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SECURITIES AND EXCHANGE BOARD OF INDIA

(PORTFOLIO MANAGERS) REGULATIONS, 2020

(Regulation 22)

Portfolio Manager: 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. S P V R and Associates, No 27, Old No 14, 7th Lane, Shastri Nagar, Adayar, Chennai – 600 020 (Name: R. Vijayalakshmi having Membership No.231395) on January 13, 2022. 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 Family Office and Investment Advisors (India) Private Limited



Deepan Kapadia
Principal Officer

Date: January 13, 2022

CERTIFICATE

We have reviewed the Disclosure Document dated 13/01/2022 pertaining to Portfolio Management Services of **Spark Family Office and Investment Advisors India Private Limited**, Chennai 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 S P V R and Associates
Chartered Accountants
Firm Regn. No. 0016918S

Place: Chennai
Date: 13.01.2022

R. Vijayalakshmi
Partner
Membership No: 231395
UDIN: 22231395AAAAAC7785

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. Deepan Kapadia
Phone	: +91-22-6291 6713
E-mail	: deepan.k@sparkcapital.in
Address	: Unit No. 211, 1 st Floor, Bldg. No. 2, Solitaire Corporate Park, Andheri Kurla Road, Chakala, Andheri East, Mumbai 400 093.

Date: January 13, 2022

Place: Mumbai

Portfolio Manager: Spark Family Office and Investment Advisors (India) Private Limited	
SEBI Registration No.:	INP200007274
Telephone No.:	91 44 4344 0000
Registered Address:	Reflections, No. 2, Leith Castle Center Street Santhome High Road, Santhome Chennai TN 600028

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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 Family Office and Investment Advisors (India) Private Limited (hereinafter referred to as “SFO”) 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. SFO requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to SFO. 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 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 Investment Management Agreement, Non-Discretionary Portfolio Investment Management Agreement and Advisory 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.

“**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

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

“**Custodian(s)**” means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.

“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 relevant disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to 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 that 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.

“PMS Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time.

“Portfolio” means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to this 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 this 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 Family Office and Investment Advisors (India) Private Limited (“SFO”), a company incorporated under the Companies Act, 1956.

“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.

“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 includes shares, scrips, stocks, bonds, warrants, convertible and non-convertible debentures/debenture stocks and other marketable securities of a like nature, fixed return investments, equity linked instruments including derivatives, negotiable instruments, term deposits, money market instruments including commercial paper, certificates of deposit etc., units issued by Mutual Funds, Collective Investment Schemes, Alternative Investment Funds, Mortgage backed or other asset backed securities, derivatives, Security Receipt and any other securities issued by any company/entity/body corporate, Central Government, State Government or any local or statutory authority including Structured Products; gold related securities; and any other instruments or investments as may be permitted by applicable law from time to time.

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

SFO is into 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, SFO was granted a certificate of registration as an Investment Adviser (Registration No. INA20000712) under the SEBI (Investment Advisers) Regulations, 2013. Thereafter, in the year 2018, it secured an AMFI Registration number (ARN No. ARN86685) from the Association of Mutual Funds of India (‘AMFI’), thereby further enabling it to provide distribution services. To further diversify SFO’s business and to make it a full-service wealth management business, SFO in the year 2019 had also obtained a SEBI

broking license (Registration No. INZ000285135) under the SEBI (Stock Brokers) Regulations, 1992 in order to provide brokerage services to its clients.

SFO is promoted by Spark Capital Advisors (India) Private Limited (“Spark Capital”), which is a leading mid-market investment bank that provides focussed solutions to its clients. It has a Category I Merchant Banking, Stock Broking, Depository Participant (DP) and Research Analyst licenses from SEBI. Started by a group of passionate and well-networked finance professionals, Spark Capital is today recognized as a leading go-to investment bank in the South, specifically among mid-market corporates. From assisting corporates raise equity and debt capital from marquee names; to delivering best-in-class research and execution capabilities to institutional investors, Spark Capital’s offerings encompass the full suite of services.

