable for Co-Investment Portfolio Manager.

“Depository Account” means any account of the Client or for the Client with an entity registered as a depository participant as per the relevant regulations.

“Disclosure Document” or “Document” shall mean the Disclosure Document as amended from time to time, issued by the Portfolio Manager and as specified in Regulations (22) (b) of the Regulations and Schedule V of the Regulations and made available on website and provided to the Client in accordance with the Regulations.

“Discretionary Portfolio Management Services” means a portfolio management services where the Portfolio Manager exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investment or management of the Portfolio or the Funds of the Client, as the case may be.

“Financial year” means the year starting from 1st April and ending on 31st March of the following year.

“Funds” means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the investment amount as mentioned in account opening form, any monies placed by the Client with the Portfolio Manager for the purposes of being managed pursuant to the PMS Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividends and other monies arising from the portfolio investments, so long as the same is managed by the Portfolio Manager.

“Investment Approach” shall mean a broad outlay of the type of securities, or the permissible instruments described in the Disclosure Document to be invested in by the Portfolio Manager for the Client, considering factors specific to the Client and shall include any of the current investment approaches or such approach as may be introduced at any time in the future by the Portfolio Manager.

“Foreign Portfolio Investor” Foreign Portfolio Investor means a person registered by SEBI as a Foreign Portfolio Investor (FPI) under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.

“Investment Strategy(ies)” means any of the current investment strategies or such strategies that may be introduced at any time in the future by the Portfolio Manager.

“Large Value Accredited Investor” means an Accredited Investor who has entered into an agreement with the Portfolio Manager for a minimum investment amount of Rs. 10,00,00,000/- (Rs. Ten Crores Only).

“Non-Discretionary Portfolio Management Services” means a portfolio management services where the Portfolio Manager acts on the instructions received from the Client with regard to investment of Funds and managing the Portfolio of the Client under a contract relating to portfolio management and will exercise no discretion as to the investment or management of the Portfolio or the Funds of the Client, as the case may be.

“NRI” or “Non-Resident Indian” means a Non-Resident Indian or a Person of Indian origin residing outside India as defined under Foreign Exchange Management Act, 1999.

“Parties” means the Portfolio Manager and the Client, and “Party” shall be construed accordingly.

“Portfolio” means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes any Securities mentioned in the application, any further Securities that may be placed by the Client with the Portfolio Manager from time to time, 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 managed by the Portfolio Manager.

“Portfolio Manager” shall have the same meaning as in the SEBI (Portfolio Managers) Regulations, 2020 and for the purpose of this document shall mean Spark PWM Private Limited (*formerly known as Spark Family Office and Investment Advisors (India) Private Limited*) (“Spark PWM”), a company incorporated under the Companies Act, 1956 and who has obtained a certificate of registration from SEBI to act as a Portfolio Manager under the Regulations.

“Principal Officer” means an employee of the portfolio manager, who has been designated as such by the Portfolio Manager and is responsible for: - (i) the decisions made by the portfolio manager for the management or administration of portfolio of securities or the funds of the client, as the case may be; and (ii) all other operations of the Portfolio Manager.

“RBI” shall mean Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.

“Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulation, 2020, and as may be amended from time to time and shall include any rules, notifications, and guidelines issued by SEBI from time to time.

“Related Party” shall mean (i) a director, partner or his relative; (ii) a key managerial personnel or his relative; (iii) a firm, in which a director, partner, manager or his relative is a partner; (iv) a private company in which a director, partner or manager or his relative is a member or director; (v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital; (vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or

instructions of a director, partner or manager; (vii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity; (viii) any body corporate which is— (A) a holding, subsidiary or an associate company of the portfolio manager; or (B) a subsidiary of a holding company to which the portfolio manager is also a subsidiary; (C) an investing company or the venturer of the portfolio manager. The investing company or the venturer of the Portfolio Manager means a body corporate whose investment in the portfolio manager would result in the portfolio manager becoming an associate of the body corporate. (ix) a related party as defined under the applicable accounting standards; (x) such other person as may be specified by the Board: Provided that, (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or (b) any person or any entity, holding equity shares: (i) of twenty per cent or more; or (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

“**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.

“**Securities**” as defined under the Securities Contracts (Regulation) Act, 1956 means and inter alia includes bonds, notes, shares, units of mutual funds including units of the Unit Trust of India, certificates of deposit, futures, foreign exchange contracts, derivatives or mortgage backed or other asset backed securities issued by an institution or body corporate, cumulative convertible preference shares issued by any incorporated company and securities issued by the central government or state government for the purpose of raising public loan, relief bonds, saving bonds or any other new form of capital or money market instruments that may be issued in future by any incorporated company/firm/institution or government or the Reserve Bank of India, any other securities and instruments including foreign securities as permitted by law, and rights or property which may at any time accrue or be offered (whether by way of bonus, redemption, dividends, conversion, option or otherwise) in respect of any of the foregoing, and any certificates, options, receipts, warrants or other instruments (whether in registered or unregistered form) representing rights to receive, purchase or subscribe for any of the foregoing or evidencing or representing any other rights or interests therein (including, without limitation, any of the foregoing constituted, evidenced or represented by an entry in the records of the issuer or a depository) which may from time to time be held by the Portfolio Manager under the terms of this Agreement.

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

3.1 History, Present Business and Background of the Portfolio Manager

Spark PWM is in the business of providing wealth management services and was incorporated originally as PPB Wealth Advisors Private Limited on July 11, 2012. In the year 2013, Spark PWM was granted a certificate of registration as an Investment Adviser (registration no. INA20000712) under the SEBI (Investment Advisers) Regulations, 2013 which was later surrendered with effect from November 30, 2022. Thereafter, in the year 2018, it secured an AMFI Registration number (ARN No. ARN86685) from the Association of Mutual Funds of India. Further, in the year 2019 it had also obtained a SEBI broking license (registration no. INZ000285135) under the SEBI (Stock Brokers) Regulations, 1992. In the year 2021 it obtained a license to act as a Portfolio Manager (registration no. INP200007274) under the SEBI (Portfolio Managers) Regulations, 2020 and as a Research Analyst (Registration no. INH200008954)

under the SEBI (Research Analysts) Regulations, 2014. Spark PWM also acts as an Investment Manager to Spark Venture Trust, a Category I Alternative Investment Fund under the VCF sub-category as an Angel Fund having registration number: IN/AIF1/22-23/1212. Spark PWM is also registered as a Corporate Agent (Composite) with the Insurance and Regulatory Authority of India having registration number: CA0930.

Spark PWM is promoted by Spark Capital Advisors (India) Private Limited (“SCA”), which is a mid-market investment bank that provides focused solutions to its clients. It has Category I merchant banking and stock broking. from SEBI. Started by a group of passionate and well-networked finance professionals, SCA today is recognized as a leading go-to investment bank in the south, specifically among mid-market corporates. From assisting corporates to raising equity and debt capital from marquee names; to delivering the best-in-class research and execution capabilities to institutional investors, SCA’s offerings encompass the full suite of services. Spark PWM was granted registration by SEBI vide Registration No. INP200007274 to act as Portfolio Manager under the PMS Regulations.

3.2 Promoters of the Portfolio Manager, Directors and key management personnel of the Portfolio Manager and their Background

3.2.1 Promoters

Spark Capital Advisors (India) Private Limited

Spark Capital was incorporated under the provisions of Companies Act, 1956 and has its registered office at No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020. Spark Capital is an investment bank holding the following licenses with SEBI - Category I Merchant Banker, Stock Broker.

Spark Capital Advisors (India) Private Limited (holding company of Spark PWM Private Limited) has gone through a process of reorganisation and demerged its institutional equities business (stock broking license and research analyst license) to Spark Institutional Equities Private Limited (Resultant Company) through a Composite Scheme of Demerger. Further the shares of SIE have been bought by Avendus Capital Private Limited with effect from December 20, 2022.

3.2.2 Directors of the Portfolio Manager:

Name of the Directors	Qualification	Brief Experience
<p>Mr. Y Rama Rao (DIN: 00754305)</p>	<p>B.Tech. and MBA from BIM Trichy</p>	<p>Mr. Y Rama Rao is one of the founders of Spark Capital Advisors (India) Private Limited and his leadership has helped Spark Capital to emerge as a leading investment bank in India. Mr. Rao oversees a team over 130 people and is closely involved across all functions of the company. With over two decades of experience in financial markets, Mr. Rao has made a mark in corporate finance advisory and is today a respected and trusted advisor to CEOs of successful companies on business strategy and capital raising. Prior to founding Spark Capital, Mr. Rao worked at Peregrine Capital, ITC Group and Times Bank. He has over 25 years of work experience and holds a degree in engineering and is a management graduate from BIM, Trichy. Mr. Rao is the Managing Director of Spark Capital</p>

Name of the Directors	Qualification	Brief Experience
Mr. Suresh Babu <i>(DIN: 00754506)</i>	B.Tech. and MBA from BIM Trichy	<p>Mr. Suresh Babu is one of the Directors of Spark Capital Advisors (India) Private Limited. He was part of the leadership team that conceptualised Spark Capital’s entry into the Institutional Equities business. He started his career with Synergy Credit Corporation Mumbai and has had stints with Cholamandalam Securities and IL&FS Investment.</p>
Mr. Ganashyam Sethurathnam <i>(DIN: 02370933)</i>	CFA(US), MMS	<p>Ganashyam S is Co- CEO of the private wealth arm of Spark Capital. He has more than two decades of experience across wealth management, strategy and private banking. Prior to joining Spark, he was co-heading Centrum Wealth , where he was a part of leadership team that grew the wealth business including broking, distribution and asset management. Prior to Centrum Wealth, he spent 10 years with HSBC overseeing wealth management and investment advisory.</p> <p>He also served as Head of Research for Anand Rathi for 5 years before joining HSBC, He started his career AF Ferguson where he was a consultant.</p>
Ms. Arpita Vinay <i>(DIN: 06940663)</i>	BE and MBA (Finance) from Faculty of Management Studies (FMS) Delhi	<p>Arpita is Co- CEO of the private wealth arm of Spark Capital, a leading financial services firm that was established more than 2 decades ago.</p> <p>Arpita is currently overseeing a significant ramp up in the private wealth and asset management business for Spark – the team is already 150+ member strong and rapidly growing with some of the most seasoned private bankers and a very experienced products and ideation team dropping anchor with the firm.</p> <p>Spark Private Wealth offers a holistic proposition that integrates the Spark Group’s Equity Research DNA and Investment Banking and Asset Management expertise to curate bespoke ideas and solutions along with also helping clients in any of their investment banking related requirements.</p> <p>In her previous decade-old stint at Centrum Wealth she is credited with leading the firm to a being among the fastest growing and well-regarded player in the wealth management domain. Prior to that, she was the Head of Premier Banking at HSBC and was responsible for managing one of the largest affluent banking propositions in the country.</p> <p>An Electrical Engineer and MBA Finance from Faculty of Management Studies (FMS) Delhi, Arpita also holds the STEP Professional Postgraduate Diploma in Private Wealth.</p>
Mr. Rajesh Krishnakumar Parikh <i>(DIN: 02009165)</i>	B.Sc. (Mathematics), PGDM	<p>Mr. Rajesh K Parikh is the Managing Director of Spark PWM Private Limited . He has a cumulative experience of over 25 years in broking, investment banking, portfolio management and wealth management space. Before taking over Spark PWM as the MD, he was covering Sales at the Institutional</p>

Name of the Directors	Qualification	Brief Experience
		Equities business of Spark Capital Advisors (India) Private Limited and was associated with the company since 2009. Prior to joining SCA, he had worked at HSBC Invest Direct (India) Limited as Head-PMS, JM Morgan Stanley Financial Services (P) Limited in the Portfolio Management Services space and had also been with Investment Research and Information Services Limited, BNP Prime Peregrine India Private Limited and Peregrine Capital India Private Limited.
<p align="center">Mr. Venkatesh Pongaliyur Mysamy (DIN: 05210150)</p>	B.E, M.B.A	Mr. Venkatesh P M is the Deputy Managing Director of Spark PWM Private Limited. Prior to his role as the Deputy MD, he was with the Institutional Equities team at SCA and has been associated with the group since 2005. Before joining SCA, he had stints with Intel Corporation, Infosys Limited and Godrej Boyce Manufacturing Company Limited.

