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**SECURITIES AND EXCHANGE BOARD OF INDIA
(PORTFOLIO MANAGERS) REGULATIONS, 2020**

(Regulation 22)

Portfolio Manager: Spark Fund Advisors LLP

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 purpose of this Disclosure Document is to provide essential information about the co-investment portfolio management services provided by Spark Fund Advisors LLP (“SFA LLP / Co-investment Portfolio Manager / Portfolio Manager”) in respect of the schemes launched by Spark Midas Investment Trust, a Category II AIF registered with SEBI having registration number: IN/AIF2/23-24/1470.
- 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 Co-investment Portfolio Management Service.
- The Disclosure Document has been duly certified by an independent Chartered Accountant, M/s. S P V R and Associates, No. 27, Old No 14, 7th Lane, Shastri Nagar, Adyar, Chennai – 600 020 (Name: Vijayalakshmi having Membership No.231395) Mobile no: 9841449426) on October 28, 2024. A copy of the certificate issued by the said Chartered Accountant certifying the disclosures made in the Disclosure Document is enclosed with this letter.

For Spark Fund Advisors LLP



Vidhya Bharathi Balasubramaniam

Principal Officer

Date: October 28, 2024



DISCLOSURE DOCUMENT

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

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

The purpose of the Disclosure Document is to provide essential information about the Co-investment Portfolio Management Services in a manner to assist and enable the investors in making informed decision for engaging a Co-investment Portfolio Manager.

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

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

Name of the Principal Officer: Ms. Vidhya Bharathi Balasubramaniam

Phone: +91 44 69250000

E-mail: midasfund1@sparkcapital.in

Address: No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020

Disclosure Document dated: October 28, 2024

Place: Chennai

Portfolio Manager: Spark Fund Advisors LLP	
SEBI Registration No:	INP000008835
Telephone No:	+91 044 6925 0000
Registered Address:	No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020

TABLE OF CONTENTS

1 DISCLAIMER 4

2 DEFINITIONS..... 4

3 DESCRIPTION..... 7

4 PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY 9

5 SERVICES OFFERED 10

6 RISK FACTORS 12

7 CLIENT REPRESENTATION 15

8 THE FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER (BASED ON AUDITED FINANCIAL STATEMENT): 17

9 PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER 19

10 AUDIT OBSERVATIONS OF THE PRECEDING 3 YEARS..... 19

11 NATURE OF FEES AND CHARGES..... 19

12 OPTION OF DIRECT ON BOARDING OF CLIENTS..... 21

13 OUTSOURCING ACTIVITIES..... 21

14 TAXATION..... 21

15 ACCOUNTING POLICIES..... 33

16 INVESTOR SERVICES..... 34

17 GENERAL 35

1 Disclaimer

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

The Client is advised to retain the copy of this Disclosure Document for future reference.

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

2 Definitions

The terms used in this Document will be understood in the ordinary sense unless otherwise specified in this section. Any term used in this Disclosure Document shall have the same meaning as provided in the Regulations. All capitalised terms will have the meaning given to them in the Co-investment Portfolio Management Services Agreement.

“**Act**” shall mean the Securities and Exchange Board of India Act, 1992 as amended from time to time.

“**Additional Returns**” shall have the meaning as ascribed to it under the Agreement.

“**Affiliate**” in relation to the Co- investment Portfolio Manager shall include any company, body corporate, firm, individual, or other person who is in any manner associated with or related to the Co- investment Portfolio Manager, including any partner or employee of the Co- investment Portfolio Manager or any company Controlling, Controlled by or under common Control with the Co- investment Portfolio Manager.

“**Agreement**” means the co-investment portfolio management services agreement entered between the Co-investment Portfolio Manager and the Client/Investor, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.

“**Alternative Investment Fund(s) / “AIF(s)”**” means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which:

- (i) is a privately pooled investment vehicle which collects funds from investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors; and
- (ii) is not covered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities.
- (iii) “**Applicable Law(s)**” means any applicable statute, law, ordinance, regulation including the PMS Regulations and AIF Regulations, circular, rule, order, by law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India, as is in force, from time to time.

“**Contribution Agreement**” shall mean the agreement entered into by and amongst the Trustee, the Co-investment Portfolio Manager, in its capacity as the investment manager and the Client setting out terms and conditions of the Client’s investment in the Fund.