SFO has been 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 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 Reflections, No. 2, Leith Castle Center Street, Santhome High Road, Chennai – 600 028. Spark Capital is a full-service investment bank holding the following licenses with SEBI - Category I Merchant Banker, Stock Broker, Depository Participant and Research Analyst. Spark Capital is also a trading member on BSE and NSE and primarily services both domestic and overseas institutions who wish to invest in the Indian equities market. Spark Capital employs over 152 professionals operating through offices in Mumbai, Bengaluru and Chennai.

Mr. Y Rama Rao*

Mr. Y Rama Rao is one of the founders of the Spark Group and is the Managing Director of Spark Capital. His leadership has helped the Group emerge as a leading investment bank in India. Mr. Rao oversees the team and is closely involved in all the businesses across the company. With over two decades of experience in the financial markets, Mr. Rao gets personally involved when it comes to business advisory and capital raising areas. Mr. Rao, who has over 25 years of work experience, holds a degree in Engineering and is a Management graduate from BIM Trichy – which he thereafter put to good use and honed through his stints at Peregrine Capital, ITC Group and Times Bank.

*As the nominee shareholder of Spark Capital Advisors (India) Private Limited in terms of Section 89 of the Companies Act, 2013.

3.2.2 Directors of the Portfolio Manager:

Name of the Directors	Qualification	Brief Experience
Mr. Y Rama Rao (DIN: 00754305)	B.Tech. and MBA from BIM Trichy	Same as above
Mr. Suresh Babu (DIN: 00754506)	B.Tech. and MBA from BIM Trichy	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.
Mr. Rajesh Krishnakumar Parikh (DIN: 02009165)	B.Sc. (Mathematics), PGDM	Mr. Rajesh K Parikh is the Managing Director of the Portfolio Manager. He has a cumulative experience of over 25 years in broking, investment banking, portfolio management and wealth management space. Before taking over SFO as the MD, he was covering Sales at the Institutional Equities business of Spark Capital Advisors (India) Private Limited and was associated with the company since 2009. Prior to joining Spark Capital, 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.
Mr. Venkatesh Pongaliyur Mysamy (DIN: 05210150)	B.E, M.B.A	Mr. Venkatesh P M is the Deputy Managing Director of the Portfolio Manager. Prior to his role as the Deputy MD, he was with the Institutional Equities team at Spark Capital and has been associated with the group since 2005. Before joining Spark Capital, he has had stints with Intel Corporation, Infosys Limited and Godrej Boyce Manufacturing Company Limited.

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

Sr. No.	Name of the Entity
1.	Spark Capital Advisors (India) Private Limited
2.	Spark Fund Managers Private Limited
3.	Spark Fund Advisors LLP
4.	Spark Alternate Asset Advisors India Private Limited

* The above list is based on the turnover of the group companies/firms of Portfolio Manager as per audited Financial Statements for the F.Y.20-21.

3.3 Services Offered

The Portfolio Manager broadly offers Discretionary Portfolio Management 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 SFO.

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:
- 4.6.1 For Portfolio Manager its directors, principal officers or employees - **Nil**
- 4.6.2 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

Investment Approach

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 Portfolio 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.

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 Strategy would be managed in accordance with the specifications provided by the Portfolio Manager to the Client. The amount invested by the Client may be subject to lock-in period.

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 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.

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 Services

The Portfolio Manager will provide Advisory Services which shall be in the nature of non-binding investment advice and may include the responsibility of inter-alia advising for renewing and reshuffling the portfolio and buying and selling the Securities in the Portfolio. 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.

5.4 Eligible Fund Manager to Eligible Investment Funds

Under these services the Portfolio Manager shall 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 always subject to the Income-tax Act, 1961 and SEBI regulations as amended from time to time.

5.5 Transactions with associates/ group Companies

The Portfolio Manager is a wholly owned subsidiary of Spark Capital. The major activities and offerings of subsidiaries / associates / group companies/ joint venture of SFO are equity broking, research services, investment banking, asset management and distribution of financials services and products. The Portfolio Manager may utilize services of SFO / subsidiaries / associates / joint ventures of SFO 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, the Code and by acting in good faith to develop equitable resolutions of known conflicts.