3.2.3 Key Management Personnel of the Portfolio Manager

- **Sandeep Jain – Principal Officer**

Mr. Sandeep Jain is an MBA (Finance) and Bachelor of Commerce from University of Pune. He worked as Head of Equity Market Strategy Group with Morgan Stanley PWM and CIO – PMS with IndiaNivesh and Prabhudas Lilladhar.

He also worked as Head of Private Client Group with Ambit Capital and Sharekhan.

- **Prakash Kapadia**

Mr. Prakash Kapadia has over 25 years of experience of Equity capital markets across PMS, Family Office and Sell side Equity Research. Prior to joining Spark PWM, he worked with Anived Portfolio Managers where he was the Principal Officer managing client AUM and heading the Investment Research and Operations teams. Prior to Anived, he worked with ialpha Enterprises managing equity investments for the Family Office arm.

He is a Commerce graduate and has completed MBA in Finance from Institute of Technology and Management, Mumbai.

- **Deepan Kapadia**

Mr. Deepan Kapadia has over 14 years of experience in financial services and technology. He manages discretionary, non discretionary portfolios and Advisory for Spark PWM. Prior to Spark PWM he worked with Infosys, B&K and Edelweiss.

He is qualified Chartered Financial Analyst (CFA) and hold BE (Information Technology) from Mumbai University.

- **Devang Mehta**

Mr. Devang Mehta has over 25 years of experience in Equity Advisory, NDPMS, Research and Client Relationship Management. In the last 8.5 years, he was responsible for setting up Equity Advisory and NDPMS for Ultra HNIs, Family Offices & Corporates. He also has a strong presence across all platforms of media such as CNBC World, CNBC TV-18, ET Now channels and publications.

He has completed Diploma in Investment Studies from Jannalal Bajaj Institute of Management Studies, Mumbai.

- **Rahul Jain**

Mr. Rahul Jain has over 16 years of experience having spent last 5.5 years in Wealth Management managing NDPMS and Equity Advisory portfolios for Family Office, Corporates & Ultra HNIs. In his prior experience he supported the Institutional Sales team on equity products, PMS and AIF.

He is a qualified Chartered Financial Analyst (CFA), FRM and Ms (Finance) and has completed Masters in Advance Accounting & Taxation from Pune University.

3.2.4 Top 10 Group Companies/firms of the Portfolio Manager on turnover basis*

Sr. No.	Name of the Entity	Type of activities
1.	Spark Financial Holdings Private Limited	Investment Banking
2.	Spark Asia Impact Private Limited (formerly known as Spark Alternate Asset Advisors India Private Limited)	Investment Manager to Cat II AIF – Spark Alternative Investment Trust
3.	Spark Asia Impact Managers Private Limited (formerly known as Spark Fund Managers Private Limited)	Portfolio Managers
4.	Spark Capital Advisors (India) Private Limited	-
5.	Spark Fund Advisors LLP	Investment Manager To Cat II AIF – Spark Midas Investment Trust Investment Manager To Cat III AIF – Spark Investment Trust Co-investment Portfolio Management Services
6.	Spark Infracity	-

* The above list is based on the turnover of the group companies/firms of Portfolio Manager as per un-audited Financial Statements for the F.Y.2024

3.3 Services/Investment Approach Offered

Currently, the Portfolio Manager broadly offers Discretionary Portfolio Management, Non-Discretionary Portfolio Management and Advisory Services as described in Section 5.

Under Discretionary and Non-Discretionary Services, the Portfolio-Manager may invest in various strategies with various terms and conditions.

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, explicit or implied, including this Disclosure Document, addendum thereof, other documents and communications in writing and emails duly authenticated and exchanged between the client and Spark PWM.

The usage of Derivative Products and transactions will be to maximize the profits and may not be limited to single product or strategy but will also include the transactions for the purpose of hedging and portfolio rebalancing. The quantum of exposure to derivatives will be maximum up to 100 % the aggregate assets (net of existing derivatives investments) of the Client at the disposal of the Portfolio Manager.

The type of derivative instruments will be of all the kinds including Stock futures, index futures, stock option and index option those that are traded on the floor of the recognized stock exchanges namely National Stock Exchange of India Limited and BSE Limited, in the Derivative Market Segment. Similarly, all or any type of derivative positions will be adopted. Client level position limits and market wide position limits as specified by SEBI from time to time will be observed.

4 Penalties, Pending Litigation or Proceedings, Findings of Inspection or Investigations for which Action may have been Taken or Initiated by any Regulatory Authority

- 4.1 All cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act, rules or regulations made thereunder – Nil
- 4.2 The nature of the penalty/direction – Nil
- 4.3 Penalties imposed for any economic offence and/or for violation of any securities laws – Nil
- 4.4 Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any – Nil
- 4.5 Any deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency – Nil
- 4.6 Any enquiry/adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or rules and regulations made thereunder:
- 4.7 For Portfolio Manager its directors, principal officers or employees – Nil
- 4.8 For person directly or indirectly connected with the Portfolio Manager:
In the matter of investigation conducted by SEBI against third parties, SEBI had initiated enquiry proceedings against Spark Capital in the year 2012. Spark Capital has effectively participated in the enquiry proceedings and provided all the required information to the Designated Authority. They have not heard from SEBI post their reply to the Show Cause Notice on April 25, 2013.

5 Services Offered

5.1 Discretionary Portfolio Management Services

The Portfolio Manager shall exercise sole and absolute discretion as to the choice as well as the timing of the investment decision and/ or management of the Portfolio or the Funds of Clients as it deems fit and in terms of the PMS Agreement executed with each Client.

The securities invested and/or disinvested by the Portfolio Manager for Client in the same Investment Approach may differ from Client to Client. The Portfolio Manager may at times and at its own discretion, adhere to the views of the Client pertaining to the investment / disinvestment decisions of the Client's Portfolio.

The decision of Portfolio Manager (taken in good faith) in deployment of each Client's Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of mala fide act, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Rules, and Regulations, guidelines, and notifications in force from time to time.

Under the Discretionary Portfolio Management Services offered to the Client, the Portfolio Manager shall be acting in fiduciary capacity to the Clients' Portfolio and Funds and shall be responsible for reviewing, managing, and reshuffling the Portfolio, buying, and selling of Securities, keeping safe custody of the Securities and monitoring book closures, dividend, bonus, rights etc. Periodical statements in respect of the Client's assets under management shall be sent to the respective Clients in accordance with the agreement and the Regulations.

The Portfolio Manager may invest in any one or a combination of Securities such as equities, bonds, debentures, mutual fund units, term deposits, derivatives instruments, etc. to meet specific requirements of the Client.

Each Investment Approach would be managed in accordance with the specifications provided by the Portfolio Manager to the Client.

The Portfolio Manager, pending investment, may deploy the funds in liquid or overnight mutual funds, bank deposits, term deposits and other liquid assets in accordance with SEBI guidelines.

5.2 Non-Discretionary Portfolio Management Services

Under the Non-Discretionary Portfolio Management Services, Clients decide on their own investments, wherein the Portfolio Manager only facilitates with research and / or recommendations and execution of transactions where required.

The Portfolio Manager's role would include but not be limited to providing research, structuring of clients' Portfolios, investment advice and managing the trade execution for Clients. The Portfolio Manager shall execute orders as per the mandate / instructions received from Clients. The Portfolio Manager shall be responsible for rendering such services in accordance with the Act, Rules, Regulation, and Guidelines issued by SEBI from time to time.

The investments executed for Clients will be strictly done on the basis of clients' oral and / or written consents and individual Clients will be wholly responsible for the decisions made on specific investments for their individual Portfolios.

The deployment (investment / disinvestment) of the Client's Funds by the Portfolio Manager on the instructions of the Client is absolute and final and can never be called in question or shall not be open to review at any time during the currency of the Client agreement or at any time thereafter except on the ground of mala fide act, fraud, conflict of interest or gross negligence.

The services could include the responsibility of reviewing, managing and reshuffling the portfolio, trading in Securities with the client's oral and / or written consent. Additionally, the Portfolio Manager will keep the safe custody of Securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the respective Agreement, from time to time, entirely at the Client's own risk. Periodical statements in respect of the Client's assets under management shall be sent to the respective Clients in accordance with the agreement and the Regulations

The Portfolio Manager shall be acting in a fiduciary capacity, both, as an agent as well as a trustee, with regard to the Client's assets and accretions thereto.

5.3 Advisory Portfolio Management Services

Under the Advisory Portfolio Management Services, the Portfolio Manager will provide advice which shall be in the nature of non-binding investment advice relating to investing in, purchasing, selling or otherwise dealing in Securities, and advice on investment portfolio containing securities, for the benefit of the Client. Additionally, the Portfolio Manager may advise on the safe custody of the Securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the products from time to time, entirely at the Client's risk.

The Portfolio Manager shall be solely acting as an advisor to the Client's Portfolio 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 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 shall act in a fiduciary capacity towards its Client and shall maintain arm's length relationship with its other activities.

5.4 Co-Investment Portfolio Management Services for Spark Venture Trust

The Portfolio Manager acts as an Investment Manager to Spark Venture Trust, a Category I AIF under the VCF sub-category as an Angel Fund having registration number: IN/AIF1/22-23/1212. The Portfolio Manager may also render co-investment portfolio management services to the investors of Spark Venture Trust. The Portfolio Manager under the Co-Investment Portfolio Management Services may invest upto 100% of the assets under management in unlisted securities of investee companies where Spark Venture Trust has made investment, in such investment opportunities such as early stage and start up entities and other new age businesses. The Portfolio Manager shall be a first time Co-investment Portfolio Manager and has not undertaken any co-investment activities till date.

5.5 Eligible Fund Manager to Eligible Investment Funds

Under these services the Portfolio Manager may provide DPMS, NDPMS or APMS to eligible investment funds subject to the agreement executed between the eligible investment fund and the Portfolio Manager acting as Eligible Fund Manager, and subject to the Income-tax Act, 1961 and SEBI regulations as amended from time to time.

5.6 Transactions with Associates/ Group Companies

The Portfolio Manager is a subsidiary of Spark Capital. The major activities and offerings of subsidiaries / associates / group companies/ joint venture of Spark PWM are investment banking, asset management and distribution of financials services and products. The Portfolio Manager may utilize services of Spark PWM / subsidiaries / associates / joint ventures of Spark PWM relating to and incidental to Portfolio Management Services. Such utilization will be purely on commercial, arms-length basis and at mutually agreed terms and

conditions to the extent and limits permitted under the Regulations. All potential conflict of interests identified above are intended to be managed primarily by complying with Applicable Laws and by acting in good faith to develop equitable resolutions of known conflicts.

The Portfolio Manager shall adhere to the Regulations before investing in equity and debt/hybrid securities of its associates/related parties.

5.7 Investment Approach Offered

A. The Discretionary Portfolio Management Investment Approach being offered are as follows:

1) Spark All Seasons Portfolio

Strategy as per SEBI Circular dated December 16, 2022: Hybrid

Investment Objective: To generate returns through capital appreciation by investing in diversified portfolio across various asset classes – equity and equity related securities, money market instruments.