“Co-investment opportunity/ Co-investment” shall mean an investment made by Client in the investee companies where the Fund made an investment.

“Co-investment Contribution” means the amounts contributed by the Client for co-investments in accordance with the terms of the Agreement, read along with the terms of this Document, private placement memorandum and any other AIF related documents, as amended from time to time.

“Co-investment Portfolio Manager” means a Portfolio Manager who is a Manager of a category I or category II AIF and:

- (i) Provides services only to the investors of such category I or category II AIFs; and
- (ii) Makes investment only in unlisted securities of Investee Companies where such category I or category II AIFs make investments: Provided that the Co-investment Portfolio Manager may provide services to investors from any other category I or category II AIFs which are managed by them and are also sponsored by the same Sponsor(s)

Spark Fund Advisors LLP holds a valid certificate of registration from SEBI to act as a Co-investment Portfolio Manager under the Regulations.

“CPMS” means the co-investment portfolio management services provided by the Co-investment Portfolio Manager in accordance with the terms and conditions set out in the Agreement and in accordance with the terms of this Document read along with the terms of the private placement memorandum and any other relevant Fund documents, as amended from time to time.

“Disclosure Document” or “Document” means this document issued by the Co-investment Portfolio Manager.

“Fund / Co-investing Fund” shall mean such Category I or Category II AIFs, which in each case are managed and sponsored by the Co-investment Portfolio Manager.

“Fund Documents” shall mean such documents such as indenture, contribution agreement, investment management agreement, memorandum and any other documents as declared by the Co-investment Portfolio Manager in its capacity as an investment manager to AIF.

“Hurdle Rate” shall have the meaning as ascribed to it under the Agreement.

“Investee Company(ies)” means any company, special purpose vehicle or limited liability partnership or body corporate in which the Fund makes/has made an investment.

“Management Fee” means the management fee payable to the Co-investment Portfolio Manager in accordance with the terms of the Agreement.

“Portfolio or Client Portfolio” shall mean all the total holdings of unlisted Securities of the Portfolio Companies managed by the Co-Investment Portfolio Manager on behalf of the Client pursuant to the Agreement and includes any further unlisted Securities of the Portfolio Companies as invested by the Client along with the Fund through the Co-investment Portfolio Manager for the purposes of being managed pursuant to this Agreement, and bonus and rights shares on account of any corporate actions in respect of unlisted Securities forming part of the Portfolio, so long as the same is managed by the Co-investment Portfolio Manager pursuant to this Agreement.

“Portfolio Investments” means investments in the unlisted Securities of one or more Investee Companies made by the Co-investment Portfolio Manager on behalf of the Clients under the CPMS from time to time.

“Portfolio Manager” means Spark Fund Advisors LLP who pursuant to a contract or arrangement or an Agreement with a Client / Investor, shall undertake CPMS on behalf of the Client / Investor.

“Principal Officer” means an employee of the Co-investment Portfolio Manager who has been designated as such by the Portfolio Manager.

“Portfolio Commencement Date” shall mean the initial date when the payment of the Co-investment Contribution is made by the Client pursuant to the instructions from the Co-investment Portfolio Manager.

“PMS Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.

“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. 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.

“Securities” shall mean and include unlisted Securities/instruments of such Investee Companies where the Fund makes an investment.

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included

only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

3 Description

3.1 History, Present Business and Background of the Portfolio Manager

Spark Fund Advisors LLP is promoted by Spark Capital Advisors (India) Private Limited (“SCA”), which is a mid-market investment bank that provides focused solutions to its clients. SCA has Category I merchant banking from SEBI. Started by a group of passionate and well-networked finance professionals, SCA today is recognized as a leading go-to investment bank in the south, specifically among mid-market corporates. From assisting corporates to raising equity and debt capital from marquee names; to delivering the best-in-class research and execution capabilities to institutional investors, SCA’s offerings encompass the full suite of services.

Spark Fund Advisors LLP shall be a first time Co-investment Portfolio Manager and has not undertaken any co-investment portfolio management activity in the past.