5.6 INVESTMENT STRATEGIES OFFERED

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

Spark All Seasons Portfolio:

This is a multi-asset class strategy that aims to generate returns through capital appreciation by investing in diversified portfolio across various 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.

In addition, the strategy may also selectively use derivatives for hedging purposes.

The Strategy will also be customized based on 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.

The Strategy aims to outperform a combination of CRISIL Liquid Fund Index and NIFTY 50.

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

Spark LIFE (Large-Cap India Focussed Equities) Portfolio

This Investment Strategy invests only in equity shares of the top 100 listed companies, by market capitalisation, with no preference or restriction across themes or sectors.

The Portfolio is constructed using fundamental, technical and / or quantitative analysis of individual sectors and securities.

The Strategy aims to generate returns in-line with or better than NIFTY 50 Index

Spark HCI (High Conviction Ideas) Portfolio

This Investment Strategy invests only in listed equities with no restrictions or preferences for market capitalisation, themes or sectors.

The Portfolio is constructed using ONLY fundamental analysis of individual securities and their sectors with specific focus on investing for the medium term of between 18 to 36 months.

The Strategy aims to generate absolute returns and hence there is no benchmark for the Strategy

Spark Multi-Asset Class Portfolio (MAP)

This is a multi-asset class strategy that aims to generate returns through capital appreciation by investing in diversified portfolio across various 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).

In addition, the strategy may also selectively use derivatives for hedging purposes.

The Strategy will also be customized based on 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.

The Strategy aims to outperform a combination of CRISIL Liquid Fund Index and NIFTY 50.

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 ticked 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.

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.

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 (vii) 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 5.5

6.2 General Risk Factors:

6.2.2 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 Strategy and asset allocation.

6.2.3 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.

6.2.4 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 developed secondary market, which may restrict the selling ability of such securities thereby resulting in a loss to the Portfolio until such securities are finally sold.

- 6.2.5 Interest Rate Risk: is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon.
- 6.2.6 Acts of state, or sovereign action, acts of nature, acts of war, civil disturbance.
- 6.2.7 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.
- 6.2.8 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.
- 6.2.9 Non-Diversification Risk: The risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments.
- 6.2.10 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.
- 6.2.11 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 - 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.
- 6.2.12 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.
- 6.2.13 Transaction and Settlement Risk: The Portfolio faces additional risks such as timing risks, short delivery or delayed delivery from markets, reduced liquidity, etc.
- 6.2.14 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.

6.2.15 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 services, courier services, auditing services etc.

6.2.16 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.

6.2.17 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.

7. CLIENT REPRESENTATION

7.1 The Company has recently obtained the PMS license from SEBI and hence the performance track record as a Portfolio Manager is not available.

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

A. Names of related parties and nature of relationship are as follows:

Holding Company	:	Spark Capital Advisors (India) Private Limited
Fellow Subsidiaries	:	Spark Fund Managers Private Limited (upto March 20, 2020) Spark Alternative Asset Advisors India Private Limited
Associate of Holding Company	:	Spark Infra Advisors (India) Private Limited (upto January 31, 2020)
Enterprises controlled by Holding Company	:	Spark Fund Advisors LLP Spark Infracity
Subsidiary of fellow subsidiary	:	Spark Fund Managers Private Limited (from March 20, 2020)
Key Management Personnel	:	Mr. Y Rama Rao, Director Mr. Suresh Babu, Director Mr. Pongaliur Mysamy Venkatesh, Whole-time Director (From May 06, 2019) Mr. Prasanna Srinivasan, Director (From May 06, 2019 to September 01, 2020) Mr. Rajesh Kumar Parikh, Whole-time Director (From September 01, 2020)