Description of types of securities: Investments shall be made in equity and equity related instruments, Commercial Papers, Certificate of Deposits, Listed Non-Convertible Debentures, Listed Market Linked Debentures, Listed Warrants, Listed REITs, Listed INVITs, units of mutual funds.

Basis of Selection of types of securities forming part of investment approach: Securities included in the portfolio will be selected by the Portfolio Manager and will be customised to suit the investors risk profile – conservative, moderate or aggressive. Asset class level allocation and then, allocation into individual securities within each Asset Class will be based on a combination of top-down and bottom-up fundamental analysis of the capital market and underlying securities for all asset classes.

Allocation of portfolio across types of securities: Equity Allocation 0% - 100%; Debt Allocation: 0% - 100%

Benchmark: Nifty50 Hybrid Composite Debt 50:50 Index

The performance would be benchmarked against NIFTY50 Hybrid Composite Debt 50:50 Index. The composition of the benchmark is such that it is most suited for comparing performance of the Portfolio. Pursuant to SEBI Circular No: SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, read with APMI circular APMI/2022-23/02 dated March 23, 2023, only three benchmarks under the Strategy “Hybrid” have been prescribed. Accordingly, the Portfolio Manager has selected NIFTY50 Hybrid Composite Debt 50:50 Index.

Risks Associated with Investment Approach: Please refer Section on Risk Factors for detailed indication of risk involved.

Indicative Tenure: Typically, upto 36 months with a view to extend the period based on the outcome as assessed by the Portfolio Manager. The Portfolio Manager may decide to switch out of certain securities in a shorter time period based on stock/sector developments, performance versus expectations, valuations, risk considerations or other factors relevant to realising investment objectives.

2) Spark Absolute Return Portfolio (ARP)

Strategy as per SEBI Circular dated December 16, 2022: Equity

Investment Objective: To generate absolute returns through capital appreciation. The strategy will straddle across various investment style and will use a combination of Growth, Value, Thematic, Special Situation and Market Dynamics with a sole aim to generate absolute return.

Description of types of securities: Investments shall be made in equity shares of listed companies with no preference or restriction across themes or sectors.

Basis of Selection of types of securities forming part of investment approach: Stocks included in the portfolio will be selected by the Portfolio Manager using fundamental, quantitative, and technical analysis of individual sectors and/or set of securities with varying return expectations across different time horizon. Based on the above approach, for portfolio construction a combination of below mentioned parameters will be used for stock selection:

- Good Governance
- Supportive Macro Environment
- Robust Corporate Strategy
- Strong Growth – EPS, Book Value, and Dividend Growth
- Positive Change in return on capital Ratios (ROE and ROCE)
- Low EV/ EBITDA
- Conservative Capital Structure
- Falling Financial Leverage Matters than the level of debt
- Positive Free Cash Flows
- Beta < 1.1- Starting point of beta will matter for long term return
- Starting point of P/E and P/BV
- Tactical Sector Basket of stocks based on Fundamental Top-down view
- Top Down/ Bottom up based on near term Catalyst/ triggers – change in promoters, demerger, amalgamation, divesture
- Market opportunities out of rotation in sectors, segments etc

Allocation of portfolio across types of securities: Equity Allocation upto 100%

Benchmark The performance would be benchmarked against NIFTY 50 TRI. The composition of the benchmark is such that it is most suited for comparing performance of the Portfolio. Pursuant to SEBI Circular No: SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, read with APMI circular APMI/2022-23/02 dated March 23, 2023, only three benchmarks under the Strategy “Equity” have been prescribed. Accordingly, the Portfolio Manager has selected NIFTY 50.

Risks Associated with Investment Approach: Please refer Section on Risk Factors for detailed indication of risk involved.

Indicative Tenure: Typically, upto 36 months with a view to extend the period based on the outcome as assessed by the Portfolio Manager. The Portfolio Manager may decide to switch out of certain securities in a shorter time period based on stock/sector developments, performance versus expectations, valuations, risk considerations or other factors relevant to realising investment objectives.

B. The Non- Discretionary Portfolio Management Investment Approaches being offered are as follows:

1) Spark LIFE (Large-Cap India Focussed Equities) Portfolio

Strategy as per SEBI Circular dated December 16, 2022: Equity

Investment Objective: To generate returns through capital appreciation by investing in Top 100 listed companies, by market capitalisation, with no preference or restriction across themes or sectors.

Description of types of securities: Investments shall be made in equity shares of top 100 listed companies by market capitalisation.

Basis of Selection of types of securities forming part of investment approach: Stocks included in the portfolio will be selected by the Portfolio Manager using fundamental, technical and /or quantitative analysis of individual sectors and securities.

Allocation of portfolio across types of securities: Equity Allocation: upto 100%.

Benchmark: The performance would be benchmarked against NIFTY 50 TRI. The composition of the benchmark is such that it is most suited for comparing performance of the Portfolio. Pursuant to SEBI Circular No: SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, read with APMI circular APMI/2022-23/02 dated March 23, 2023, only three benchmarks under the Strategy “Equity” have been prescribed. Accordingly, the Portfolio Manager has selected NIFTY 50.

Risks Associated with Investment Approach: Please refer Section on Risk Factors for detailed indication of risk involved.

Indicative Tenure: Typically, upto 36 months with a view to extend the period based on the outcome as assessed by the Portfolio Manager. The Portfolio Manager may decide to switch out of certain securities in a shorter time period based on stock/sector developments, performance versus expectations, valuations, risk considerations or other factors relevant to realising investment objectives.

2) Spark HCI (High Conviction Ideas) Portfolio

Strategy as per SEBI Circular dated December 16, 2022: Equity

Investment Objective: To generate absolute returns through capital appreciation.

Description of types of securities: Investments shall be made in equity shares of listed companies with no preference or restriction across themes or sectors.

Basis of Selection of types of securities forming part of investment approach: Stocks included in the portfolio will be selected by the Portfolio Manager using only fundamental analysis of individual sectors and securities with specific focus on investing for medium term of between 18 to 36 months.

Allocation of portfolio across types of securities: Equity Allocation upto 100%

Benchmark: The performance would be benchmarked against NIFTY 50 TRI. The composition of the benchmark is such that it is most suited for comparing performance of the Portfolio. Pursuant to SEBI Circular No: SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, read with APMI circular APMI/2022-23/02 dated March 23, 2023, only three benchmarks under the Strategy “Equity” have been prescribed. Accordingly, the Portfolio Manager has selected NIFTY 50.

Risks Associated with Investment Approach: Please refer Section on Risk Factors for detailed indication of risk involved.

Indicative Tenure: Typically, upto 36 months with a view to extend the period based on the outcome as assessed by the Portfolio Manager. The Portfolio Manager may decide to switch out of certain securities in a shorter time period based on stock/sector developments, performance versus expectations, valuations, risk considerations or other factors relevant to realising investment objectives.

3) Spark Multi-Asset Class Portfolio (MAP)

Strategy as per SEBI Circular dated December 16, 2022: Hybrid

Investment Objective: To generate returns through capital appreciation by investing in diversified portfolio across various asset classes – equity and equity related securities, money market instruments, Asset Classes (equity and equity related securities; fixed income instruments (including but not limited to CPs, CDs, Bonds, NCDs, convertibles, Market Linked Debentures, Warrants, Structured Products); Commodities; Exchange Traded Securities (including but not limited to REITs, INVITs, Gold Bonds etc.); unlisted securities; Mutual Funds, Alternative Investment Funds and such other securities as allowed under the extant regulation).

Description of types of securities: Investments shall be made in equity and equity related instruments, Commercial Papers, Certificate of Deposits, Listed Non-Convertible Debentures, Listed Market Linked Debentures, Listed Warrants, Listed REITs, Listed INVITs, units of mutual funds.

Basis of Selection of types of securities forming part of investment approach: Stocks included in the portfolio will be selected by the Portfolio Manager and will be customised to suit the investors risk profile – conservative, moderate or aggressive. Asset class level allocation and then, allocation into individual securities within each Asset Class will be based on a combination of top-down and bottom-up fundamental analysis of the capital market and underlying securities for all asset classes.

Allocation of portfolio across types of securities: Equity Allocation: 0 -100%; Debt Allocation: 0 – 100%

Benchmark: The performance would be benchmarked against NIFTY50 Hybrid Composite Debt 50:50 Index. The composition of the benchmark is such that it is most suited for comparing performance of the Portfolio. Pursuant to SEBI Circular No: SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, read with APMI circular APMI/2022-23/02 dated March 23, 2023, only three benchmarks under the Strategy “Hybrid” have been prescribed. Accordingly, the Portfolio Manager has selected NIFTY50 Hybrid Composite Debt 50:50 Index.

Risks Associated with Investment Approach: Please refer Section on Risk Factors for detailed indication of risk involved.

Indicative Tenure: Typically, upto 36 months with a view to extend the period based on the outcome as assessed by the Portfolio Manager. The Portfolio Manager may decide to switch out of certain securities in a shorter time period based on stock/sector developments, performance versus expectations, valuations, risk considerations or other factors relevant to realising investment objectives.

4) Spark Bespoke Investment Ideas (Bi²)

Strategy as per SEBI Circular dated December 16, 2022: Equity

Investment Objective: To generate absolute returns through capital appreciation. The portfolio will largely hold the stocks till such time the Fund Manager believes that the expected return from the potential opportunity is fully realized. At the same time, the objective is not to stay invested in a stock idea through-out the life-time of the portfolio. As the market typically delivers a non-linear return profile, the Fund Manager may opportunistically seek to re-allocate money across stock ideas dynamically. The portfolio may also exit an investment with losses or insignificant gains if there are any adverse developments as per fund manager’s view.

Description of types of securities: Investments shall be made in equity shares of listed companies with no preference or restriction across themes or sectors. The Fund Manager has the flexibility to be invest

across the market capitalization, sector and market cap agnostic. The Investment Approach may also invest in listed ETF's, liquid ETF's & liquid funds for temporary deployment of funds for the purpose of cash management.

Basis of selection of such types of securities as part of the investment approach: Stocks included in the portfolio will be selected by the Portfolio Manager using only fundamental analysis of individual sectors and securities with specific focus on investing for medium term of between 24 to 48 months.

Allocation of portfolio across types of securities: Upto 100% in Equity. Will be flexible depending upon the macro, micro factors. Staggered or lumpsum investments across listed securities with no bias towards market capitalization or sectors.

Appropriate benchmark to compare performance and basis for choice of benchmark
The performance would be benchmarked against S&P BSE 500. The composition of the benchmark is such that it is most suited for comparing performance of the Portfolio. Pursuant to SEBI Circular No: SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, read with APMI circular APMI/2022-23/02 dated March 23, 2023, only three benchmarks under the Strategy "Equity" have been prescribed. Accordingly, the Portfolio Manager has selected S&P BSE 500.

Indicative tenure or investment horizon: Typically, upto 36 months with a view to extend the period based on the outcome as assessed by the Portfolio Manager. The Portfolio Manager may decide to switch out of certain securities in a shorter time period based on stock/sector developments, performance versus expectations, valuations, risk considerations or other factors relevant to realising investment objectives.

Risks associated with the investment approach: Please refer Section on Risk Factors for detailed indication of risk involved.

5) Spark GEMS

Strategy as per SEBI Circular dated December 16, 2022: Equity

Investment Objective: To generate absolute returns through capital appreciation. The strategy will straddle across various investment style with sole objective to generate absolute returns by investing in companies by using a combination of Growth (G), Earnings (E), Momentum (M) and Special Situations (S).

Description of types of securities: Investments shall be made in equity shares of listed companies with no preference or restriction across themes or sectors.