Spark Fund Advisors LLP is acting as investment manager to the following alternative investment funds registered with SEBI:

- 1) Spark Midas Investment Trust. (A category II AIF registered with SEBI) having registration number: IN/AIF2/23-24/1470
- 2) Spark Investment Trust. (A category III AIF registered with SEBI) having registration number: IN/AIF3/17-18/0331

The details of the portfolios / funds managed and/or advised by the Co-investment Portfolio Manager as of March 31, 2024, are as follows:

Name of Fund registered with SEBI	Name of Schemes	Investment Manager’s role	Size of Fund	Amount Invested
Spark Investment Trust	Spark Alpha Fund – I	Manager	44,00,00,0000	41,17,90,643.33
Spark Midas Investment Trust	Spark Midas Investment Fund – I ¹	Manager	-	-

3.2 Promoters of the Portfolio Manager, Directors, Key Management Person and their Background

3.2.1 Promoters

Spark Capital Advisors (India) Private Limited

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

Spark Capital Advisors (India) Private Limited is represented through its authorised signatory – Mr. V Suresh Babu.

Spark Capital Advisors (India) Private Limited (holding company of Spark Fund Advisors LLP) 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

¹ The scheme is yet announced its first close.

Composite Scheme of Demerger. Further the shares of SIE have been bought by Avendus Capital Private Limited with effect from December 20, 2022.

Mr. Y Rama Rao

Mr. Y Rama Rao is one of the founders of the Spark Group and his leadership has helped SCA to emerge as a leading investment bank in India. Mr. Rao oversees a team of more than 200 professionals 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 the corporate finance advisory business and is today a respected and trusted advisor to CEOs of successful companies on business strategy and capital raising. Prior to founding the Spark Group, Mr. Rao worked at Peregrine Capital, ITC Group and Times Bank. He has over 28 years of work experience and holds a degree in engineering and is a management graduate from BIM, Trichy. Mr. Rao is the Sr. Managing Director and CEO of Spark Capital Advisors (India) Private Limited and is also a Director in Spark PWM Private Limited (*formerly known as Spark Family Office and Investment Advisors (India) Private Ltd*), Spark Asia Impact Managers Private Limited (*formerly known as Spark Fund Managers Private Limited*), Spark Financial Holdings Private Limited, Spark Asia Impact Private Limited (*formerly known as Spark Alternative Asset Advisors India Private Limited*) and also a Partner in Spark Fund Advisors LLP. Mr. Rao is also a Director in Kartwheel Kids Private Limited.

3.2.2 Designated Partners of the Portfolio Manager:

Name of the Designated Partners	Qualification	Brief Experience
Mr. Y Rama Rao (DIN: 00754305)	B.Tech. and MBA from BIM Trichy	Same as above
Spark Capital Advisors (India) Private Limited	NA	Same as above.

3.2.3 Key Management Personnel

- Rajesh K Parikh

Rajesh K Parikh has over three decades in financial services in areas such as stock broking, portfolio management and wealth management space. He joined Spark Group with Institutional Equities division and managed Sales. Prior to joining SCA, he had worked at HSBC Invest Direct (India) Limited as Head-PMS, JM Morgan Stanley Financial Services (P) Limited in the Portfolio Management Services space and had also been with Investment Research and Information Services Limited, BNP Prime Peregrine India Private Limited and Peregrine Capital India Private Limited.

- Vidhya Bharathi Balasubramaniam

Ms. Vidhya Bharathi Balasubramaniam has over 14+ years of experience in Investment research and management. Prior to Spark, she worked with TNIFMC, CRISIL, IDBI AMC.

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

Sr. No.	Name of the Entity
1.	Spark Financial Holdings Private Limited
2.	Spark PWM Private Limited (<i>formerly known as Spark Family Office and Investment Advisors (India) Private Limited</i>)
3.	Spark Asia Impact Private Limited (<i>formerly known as Spark Alternate Asset Advisors India Private Limited</i>)
4.	Spark Asia Impact Managers Private Limited (<i>formerly known as Spark Fund Managers Private Limited</i>)
5.	Spark Capital Advisors (India) Private Limited

Sr. No.	Name of the Entity
6.	Spark Infracity

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

3.3 Services/Investment Approach Offered

Under these services, the Co-investment Portfolio Manager will provide co-investment opportunities to investors of AIF. The key features of the said services are provided as follows:

(i) Co-investment Services

The Fund(s) managed by the Co-investment Portfolio Manager (in its capacity as Manager to the Category II AIF), may not be able to fully subscribe to any investment opportunity offered to it (because of size of the opportunity or any other factors), and hence the Co-investment Portfolio Manager may offer the remainder of the opportunity at its discretion to the Investors of the Fund. The terms on which Investors participate in investments alongside the Fund(s) shall not be more favorable than the terms on which the Fund(s) participates in those investments. The Co-investment Portfolio Manager shall endeavour to ensure that any such co-investment terms are not prejudicial to the interest of the Investors. It is clarified that the terms of exit/early withdrawal from an Investee Company will be identical to those of the Co-investing Fund. It is clarified that the Co-investment Portfolio Manager may in accordance with the extant Applicable Law, allow for withdrawal of such Securities of Portfolio Companies which could not be retained as part of the Co-investment in order to comply with the SEBI (Portfolio Manager) Regulations, 2020. Any transactional expenses incurred by the Portfolio Manager shall be shared proportionately between the Investors in the ratio of their Co-investment Contributions or in such other manner as detailed under the Agreement.

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

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

- 4.1 All cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act, rules or regulations made thereunder – Nil
- 4.2 The nature of the penalty/direction – Nil
- 4.3 Penalties imposed for any economic offence and/or for violation of any securities laws – Nil
- 4.4 Any pending material litigation/legal proceedings against the Co-investment Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any – Nil
- 4.5 Any deficiency in the systems and operations of the Co-investment Portfolio Manager observed by SEBI or any regulatory agency – Nil
- 4.6 Any enquiry/adjudication proceedings initiated by SEBI against the Co-investment Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Co-investment Portfolio Manager or its directors, principal officer or employee, under the Act or rules and regulations made thereunder:
- 4.7 For Co-investment Portfolio Manager its directors, principal officers or employees – Nil
- 4.8 For person directly or indirectly connected with the Co-investment Portfolio Manager:

In the matter of investigation conducted by SEBI against third parties, SEBI had initiated enquiry proceedings against Spark Capital in the year 2012. Spark Capital has effectively participated in the enquiry proceedings and provided all the required information to the Designated Authority. They have not heard from SEBI post their reply to the Show Cause Notice on April 25, 2013.

5 Services Offered

5.1 Co-Investment Portfolio Management Services for Spark Midas Investment Trust (“Fund”)

The Co-investment Portfolio Manager acts as an Investment Manager to (i) Spark Midas Investment Trust, a Category II AIF having registration number: IN/AIF2/23-24/1470 and (ii) Spark Investment Trust, a Category III AIF having registration number: IN/AIF3/17-18/0331.

The Co-investment Portfolio Manager may also render co-investment portfolio management services to the investors of Spark Midas Investment Trust (“**Fund**”). The Co-investment Portfolio Manager under the Co-Investment Portfolio Management Services may invest upto 100% of the assets under management in unlisted securities of Investee Companies where Fund has made investment. The Co-investment Portfolio Manager shall be a first time Co-investment Portfolio Manager and has not undertaken any co-investment activities till date.

The Portfolio Manager offers the following product under this Disclosure Document:

Spark Midas Investment Fund – I

A Portfolio which aims to make a diversified spread of investments in Portfolio Companies to generate superior returns for the Contributors. The Investment Manager believes in investing in quality investment opportunities that are easy to understand, have in place a quality management team with a clear vision and focus on business in which it has strengths. The choice of instruments to make investments will also be driven with an objective to achieve a superior risk-adjusted return. The strategy and the composition described more particularly hereinbelow, involve risk and there can be no assurance that specific objectives will be met under differing market conditions or cycles. The investment strategy and the composition of the Portfolio are only indicative in nature and are subject to change within the provisions of the Disclosure Document and the Agreement without any prior notice to Client.

Certain key regulatory requirements in respect of Co-investment Portfolio Management Services are as follows:

- a. The terms of the co-investment in the investee company by the Client shall not be more favourable than the terms on which the Fund invests in such investee company.
- b. The terms of exit from the co-investment in the investee company, including the timing of the exit, shall be identical to the terms applicable to the exit of the Fund.
- c. Early withdrawal of funds by the Client with respect to co-investment portfolio managed under the Co-investment Portfolio Management Services, i.e. by way exiting Securities held in the investee companies, shall be allowed only to the extent the Fund has also made /is making an exit from the investment in the investee companies.

i) Investment Objective and Strategy

The primary objective is to make a diversified spread of investments in Investee Companies to generate superior returns for the Investors. The Portfolio Co-investment Manager believes in investing in quality investment opportunities that are easy to understand, have in place a quality management team with a clear vision and focus on business in which it has strengths. The choice of instruments to make investments will also be driven with an objective to achieve a superior risk-adjusted return.

