

**FORM C**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**(PORTFOLIO MANAGERS) REGULATIONS, 2020**  
**(Regulation 22)**  
**Portfolio Manager: Spark Asia Impact Managers Private Limited**  
***(formerly known as Spark Fund Managers 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.
- the Disclosure Document has been duly certified by an independent chartered accountant on September 25, 2023.

Auditor Name	S Usha, Partner, Sundaram & Srinivasan, Chartered Accountants
Registration No.	Member No- 211785
Office Address	No.23, CP Ramaswamy Road, Alwarpet, Chennai- 600018
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**For Spark Asia Impact Managers Private Limited**  
***(formerly known as Spark Fund Managers Private Limited)***

**P Krishnan**  
**Principal Officer**

**Date: September 25, 2023**



**Portfolio Management Services – Disclosure Document**

*(For Private Circulation Only)*

**Disclosure Document for Portfolio Management Services by Spark Asia Impact Managers Private Limited (formerly known as Spark Fund Managers Private Limited)**

This Disclosure Document has been filed with the Securities and Exchange Board of India along with a certificate in the prescribed format in terms of Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.

The purpose of the document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decisions for engaging Spark Asia Impact Managers Private Limited (formerly known as Spark Fund Managers Private Limited) as a Portfolio Manager.

The necessary information about the Portfolio Manager required by an investor before investing is disclosed in the Disclosure Document. Investors should carefully read the entire document before making a decision and should retain it for future reference.

The details of the Principal Officer designated by the Portfolio Manager and the details of the Portfolio Manager are as follows:

<b>Principal Officer: Mr. P. Krishnan</b>	
Telephone No.:	+91 44 6925 0000
E-mail:	krishnan@sparkfund.in
Registered Address:	No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020

<b>Portfolio Manager: Spark Asia Impact Managers Private Limited (formerly known as Spark Fund Managers Private Limited)</b>	
SEBI Registration No.:	INP000006235
Telephone No.:	+91 44 6925 0000
Registered Address:	No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020

**The Disclosure Document is dated September 22, 2023**



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## 1. Disclaimer

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

**Disclaimers in respect of jurisdiction:** The possession, circulation and/or distribution of this document may be restricted or regulated in certain jurisdictions by appropriate laws. No action has been or will be taken by Spark Asia Impact Managers Private Limited (*formerly known as Spark Fund Managers Private Limited*) (hereinafter referred to as “SAIMPL”) 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. SAIMPL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to SAIMPL. Any dispute arising out of this Document shall be subject to the exclusive 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 and as amended from time to time.

“**Accredited Investor**” refers to a client who 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.

“**Agreement**” or “**Portfolio Management Services Agreement**” or “**PMS Agreement**” means the portfolio management agreement executed between the Portfolio Manager and its Client in terms of Regulation 22 and Schedule IV of PMS Regulations.

“**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.

“**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.

“**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 of Securities or the Funds of the Client, as the case may be.

“**Funds**” means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the PMS 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, taking into account 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.

“**Investment Objective**” shall mean any of the current investment objectives or such objectives that may be adopted 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 a Portfolio Manager acts on the instructions received from the Client with regard to investment of Funds of the Client under a contract relating to portfolio management and will exercise no discretion as to the investment or management of the portfolio of Securities or the Funds of the Client, as the case may be.

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

“**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 Asia Impact Managers Private Limited (“**SAIMPL**”) (*formerly known as Spark Fund Managers Private Limited*), a company incorporated under the Companies Act, 2013. and who has obtained a certificate of registration from SEBI to act as a Portfolio Manager under the Regulations.

“**Portfolio**” means all the total holdings of securities managed by the Portfolio Manager on behalf of the Client pursuant to the PMS Agreement and includes any securities mentioned in that Agreement, any further securities placed by the Client with the Portfolio Manager for the purposes of being managed pursuant to such Agreement, securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares on account of any corporate actions in respect of Securities forming part of the Portfolio, so long as the same are managed by the Portfolio Manager pursuant to the PMS Agreement.

“**Principal Officer**” means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:- (i) 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 the Reserve Bank of India.

“**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 Securities and Exchange Board of India.

“Securities” includes:

- i. Shares, scrips stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or a pooled investment vehicle or other body corporate;
- ii. Derivatives;
- iii. Units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- iv. Units or any other such instrument issued to the investors under any mutual fund scheme;
- v. Units or any other instrument issued by any pooled investment vehicle;
- vi. Any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable including mortgage debt, as the case may be;
- vii. Government securities;
- viii. Rights or interests in securities.

### **3. Description**

#### **3.1 History, Present Business and Background of the Portfolio Manager**

Spark Asia Impact Managers Private Limited (SAIMPL) (*formerly known as Spark Fund Managers Private Limited (SFM)*) is a private limited company incorporated under the Companies Act, 2013 on June 8, 2018, having its registered office at No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020.

The license to act as a Portfolio Manager under PMS Regulations was obtained on November 14, 2018 vide registration no. INP000006235.

The Portfolio Manager was earlier promoted by Spark Capital Advisors (India) Private Limited (SCA). In the month of March 2020, SCA transferred 85% of its stake to Spark Asia Impact Private Limited (formerly known as Spark Alternative Asset Advisors India Private Limited). Spark Asia Impact Private Limited is a company incorporated under the Companies Act, 2013 on July 2, 2018.

The name of the Company was changed from Spark Fund Managers Private Limited to Spark Asia Impact Managers Private Limited with effect from March 23, 2022.

SAIMPL had changed its registered office from ‘Reflections’, No. 2, Leith Castle Center Street, Santhome High Road, Chennai - 600028 to No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020 with effect from December 01, 2022.