Basis of Selection of types of securities forming part of investment approach: Stocks included in the portfolio will be selected by the Portfolio Manager using fundamental, quantitative, and technical analysis of individual sectors and/or set of securities with varying return expectations across different time horizon. Based on the above approach, for portfolio construction a combination of below mentioned parameters will be used for stock selection:

- Good Governance
- Supportive Macro Environment
- Robust Corporate Strategy
- Strong Growth – EPS, Book Value, and Dividend Growth
- Positive Change in return on capital Ratios (ROE and ROCE)
- Low EV/ EBITDA
- Conservative Capital Structure
- Falling Financial Leverage Matters than the level of debt

- Positive Free Cash Flows
- Beta < 1.1- Starting point of beta will matter for long term return
- Starting point of P/E and P/BV
- Tactical Sector Basket of stocks based on Fundamental Top-down view
- Top Down/ Bottom up based on near term Catalyst/ triggers – change in promoters, demerger, amalgamation, divesture
- Market opportunities out of rotation in sectors, segments etc

Allocation of portfolio across types of securities: Equity Allocation upto 100%

Benchmark The performance would be benchmarked against BSE 500 TRI. The composition of the benchmark is such that it is most suited for comparing performance of the Portfolio. Pursuant to SEBI Circular No: SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, read with APMI circular APMI/2022-23/02 dated March 23, 2023, only three benchmarks under the Strategy “Equity” have been prescribed. Accordingly, the Portfolio Manager has selected BSE 500 TRI.

Risks Associated with Investment Approach: Please refer Section on Risk Factors for detailed indication of risk involved.

Indicative Tenure: Typically, upto 36 months with a view to extend the period based on the outcome as assessed by the Portfolio Manager. The Portfolio Manager may decide to switch out of certain securities in a shorter time period based on stock/sector developments, performance versus expectations, valuations, risk considerations or other factors relevant to realising investment objectives.

The Portfolio Manager pursuant to regulatory provisions would allow investments in Stock/Equity Index Options purely for hedging and portfolio rebalancing purposes. Any investment made shall be under the directions and prior consent of the client only. It may be noted that such investments shall be on terms mutually agreed between the Portfolio Manager and client through a separate agreement.

The Portfolio Manager shall invest in the units of Mutual Funds only through direct plan. Similarly, the Portfolio Manager shall invest in units of Alternative Investment Fund only in direct plans of the AIF.

C. Advisory Portfolio Management Services

- 1) **Investment Objective:** The focus of the Portfolio Manager is to provide investment advice to its clients. In the capacity as Advisor, SPWM aligns its interests with those of the client and seeks to provide the best suited non-exclusive, non-binding, recommendatory advice based on clients risk profile. The Portfolio Manager shall provide non-binding investment advisory services to the Client, including but not limited to advice relating to investing in, purchasing, selling or otherwise dealing in securities.
- 2) **Description of types of securities:**
 - Advising on investment opportunities across asset classes such as securities, mutual funds, ETFs, AIFs
- 3) **Basis of Selection of types of securities forming part of investment approach:** SPWM first tries to understand the client's return expectations, risk taking ability & goals, which in turn helps to arrive at an asset allocation suitable for the client. SPWM conducts frequent portfolio reviews and suggests any corrective action/s if required.
- 4) **Allocation of portfolio across types of securities:** Equity Allocation 0% - 100%; Debt Allocation: 0% - 100%

- 5) **Benchmark:** Not Applicable
- 6) **Risks Associated with Investment Approach:** Please refer Section on Risk Factors for detailed indication of risk involved.

D. Co-investment:

- 1) **Investment Objective:** The Portfolio Manager, under the Co-investment Portfolio Management Services, will invest in the offerings of early stage and start-up entities and other new age businesses in various sectors focusing on those that are leveraging technology to perform better. These may fall primarily under the seed funding to pre-series A or series A category of the lifecycle of investments done into the startup and may invest into various other sectors subject to regulations.
- 2) **Description of types of securities:** The Portfolio Manager, under the Co-investment Portfolio Management Services, intends to invest primarily in the following securities / instruments such as equity instruments, quasi-equity instruments such as (but not limited to) equity shares, stocks, equity related instruments, preference shares, optionally convertible redeemable preference shares, warrants debt instruments, and quasi debt-instruments such as (but not limited to) bonds, debentures (convertible or non-convertible), optionally convertible debentures, or any financial or capital market instrument of whatsoever nature.
- 3) **Basis of selection of such types of securities as part of the investment approach:** The Portfolio Manager, under the Co-investment Portfolio Management Services will select those start ups fulfilling criteria such as Business model/company's viability over the longer-term market size, target customer profile and socio-economic conditions, Depth, strength and leadership capacity of the senior management team, operational experience and strategic vision, Potential exit strategies and financial return etc.
- 4) **Allocation of portfolio across types of securities:** The Portfolio Manager, under the Co-investment Portfolio Management Services will invest in securities of such Portfolio Companies in which Spark Venture Trust has invested under any of its Schemes.
- 5) **Appropriate benchmark to compare performance and basis for choice of benchmark:** Not Applicable.
- 6) **Indicative tenure or investment horizon:** The exit will happen at the same time on identical terms along side Spark Venture Trust.
- 7) **Risks associated with the investment approach:** Please refer Section on Risk Factors for detailed indication of risk involved.

The performance of the Investment Approaches may not be strictly comparable with the performance of the benchmark indices, due to inherent differences in the construction of the Investment Approaches.

The Portfolio Manager may from time to time, review the benchmark selection process and make suitable changes as to use of the benchmark or related to composition of the benchmark, whenever it deems necessary.

Minimum Investment Amount

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and /or funds of an amount prescribed by Portfolio Manager for a Portfolio, subject to minimum amount as specified under SEBI Regulations, as amended from time to time. The portfolio manager shall not accept from the client, funds or Securities worth less than fifty lakh rupees.

However, if a client is a valid Accredited Investor, they may be able to avail flexibility in Minimum Investment amount (lower ticket size) or any other concessions prescribed under the PMS Regulations, as amended from time to time. Further, in order for the Client to avail the benefits of an Accredited Investor, the Client shall have to provide their ‘Consent’ to the Portfolio Manager by submitting the necessary undertakings as may be required in accordance with the PMS Agreement.

The Portfolio Manager may offer discretionary or non-discretionary or advisory services for investment up to hundred percent of the assets under management of the Large Value Accredited Investors in unlisted securities, subject to the terms agreed between the Large Value Investor and the Portfolio Manager.

The minimum investment amount shall not apply to the clients of Co-Investment Portfolio Management Services.

5.8 Details in investments in securities of related parties of the Portfolio Manager

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

Sr. No.	Investment Approach	Name of 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
NIL					

Investment in securities of associates / related parties of the Portfolio Manager shall be carried out in accordance with the provisions of applicable SEBI circulars.

5.9 Details of Diversification Policy as per SEBI Circular dated August 26, 2022

The Portfolio Manager invests the funds of the clients in accordance with the stated investment objectives of the respective investment approaches. Further no investments are made into associates / related parties of the Portfolio Manager. The Portfolio Manager has not formulated a diversification policy.

6 Risk Factors

6.1 Investment Related

6.1.1 Securities investment is subject to market risks and there is no assurance or guarantee that the objective of investments of each client will be achieved. Investors are not being offered any guaranteed or assured return on the portfolio. The investments in the portfolio may be subject to wide swings in value.

The past performance does not indicate or guarantee any future portfolio performance or performance of any future portfolio(s) of the Portfolio Manager. The Risks arising from investment objective, investment approach and asset allocation are as follows:

- a) The value of the portfolio can go up or down depending on the factors and forces affecting the capital market and the Portfolio Manager is not responsible or liable for losses resulting from the operations of the portfolios.

b) The liquidity of the Portfolio investments is inherently restricted by trading volumes in the securities in which the investment is made.

6.1.2 Risk arising out of non-diversification, if any: The investment objective of the portfolio could result into concentration on a specific asset/asset class/sector/issuer etc. which could expose the portfolio to undesired diversification.

6.1.3 The Portfolio Manager is a recent entrant in the PMS business and hence has a performance track record only over a short timeframe.

6.1.4 There are no transactions by Portfolio Manager and its employees who are directly involved in investment operations that are found having conflict of interest with the transaction in any of the client's portfolio.

6.1.5 The Portfolio Manager has group companies and the disclosure of conflict of interest related to services offered by group companies of the portfolio manager can be referred to section 5.6.

6.2 General Risk Factors

6.2.1 Equity and Equity Related Risks: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the funds in a prudent manner in such instruments, such decisions shall not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions. The investment made by the Portfolio Manager are subject to risks arising from the Investment Objective, Investment Approach and asset allocation.

6.2.2 Macro-Economic risks: Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations regarding industry and exports may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.

6.2.3 Liquidity Risk: Liquidity of investments in equity and equity related securities are often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market securities, while fairly liquid, lack a well develop secondary market, which may restrict the selling ability of such securities thereby resulting in a loss to the Portfolio until such securities are finally sold.

6.2.4 Interest Rate Risk: This is associated with movement in interest rates, which depend on various factors such as government borrowings, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates falls or rises. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon.

6.2.5 Acts of state, or sovereign action, acts of nature, acts of war, civil disturbance.

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

- 6.2.7 Reinvestment Risk: This risk arises from the uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.
- 6.2.8 Non-Diversification Risk: Investments are subject to market risk arising out of non-diversification by the Portfolio Manager, whilst managing the portfolio or making recommendations.
- 6.2.9 Mutual Fund Risk: This risk arises from investing in units of Mutual funds. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. In addition, events like change in fund manager of the scheme, take over and mergers of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the mutual fund investment.
- 6.2.10 Market Risk: Market values, liquidity and risk, return profile of investments (investment characteristics) in equities are likely to fluctuate depending on performance of the industry, national and international economies, regulations and changes therein, either domestically and internationally, events that are of significant impact such as war, terrorism, sanctions and trade embargoes, natural calamities, acts of God etc. Market values, liquidity and yields of fixed and variable income instruments are likely to fluctuate depending on the prevailing interest rates in the market, liquidity preferences, impact cost changes, re-ratings of the issuer or the instruments, competing instruments, etc.
- 6.2.11 Stock-Specific Risk: Performance of the portfolio companies will have significant influence on market prices of its securities. This will further depend on, in addition to external factors, its own ability to perform, management, changes therein, frauds by and on the management etc. These are known as internal risks.
- 6.2.12 Transaction and Settlement Risk: The Portfolio faces additional risks such as timing risks, short delivery or delayed delivery from markets, reduced liquidity, etc.
- 6.2.13 Portfolio Manager Competency Risk: The Portfolio faces risks based on management and operational efficiencies and controls of the Portfolio Manager i.e. the risk is based on ability of the Portfolio Manager in identifying opportunities or misjudging trends and late investments and / or early liquidations, either at a loss or at reduced profits, or misjudging opportunities completely.
- 6.2.14 Allied Service Provider Risk: The Portfolio faces risks due to other service providers that the Portfolio Manager may engage to render the services such as banking, broking, clearing and settlement, Custodian(s) services, courier services, auditing services etc.
- 6.2.15 Portfolio Allied Operations Risk: The Client also faces risks from usage of technology for recording transactions and accounts, communication of information to and fro, data computing and storage, leakages of data / information from various points including at the Portfolio Manager's operations etc.
- 6.2.16 Regulatory Risk: Changes made by the government in any of the policy parameters, including in respect of taxation, etc., that affect working of companies have positive /negative impact on market prices of those stocks and to that extent, in Portfolio value. Such changes may also apply to the manner in which Portfolio is being operated and on taxability of profits made on divestment, taxation of dividends, etc.
- 6.3 For risk related to co-investment, please refer to the Private Placement Memorandum (PPM) / Term Sheet of the respective schemes of Spark Venture Trust.**