The Portfolio Manager will primarily invest in equity instruments, quasi-equity instruments such as equity shares, stocks, equity related instruments, preference shares, optionally convertible redeemable preference shares, warrants), debt instruments, and quasi debt-instruments such as bonds, debentures (convertible or non-convertible), optionally convertible debentures, debt instruments (securitised or not) of Portfolio Companies that are operating in, inter alia, the following sectors as defined under the Global Industry Classification Standard (GICS) as developed and maintained by MSCI and S&P Dow Jones Indices:

- Materials, excluding the Industries of Metals & Mining and Paper & Forest Products
- Industrials
- Consumer Discretionary
- Consumer Staples
- Healthcare
- Financials, excluding the Industry of Mortgage Real Estate Investment Trusts (REITs)
- Information Technology
- Communication Services

ii) Type of securities in which Portfolio Manager will invest

The Co-investment Portfolio Manager shall invest the funds of Investors primarily invest in equity instruments, quasi-equity instruments such as equity shares, stocks, equity related instruments, preference shares, optionally convertible redeemable preference shares, warrants), debt instruments, and quasi debt-instruments such as bonds, debentures (convertible or non-convertible), optionally convertible debentures, debt instruments (securitised or not) of Portfolio Companies.

iii) Exit Strategy

While the Product has a long term investment strategy and proposes to benefit from the growth of its Portfolio Companies and receive distributions from them, it may also consider in the interest of Investors, selectively divesting certain Portfolio Investments depending on prevailing conditions and the asset segment. The Portfolio Manager will be responsible for judging the appropriate mechanism, timing and valuation for the exit from each Portfolio Investment. All exits will be at the discretion of the Portfolio Manager.

iv) Temporary Investments

The Product may make temporary investments, pending Portfolio Investments. Temporary investments shall means and include investments in short-term or other securities issued or guaranteed by the Indian government or its agencies or instrumentalities, overnight and short-term bank instruments, bank deposits, money market instruments, units of money market or liquid mutual fund schemes or other instruments as may be determined by the Portfolio Manager.

v) Investment approach of Co-investment Portfolio Manager

The Co-investment Portfolio Manager proposes to primarily provide the co-investment portfolio management services to investors of such Category II AIFs in which the Co-investment Portfolio Manager is acting as the Investment Manager.

Co-investment opportunities to be offered to the Investor by the Co-investment Portfolio Manager shall be at the sole discretion of the Co-investment Portfolio Manager and only in respect of such opportunities for co-investment which are identified by the Portfolio Manager itself.

- a) **Product Name:** Spark Midas Investment Series - I
- b) **Benchmark:** Not Applicable

c) **Fees and Charges:** As per Clause 11

vi) **Details of policies for investments in associates/group companies of the Co-investment Portfolio Manager and the maximum percentage of such investments therein subject to the applicable laws/regulations and guidelines**

Not Applicable

5.2 Transactions with Associates/ Group Companies

The Co-investment Portfolio Manager is a subsidiary of Spark Capital Advisors (India) Private Limited. The major activities and offerings of subsidiaries / associates / group companies/ joint venture of Spark are investment banking, asset management, wealth management and distribution of financial services and products. The Portfolio Manager may utilize services of Spark / subsidiaries / associates / joint ventures of Spark relating to and incidental to Portfolio Management Services. Such utilization will be purely on commercial, arms-length basis and at mutually agreed terms and conditions to the extent and limits permitted under the Regulations. All potential conflict of interests identified above are intended to be managed primarily by complying with Applicable Laws and by acting in good faith to develop equitable resolutions of known conflicts.

The funds shall not be invested in the securities of Associates or Group Companies.

5.3 Minimum Investment Amount

As provided in the PMS Regulations, minimum investment amount shall not apply to the Investors of Co-Investment Portfolio Management Services. However, Co-investment Portfolio Manager has the right to impose minimum/ quantum thresholds, in accordance with the terms of the Co-investment Portfolio Management Services Agreement, in respect of co-investment opportunities which shall be offered to the Investor.

5.4 Details of the diversification policy of the portfolio Manager

Not Applicable

5.5 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					

6 Risk Factors

6.1 Investment Related

Securities investment is subject to market risks and there is no assurance or guarantee that the objective of investments of each client will be achieved.