## **3.2 Promoters of the Portfolio Manager, Directors and their Background**

### **3.2.1 Promoters**

#### **Spark Asia Impact Private Limited (formerly known as Spark Alternative Asset Advisors India Private Limited) (SAI)**

SAI was incorporated on July 2, 2018 as Spark Alternative Asset Advisors India Private Limited to form, set up, incorporate, constitute, manage any pooled investment vehicle as permitted under SEBI (Alternative Investment Funds) Regulations, 2012 and amendments thereof. The name of the entity was changed to Spark Asia Impact Private Limited on June 30, 2022.

Spark Capital Advisors (India) 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 has been bought by Avendus Capital Private Limited with effect from December 20, 2022.

Asia Impact is a company incorporated under the laws of Luxembourg, having its registered office at 9, Rue du Laboratoire – L-1911 Luxembourg. The controlling shareholder i.e., 100% shareholder (and director) of Asia Impact SA is Mr. Paolo Brichetti.

SCA, SAI and Asia Impact entered into the JV agreement as strategic joint venture partners, with the objective of leveraging their mutual expertise to primarily carry out the business of asset management in India.

#### **Mr. P. Krishnan**

Mr. P. Krishnan has over three decades of experience in financial markets, much of it on the buy-side in public markets, with Indian and global asset management groups. Mr. Krishnan was the Portfolio Manager for the first bank sponsored mutual fund scheme in India from State Bank of India Mutual Fund in 1990-92. He was also the fund manager of the first private sector MF in India – Kothari Pioneer MF. He managed the Kothari Pioneer Bluechip Fund in 1993-94. He was an independent equity research analyst in 1994-95; from 1995 to 1998, he served as Director in charge of equity research & institutional sales for Anush Shares & Securities Pvt Ltd, a stock broking house based in Chennai.

Mr. Krishnan had a long career with DNB Asset Management group, one of the top five asset managers in the Nordic region (Part of DNB Group of Norway, which is leading banking & financial services group in Scandinavia). During the 16-year stint with DNB, Krishnan was the Country Manager of the India representative office of DNB Asset Management (Asia) Ltd, Hong Kong, from 1998-2007 and Managing Director of DNB Investment Advisory Services (India) Pvt Ltd (2007-2014), a wholly owned subsidiary of DNB Asset Management (Asia) Ltd, which provided equity research and advisory services to the parent. DNB Investment Advisory Services (India) Private Limited was converted into an LLP in 2014 and continued to provide its services to the DNB Group until 2017.

### **3.2.2 Directors of the Portfolio Manager**



Name of the Directors	Qualification	Brief Experience
<b>Mr. Y Rama Rao</b> (DIN: 00754305)	B.Tech. and MBA from BIM Trichy	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.
<b>Mr. P Krishnan</b> (DIN: 01540624)	B.E Computer Science and PGDM from IIM Bangalore	Same as above.
<b>Mr. Suresh Babu</b> (DIN: 00754506)	B.Tech. and MBA from BIM Trichy	Mr. Suresh Babu is one of the Directors of Spark Capital Advisors (India) Private Limited. At Spark Capital, he focusses on finance, compliance, technology and risk aspects of the business. He was part of the leadership team that conceptualised Spark Capital's entry into the Institutional Equities business. An MBA from BIM, Trichy, he started his career with Synergy Credit Corporation Mumbai, and has had stints with Cholamandalam Securities and IL&FS Investment.

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

Name of the Entity
Spark Financial Holdings Private Limited
Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited – name changed with effect from May 12, 2023)
Spark Asia Impact Private Limited (formerly known as Spark Alternate Asset Advisors India Private Limited)
Spark Capital Advisors (India) Private Limited
Spark Fund Advisors LLP
Spark Infracity

\* The above list is based on the turnover of the group companies/firms of Portfolio Manager as per the audited accounts for financial year ended March 2023.

## 3.3 Services Offered

### 3.3.1 Discretionary Portfolio Management Services



The Portfolio Manager shall exercise sole and absolute discretion as to investment and/ or management of the portfolio of Securities or the Funds of Client as it deems fit and in terms of the PMS Agreement executed with each Client, but always subject to the PMS Regulations. The securities invested and/or disinvested by the Portfolio Manager for Client in the same Investment Approach may differ from Client to Client. The decision of Portfolio Manager (taken in good faith) in deployment of the 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 malafide, fraud, conflict of interest or gross negligence.

Under the Discretionary Portfolio Management Services offered to the Client, the Portfolio Manager shall be acting in fiduciary capacity to the Client's Funds and shall be responsible for managing, renewing and reshuffling the Portfolio, buying and selling 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 financial instruments such as equity, bonds, debentures, mutual fund units, fixed deposits, derivatives instruments, etc. to meet specific requirements of the Client. These products would be managed in accordance with the product specifications provided by the Portfolio Manager to the Client. Every structured product shall have separate term sheet and risk factors that would be read and signed by the Client before investing.

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

### **3.3.2 Non-Discretionary Portfolio Management Services**

Under the Non-Discretionary Portfolio Management Services, the investment decisions of the Portfolio Manager are guided by the instructions received from the Client under the PMS Agreement. The Portfolio Manager's role is limited to providing research, investment advice and trade execution facility to the Client. The Portfolio Manager shall execute orders as per the mandate received from Client.

### **3.3.3 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, buying and selling the securities. 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.

### **3.3.4 Eligible Fund Manager to Eligible Investment Funds**

Under these services the Portfolio Manager may provide fund management services to eligible investment funds subject to the agreement executed between the eligible investment fund and the Portfolio Manager acting as eligible fund manager, subject to approval from the Board as required and to the Income-tax Act, 1961 as amended from time to time.