Particulars	March 31, 2021	March 31, 2020
B. Transactions		
Spark Capital Advisors (India) Private Limited - Holding Company		
Expenses reimbursement	3,87,38,000	2,22,00,000
Issue of equity shares	-	5,12,52,900
Intercorporate Loan received	25,76,10,000	4,88,00,000
Interest on Loan	32,95,832	1,82,465
Income on Advisory Services rendered	7,30,00,000	-
Recovery of Gratuity liability	11,39,190	
Spark Fund Managers Private Limited - Subsidiary of fellow subsidiary		
Income on Distribution Services	15,07,819	5,59,182
Spark Alternative Asset Advisors India Private Limited - Fellow Subsidiary		
Income on Distribution Services	3,59,677	-
Mr. Prasanna Srinivasan - Key Management Personnel		
Loan From Director	-	2,00,00,000
Repayment of Loan	-	2,00,00,000
Mr. Pongaliur Mysamy Venkatesh - Key Management Personnel		
Managerial Remuneration	70,00,000	-
C. Outstanding balance		
Spark Capital Advisors (India) Private Limited		
Equity Share Capital	8,20,00,000	8,20,00,000
Expenses reimbursement payable	15,00,000	26,28,000
Intercorporate Loan payable	2,88,78,934	1,00,00,000
Interest on Loan payable	-	1,35,468
Recoverable of gratuity liability	11,39,190	
Spark Fund Managers Private Limited - Subsidiary of fellow subsidiary		
Income on Distribution Services receivable	7,31,312	2,52,785
Spark Alternative Asset Advisors India Private Limited - Fellow Subsidiaries		
Income on Distribution Services receivable	31,068	-

8. LIST OF STOCKBROKERS WHOSE SERVICES WILL BE UTILISED FOR PMS ACTIVITIES:

List of stockbrokers whom we plan to avail the services of once the license is in place as are under:

1. Spark Family Office and Investment Advisors (India) Private Limited
2. Spark Capital 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 March 31, 2021	As at March 31, 2020	As at March 31, 2019
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
A	Share capital	8.2	8.2	3.07
B	Reserves and surplus	-5.34	-5.87	-2.76
	Total (A)	2.85	2.33	0.32
2	Non-current liabilities			
A	Long-term provisions	0.2	0.07	0.01
	Total (B)	0.2	0.07	0.01
3	Current liabilities			
A	Short-term borrowings	2.89	1	0
B	Trade payables	0.13	0.05	0.04
C	Other current liabilities	8.85	0.64	0.65
D	Short-term provisions	0	0	0
	Total (C)	11.87	1.69	0.69
	TOTAL (A+B+C)	14.93	4.09	1.02
II	ASSETS			
1	Non-current assets			
A	Property, Plant and Equipment	0.46	0.34	0.04
B	Deferred tax asset (net)	0.01	0.01	0.01
C	Long-term loans and advances	6.84	2.47	0.23
	Total (D)	7.31	2.82	0.28
2	Current assets			
A	Trade receivables	0.51	0.02	0
B	Cash and bank balances	4.53	0.15	0.12

Portfolio Management Services – Disclosure Document

	Summary of Assets and Liabilities	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
C	Short-term loans and advances	2.38	0.79	0.04
D	Other current assets	0.2	0.31	0.58
	Total (E)	7.62	1.27	0.74
	TOTAL (D+E)	14.93	4.09	1.02

	Summary of Profit and Loss Information	Period from April 01, 2020 to March 31, 2021	Period from April 01, 2019 to March 31, 2020	Period from April 01, 2018 to March 31, 2019
	Income			
I	Revenue from operations	11.73	2.02	0.96
II	Other income	0.03	0.01	0.04
III	Total Income (I+II)	11.76	2.04	1
IV	Expenses			
	Employee benefit expenses	7.67	5.75	1.37
	Depreciation and amortization	0.15	0.06	0.07
	Finance costs	0.33	0.02	0.02
	Other expenses	3.07	1.72	0.8
	Total Expenses	11.22	7.55	2.26
V	Profit/ (Loss) before tax (III - IV)	0.54	-5.51	-1.26
VI	Tax expenses			
	Current tax	0	0	0
	Deferred tax	0.01	0	0
	Total tax expense	0.01	0	0
VII	Profit/ (Loss) for the period after taxes (V - VI)	0.53	-5.51	-1.26

PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER

THE APPLICANT HAS RECENTLY OBTAINED THE PMS LICENSE HAS NO PREVIOUS TRACK RECORD.