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

- a) The value of the portfolio can go up or down depending on the factors and forces affecting the capital market and the Portfolio Manager is not responsible or liable for losses resulting from the operations of the portfolios.
- b) The liquidity of the Portfolio investments is inherently restricted by trading volumes in the securities in which the investment is made.

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

The Co-investment Portfolio Manager is a recent entrant in the CPMS business and hence has a performance track record only over a short timeframe.

There are no transactions by Co-investment 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. The Co-investment portfolio management service is subject to risk arising out of non-diversification as the Portfolio Manager under its CPMS will invest only in unlisted securities of such Investee Companies in which the Fund makes investments. The performance of the Client Portfolio would depend on the performance of such Investee Companies.

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

6.2 General Risk Factors

- 6.2.1 **Equity and Equity Related Risks:** Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the funds in a prudent manner in such instruments, such decisions shall not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions. The investment made by the Portfolio Manager are subject to risks arising from the Investment Objective, Investment Approach and asset allocation.
- 6.2.2 **Macro-Economic risks:** Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations regarding industry and exports may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.
- 6.2.3 **Liquidity Risk:** Liquidity of investments in equity and equity related securities are often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market securities, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of such securities thereby resulting in a loss to the Portfolio until such securities are finally sold.
- 6.2.4 **Interest Rate Risk:** This is associated with movement in interest rates, which depend on various factors such as government borrowings, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates falls or rises. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon.
- 6.2.5 **Acts of state, or sovereign action, acts of nature, acts of war, civil disturbance.**

- 6.2.6 **Capital Risk:** The Client stands the risk of total loss of value of an asset which forms part of the Portfolio or its recovery only through an expensive legal process due to factors which by way of illustration include default or non-performance of a third party, company's refusal to register a Security due to legal stay or otherwise, disputes raised by third parties.
- 6.2.7 **Reinvestment Risk:** This risk arises from the uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.
- 6.2.8 **Non-Diversification Risk:** Investments are subject to market risk arising out of non-diversification by the Portfolio Manager, whilst managing the portfolio or making recommendations.
- 6.2.9 **Mutual Fund Risk:** This risk arises from investing in units of Mutual funds. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. In addition, events like change in fund manager of the scheme, take over and mergers of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the mutual fund investment.
- 6.3 Market Risk:** Market values, liquidity and risk, return profile of investments (investment characteristics) in equities are likely to fluctuate depending on performance of the industry, national and international economies, regulations and changes therein, either domestically and internationally, events that are of significant impact such as war, terrorism, sanctions and trade embargoes, natural calamities, acts of God etc. Market values, liquidity and yields of fixed and variable income instruments are likely to fluctuate depending on the prevailing interest rates in the market, liquidity preferences, impact cost changes, re-ratings of the issuer or the instruments, competing instruments, etc.
- 6.4 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.
- 6.5 Transaction and Settlement Risk:** The Portfolio faces additional risks such as timing risks, short delivery or delayed delivery from markets, reduced liquidity, etc.
- 6.6 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.
- 6.7 Allied Service Provider Risk:** The Portfolio faces risks due to other service providers that the Portfolio Manager may engage to render the services such as banking, broking, clearing and settlement, Custodian(s) services, courier services, auditing services etc.
- 6.8 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.
- 6.9 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.

6.10 Any transactions such as purchase and sale of Securities by Co-investment Portfolio Manager and its employees who are directly involved in investment operations are not in conflict of interest with the transactions in any of the Client’s portfolio.

6.11 The Co-investment Portfolio Manager has group companies and there is no conflict of interest related to the services offered by group companies of the Co-investment Portfolio Manager.

7 Client Representation

7.1 The Co-investment Portfolio Manager has no previous experience/track record in the field of co-investment portfolio management services and therefore has no record of representing any persons/entities in the capacity of a Co-investment Portfolio Manager.