## **4. Penalties, Pending Litigation or Proceedings, Findings of Inspection or Investigations for which action may have been taken or initiated by any regulatory authority**

SAIMPL hereby confirms that during the financial year 2022-23:

- 4.1** There were no cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act, rules or regulations made thereunder.
- 4.2** No penalties/fines were imposed for any economic offence and/or for violation of any securities laws.

- 4.3 No material litigation / legal proceedings were pending against the Portfolio Manager / key personnel.
- 4.4 No deficiency in the systems and operations of the Portfolio Manager was observed by SEBI or any regulatory agency.
- 4.5 No 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.

In the matter of investigation conducted by SEBI against third parties, SEBI has 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/ Investment Approach Offered

### 5.1 Investment Approaches

Our Investment Approaches will endeavour to generate superior returns from Indian equities leveraging India's structural growth story. This will be based on a broad, but systematic, investing style that is typically (but not always) hinged, on in-depth fundamental research arising out macro and micro trends, specific situations, and themes and opportunities arising from mispricing of assets across sectors and market cap range.

There are currently two types of plans under our investment approaches:

1. **Direct Plan:** Investors have an option to be on-boarded directly into any of the existing Investment Approaches without an intermediary/distributor/channel partner.
2. **Regular Plan:** Investor may choose to invest through an intermediary/distributor/channel partner.

### 5.2 Current Investment Approaches

#### 1. Spark India@75 Flexicap Strategy

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

- i. Investment Objective: To generate long-term capital appreciation/growth by investing in equity and equity-like instruments across the market capitalization curve.
- ii. Description of types of securities: Investments shall be made entirely in listed equities and surplus cash to be parked in liquid/money-market instruments.
- iii. Basis of selection of such types of securities as part of the investment approach: Stocks onboarded to the portfolio will be chosen from an investment universe as arrived at by the Portfolio Manager, basis their assessment of stocks and sectors that can leverage India's growth story as it streams past 75 years as an independent country. Factors that will determine stock selection include, but not limited to, the size the of the growth opportunity, quality of management, strength of the balance sheet, liquidity of the stock and attractiveness of valuation.
- iv. Allocation of portfolio across types of securities: Stocks will be spread across the market-cap curve. The idea is to remain flexible in portfolio construct and have a higher holding in relatively safer large-cap names during phases of elevated valuation/heightened market risk and move to lower market cap bucket when, in the Portfolio Manager's assessment, risks have receded. Cash surpluses may be deployed in money-market/liquid/overnight instruments of mutual fund houses as permitted under the regulation via the direct plan route only.
- v. Appropriate benchmark to compare performance and basis for choice of benchmark: Our benchmark for performance comparison is the NIFTY50 TRI Benchmark, which comprises of

top 50 large cap companies in India and seeks to capture the growth in the Indian economy and the listed universe across sectors. Our investment approach seeks to invest across sectors and across market capitalization while remaining a focused strategy with 20-25 holdings<sup>1</sup> typically. Taking into account our focused approach and emphasis on covering all large sectors through a bottom-up approach, and the risk management emphasis, we believe that NIFTY 50 TRI is the most appropriate benchmark amongst the available options. In addition to its sector coverage, the benchmark blends itself to sector and stock weights to be referenced to facilitate active risk management. This is also a widely followed and well-understood benchmark among investors, who we regard as our target group. 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 NIFTY50.

- vi. Indicative tenure of Stock Holding: Typically, up to 12 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 stocks in a shorter time period based on stock/sector developments, performance versus expectations, valuations, risk considerations or other factors relevant to realising investment objectives.
- vii. Risks associated with the investment approach: Please refer to the section on Risk Factors (Section 6) for a detailed indication of risks involved.

**Fee Structure:**

Management Fees charged may be a Fixed Fee only or a combination of Fixed Fee and Performance Fee - which may be charged at the end of a specified tenure as per the Agreement between the Portfolio Manager and the Client.

**I. Fixed Fee with Performance Fee:**

- i. Fixed management fee - Direct Plan: 0 to 1.75% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly in arrears.
- ii. Fixed management Fee - Regular Plan: 0 to 2% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly in arrears.
- iii. Performance Fee:-

Initial hurdle will be between 0-12%. Performance Fee will be up to 25% of the excess returns over the hurdle, to be reckoned in one or more slabs above the initial hurdle. Performance fee for the Portfolio Manager will be up to 25% of excess returns over the subsequent hurdle rate slabs above the initial hurdle, where such slabs are used.

**II. Fixed Fee without Performance Fee:**

- i. Fixed management fee - Direct Plan: Upto 2.5% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly in arrears.
- ii. Fixed management Fee - Regular Plan: Upto 3% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly in arrears.

GST @ 18% will be applicable on both fixed management fee and performance fee. The Portfolio Manager may launch variants under this approach.