6.4 Conflict of Interest

Spark PWM may from time to time:

- **Acquire, have and/ or maintain a position in any security similar to the Securities held, purchased or sold for the Client forming part of the Assets of Account;**
- **Purchase or sell on behalf of the Client any security which forms part of the portfolio of the Portfolio Manager or its other clients or which is otherwise purchased, sold or traded in by the Portfolio Manager on its own account or on account of its other client(s); The Client is aware of such interest of the Portfolio Manager under the Investment approach vis-à-vis in the proprietary account of Spark PWM;**
- **Purchase or sell on its own account or on behalf of any other client, any security which forms part of the Assets of Account;**
- **Have a commercial or other relationship or agreement with stock brokers, banks and companies with whom or through whom transactions are carried out for purchase and sale of any of the Securities or with any issuer of Securities whose Securities are purchased and/ or sold for or on behalf of the Client;**
- **Deal on the Client’s behalf with any Associate Company of the Portfolio Manager as long as the terms are as favorable to the Client as would be ordinarily obtained from a concern which is not an Associate Company;**
- **Purchase or sell Securities from or to anyone with whom the Portfolio Manager or any of its Associate Company has a commercial or other relationship or agreement, including selling or purchasing the Securities to or from the account of the Portfolio Manager or another client of the Portfolio Manager;**
- **Act as principal, agent, or broker in any transaction; and in such event, the Portfolio Manager shall be separately compensated for its actions in that capacity;**
- **Employ, retain or appoint any Associate Company of the Portfolio Manager as broker, custodian, investment adviser, research providers, consultants or in any other capacity for carrying out any of the functions or work relating to the Services provided to the Client.**

However, Spark PWM shall avoid any conflict of interest in relation to its decision with regard to investments with respect to the Client’s funds and where such conflict of interest does arise, Spark PWM shall ensure fair treatment as in an arm’s length transaction to all its Clients and shall also specifically ensure that the interest of the Client is not prejudiced.

7 Client Representation

7.1.1 The details of client accounts activated are as under:

(Amount in crores)

Category of Client	As on March 2024		As on YE March 31, 2023	
	No. of Clients	Funds Managed Amt.	No. of Clients	Funds Managed Amt.
Discretionary Clients	21	146.10	6	5.48

Category of Client	As on March 2024		As on YE March 31, 2023	
	No. of Clients	Funds Managed Amt.	No. of Clients	Funds Managed Amt.
Non- Discretionary Clients	177	893.04	27	41.96
Clients being Associates or Group Companies	0	0	0	0
Advisory	20	901.82	10	727.85
Total	218	1940.96	43	775.29

7.2 Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India – as per FY2023-24

Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited)	
Related party disclosures	
A. Names of related parties and nature of relationship are as follows:	
Holding Company	: Spark Capital Advisors (India) Private Limited
Fellow subsidiaries	: Spark Fund Advisors LLP Spark Infracity Spark Asia Impact Private Limited (formerly Spark Alternative Asset Advisors India Private Limited)
Enterprises on which the Holding Company has significant influence	: Spark Asia Impact Managers Private Limited (formerly Spark Fund Managers Private Limited)
Key Management Personnel	: Mr. Y Rama Rao, Director Mr. Suresh Babu, Director Mr. Pongaliur Mysamy Venkatesh, Whole-time Director Mr. Rajesh Kumar Parikh, Whole-time Director Ms. Meenakshi Narasimhan, Company Secretary (From 10th January, 2024)
Enterprises on which the Key Managerial Personnel have significant influence	: Spark Financial Holdings Private Limited (from October 14, 2021) Spark Institutional Equities Private Limited (from April 01, 2022 until December 20,2022) Kartwheel Kids Private Limited Ihlara Business Ventures LLP (from August 30, 2023) Infinite Leaseworks LLP Hiranya Alternate Ventures LLP Malgudi Ventures LLP

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
B. Transactions			
Spark Capital Advisors (India) Private Limited - Holding Company			
Expenses reimbursement	3,00,23,704	2,58,50,640	6,28,02,600
Expenses reimbursement recoverable	800	1,43,56,000	-
Issue of equity shares	-	-	-
Intercorporate Loan received	3,75,23,460	53,48,16,828	8,68,37,134
Intercorporate Loan repaid through Bank	-	58,11,77,775	-
Intercorporate Loan repaid through issue of Equity Shares	3,75,23,460	-	-
Interest on Loan Paid	26,215	42,22,229	19,10,153
Interest on Loan recovered	4,66,438		
Income on Advisory Services rendered	-	-	9,00,00,000
Recovery of Gratuity liability	-	-	-
Spark Financial Holdings Private Limited			-
Expenses reimbursement payable	2,81,94,673	35,33,300	-
Invoice Discounting Expenses	68,27,473	-	-
Proceeds from Invoice Discounting	5,68,94,730	-	-
Referral Income	9,90,48,000	9,95,00,000	-
Intercorporate Loan received	74,94,32,002	58,21,00,000	-
Intercorporate Loan repaid through Bank	66,15,55,490	36,75,00,000	-
Intercorporate Loan repaid through issue of Equity Shares	30,24,76,512	-	-
Interest on Loan paid	1,29,79,592	54,97,870	-
Spark Asia Impact Managers Private Limited (formerly Spark Fund Managers Private Limited) - Subsidiary of fellow subsidiary			
Income on Distribution Services	2,20,99,086	21,45,941	32,30,370
Spark Asia Impact Private Limited (formerly Spark Alternative Asset Advisors India Private Limited) - Fellow Subsidiary			
Income on Distribution Services	29,79,507	1,82,686	2,84,901
Expenses reimbursement recoverable	200	-	-
Spark Fund Advisors LLP			
Referral Income	1,25,00,000		3,00,00,000
Spark Institutional Equities Private Limited			
Fee for Research Services	-	7,50,000	-
Key Management Personnel			
Mr. Y Rama Rao			
Loan Borrowed	400,00,000		
Loan repaid	400,00,000		

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
Mr. Pongaliur Mysamy Venkatesh			
Managerial Remuneration	90,00,000	1,36,25,000	-
Contribution to Equity Share Capital	79,65,590	46,96,360	-
Loan Borrowed	2,54,99,994	-	-
Contribution to Equity Share Capital through conversion of Loan borrowed	2,54,99,994	-	-
Expenses reimbursement	4,34,313	-	-
Mr. Rajesh K Parikh			
Loan Borrowed	1,50,00,024	2,50,00,000	-
Contribution to Equity Share Capital through conversion of Loan borrowed	1,50,00,024	-	-
Loan Repaid	-	2,50,00,000	-
Expenses reimbursement	27,476	15,837	-
Managerial Remuneration	90,00,000	1,28,75,000	-
Contribution to Equity Share Capital	84,08,520	64,85,440	-
Ms. Meenakshi Narasimhan			
Managerial Remuneration	2,45,328	-	-
Expenses reimbursement	6,200	-	-
C. Outstanding balance			
Spark Capital Advisors (India) Private Limited			
Equity Share Capital	85,39,070	8,20,00,000	8,20,00,000
Expenses reimbursement payable	77,495	1,75,84,324	64,87,300
Expenses reimbursement recoverable	-	1,69,40,080	-
Intercorporate Loan payable	-	-	4,63,60,948
Spark Financial Holdings Private Limited			
Equity Share Capital	3,87,79,040	-	-
Expenses reimbursement payable	2,325	40,46,328	-
Referral fee receivable	-	11,74,10,000	-
Intercorporate Loan payable	-	21,46,00,000	-
Interest on Loan payable	3,136	-	-
Mr. Rajesh K Parikh			
Equity Share Capital	84,08,520	64,85,440	-
Mr. Pongaliur Mysamy Venkatesh			
Equity Share Capital	79,65,590	46,96,360	-
Spark Asia Impact Managers Private Limited (formerly Spark Fund Managers Private Limited) - Subsidiary of fellow subsidiary			
Income on Distribution Services receivable	-	-	20,86,494

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
Spark Asia Impact Private Limited (formerly Spark Alternative Asset Advisors India Private Limited) - Fellow Subsidiaries			
Income on Distribution Services receivable	-	-	58,874
Spark Fund Advisors LLP			
Referral Income	-	-	1,00,00,000

8 List of Stockbrokers whose services will be utilised for PMS Activities:

1. Spark PWM Private Limited (*formerly known as Spark Family Office and Investment Advisors (India) Private Limited*)

The Portfolio Manager may avail broking services from other the SEBI registered stockbrokers empanelled by the Portfolio Manager, from time to time, and as permitted under the PMS Regulations.

9 The Financial Performance of the Portfolio Manager (Based on Audited Financial Statement):

(All amounts are in Indian Rupees in Crore, unless otherwise stated)

	Summary of Assets and Liabilities	As At	As At	As At
		March 31, 2024	March 31, 2023	March 31, 2022
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
A	Share capital	15.20	9.32	8.20
B	Reserves and surplus	15.71	3.22	0.66
	Total (A)	30.91	12.54	8.86
2	Non-current liabilities			
A	Deferred tax liabilities (net)	0.05	0.05	0.00
B	Long-term provisions	3.30	-	-
	Total (B)	3.35	0.05	0.00
3	Current liabilities			
A	Short-term borrowings	-	21.46	4.64
B	Trade payables	0.20	2.28	0.02
C	Other current liabilities	33.90	15.12	10.98
D	Short-term provisions	-	-	-
	Total (C)	34.11	38.86	15.64
	TOTAL (A+B+C)	68.36	51.45	24.50
II	ASSETS			
1	Non-current assets			
A	Property, Plant and Equipment	4.50	2.17	0.35
B	Intangible Assets	0.02	0.04	-
C	Capital Work in progress	0.12	0.20	-
D	Deferred tax asset (net)	-	-	-
E	Long-term loans and advances	7.50	4.76	8.65
	Total (D)	12.14	7.17	9.00
2	Current assets			
A	Trade receivables	4.12	23.25	0.29

B	Current Investments	0.09	0.48	-
	Cash and bank balances	12.05	7.69	8.77
C	Short-term loans and advances	30.09	11.92	4.90
D	Other current assets	9.87	0.94	1.55
	Total (E)	56.22	44.28	15.50
	TOTAL (D+E)	68.36	51.45	24.50

	Summary of Profit and Loss Information	Period from April 01, 2023 to March 31, 2024	Period from April 01, 2022 to March 31, 2023	Period from April 01, 2021 to March 31, 2022
	Income			
I	Revenue from operations	46.14	28.91	21.43
II	Other income	0.52	0.58	0.29
III	Total Income (I+II)	46.66	29.49	21.72
IV	Expenses			
	Employee benefit expenses	55.42	19.24	10.44
	Depreciation and amortization	1.08	0.30	0.19
	Finance costs	2.12	0.97	0.19
	Other expenses	15.50	6.18	4.88
	Total Expenses	74.12	26.69	15.70
V	Profit/ (Loss) before tax (III - IV)	-27.45	2.81	6.02
VI	Tax expenses			
	Current tax	-	0.40	-
	Less: MAT Credit entitlement		-0.20	
	Adjustment of tax relating to earlier periods	0.03		
	Deferred tax	-	0.05	0.01
	Total tax expense	0.03	0.25	0.01
VII	Profit/ (Loss) for the period after taxes (V - VI)	-27.48	2.56	6.01

10 Portfolio Management Performance of the Portfolio Manager

Investment Approach Name		Inception Date	FY2023-24	FY2022-23	FY2021-22	Since Inception
Spark All Seasons Portfolio	Portfolio Performance	02-06-2022	28.11	0.00	0.00	17.57
	Nifty 50 Hybrid Composite Debt 50:50 Index		18.87	0.00	0.00	13.54
	Portfolio Performance		0.00	0.00	0.00	17.00

Investment Approach Name		Inception Date	FY2023-24	FY2022-23	FY2021-22	Since Inception
Spark Absolute Return Portfolio	Nifty 50 TRI	03-08-2023	0.00	0.00	0.00	14.96
Spark HCI (High Conviction Ideas) Portfolio	Portfolio Performance	19-09-2022	31.15	0.00	0.00	13.98
	Nifty 50 TRI		30.08	0.00	0.00	30.08
Spark LIFE (Large-Cap India Focussed Equities) Portfolio	Portfolio Performance	31-03-2023	32.09	0.00	0.00	33.94
	Nifty 50 TRI		30.08	0.00	0.00	30.08
Spark Multi-Asset Class Portfolio (MAP)	Portfolio Performance	23-09-2022	28.44	0.00	0.00	17.07
	Nifty 50 Hybrid Composite Debt 50:50 Index		18.87	0.00	0.00	18.87
Spark Bespoke Investment Ideas	Portfolio Performance	06-09-2023	0.00	0.00	0.00	11.46
	BSE 500 TRI		0.00	0.00	0.00	0.00
Spark GEMS	Portfolio Performance	01-09-2023	0.00	0.00	0.00	15.19
	BSE 500 TRI		0.00	0.00	0.00	0.00

Portfolio Returns as well as Index Returns are calculated on TWRR Basis; data not SEBI verified.