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

Spark Fund Advisors LLP	
Related party disclosures	
A. Names of related parties and nature of relationship are as follows:	
Holding Company	: Spark Capital Advisors (India) Private Limited
Fellow subsidiaries	: Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited) Spark Asia Impact Private Limited (formerly known as Spark Alternative Asset Advisors India Private Limited) Spark Infracity
Enterprises on which the Holding Company has significant influence	: Spark Institutional Equities Private Limited (from January 28, 2022 to March 31, 2022)
Key Management Personnel	: Y Rama Rao, Designated Partner
Enterprises on which the Key Managerial Personnel have significant influence	: Spark Financial Holdings Private Limited

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
Spark Capital Advisors (India) Private Limited - Holding Company			
Loan Obtained	25,30,00,000	-	-
Repayment of Loan	25,00,00,000	-	-
Interest Expenses	46,23,907	-	-
Partner's Capital Account contribution-Repaid	-	4,99,95,000	-
Fee for Corporate Guarantee	-	6,66,667	-
Reimbursement of Expenses	4,04,471	-	-
Referral fees	2,00,00,000	-	-
Spark Family Office and Investment Advisors (India) Private Limited			
Referral fees	1,25,00,000	-	-
Reimbursement of deal related expenses	-	-	3,00,00,000
Spark Financial Holdings Private Limited			
Repayment of Loan	1,08,00,000	-	-
Loan Obtained	-	1,08,00,000	-
Interest Expenses	5,97,189	2,219	-
Mr. Y Rama Rao, Designated Partner			
Partner's Capital Account contribution-Repaid	5,000	5,000	-
C. Outstanding Balance			
Spark Capital Advisors (India) Private Limited - Holding Company			
Capital Contribution	49,99,500	49,99,500	5,49,94,500
Loan Obtained	30,00,000	-	-

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
Fee for Corporate Guarantee receivable	-	7,86,667	-
Spark Financial Holding Private Limited			
Loan Obtained O/s	-	1,08,00,000	-
Spark Family Office and Investment Advisors (India) Private Limited			
Reimbursement of deal related expenses payable	-	-	1,00,00,000
Y Rama Rao, Designated Partner			
Capital Contribution	500	500	5,500

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

Summary of Assets and Liabilities	As At	As At	As At
	March 31, 2024	March 31, 2023	March 31, 2022
SOURCE OF FUNDS			
Shareholders' funds			
Partner's capital account	50,00,000	50,00,000	5,50,00,000
Accumulated balance in Revenue Account	(80,63,157)	(95,35,064)	(91,76,300)
	(30,63,157)	(45,35,064)	4,58,23,700
Non-current assets			
Long-term loans and advances	-	32,793	-
Current Assets			
Trade Receivables	-	7,86,667	-
Cash and bank balances	42,10,747	27,25,580	6,17,37,800

Summary of Assets and Liabilities	As At	As At	As At
	March 31, 2024	March 31, 2023	March 31, 2022
Short term loans and advances	1,03,61,949	35,63,617	7,08,000
Other Current Assets	-	-	51,800
Current Investments	37,579	-	-
Total Assets (A)	1,46,10,275	71,08,657	6,24,97,600
Less: Liabilities and Provisions			
Current liabilities			
Trade payables	-	7,20,001	1,59,92,800
Other current liabilities	1,46,03,808	1,23,720	2,30,000
Short-term borrowings	30,00,000	1,08,00,000	-
Short-term provisions	69,624	-	4,51,100
		-	
Total Liabilities and Provisions (B)	1,76,73,432	1,16,43,721	1,66,73,900
Net Assets	(30,63,157)	(45,35,064)	4,58,23,700
Summary of Profit and Loss Information	Period from April 01, 2023 to March 31, 2024	Period from April 01, 2022 to March 31, 2023	Period from April 01, 2021 to March 31, 2022
Income			
Revenue from operations	5,71,60,391	-	4,07,95,300
Other income	60,699	9,57,369	3,49,000
Total Income (I+II)	5,72,21,090	9,57,369	4,11,44,300
Expenses			
Employee benefit expenses	1,27,50,000	-	-

Summary of Assets and Liabilities	As At	As At	As At
	March 31, 2024	March 31, 2023	March 31, 2022
Depreciation and amortization			
Finance costs	52,21,096	2,219	-
Other expenses	3,68,72,356	8,79,089	17,92,800
Total Expenses	5,48,43,452	8,81,308	17,92,800
Profit/ (Loss) before tax (III - IV)	23,77,638	76,061	3,93,51,500
Tax expenses			
MAT credit entitlement	-	(12,000)	-
Current tax	9,05,731	-	-
Pertaining to profit (loss) for the current period	-	12,000	-
Adjustment of tax relating to earlier periods	-	4,34,838	-
Net Tax Expense	9,05,731	4,34,838	14,79,000
Profit after taxes	14,71,907	(3,58,777)	3,78,72,500

9 Portfolio Management Performance of the Portfolio Manager

In respect of co-investment portfolio management services, the performance shall be calculated in the manner as agreed between the Co-investment Portfolio Manager and the client.