<sup>1</sup> the actual number of stocks can be outside this indicated range in certain market situations

## 2. Spark India@75 Core and Satellite Strategy

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

- i. Investment objective: Seek to generate returns ahead of that generated by a market index by deploying capital both strategically and tactically in a concentrated portfolio of stocks.
- ii. Description of types of securities: Investments shall be made entirely in listed equities, and surplus cash to be parked in debt/money-market instruments.
- iii. Basis of selection of such types of securities as part of the investment approach: Stocks on-boarded to the portfolio will be chosen from an investment universe as arrived at by the Portfolio Manager, basis their assessment of stocks and sectors that can leverage India's growth story as it streams past 75 years as an independent country. Factors that will determine stock selection include, but not limited to, the size the of the growth opportunity, quality of management, strength of the balance sheet, liquidity of the stock and attractiveness of valuation.
- iv. Allocation of portfolio across types of securities: The Portfolio Manager will endeavour to build a portfolio that comprises stocks in the strategic bucket (a longer holding horizon) and a tactical bucket (an opportunistic set of names with a lower holding horizon), as the theme of sector rotation in Indian markets throws up enough choices in the latter bucket. Stocks can also move across both buckets depending on price action and underlying sector dynamics undergoing a material shift. Holdings will be spread across the market cap curve, but as with any concentrated approach, will aim to steer clear of illiquid names and focus on large-caps and larger-sized midcaps. Cash surplus may be parked in liquid/money-market/overnight products of mutual fund houses in accordance with the regulation via direct route only.
- v. Appropriate benchmark to compare performance and basis for choice of benchmark: Our benchmark for performance comparison is the NIFTY 50 TRI Benchmark which comprises of top 50 large cap companies in India and seeks to capture the growth in the Indian economy and the listed universe across sectors. Our Investment Approach seeks to invest across sectors and market capitalization while remaining a focused strategy with 12-20 holdings<sup>2</sup> typically. Taking into account our very focused approach, judicious mix of top-down and bottom-up approach, weights monitoring in key sectors, and risk management emphasis, we believe that NIFTY 50 TRI is the most appropriate benchmark from amongst the available options. Our endeavour to build satellite weights and actively manage the risk return reward aligns well with a 50-stock index. In addition to sector coverage, the benchmark blends itself to sector & stock weights to be referenced to facilitate active risk management. This is also a widely followed and well-understood benchmark among investors who we regard as our target group. 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 NIFTY50.
- vi. Indicative tenure of Stock Holding: Typically, one to two years for core stocks, satellite holdings/weights in certain stocks will have a shorter holding horizon. The Portfolio Manager may also switch out of stocks in a timeframe lower than the indicative holding period of one year.
- vii. Risks associated with the investment approach: Please refer to the section on Risk Factors (Section 6) for a detailed indication of risks involved.

Management Fees charged may be a Fixed Fee only or a combination of Fixed Fee and Performance Fee - which may be charged at the end of a specified tenure as per the Agreement between the Portfolio

<sup>2</sup> the actual number of stocks can be outside this indicated range in certain market situations

Manager and the Client.

**I. Fixed Fee with Performance Fee:**

- i. Fixed management fee - Direct Plan: 0 to 1.75% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly in arrears.
- ii. Fixed management Fee - Regular Plan: 0 to 2% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly in arrears.
- iii. Performance Fee:

Initial hurdle will be between 0-12%. Performance Fee will be up to 25% of the excess returns over the hurdle, to be reckoned in one or more slabs above the initial hurdle. Performance fee for the Portfolio Manager will be up to 25% of excess returns over the subsequent hurdle rate slabs above the initial hurdle, where such slabs are used.

**II. Fixed Fee without Performance Fee:**

- i. Fixed management fee - Direct Plan: Upto 2.5% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly in arrears.
- ii. Fixed management Fee - Regular Plan: Upto 3% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly in arrears.

GST @ 18% will be applicable on both fixed management fee and performance fee, The Portfolio Manager may launch variants under this approach.

**3. Spark India@75 Active Alpha Strategy**

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

- i. Investment objective: Seek to generate returns in excess of a chosen market index by active management of the portfolio, through tactical investments with an overlay of strategic positions.
- ii. Description of types of securities: Investments shall be made entirely in listed equities and, surplus cash may be parked in liquid/money-market/overnight products of mutual funds, where considered practical and prudent.
- iii. Basis of selection of such types of securities as part of the investment approach: Stocks on-boarded to the portfolio will be chosen from an investment universe as arrived at by the Portfolio Manager, basis their assessment of which sectors and stocks can beat the benchmark in an uncertain environment as India has gone past 75 in 2022. There will be an emphasis on tactical sector rotation based on the thesis of shorter business/market cycles as per the assessment of the Portfolio Manager. Factors that will determine stock selection include, but are not limited to, the quality of management, opportunity for alpha generation, sector stock attractiveness on a dynamic basis, strength of the balance sheet, liquidity of the stock and attractiveness of valuation.
- iv. Allocation of portfolio across types of securities: The Portfolio Manager will endeavour to build a portfolio typically comprising of 12-25 stocks though the number of stocks can be less or more in certain market conditions and situations. The portfolio so constructed will aim to beat the benchmark. The deviation from the benchmark may be substantial. One key element of the approach will be to choose stocks with similar characteristics as the stocks in the benchmark in the same or different market cap bucket that have the potential to generate alpha. The Portfolio Manager may also employ other methodologies for stock selection and portfolio construction



including but not limited to quantitative techniques/ fundamental analysis/price-volume study/analysis of behavioral factors/ study of market momentum. The strategy may invest in small/midcaps (definition based on AMFI classification) to the extent of 66% measured at the time of investment. Active sector/stock rotation will guide the extent of deviation from the benchmark in terms of sector/stock choice and weights. The Portfolio Manager may choose to go in for concentrated bets in a sector/stock based on an assessment of alpha generation possibility. Single stock exposure will be limited to 20% at the time of investment and investment in a single sector will be limited to 50% of the portfolio at the time of investment. Passive breach of various thresholds indicated above may be accommodated by the Portfolio Manager based on the assessment of risk return reward. Cash surplus may be parked in liquid/money-market/overnight products of mutual fund houses based on the assessment of the Portfolio Manager in terms of the timing of fund requirement/discretion of the Portfolio Manager and in accordance with the regulation via the direct route only.