Note: Benchmarks for the Investment Approach have changed with effect from April 1, 2023.

Past performance may or may not sustain in future

Past performance is not a guarantee of future performance

Performance is net of fees and expenses

Please note that the actual performance for a client portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual client mandate, specific portfolio construction characteristics or other structural parameters. These factors may have an impact on client portfolio performance and hence may vary significantly from the performance data depicted above.

Neither the Portfolio Manager, nor its directors or employees shall in any way be liable for any variation notices in the returns of individual client portfolio.

For relative performance of particular Investment Approach to other Portfolio Managers within the selected strategy, please refer <https://www.apmiindia.org/apmi/WSIAConsolidateReport.htm?action=showReportMenu>. In respect of co-investment portfolio management services, the performance shall be calculated in the manner as agreed between the Co-investment Portfolio Manager and the client.

11 Audit Observations of the preceding 3 years

Nil

12 Nature of Fees and Charges

The following are indicative types of costs and expenses for clients availing the Portfolio Management services. The fee may be a fixed fee or performance-based fee or a combination of both, as agreed by the Client in the Agreement. 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 Note: The fees charged to the Client under PMS come under the ambit of “Fees for Technical and Professional Services” under section 194J of the Income Tax Act, 1961.

Over and above the fixed fee, performance fee and the transactions cost as mentioned below, the Portfolio Manager would recover charges such as fund accounting and custodial charges, audit charges and any other charges that the Portfolio Manager may have to incur while providing the Portfolio Management Services. The above fees, transaction cost and other charges shall be directly debited to the Client’s account as and when the same becomes due for payment. Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client’s average daily Assets under Management (AUM):

a) Management Fees: Professional charges relating to the Portfolio management services offered to clients.

- **Fixed Management Fee: Upto 2.50% per annum of average AUM payable quarterly in arrears.**
- **Performance Fee: Upto 25% of incremental returns generated over a hurdle rate as may be mutually agreed between client and the Portfolio Manager with principle of high watermark.**
- **Mixed Fee: A combination of Fixed Management Fees at Actuals and Performance Fees upto 25% of incremental returns generated over a hurdle rate as may be mutually agreed between client and the Portfolio Manager with principle of high watermark.**

An exit load up may be charged upto 1% in first year and zero for subsequent years.

b) Brokerage, State Levies, GST, STT: Brokerage on transactions (+) applicable Goods and Services Tax (+) Stamp Duty (+) Securities Transaction Tax (+) Turnover Tax (+) any other levies thereon, as may be applicable from time to time, would be charged at actuals.

c) Other Operational Charges:

- a) Fund accounting and custodial charges: Fund accounting charges pertain to the charges incurred in maintaining client ledgers incorporating the appropriate accounting standards. Custodial charges are paid to the custodians for maintaining and operating client's cash and securities in their respective bank, demat and mutual fund accounts. These expenses shall be charged at actuals.
- b) Transaction and Demat Charges: Pertains to charges incurred in transfer in and transfer out of securities between pool and client demat accounts, and charges payable to the depository participant on a periodic or case to case basis.
- c) Audit charges: Audit Charges including GST, levied by the auditor for auditing Client portfolio accounts as per Clause 30 (3) of the PMS Regulations shall be recovered by the Portfolio Manager from the Client.
- d) Certification and professional charges: Charges payable for outsourced professional services like accounting, taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities.
- e) Incidental Expenses: Charges in connection with the inter alia courier expenses, stamp duty, Goods and Services Tax, postal, telegraphic, opening and operation of Bank Account.
- f) Other charges: As may be mutually agreed between client and Portfolio Manager.

Manner of payment of fees and/ or expenses: The Portfolio Manager shall recover directly from the bank accounts of the Client maintained, all the fees, transactions cost and other charges as specified above.

Option of Direct on boarding of clients

Spark PWM provides the facility for on-boarding of clients i.e. on-boarding of clients without intermediation of persons engaged in distribution services. To know more about direct on boarding, write us at pwm.onboarding@sparkcapital.in.

At the time of on-boarding of clients directly, no charges except statutory charges shall be levied. The charges as per the agreement would be charged as agreed once the portfolio is active.

This provision shall not apply to clients of co-investment portfolio management services.

13 Outsourcing Activities

The Portfolio Manager may outsource certain activities and avail services of third parties to perform such activities, associated with services which the Portfolio Manager offers.

Initially, the Portfolio Manager has decided to outsource the Fund Accounting, Custodial & Depository services and broking activities (regulatory requirement).

14 Taxation

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

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

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

The following summary is based on the law and practice of the Income-tax Act, 1961 (the "IT Act"), the Income-tax Rules, 1962 (the "IT Rules") and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year and this summary reflects the amendments enacted by the Finance (No.2) Act, 2024 published on 16th August 2024 in the Official Gazette of India. ('Finance Act, 2024).

The tax rates mentioned in this Disclosure Document relate to Financial Year 2024-25 (assessment year 2025-26) as provided in the Finance Act, 2024, and are inclusive of surcharge and education cess as applicable to corporates, unless specified otherwise.

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

Resident individual & HUF (refer note 1)	30% + surcharge & cess
Partnership firms & Indian Companies (<i>other than specified companies below</i>)	30% + surcharge & cess
Indian Companies having turnover less than INR 4000 million during the Financial Year 2022-23	25% + surcharge & cess
Company opting for section 115BA (manufacturing domestic companies)	25% + surcharge & cess
Company opting for section 115BAA (refer note 2)	22% + surcharge & cess
Company opting for section 115BAB (refer note 3)	15% + surcharge & cess
Non-resident Indians	30% + surcharge & cess
Foreign companies	35% + surcharge & cess

Notes to the above table:

1. The Finance Act, 2020 had introduced a new tax regime vide Section 115BAC for individual and HUF to tax the income of such assesseees at lower tax rates if they agree to forego prescribed deductions and exemptions under the Income Tax Act. Under the said provisions, maximum tax rate applicable shall be 30% plus applicable surcharge and education cess.
2. The Taxation Laws (Amendment) Act, 2019 had introduced a lower tax regime for domestic companies vide Section 115BAA thereby levying the lower corporate rate of 22% on such companies, subject to certain conditions, including that the total income should be computed without claiming any deduction (other than deduction under section 80JAA and section 80M), exemption or set off of any loss carried forward or depreciation from any earlier assessment year. Hence, in such case the rate of tax on interest income should be 25.168% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). A company can choose to opt for the new tax rates in the Financial Year 2023-24 (i.e., assessment year 2024-25) or in any other Financial Year in the future. Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years. Further the provisions of Minimum Alternative Tax (MAT) under section 115JB shall not apply.
3. The Taxation Laws (Amendment) Act, 2019 had also introduced a lower tax regime for domestic companies set-up and registered on or after the 1st day of October, 2019, and has commenced manufacturing or production of an article or thing on or before the 31st day of March 2024 vide Section 115BAB thereby levying the lower corporate rate of 15% on such companies, subject to certain conditions including that they do not claim certain deductions. Hence, in such case the rate of tax would be 17.16% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years.
4. The amount of surcharge is calculated as a percentage of the tax payable i.e., the amount of tax not including surcharge and health & education cess. The applicable rate of surcharge in case of companies other than domestic companies (“foreign companies”) is 2% where the income exceeds INR 10 million but is less than or equal to INR 100 million and is 5% where the income exceeds INR 100 million. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 10 million but not exceeding INR 100 million, surcharge of 7% on income tax is applicable under the

old regime. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 100 million, surcharge of 12% is applicable under the old regime. Under the new regime, i.e. domestic companies opting for Section 115BAA or Section 115BAB, surcharge is applicable at flat 10% on income tax is irrespective of amount of total income. In case of firms and LLPs having total income exceeding INR 10 million, surcharge of 12% is applicable.

5. For resident and non-resident taxpayers, including those opting for the new tax regime under Section 115BAC, the following surcharge rates apply:

- **If total income exceeds INR 5 million but is less than or equal to INR 10 million: A surcharge of 10% is levied.**
- **If total income exceeds INR 10 million but is less than or equal to INR 20 million: A surcharge of 15% is levied.**
- **If total income exceeds INR 20 million (excluding capital gains under Sections 111A, 112, 112A, and 115AD(1)(b)): A surcharge of 25% is applicable.**

– For incomes exceeding INR 20 million:

- **On capital gains under Sections 111A,112, 112A, and 115AD(1)(b): A 15% surcharge is applied.**
- **On other income: A surcharge of 25% is levied. From Assessment Year 2024-25 onwards, the surcharge for all taxpayers opting for the new tax regime is capped at 25%. This cap ensures that even if the total income exceeds INR 20 million, the surcharge on capital gains under Sections 111A,112, 112A, and 115AD remains at 15%, while for other income, it is capped at 25%.**

For individuals opting for the old tax regime, a higher surcharge rate of 37% applies if their income exceeds INR 50 million.

Additionally, for an association of persons (AOP) consisting only of companies as its members, the surcharge on the amount of income-tax shall not exceed 15%.

The increase in surcharge on capital gains tax for both domestic and foreign investors, introduced earlier, was rolled back and capped at 15% by the Taxation Laws (Amendment) Act, 2019.

6. Further, Health and Education Cess at the rate of 4% shall be leviable on aggregate of tax and surcharge as per the provisions of the Finance Act, 2024. In this Disclosure Document, we have assumed that the highest surcharge rate would be applicable to an investor.

I. Taxation in hands of Clients

A. Characterization of income

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

Regarding characterization of income from transactions in listed shares and Securities, the Central Board of Direct Taxes (“CBDT”) had issued a clarificatory Circular No. 6 of 2016 dated February 29, 2016, wherein with a view to reduce litigation and maintain consistency in approach in assessments, it has

instructed that income arising from transfer of listed shares and Securities, which are held for more than twelve months would be taxed under the head 'capital gains' unless the tax- payer itself treats these as its stock-in-trade and transfers it thereof as its business income.

In the context of transfer of unlisted shares, the CBDT has issued a clarification vide Instruction No. F.No. 225/12/2016/ITA.II dated May 2, 2016, stating that income arising from transfer of unlisted shares would be considered under the head 'capital gains' irrespective of the period of holding with a view to avoid dispute/ litigation and to maintain uniform approach. However, the above shall not apply in the following cases:

- i.) **The genuineness of transactions in unlisted shares itself is questionable; or**
- ii.) **The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or**
- iii.) **The transfer of unlisted shares is made along with the control and management of underlying business and the Indian revenue authorities would take appropriate view in such situations.**

Further, CBDT has issued clarification stating that the exception to transfer of unlisted Securities made along with control and management of underlying business would not apply to category I & II AIFs.