10. AUDIT OBSERVATIONS OF THE PRECEDING 3 YEARS

SFO PMS has recently obtained the PMS license and no audit observations for preceeding 3 years

11. NATURE OF EXPENSES

11.1 The following are indicative types of costs and expenses for Client availing the Portfolio Management Services

The exact basis of charge relating to each of the following services shall be annexed to the PMS Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements.

- a) Fixed management and Performance Fees: The portfolio management fees relate to Portfolio Management Services offered to the Client. The fee may be a fixed fee or performance-based fee or a combination of both, as agreed by the Client in the PMS Agreement. Charges pertaining to partial withdrawal / closure would be levied as per the terms provided in Agreement entered into between Portfolio Manager and Client. 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. The charge structure for each Investment Approach is provided under the respective approach (refer Section 5.1 & 5.2) in the Document.
- b) Brokerage, State Levies, GST, STT: Brokerage on transactions would be levied at the prevailing rates charged by the brokers and /or any such other intermediary (+) 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 at actuals. The sum total of all these charges shall not be in excess of 30bps on transaction value.
- c) Other Operational Charges: Over and above the fixed fee, performance fee and the transactions cost as mentioned above, 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. All these charges, aggregated, shall not exceed the SEBI-prescribed limit of 50 bps for such expenses. These include:
 - d) 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.

11.2 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.

11.3 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, at actuals.

Portfolio Management Services – Disclosure Document

- 11.4 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 would be at actual.
- 11.5 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 would be at actual.
- 11.6 Manner of payment of fees and/ or expenses: The Portfolio Manager shall recover directly from the bank accounts of the Client maintained under PMS, all the fees, transactions cost and other charges as specified above.

Option of Direct on boarding of clients

Investors can also invest in PMS directly 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.

12. 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).

13. TAXATION:

The information set out below outlines the tax implications vis-à-vis investment in listed equity shares of Indian companies based on relevant provisions of the Income- tax Act, 1961, as amended by Finance Act, 2021

General

In view of the individual nature of tax consequences on the income, capital gains or otherwise, arising from investments as also the fact that the provisions of Income-tax Act, 1961 undergo changes frequently, the Client is advised to consult his / her tax consultant for appropriate advice on tax treatment.

Income on investment in equity shares and Equity oriented Mutual funds is subject to tax in the following manner:

Dividends from Shares of Domestic Companies

In terms of the Finance Bill, 2020, the exemption covered under Section 10(34) of the Income tax Act, 1961 was withdrawn. From the financial year 2020-21, Dividend declared, distributed or paid by the Domestic Companies to its shareholders are taxable in the hands of the investors at their normal tax slabs. The Domestic Companies are not liable to pay dividend distribution tax. However, Tax will be deducted at source (TDS) @ 10% on the dividend payout of Rs.5000/- and above under Section 194.

In case of NRI investors, TDS will be deducted at 20% with applicable cess and surcharge under Section 195 subject to DTAA benefits, if any. In case of domestic companies which have declared dividend and are also in receipt of the dividend from another domestic company, a deduction is allowed with respect to the dividend received or the amount distributed as dividend one month prior to the due date of filing return whichever is less under section 80M of the Income Tax Act, 1961

Dividends from Mutual Funds

The Finance Bill 2020, abolished the dividend distribution tax payable by the mutual funds. With effect from 1st April 2020, any income distributed or paid by domestic mutual funds to its unitholders are also taxable in the hands of the investors at their normal tax slabs. However, tax will be deducted at source from the dividend payouts as under:

Type of the Investor Withholding tax Section	Withholding tax	Section
Resident	10%@	194K
Non-Resident Indian	20%**	196A

@ tax is not deductible, if dividend income in respect of units is below Rs.5000/- in a financial year; ** the rate is subject applicable surcharge and cess.