- v. Appropriate benchmark to compare performance and basis for choice of benchmark: Our benchmark for performance comparison is Nifty-50 TRI which comprises of top 50 large cap companies in India and seeks to capture the growth in the Indian economy and the listed universe across sectors. The Portfolio Manager considers this to be suitable reference point as it has large and liquid names from various important sectors and is suitable when the main objective is to generate alpha over a well-understood and widely tracked market index. This is an appropriate reference point for an active strategy sought to be employed by the Portfolio Manager in terms of sector distribution, liquidity of constituents and the objective of alpha generation. The potential deviation from the benchmark that the Portfolio Manager may seek to deploy is part of the approach to generate alpha through an active understanding and management of the risks involved.

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 TRI.

- vi. Indicative tenure of Stock Holding: The investment horizon is completely flexible and can vary from one month or less to one year or more. The emphasis is on underlying factors that drive alpha and the desirability of stock/sector rotation in an environment of shorter business cycles. The primary focus is on identifying mispricing and opportunity for alpha and not on the duration of the investment. The Portfolio Manager may also switch out of stocks in a timeframe lower than the typical timeframe indicated or may hold stocks for longer.
- vii. Risks associated with the investment approach: Please refer to the section on Risk Factors (Section 6) for a detailed indication of risks involved.

Fee Structure:

- I. Fixed management fee - Direct Plan:** Shall not exceed 1% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly/half-yearly in arrears.
- II. Fixed management Fee - Regular Plan:** Shall not exceed 1.5% per annum of the daily average AUM, accrued/ charged monthly and paid quarterly/half-yearly in arrears.
- III.** The Fixed Fee may vary over the duration of the agreement based on outcomes from investment performance or other considerations based on a predetermined methodology subject to the cap as outlined in clauses (i) and (ii). Such methodology will be mutually agreed upon between the client and the Portfolio Manager before the beginning of the period to which the change applies.
- IV. Performance Fee:** Performance fee is chargeable according to the methodology detailed out in

one of the two options given below:

**Option 1:** For both Direct Plan and Regular Plan, the performance fee shall be charged above a hurdle rate which will be the return generated by the benchmark on a half yearly/yearly basis. The performance fee will not be in excess of the following:

- 0% - 30% of excess returns over the benchmark up to and including excess returns of 2% p.a on a half yearly / yearly basis.

PLUS

- 0% - 50% of returns that exceed the 2% p.a threshold over the benchmark return as detailed above on a half-yearly/yearly basis.

**Option 2:** For both the Direct Plan and Regular Plan, the performance fee will be charged above a hurdle rate the basis of which is explained below. The performance fee will not be in excess of the following:

- 0% - 20% of excess returns up to and including 3% p.a above the hurdle rate (per annum)

PLUS

- 0% - 30% of excess return exceeding the first threshold of 3% p.a above the hurdle rate (per annum)

Hurdle rate will be based on the compounded annual average return of the benchmark for the five years preceding the date of commencement of the management of the portfolio as per the agreement with the client. The hurdle rate will be +/- 2.5% from the compounded annual return as computed above. The hurdle rate may also be varied during the course of the agreement as mutually agreed to between the client and the Portfolio Manager.

Performance fee may be reckoned on a half yearly/yearly basis.

GST @ 18% will be applicable on both fixed management fee and performance fee, The Portfolio Manager may launch variants under this approach.

*In accordance with SEBI Circular dated December 16, 2022, and APMI Circular dated March 23, 2023 read with clarification dated March 31, 2023, the benchmarks for Investment Approaches are selected from the list prescribed by APMI to reflect the core philosophy of the Strategy and the new benchmarks are adopted with effect from April 1, 2023.*

*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.*

### 5.3 Liquidity management

Across all Investment Approaches, both current as well as proposed, the allocation of Client capital to stocks will be determined by the Portfolio Manager on a dynamic basis that could increase/decrease with time. The uninvested portion of the capital may be invested in instruments such as liquid or money-market or overnight mutual funds/bank deposits/other similar instruments at the discretion of the Portfolio Manager in accordance with the regulations.



**5.4 Minimum Investment Amount**

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and /or Funds for 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 shall have an option 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.

**5.5 Transactions with Associates/Group Companies**

The Portfolio Manager may utilize the services of the group companies and/ or any other subsidiary or associate company, in case such a company is in a position to provide requisite services to the Portfolio Manager. The Portfolio Manager will conduct its business with the aforesaid companies on commercial terms and on arm’s length basis and at mutually agreed terms and conditions and to the extent permitted under all applicable laws after evaluation of the competitiveness of the pricing offered and the services to be provided by them. All potential conflict of interests is 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.

**5.6 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					

**5.7 Details of Diversification Policy**

The Portfolio Manager invests the funds of the clients in accordance with the stated investment objectives of the respective investment strategies. 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 the Client will be achieved.
- 6.1.2** Past performance of the Portfolio Manager does not indicate future portfolio performance/ performance of any future portfolio(s) of the Portfolio Manager.
- 6.1.3** Risk 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.
  - c. Risk arising out of non-diversification: 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.
  - d. There are no transactions of purchase and sale of securities 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.