B. Taxation of resident investors

The tax implications in the hands of resident investors on different income streams are discussed below:

- **Dividend income**
 - **Dividends distributed by an Indian company are taxable in hands of the shareholders/unit holders at the rates applicable to the respective assesses.**
 - **No deduction shall be allowed from dividend income other than interest expense to the extent of 20% of the dividend income.**
 - **Also w.e.f. 1st April 2020 mutual fund / RTA shall be required to deduct TDS at 10 per cent only on dividend payment (above Rs 5000); No tax shall be required to be deducted by the mutual fund on income which is in the nature of capital gain.**
- **Interest income**

Under the IT Act, interest income should be taxable in the hands of the resident investors as under: Interest income received by	Tax rate for the domestic investors
Resident companies (refer note 1)	34.944%
Firms / LLPs	34.944%
Others (Refer Note 2)	As per applicable slab rates, maximum being 42.744%

Notes to the above table:

In case of domestic companies having turnover or gross receipts not exceeding INR 4000 million in the Financial Year 2022-23 (assessment year 2023-24), a lower corporate tax rate of 25% is levied. Hence, in such case the rate of tax on interest income should be 27.82% (considering a

surcharge at the rate of 7% and Health and Education cess at the rate of 4%) and 29.12% (considering a surcharge at the rate of 12% and Health and Education cess at the rate of 4%).

Further, The Taxation Laws (Amendment) Act, 2019 has proposed a lower tax regime for domestic companies vide Section 115BAA thereby levying the lower corporate rate of 22% on such companies, subject to certain conditions, including that the total income should be computed without claiming any deduction, exemption or any set off of any loss carried forward or depreciation from any earlier assessment year. Hence, in such case the rate of tax on interest income should be 25.168% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%).

Assessee opting for tax rates under Section 115BAC may consider relevant tax rate slabs for the purpose of taxation of interest income.

Capital gains

Assuming the gains arising from sale of capital assets such as shares, and Securities of the Indian Portfolio companies is characterized as capital gains in hands of the resident Client, such Client shall be liable to pay taxes on capital gains income as under:

Period of holding

- **Capital assets are classified as long-term capital assets (“LTCA”) or short-term capital assets (“STCA”), based on the period of holding of these Assets. The period of holding of the Asset is computed from the date of acquisition to the date of transfer. Depending on the period of holding for which the shares and Securities are held, the gains would be taxable as short-term capital gains (“STCG”) or long-term capital gains (“LTCG”). This is discussed below:**

Particulars	LTCG tax rate	STCG tax rate	Holding period for long term
Listed equity / units of REITs/InvITs, equity oriented mutual funds	12.50%	20%	More than 12 months
Unlisted equity	12.50%	Applicable rates	More than 24 months
Immovable property (Physical asset)	12.50% without indexation and 20% with indexation	Applicable rates	More than 24 months
Other assets viz. immovable property, gold and other unlisted assets	12.5%	Applicable rates	More than 24 months
Listed debentures / bonds (including Sovereign Gold Bonds and Zero Coupon Bonds)	12.5%	Applicable rates	More than 12 months
Unlisted debentures / bonds / market linked debentures / specified mutual funds	Applicable rates		Deemed short term

Debt Oriented Mutual Funds	12.5%	Applicable rates	More than 24 months
1. Acquired before 1 April 2023			
2. Acquired on or after 1 April 2023	Slab rate, irrespective of holding period		

Taxation of capital gains

- **Depending on the classification of capital gains, the resident investors would be chargeable to tax as per the IT Act as under:**

Nature of Income	Effective Rate of tax i.e. including cess and surcharge as applicable to the highest tax rate		
	Tax rate for beneficiaries who are resident companies %	Tax rates for resident Individuals/ HUF / AOP / BOI %	Tax rates for other residents (Firms, LLPs) %
STCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which Securities Transaction Tax (“STT”) has been paid	23.30	23.92	23.30
Other STCG	34.944 (Refer Note 2)	42.744	34.944
LTCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) units of equity oriented mutual fund and on which STT has been paid (refer note 3 below)	14.56	14.95	14.56
LTCG on transfer of listed Securities [other than units of mutual funds, listed bonds and listed debentures] and on which STT has not been paid	14.56	14.95	14.56
LTCG on transfer of listed bonds and listed debentures (Note 1)	14.56	14.95	14.56
LTCG on transfer of units of mutual fund (listed or unlisted) other than equity- oriented fund	34.944	35.88	34.944
LTCG on transfer of unlisted Securities (other than unlisted bonds and unlisted debentures)	34.944	35.88	34.944
LTCG on transfer of unlisted bonds and unlisted debentures (if sold before 23 rd July 2024)	14.56	14.95	14.56

LTCG on transfer of unlisted bonds and unlisted debentures (if sold on or after 23 rd July 2024)	34.944	35.88	34.944
LTCG on transfer of Immovable property being physical asset in the form of land and building	14.56 without indexation or 23.30 with indexation*	14.95 without indexation or 23.92 with indexation*	14.56 without indexation or 23.92 with indexation*

* Only for immovable properties acquired before 23rd July 2024 for resident individuals and HUFs.

Notes to the above table:

- **The Indian tax authorities may seek to apply a higher rate of 20% (plus applicable surcharge and cess) without indexation on long-term capital gains arising on sale of listed bonds and debentures.**
- **In case of domestic companies having turnover or gross receipts not exceeding INR 4000 million in the Financial Year 2022-23 (assessment year 2023-24), a lower corporate tax rate of 25% plus applicable surcharge and cess is levied. Similarly, relevant lower corporate tax rates will be levied on companies opting for lower tax rates in accordance with Section 115BAA.**
- **The Finance Act, 2018 withdrew exemption from tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. 1 April 2018. The LTCG above INR 1.25 lakh on following transfers shall be taxable at 10% (plus surcharge and cess):**
 - **Listed equity shares (STT paid on acquisition* and transfer)**
 - **Units of equity oriented mutual fund (STT paid on transfer); and**
 - **Units of business trust (STT paid on transfer)**

The Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains and the cost of acquisition of equity shares, equity oriented mutual fund or units of business trust shall be higher of:

- **Actual cost of acquisition; and**
- **Lower of (i) Fair market value as on 31 January 2018; and (ii) Value of consideration received upon transfer**

The Finance Act, 2018 also amended that in such case where the equity shares were unlisted on 31 January 2018 and listed at the time of transfer, the FMV would be after considering indexation benefit on the original cost of acquisition.

*The CBDT has notified a circular to specify the transactions where the condition of STT on acquisition would not apply for applying tax rate of 10% on transfer of listed equity shares.

- **Deemed sale consideration on sale of unquoted shares**

As per Section 50CA of IT Act, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value, then the fair market value would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has issued rules for computation of Fair Market Value (“FMV”) for the purpose of section 50CA of the IT Act. The taxability of such gains would be as discussed above.

- **Proceeds on buy-back of shares by company**

- As per the Finance Act, 2024, proceeds on buyback of shares shall be now considered as ‘deemed dividend’ and taxable in the hands of recipient as ‘Income from other sources’.
- Further, no deductions shall be allowed for any expenditure incurred in earning/ receiving the buyback proceeds.
- For the purpose of capital gains calculation, the sale consideration shall be deemed to be Nil and the resultant capital loss on buyback would be allowed to be set off and/ or carried forward for set off against subsequent capital gains income.
- Deemed income on investment in shares / Securities of unlisted companies in India
- Section 56(2)(x) provides that any assessee receives any property (including shares, debentures etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.
- The CBDT has issued rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.
- Accordingly, such other income would be chargeable to tax (i) at the rate of 34.944% in case of investors being resident companies (ii) at the rate of 34.944% in case of firms/LLPs; and (iii) as per applicable slab rates in case of individuals and others, maximum being 39% under new regime and 42.744% in old regime.
- Provisions related to dividend and bonus stripping
- As per section 94(7) of the IT Act, losses arising from the sale/ transfer of any Securities/units (including redemption) purchased up to 3 months prior to the record date and sold within 3 months (in case of units - 9 months) after such date, will not be allowed to the extent of dividend / income distribution (excluding redemptions) on such Securities/units claimed as tax exempt by the shareholder/unit holder.
- Further, section 94(8) of the IT Act provides that any person who buys or acquires any units within a period of 3 months prior to the record date and such person is allotted additional units without consideration (bonus units) based on the original holding, any subsequent loss on sale of original units within a period of 9 months from the record date, will be ignored for computing the income chargeable to tax. The loss so ignored will be deemed to be the cost of purchase or acquisition of bonus units (held at such time) when these bonus units are subsequently sold.
- Taxation of non-resident investors
- A non-resident investor would be subject to taxation in India only if it derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the IT Act.
- Section 6 of the IT Act was amended by the Finance Act, 2015 to provide that a foreign company should be treated as a tax resident in India if its place of effective management (“POEM”) is in India in that year. The Finance Act, 2016 provided that the said amended provisions are effective from April 1, 2017. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

- The CBDT had vide its circular dated January 24, 2017, issued guiding principles for determination of POEM of a company (“POEM Guidelines”). The POEM Guidelines lays down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had vide circular dated 23 February 2017 clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts of Rs. 500 million or less than Rs 500 million during the Financial Year.
- **Tax Treaty Benefits**
- As per Section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement (“Tax Treaty”) between India and the country of residence of the offshore investor to the extent of availability of Tax Treaty benefits to the offshore investors. However, no assurance can be provided that the Tax Treaty benefits would be available to the offshore investor, or the terms of the Tax Treaty would not be subject to amendment or reinterpretation in the future.
- Section 90(4) of the IT Act provides that in order to claim Tax Treaty benefits, the offshore investor has to obtain a TRC as issued by the foreign tax authorities. Further, the offshore investor should be required to furnish such other information or document as prescribed. In this connection, the CBDT vide its notification dated August 1, 2013, amended Rule 21AB of the IT Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC.
- The details required to be furnished are as follows:
- Status (individual, company, firm, etc.) of the assessee;
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
- Assessee’s tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident.
- Period for which the residential status, as mentioned in the TRC, is applicable; and
- Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

The additional information prescribed above may not be required to be provided if it already forms a part of the TRC.

- The taxability of income of the offshore investor, in the absence of Tax Treaty benefits or from a country with which India has no Tax Treaty, would be as per the provisions of IT Act as discussed in subsequent paragraph.
- **Dividend Income**
- The Finance Act, 2020 has abolished the provisions related to Dividend Distribution Tax (“DDT”) and hence the dividends distributed by an Indian company are taxable in hands of the shareholders/unit holders at the rates applicable to the respective assesseees irrespective of their residential status.

Further, The Finance Act, 2020 has amended Section 57 of the IT Act, in respect of deduction from the dividend income. The said amendment governs that no deduction shall be allowed from dividend income other than interest expense to the extent of 20% of the dividend income.