Section 115BBDA –

An additional tax of 10% (plus applicable surcharge and health and education cess) to all resident tax payers, excluding domestic companies and other specified entities on dividend income of more than Rs.10,00,000 p.a. received from a domestic company or companies.

The Finance Act 2020 has inserted following words in the section “but on or before the 31st day of March, 2020”, which means that assessee is no longer required to pay tax u/s 115BBDA where tax is to be paid at the rate of 10% on dividend exceeding Rs. 1Lakh.

Capital Gains from Equity shares and Equity-oriented Mutual funds

- (a) In case the equity shares and units of equity oriented Mutual Fund are held as an investment by a resident and Non-resident and are sold within 12 months from the date of purchase, the resultant gains or losses are termed as short- term capital gains or losses. Short-term gains arising out of transfer of equity shares and units of equity oriented mutual fund on a recognized stock exchange in India and the transaction has been subject to Securities Transaction Tax (“STT”) and/or undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid/payable in foreign currency are taxed at a concessional rate of 15% plus surcharge, education cess, secondary and higher education cess, as applicable.

Further, in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable

to income-tax and the tax on the balance of such short-term capital gains shall be computed at the rate of fifteen per cent

- (b) However, if the transactions have not been done on a recognized stock exchange in India and consequently the transaction has not been subjected to STT then the gains will be taxed (income-tax including surcharge and education cess, secondary and higher education cess) at the rate applicable depending upon the status (i.e. Individual / HUF, Firms, Corporate, etc.) and the income level of Client.
- (c) In case the equity shares and units of equity-oriented fund are held as an investment by resident and non-resident and are sold after 12 months from the date of purchase, the resultant gains or losses are termed as long-term capital gains or losses. Long term gain arising out of transfer of equity shares or units of equity oriented Mutual fund, on a recognized stock exchange in India and the sale transaction has been subjected to STT and/or undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid/payable in foreign currency is exempt from income tax in terms of section 10(38) of the Income-tax Act, 1961.

The calculation of long-term capital gain as stands amended from F.Y. 2018-19, so as to provide that any income arising from the transfer of a long-term capital asset, being an equity share or units of equity oriented Mutual fund or units of Business Trusts in a company shall be taxable @ 10% in excess of Rs 1,00,000, Further no indexation benefit is available for the calculation of long-term capital gain as relief is given in form of all long-term capital gain is grandfathered up to January 31, 2018.

For example, if an equity share is purchased six months before January 31, 2018 at 100/- and the highest price quoted on 31st January, 2018 in respect of this share is 120/-, there will be no tax on the gain of 20/- if this share is sold after one year from the date of purchase. However, any gain in excess of 20 earned after 31st January, 2018 will be taxed at 10% if this share is sold after 31st July, 2018.

- (d) However, if the sale transaction does not take place on a recognized stock exchange in India, the gain would be taxes at 20% plus surcharge, education cess, secondary and higher education cess and any other cess; as applicable in case purchase cost is indexed. It is to be noted that the benefit of Indexation provided u/s 48 is not available for non-resident unitholders.
- (e) In case of an individual or HUF, being a resident of India, where the total income as reduced by such long-term capital gains or short-term capital gains is below the maximum amount which is not chargeable to income-tax then such long-term capital gains or short-term capital gains shall be reduced by such shortfall amount and only remaining balance of such long-term capital gains or short-term capital gains shall be subject to tax at the applicable rate.

Capital Gains from Debt-Oriented mutual funds

Short-term capital gains: Short term capital gains (if the units are sold before three years) from debt mutual funds are taxed as per applicable tax slab rate of the investor. Therefore, if you are in the 30% tax slab then short-term capital gains tax on debt fund is 30% (plus applicable surcharge and health and education cess).

Long-term capital gains: For Residents, the long-term capital gains from debt funds are taxed at 20% with indexation. In case of Non- Resident, it is taxed at 20% with indexation for Listed securities and in case of Unlisted securities it is 10% without indexation to calculate capital gains with indexation, you should index your purchasing cost by multiplying the purchasing cost with the ratio of the cost of inflation index of the year of sale and cost of inflation index of the year of purchase, and then subtract the indexed purchasing cost from sale value.