## **6.2 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 with regard to 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 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.
- 6.2.5** 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: The risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments.
- 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 - 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 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 To the extent the Portfolio Manager engages with group companies for services provided, there are conflicts of interest. Adequate controls are in place to ensure that such conflicts are resolved equitably, and client interest is protected at all times. Names of related parties (with relationships) and transactions entered into with them are disclosed under Section 7.1

## 7. Client Representation

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

Category of Client	As on March 31, 2023		As on March 31, 2022		As on March 31, 2021	
	As on March 31, 2023	As on March 31, 2023	No. of Clients	Funds Managed Amt.	No. of Clients	Funds Managed Amt.
Discretionary Clients	112	226	88	169.95	98	141.95
Non-Discretionary Clients	NA	NA	NA	NA	NA	NA
Clients being Associates or Group Companies	NA	NA	NA	NA	NA	NA
Advisory	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>112</b>	<b>226</b>	<b>88</b>	<b>169.95</b>	<b>98</b>	<b>141.95</b>

### 7.1 Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India – for the FY2022-23.

<b>Entities having Significant influence on the Company</b>	:	Spark Capital Advisors (India) Private Limited
<b>Holding company</b>	:	Spark Asia Impact Private Limited (formerly Spark Alternative Asset Advisors India Private Limited)
<b>Enterprises controlled by entity having significant influence</b>	:	Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited)  Spark Fund Advisors LLP  Spark Infracity  Spark Institutional Equities Private Limited (from January 28, 2022 to March 31, 2022)
<b>Key Management Personnel</b>	:	Mr. P Krishnan, Managing Director Mr. Y Rama Rao, Director Mr. V Suresh Babu, Director
<b>Relatives of Key Managerial Personnel</b>	:	Mrs. Radhika Krishnan

**Transaction during the year**

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

Particulars	March	March	March
	31, 2023	31, 2022	31, 2021
	(Audited)	(Audited)	(Audited)
<b>Spark Capital Advisors (India) Private Limited</b>			
Issue of Equity Share Capital	-	-	-
Transfer of Equity Shares	-	-	-
Reimbursement of Expenses	96,91,840	1,36,95,400	1,25,44,000
Loan Availed	-	5,00,000	-
Interest on Loan	-	1,781	-
<b>Spark Asia Impact Private Limited</b>			
Capital contributed during the year (Including Securities Premium)	6,00,00,000	1,67,00,920	3,51,04,446
Reimbursement of Salaries, wages and bonus paid	23,57,166	34,20,503	-
Reimbursement of Expenses recovered	13,25,747	9,09,019	21,38,160
<b>Spark Financial Holdings Private Limited</b>			
Reimbursement of Expenses	13,02,100	-	-
<b>Spark Fund Advisors LLP</b>			
Reimbursement of Shared Service Expenses received	-	-	-
<b>Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited)</b>			
Distribution charges	21,45,941	32,30,370	15,07,818
<b>Key Management Personnel – Managing Director</b>			
Remuneration	2,25,00,000	2,32,24,600	1,45,00,000
Issue of Equity Share Capital	-	14,99,080	-
Money received on conversion of Share Warrants	-	36,90,000	-
Money received towards Issue of Share Warrants	-	-	4,10,000
Reimbursement of Expenses	1,06,532	4,603	-
Management Fees	8,54,529	18,84,712	5,55,884
<b>Mr. Y Rama Rao</b>			
Portfolio Management fees income	2,66,920	-	-
<b>Relative of Key Managerial Personnel</b>			
Management Fees earned	1,00,816	1,72,618	73,567
<b>C. Outstanding balance</b>			
<b>Spark Capital Advisors (India) Private Limited</b>			
Reimbursement of Expense Payable	69,44,400	2,50,000	5,00,000

Particulars	March	March	March
	31, 2023	31, 2022	31, 2021
	(Audited)	(Audited)	(Audited)
<b>Spark Asia Impact Private Limited</b>			
Equity Share Capital	13,81,55,366	7,81,55,366	6,14,54,446
<b>Spark Fund Advisors LLP</b>			
Reimbursement of Shared Service Expenses receivable	-	-	-
<b>Spark PWM Private Limited</b> <i>(formerly known as Spark Family Office and Investment Advisors (India) Private Limited)</i>			
Distribution charges Payable	-	20,86,494	7,31,312
<b>Spark Financial Holdings Private Limited</b>			
Reimbursement of Expense Payable	8,84,628	-	-
<b>Key Management Personnel – Managing Director</b>			
Director Remuneration payable	-	37,69,467	16,03,000
Equity Share Capital	1,02,49,080	1,02,49,080	46,50,000
Issue of Share Warrants	-	-	4,10,000
Expenses Payable	-	4,603	-
Portfolio Management fees receivable	2,15,499	12,97,889	1,65,463
<b>Mr. Y Rama Rao</b>			
Portfolio Management fees receivable	1,58,583	-	-
<b>Relative of Key Managerial Personnel</b>			
Portfolio Management fees receivable	19,819	98,039	21,371

## 8. List of Stockbrokers whose services are utilised for PMS Activities

1. Spark Institutional Equities Private Limited\*
2. Prabhudas Lilladher Private Limited
3. ICICI Securities Limited
4. IIFL Securities Limited
5. Motilal Oswal Financial Services Limited
6. DAM Capital Advisors Limited

\*Spark Capital Advisors (India) Private Limited (“Spark Capital”), Spark Institutional Equities Private Limited (“Spark IE”) and their respective shareholders have entered a Composite Scheme to demerge the institutional equities business (both stock broking and research) of Spark Capital into Spark IE.

Pursuant to the approval received from NCLT, the institutional equities business of Spark Capital has been demerged into Spark IE with effect from November 26, 2022. Spark IE has commenced the institutional equities business from November 28, 2022.

The Portfolio Manager may avail broking services from other the SEBI registered stockbrokers empanelled by the Portfolio Manager from time to time.