- **The Finance Act, 2020 has, vide Section 80M, introduced a deduction allowed in case of domestic companies receiving dividends from a domestic company or a foreign company or a business trust. A deduction of the amount of dividends received by a domestic company is allowed in computing the total income to the extent of the amount of dividend distributed by such domestic company.**
- **Interest**
- **Interest income would be subject to tax at the rate of 38.22% for beneficiaries who are non-resident companies. For other non-resident beneficiaries, being individual, HUF, AOP or BOI, interest income would be subject to tax at the rate of 42.744%. For other non-resident beneficiaries, interest income would be subject to tax at the rate of 34.944%. The above rates would be subject to availability of Tax Treaty benefits, if any.**
- **In case the investments made by the non-resident Indian ('NRI') Clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT Act, the interest income from specified assets (which includes debentures issued by public companies) should be taxable at the rate of 28.496% on gross basis.**
- **As per the IT Act, interest on rupee denominated corporate bonds and government securities payable to FPI would be subject to tax at the rate of 5% plus applicable surcharge and cess, if following conditions are satisfied:**
- **Such interest is payable on or after 1 June 2013 and 1 July 2020**
- **Rate of interest does not exceed the rate notified by central government**

If the above concessional tax rate is not available, then the interest income would be subject to tax rate at the rate of 20% plus applicable surcharge and cess for FPI investors.

- **Further, CBDT had issued a press release on September 17, 2018, announcing tax exemption and withholding tax exemption for interest payable by an Indian company or a business trust to a non-resident, including a foreign company, in respect of rupee denominated bond issued outside India during the period from September 17, 2018 to March 31, 2019. The press release also stated that legislative amendments in this regard shall be proposed in due course. The Finance (No. 2) Act, 2019, thereby incorporated the provisions contained in the said press release into the Act by way of inserting the provisions through an amendment in Section 10.**
- **Capital Gains**
- **Period of holding**

Please refer Paragraph 11(l)(B)(c)(i) above for period of holding.

- **Taxation of capital gains**

Depending on the classification of capital gains, the non-resident investors would be chargeable to tax as per the IT Act as under:

Nature of Income	Tax rate for offshore investors foreign company %	Tax rates for non-resident Individuals / HUF / AOP / BOI %	Tax rates for other residents (Firms, LLPs) %
Short-term capital gains on transfer of (i) listed equity shares through the recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund, and on which STT has been paid	21.84	23.92	23.3
Other short-term capital gains	38.22	42.744	34.944
Long-term capital gains on transfer of (i) listed equity shares through the recognised stock exchange, or (ii) units of equity oriented mutual fund and on which STT has been paid (refer note 1)	13.65 (Without indexation)	14.95 (Without indexation)	14.56 (Without indexation)
Long-term capital gains on transfer of listed bonds / listed debentures or other listed	13.65 (Without indexation)	14.95 (Without indexation)	14.56 (Without indexation)
Long-term capital gains on Securities (other than units of mutual fund) on which STT has not been paid	38.22 (Without indexation)	35.88 (Without indexation)	34.944 (Without indexation)
Long-term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity-oriented fund	38.22 (Without indexation)	35.88 (Without indexation)	34.944 (Without indexation)

Notes to the above table:

- **The Finance Act, 2018 has withdrawn exemption from tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. from Financial Year starting from 1 April 2018. The LTCG above INR 1.25 lakh on following transfers shall be taxable at 10% (plus surcharge and cess):**
- **Listed equity shares (STT paid on acquisition* and transfer)**
- **Units of equity oriented mutual fund (STT paid on transfer); and**
- **Units of business trust (STT paid on transfer)**

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains and the cost of acquisition of equity shares, equity oriented mutual fund or units of business trust shall be higher of:

- **Actual cost of acquisition; and Lower of (i) fair market value as on 31 January 2018; and (ii) Value of consideration received upon transfer**

**The CBDT has notified a circular providing certain specified transaction on which condition of paying STT at time of acquisition shall not apply for applying tax rate of 10%.*

- **In case the investments made by the NRI Clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these**

provisions under the IT Act, (i) any long-term capital gains should be taxable at the rate of 14.248% and (ii) any investment income should be taxable at 28.496%.

- **Deemed sale consideration on sale of unquoted shares**

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

- **Buy-back of shares**

Please refer Paragraph 11(I)(B)(d) above for tax implications on income received from buy-back of shares.

- **Deemed income arising at the time of investment in shares of Indian companies in India**

- **As per section 56(2)(x), if any assessee receives any property (including shares, debentures etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.**

- **The CBDT has rules providing mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.**

- **The shortfall in consideration is taxable in the hands of the acquirer as other income earned by a foreign company would be chargeable to tax (i) at the rate of 43.68% in case of offshore investors being foreign companies; (ii) at the rate of 34.944% in case of offshore firms / LLPs; and (iii) as per applicable slab rates in case of non-resident individuals and others, maximum being 42.744%.**

- **Provisions related to dividend and bonus stripping**

- **As per section 94(7) of the IT Act, losses arising from the sale / transfer of any Securities / units (including redemption) purchased up to 3 months prior to the record date and sold within 3 months (in case of units - 9 months) after such date, will not be allowed to the extent of dividend / income distribution (excluding redemptions) on such Securities / units claimed as tax exempt by the shareholder**

/ unit holder.

- **Further, section 94(8) of the IT Act provides that any person who buys or acquires any units within a period of 3 months prior to the record date and such person is allotted additional units without consideration (bonus units) based on the original holding, any subsequent loss on sale of original units within a period of 9 months from the record date, will be ignored for computing the income chargeable to tax. The loss so ignored will be deemed to be the cost of purchase or acquisition of bonus units (held at such time) when these bonus units are subsequently sold.**

14.1.1.1 Others:

- **Securities Transaction Tax (STT)**

- **Delivery based purchases and sales of equity shares traded on recognized Indian stock exchanges are subject to STT at the rate of 0.1% on the transaction value of purchase or sale. Further, STT @0.2% on the transaction value is also leviable on sale of unlisted equity shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on**

a stock exchange. STT is levied on the seller @0.025% on the sale of equity share in a company or unit of an equity oriented mutual fund - transaction in a recognised stock exchange, settled

Indian Companies

The tax treatment of Long Term/Short Term Capital gains derived by companies investing in Portfolio Management Services (PMS) would be the same as detailed for individuals. In case income from PMS is treated as Business Income, the tax rate applicable would be 22% subject to condition that the company will not avail any exemption/incentive. The effective tax rate for these companies shall be 25.17% inclusive of surcharge & cess. However, the Client is advised to consult his/her/their tax consultant for tax treatment of the nature of income indicated therein.

Details under FATCA/Foreign Tax Laws

Tax Regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reporting Standards (CRS), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. Applicants (including joint holders, guardians, POA holders) are required to refer and mandatorily fill/sign off a separate "FATCA declaration form". Applications without this information /declaration being filled/signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided / declaration in the application form may undergo a change on receipt of communication / guidelines from SEBI.

Clients of Co-Investment Portfolio Management Services are requested to go through the respective PPM/Term Sheet of the Schemes for tax implications.

15 Accounting Policies

Books and records would be separately maintained in the name of the Client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the SEBI (Portfolio Management) Regulations, 2020, as amended from time to time. Accounting under the respective Portfolios will be done in accordance with Generally Accepted Accounting Principles in India.

The Portfolio Manager shall keep and maintain proper books of accounts, record and documents for each Client so as to explain transactions for each Client and to disclose at any point of the Portfolio Holding of each Client.

The following accounting policies will be applied for the Portfolio investments of Client:

15.1 Basis of Accounting

The financial statements are prepared on an accrual basis of accounting under the historical cost convention.

15.2 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of financial statements and reported revenues and expenses for the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

15.3 Capital

Capital represents infusions (net of withdrawals, if any) of cash/Securities contributed by the Client.

15.4 Investments

Accounting for investment transactions: Purchase and sale of investments are recorded on trade date basis, after considering brokerage, if any. Securities Transaction Tax levied on purchase/sale of Securities during the financial year is recognised as an expense in the books of accounts. Investments as at the balance sheet date are stated at market value.

- Bonus, rights and splits are recorded on the respective ex-dates notified by the Company.
- Unlisted securities will be valued at cost of acquisition till said securities are listed on a recognized stock exchange(s).
- Securities awaiting listing due to IPO will be valued at allotment price as available in the public domain.
- If listed securities are suspended for a certain period, then up to 30 days of suspension the last traded price will be used for valuation and after 30 days of suspension the valuation methodology will be decided on a case-to-case basis as approved by the Portfolio Manager.

15.5 Revenue Recognition

15.5.1 Profit or loss on sale of investments is recognised on the date of transaction and is determined by applying the first in - first out principle.

15.5.2 Dividend income is accounted on accrual basis on ex-date.

15.5.3 Interest on fixed deposits is accrued on a time proportionate basis at the underlying interest rates.

15.6 Expenses

Treatment of expenses are as follows:

Audit Fees	Allocated based on pre-determined criteria.
Fixed Management Fees & Performance Fees	Accrued in accordance with the PMS Agreement entered with the Client.
Transaction Charges	Brokerage, STT, state levies and GST, custody/fund accounting charges and demat-level transaction charges

15.7 Provision for tax

TDS in respect of realised gains relating to Non-Residents and TDS on Dividend Income is shown as capital withdrawals based on the statement furnished by the Custodian. Tax deducted at source on interest income, dividend etc recorded on confirmation obtained from Bank Account.

Clients of co-investment portfolio management services are requested to go through the respective PPM for tax implications.

16 Investor Services

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

Name:	Mr. Anupam Mohaney
Address:	Unit No. 1252, 5th floor, Solitaire 12, Solitaire Corporate Park, Guru Hargovindji Marg, Andheri-Ghatkopar Link Road, Andheri (East), Mumbai-400 093.
Telephone:	91 22 6292 6800
Email:	investorgrievance.pwm@sparkcapital.in

16.2 Grievance redressal and dispute settlement mechanism

For timely and prompt redressal of grievances and for any queries/clarifications, the Client may contact the above-mentioned executive of the Portfolio Manager. All disputes arising in connection with the Agreement shall to the extent possible, be settled amicably by prompt negotiations between the representatives of the parties. The Portfolio Manager will also endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner, within a period of one month. If the investor remains dissatisfied with the remedies offered or the action of the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms:

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives including any dispute regarding fees & charges shall be settled in accordance with the provision of The Arbitration and Conciliation Act, 1996 or any statutory requirement, modification, or re-enactment thereof for the time being in force. Such arbitration proceedings shall be held at Chennai, Tamil Nadu and conducted in English language.

Investors can also lodge their grievance/ complaint through SCORES (SEBI Complaints Redress System) on <https://scores.gov.in> post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

17 Further, SMART ODR Portal- (Securities Market Approach for Resolution through ODR Portal) can be accessed via the following link - <https://smartodr.in/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.

Date: November 4th 2024

Place: Chennai

GANASHYAM
SETHU
Director: RATHNAM

Digitally signed by GANASHYAM
SETHU RATHNAM
Date: 2024.11.07 16:54:19 +05'30'

Name: Ganashyam Sethurathnam

Director: 

Name: Venkatesh P M

SUNDARAM & SRINIVASAN

CHARTERED ACCOUNTANTS

Offices: Chennai - Mumbai - Bangalore - Madurai

23, C.P. Ramaswamy Road
Alwarpet, Chennai – 600 018

Telephone { 2498 8762
2498 8463
4210 6952

E-Mail: sundaramandsrinivasan1948@gmail.com

Website: www.sundaramandsrinivasan.com

CHARTERED ACCOUNTANT'S CERTIFICATE

We have reviewed the Disclosure Document dated 04-November-2024 pertaining to Portfolio Management Services of **Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited)** with reference to the contents of Disclosure Document as stipulated in Schedule V to the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (the Regulations). Based on our review and the information and explanations given to us, we hereby certify that the items to be stated in the Disclosure Document in terms of the Regulations have been stated.

This certificate is being issued to enable the Company to comply with the requirements of Securities and Exchange Board of India.

For SUNDARAM & SRINIVASAN
Chartered Accountants
FRN No. 004207S

Digitally
USHA signed by
USHA

S. Usha
Partner
Membership No. 211785
UDIN: 24211785BKCSSP3456

Place: Chennai
Date: 04-11-2024