Any STT paid is neither allowed as a deduction in computing the income chargeable under the head “capital gains” nor allowed as a deduction from the amount of income tax payable on capital gains.

In case of a non-resident Indian’s PMS account, tax is required to be deducted at source, and the same will be deducted from the sales proceeds by the Custodian. The certificate for the same will be provided by them as per the rules laid down by the prescribed Act.

It shall be the Client’s responsibility to meet the obligations on account of advance tax instalments payable on the due dates as per the Income-tax Act, 1961 and as amended from time to time.

Securities Transaction Tax (STT) is applicable on transactions of such purchase or sale equity shares in a company. The STT rates are applicable as per the Finance Act, 2009 and amended thereafter and provided below for adequate clarification:

The STT will be charged as follows:

Nature of Transaction	Payable by	Rate of Tax
Purchase and sale of equity shares on a recognised stock exchange on delivery basis *	Both Purchaser as well as Seller	0.10%
Sale of units of equity oriented mutual funds on a recognised stock exchange on delivery basis *	Seller	0.001%
Purchase of units of equity oriented mutual funds on a recognised stock exchange on delivery basis*	Purchaser	NIL
Sale on stock exchange of equity shares on non-delivery basis	Seller	0.025%
When Option is exercised (In a case where the Option is exercised, the levy will be on the settlement price)	Purchaser	0.125%
When Option is Not exercised (In a case where the Option is not exercised, the levy will be on the Option Premium)	Seller	0.05%
Sale of a Futures in securities in a derivative segment of a recognised stock exchange*	Seller	0.01%

In view of the individual nature of tax benefits, each prospective Client/Investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their availing Portfolio management services, in terms of the provisions of the Income-tax Act, 1961. Client are best advised to take independent opinion from their tax advisors / experts for any income earned from such investments. The Portfolio Manager shall not be responsible for assisting in or completing the fulfilment of the Client’s

tax obligations. The provisions of the Income Tax Act, 1961 shall apply to the Client and the Portfolio Manager in respect of their individual income.

Tax Deducted at Source (TDS): There is no withholding of TDS by the Portfolio Manager. All taxes will have to be discharged at the level of the client. The Portfolio Manager shall provide the client with all relevant statements that will facilitate such a tax discharge.

Dividend stripping:

According to the provisions of Section 94(7) of the Act, the loss arising out of sale of securities/units in the schemes (where dividend is tax free) will not be available for set off to the extent of the tax free dividend declared; if securities/units are: (A) bought within three months prior to the record date fixed for dividend declaration; and (B) sold within three months (securities) / nine months (Units) after the record date fixed for dividend declaration.

Bonus stripping

Under section 94(8) of the Act, for units purchased within a period of three months prior to the record date of entitlement of bonus and sold within a period of nine months after this date the loss arising on the transfer of the original units (while continuing to hold the additional bonus units) shall be ignored for the purpose of computing the income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of purchase / acquisition of the additional units as are held by the Assessee on the date of such sale or transfer

II. The following disclosure regarding general tax rates are recommendatory for complete understanding of tax implications.

Tax rates applicable to individuals & HUF: FY 2021-22

Option A

Income Tax Rates for Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial juridical persons

Total Income	Tax Rates
Up to Rs. 2,50,000(a) (b)	NIL
Rs. 2,50,001 to Rs. 5,00,000(d) (e)	5%
Rs. 5,00,001 to Rs. 10,00,000(d)	20%
Rs. 10,00,001 and above(c)(d)	30%

(a) In case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is Rs. 300,000.

(b) In case of a resident individual of age of 80 years or above, the basic exemption limit is Rs. 500,000.

(c) Rate of surcharge

- 37% on base tax where specified income exceeds Rs. 5 crore;
- **25% where specified income exceeds Rs. 2 crore but does not exceed Rs. 5 crore**
- **15% where total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and**
- **10% where total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore.**

Specified income – Total income excluding income under the provisions of section 111A and 112A of the Act. Marginal relief for such person is available.