## 9. 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 of March 31, 2023	As of March 31, 2022	As of March 31, 2021
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	Shareholders' funds			
A	Share capital	6.22	4.72	4.06
B	Reserves and surplus	(0.57)	-1.44	-0.51
C	Money received against Share Warrants		-	0.04
	<b>Total (A)</b>	<b>5.65</b>	<b>3.28</b>	<b>3.59</b>
<b>2</b>	<b>Non-current liabilities</b>			
A	Long term borrowings	-	-	-
B	Deferred tax liabilities (net)	-	-	-
C	Long-term provisions	-	-	0.09
	<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>0.09</b>
<b>3</b>	<b>Current liabilities</b>			
A	Short-term borrowings			-
B	Trade payables	1.17	0.81	0.44
	<b>Total (C)</b>	<b>1.17</b>	<b>0.81</b>	<b>0.44</b>
	Summary of Assets and Liabilities	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
C	Other current liabilities	0.50	1.26	0.60
D	Short Term Provision		-	0.01
	<b>Total (C)</b>	<b>1.67</b>	<b>2.06</b>	<b>1.05</b>



	<b>TOTAL (A+B+C)</b>	<b>7.32</b>	<b>5.35</b>	<b>4.73</b>
<b>II</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
A	Property, Plant and Equipment	0.03	0.03	0.02
C	Long-term loans and advances	0.02	0.02	0.04
	Other non current assts	0.02	0.03	-
	<b>Total (D)</b>	<b>0.08</b>	<b>0.08</b>	<b>0.06</b>
2	<b>Current assets</b>			
A	Trade receivables	-	0.00	0.01
B	Cash and bank balances	6.34	2.55	3.08
C	Short-term loans and advances	0.15	0.29	0.25
D	Other current assets	0.75	2.43	1.32
	<b>Total (E)</b>	<b>7.25</b>	<b>5.27</b>	<b>4.67</b>
	<b>TOTAL (D+E)</b>	<b>7.32</b>	<b>5.35</b>	<b>4.73</b>
	<b>Summary of Profit and Loss Information</b>	<b>For the year March 31, 2023</b>	<b>For the year March 31, 2022</b>	<b>For the year March 31, 2021</b>
	<b>Income</b>			
I	Revenue from operations	2.16	3.87	2.40
II	Other income	0.11	0.10	0.08
III	<b>Total Income (I+II)</b>	<b>2.28</b>	<b>3.98</b>	<b>2.48</b>
IV	<b>Expenses</b>			

	Employee benefit expenses	4.22	4.61	3.33
	Depreciation and amortization	0.01	0.02	0.02
	Finance costs	-	0.00	-
	Other expenses	1.67	1.84	1.32
	<b>Total Expenses</b>	<b>5.90</b>	<b>6.47</b>	<b>4.67</b>
V	<b>Loss before tax (III - IV)</b>	<b>(3.62)</b>	<b>-2.49</b>	<b>-2.20</b>
VI	<b>Tax expenses</b>		-	-
VII	<b>Loss for the period after taxes (V - VI)</b>	<b>(3.62)</b>	<b>-2.49</b>	<b>-2.20</b>

## 10. Portfolio Management Performance of the Portfolio Manager

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

Particulars	Inception Date	YE March 31, 2023	YE March 31, 2022	YE March 31, 2021
<b>SPARK ASIA IMPACT MANAGERS PVT LTD</b>	<b>07/02/2019</b>	7.37	23.01	52.14
VS Benchmark: BSE100	-	0.59	19.24	71.46
India@75 Flexicap Strategy	07/02/2019	6.87	22.77	50.25
VS Benchmark BSE 100	-	0.59	19.24	71.46
India@75 Core and Satellite Strategy	20/06/2019	9.73	24.75	68.12
VS Benchmark BSE 100	-	0.59	19.24	71.46

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

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

*Please note the performance of an investor may vary from that of other investors and that generated by the Investment Approach across all investors because of 1) the timing of inflows and outflows of funds; and 2) differences in the portfolio composition because of restrictions and other constraints. For comparative Performance relative to other Portfolio Managers within the selected Strategy, please visit: [https://bit.ly/APMI\\_PMS](https://bit.ly/APMI_PMS).*

## **11. Audit observations**

There have been no material audit observations in the preceding three years.

## **12. Nature of Expenses**

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.

**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) in the Document.

**Brokerage, Stat Levies, GST, STT:** Brokerage and/or Transaction cost 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.

**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 Fund accounting and custodial charges:

**Fund accounting charges** pertains to 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.

**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.

**Audit charges:** Audit Charges including GST, levied by 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.

**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.

Incidental Expenses: A one-time account set-up fee of a maximum of Rs 600 per client (excluding GST) may be charged at the time of a new client onboarding, towards the cost of printing of application form, stamp charges and attendant administrative costs.

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.

### 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.

The Portfolio Manager has decided to outsource the Custodial & Depository services and broking activities.

### 14. 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, 2023.

#### 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:

#### a. 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 2022-23, 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.

#### b. Dividends from Mutual Funds

The Finance Bill 2020 has abolished the dividend distribution tax payable by the mutual funds. With effect from 1<sup>st</sup> 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% <sup>@</sup>	194K
Non-Resident Indian	20% <sup>**</sup>	196A

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

**c. Section 115BBDA**

An additional tax of 10% (plus applicable surcharge and health and education cess) to all resident taxpayers, 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. 1 Lakh.

**d. 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 31<sup>st</sup> 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 31<sup>st</sup> January, 2018 will be taxed at 10% if this share is sold after 31<sup>st</sup> July, 2018.

- (d) However, if the sale transaction does not take place on a recognized stock exchange in India, the gain would be taxed 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.
- e. Capital Gains from Debt-Oriented mutual funds**
- a. **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).
  - b. **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.
  - c. As per recent amendment, gains arising on transfer, redemption or maturity of specified mutual funds acquired on or after April 1, 2023, will deemed to be ‘short-term capital gains’ (regardless of the period of holding).
  - f. Specified mutual fund means a mutual fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies. Accordingly, gains arising on transfer, redemption or maturity of specified mutual funds which were acquired before April 1, 2023 and are held for a period of more than 36 months shall continue to be taxable (along with withholding tax in case of non-resident unit holders) at the rates specified in point e (b) above. 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.
  - g. 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.
  - h. 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.
  - i. 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 recognized stock exchange on delivery basis *	Both Purchaser as well as Seller	0.10%

Nature of Transaction	Payable by	Rate of Tax
Sale of units of equity oriented mutual funds on a recognized stock exchange on delivery basis *	Seller	0.001%
Purchase of units of equity oriented mutual funds on a recognized 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 recognized 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 provisions of the Income-tax Act, 1961. Clients are best advised to take independent opinion from their tax advisors / experts for any income earned from such investments. The Portfolio Manager shall not be responsible for assisting in or completing the fulfilment of the Client's tax obligations. The provisions of the Income Tax Act, 1961 shall apply to the Client and the Portfolio Manager in respect of their individual income.

- j. **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.

**k. 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.

**l. Bonus stripping**

Under section 94(8) of the Act, where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of three months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the Administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive additional units without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of nine months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional units as are held by him on the date of sale or transfer of original units. Further, w.e.f. 1st April 2022, the above provisions shall also apply to purchase of securities, units of business trust and beneficial interest of an investor in an AIFP.



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

**Tax rates applicable to individuals & HUF: FY 2023-24**

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

In case total income includes income by way of dividend on shares and short-term capital gains/long term capital gains on listed equity shares and units of equity oriented mutual fund schemes the rate of surcharge on the said type of income shall not exceed 15%.

\*\* Specified income – Total income excluding income by way of dividend on shares and short-term/ Long term capital gains on listed equity shares and units of equity oriented mutual fund schemes.

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

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

**Option B:**

New Tax Regime for Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial Juridical Persons

Total Income	Tax Rates
Upto Rs.3,00,000	Nil

From Rs.3,00,001 to Rs.6,00,000	5%
From Rs.6,00,001 to Rs.9,00,000	10%
From Rs.9,00,001 to Rs.12,00,000	15%
From Rs.12,00,001 to Rs.15,00,000	20%
Above Rs.15,00,000	30%

a) For adopting new regime, most of the deductions/exemptions such as section 80C, 80D, etc. are to be foregone. However, standard deduction of Rs. 50,000 against salary income is allowed under new regime. This regime is optional. Accordingly, persons as mentioned above have an option to be taxed under either of the options. New Regime once exercised can be changed in subsequent years (not applicable for business income).

b) Resident individuals having total income not exceeding Rs. 7,00,000 can avail rebate of 25,000 or actual tax liability whichever is lower.

c) Rate of surcharge:

- 25% where specified income\* exceeds Rs. 2 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.

In case of AOP, consisting of only companies as its members, the rate of surcharge not to exceed 15%.

\*Specified income – Total income excluding income by way of dividend on shares and short-term capital gains in case of listed equity shares, equity oriented mutual fund units, units of business trust and long-term capital gains".

### 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. 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.

## **15. Accounting Policies**

Books and records would be separately maintained in the name of 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, records 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.

### **(a) Basis of Accounting**

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

### **(b) 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 materialised.

(c) *Capital*

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

(d) *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 recognized as an expense in the books of accounts. Investments at the balance sheet 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 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.

(e) *Revenue Recognition*

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

(f) *Expenses*

Treatment of expenses are as follows:

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

(g) *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 income is recorded on confirmation obtained from Bank Account.

## 16. Investor Services

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

<b>Name:</b>	G.K. Sowmiyah
<b>Address:</b>	No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020

<b>Telephone:</b>	+91 44 6925 0000
<b>Fax:</b>	+91 44 6925 0000
<b>Email:</b>	ir.pms@sparkfund.in

In case of escalation, Client may also approach the Compliance Officer of the Portfolio Manager

<b>Name:</b>	Vilma Mathias Gangahar
<b>Address:</b>	No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020
<b>Telephone:</b>	+91 44 6925 0000
<b>Fax:</b>	+91 44 6925 0000
<b>Email:</b>	<a href="mailto:eam.compliance@sparkcapital.in">eam.compliance@sparkcapital.in</a>

## 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 at the said email address. 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 grievance/ complaint through SCORES (SEBI Complaints Redress System) on <https://scores.gov.in/scores/Welcome.html> post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

Investors can also lodge their complaints along with supporting documents through ODR Portal at <https://smartodr.in/> for online conciliation and online arbitration for resolution of disputes in the securities market.

## 17. General

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

**Date: September 25, 2023**

**Place: Chennai**

Name: Y. Rama Rao

Name: P. Krishnan

# SUNDARAM & SRINIVASAN

CHARTERED ACCOUNTANTS

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## CHARTERED ACCOUNTANT'S CERTIFICATE

We have reviewed the Disclosure Document dated 25th-September-2023 pertaining to Portfolio Management Services of **Spark Asia Impact Managers Private Limited**, Chennai (*formerly known as Spark Fund Managers 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)

S.Usha  
Partner  
Membership No. 211785  
UDIN: 23211785BGWDCA7836

Place: Chennai  
Date: 25th September-2023