(d) Health and Education cess @ 4% on aggregate of base tax and surcharge.

(e) Individuals having total income not exceeding ` Rs. 5 lakhs can avail rebate of lower of actual tax liability or Rs. 12,500.

Option B

The Finance Bill, 2020 has inserted New Personal Tax Regime under section 115BAC:

Total Income	Tax Rates
Up to Rs. 2,50,000	NIL
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 7,50,000	10%
From Rs.7,50,001 to 10,00,000	15%
From Rs.10,00,001 to 12,50,000	20%
From Rs.12,50,001 to 15,00,000	25%
From Rs.15,00,001 and above	30%

For adopting Option B, most of the deductions/exemptions such as section 80C, 80D, etc. are to be foregone. The aforesaid regime is optional.

The option between the current tax regime and new tax regime shall be exercised at the time of filing of return of income. The option shall be exercised for every previous year where the Individual or the HUF has no business income, and in other cases the option once exercised for a previous year shall be valid for that previous year and all subsequent years.

Special rates for non-residents

(1) The following incomes in the case of non-resident are taxed at special rates on gross basis:

Transaction	Rates(a)
Dividend	20%
Interest received on loans given in foreign currency to Indian concern or Government of India.	20%
Income received in respect of units purchased in foreign currency of specified Mutual Funds / UTI	20%
Royalty or fees for technical services(b)	10%
Interest income from a notified infrastructure debt fund	5%
Interest on FCCB, FCEB / Dividend on GDRs	10%

(a) These rates will further increase by applicable surcharge and health and education cess.

(b) In case the non-resident has a Permanent Establishment (PE) in India and the royalty/ fees for technical services paid is effectively connected with such PE, the same could be taxed at 40% (plus applicable surcharge and education cess) on net basis.

(2) Tax on non-resident sportsmen or sports association on specified income @ 20% plus applicable surcharge and health and education cess.

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 the 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. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Applicants (Including joint holders, Guardian, POA holder) 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.

14. 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 and the Client can adopt any specific norm or methodology for valuation of investments or accounting the same may be mutually agreed between them on a case specific basis.

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.

14.1 Basis of Accounting

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

14.2 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 the 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.

14.3 Capital

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

14.4 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 reflected at cost. Investments are allocated to Client based on pre-determined criteria at weighted average price of the day's transaction.

- 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 a 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

14.5 Revenue Recognition

- 14.5.1 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.
- 14.5.1 Dividend income is accounted on accrual basis on ex-date .
- 14.5.2 Interest on fixed deposits is accrued on a time proportionate basis at the underlying interest rates.

14.6 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

14.7 Provision for tax

No provision for tax has been made on the income earned during the period since as per the PMS Agreement, all tax liabilities are the Client’s sole responsibility. Tax deducted at source on interest income, dividend etc recorded on confirmation obtained from Bank Account.

The above accounting policies are proposed to be consistently applied by the Portfolio Manager.

15. INVESTOR SERVICES

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

Name: Mr. Mahesh Agal

Address: Unit No. 211, 1st Floor, Bldg. No. 2, Solitaire Corporate Park, Andheri Kurla Road, Chakala, Andheri East, Mumbai 400 093.

Telephone: 91 22 6292 6800

Email: investorgrievance.pwm@sparkcapital.in

15.2 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 PMS 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 complaint on <http://scores.gov.in/> or may also write to any offices of SEBI.

16. GENERAL: THE PORTFOLIO MANAGER AND THE CLIENT CAN MUTUALLY AGREE TO BE BOUND BY SPECIFIC TERMS THROUGH A WRITTEN TWO-WAY AGREEMENT BETWEEN THEMSELVES IN ADDITION TO THE STANDARD AGREEMENT.

Date: January 13, 2022

Place: Mumbai

Director: _____

Name: Rajesh K Parikh

Director: _____

Name: Venkatesh P M