10 Audit Observations of the preceding 3 years

Nil

11 Nature of Fees and Charges

The following are indicative types of costs and expenses to be borne by the Investors availing the Co-investment Portfolio Management services. The exact basis of charge relating to each of the following services shall be annexed to the Co-investment Portfolio Management Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements.

11.1 Establishment Costs:

The Portfolio Manager shall be entitled to charge upto 0.5% of their respective Co-investment Contributions. If the Establishment Costs exceed the aforementioned cap, such excess amount will be borne solely by the Co-investment Portfolio Manager.

11.2 Management Fees:

Management Fee will be payable by the Investors to the Co-investment Portfolio Manager at such rate not exceeding 3%, calculated on the entire Co-investment Contribution. The Management Fees will accrue from Portfolio Commencement Date until the termination. The Management Fee shall be finalised mutually between the Client and the Co-investment Portfolio Manager and shall be defined in the Agreement

11.3 Operating Expenses:

The Co-investment Portfolio Manager expects to manage the affairs in such manner that the Operating Expenses do not exceed the estimate of upto 1% (One percent) per annum of the aggregate Co-investment Contributions. These expenses may be incurred by the Portfolio Manager and subsequently reimbursed by the Clients. The annual operating expenses to be borne by the Clients shall include but not be limited to the following:

- Expenses incurred in the operation of the Co-investment Portfolio Management services
- Legal, tax, accounting, audit, consulting and other professional fees;
- Tax (including withholding tax);
- Due diligence expenses;
- Banking, brokerage, broken deal costs, registration, stamp duty, qualification, finders, depositary and similar fees or commissions;
- Costs of preparing financial statements and other reports (including reports to Clients), including printing of quarterly reports, annual reports and pitch-books, marketing material, newsletters;
- Communications, travel, boarding and other expenses incurred by the Portfolio Manager in sourcing, completing, monitoring of investments;
- Legal and statutory expenses of the CPMS, audit/compliance and any other third-party fees and operating expenses, ordinary administrative expenses, related to the CPMS;
- Expenses associated with maintenance of books of accounts and other records of the CPMS;
- Administration, communication, advertising, promotional, operating, and transactional expenses incurred by the CPMS;
- All extra-ordinary and non-recurring expenses related to the CPMS's activities;
- Indemnification obligations of the CPMS, if any;
- Expenses in relation to any litigation that may arise between the Portfolio Manager and any Investee Company or any director, employee, employee union officer, lender, shareholder, administrative union, etc. related to the Investee Company;
- Such other incidental expenses including but not limited to those incurred for honouring indemnification obligations.
- All incidental and ancillary expenses not recovered above but incurred by the Co-investment Portfolio Manager on behalf of the client shall be charged to the Client.
- Any other expenses that the PM incurred for the purpose of providing CPMS services to investors

Any other taxes would be charged from the Client Portfolio, based on actuals. Goods & Services Tax (as applicable) shall be charged to the Clients. Any incidental and ancillary out of pocket expenses: All incidental and ancillary expenses not recovered above but incurred by the Co-investment Portfolio Manager on behalf of the client shall be charged to the Client.

11.4 Additional Return and Hurdle Rate

Hurdle Rate shall not exceed 10%. Additional Return not exceeding 25% will be charged over and above the Hurdle Rate.

11.5 Brokerage and Transaction cost

Costs associates with franking, notarization charges, stamp duty including other taxes will be charged to Client Portfolio based on actuals. GST shall be charged to Client. Any incidental or ancillary expenses shall be borne out of pocket by the Co-investment Portfolio Manager. All incidental or ancillary expenses not recovered above but are incurred by the Co-investment Portfolio Manager on behalf of the Client shall be charged to Client.

12 Option of Direct on boarding of clients

Not Applicable.

13 Outsourcing Activities

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

14 Taxation

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

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

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

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

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

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

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

Notes to the above table:

1. The Finance Act, 2020 had introduced a new tax regime vide Section 115BAC for individual and HUF to tax the income of such assesseees at lower tax rates if they agree to forego prescribed deductions and exemptions under the Income Tax Act. Under the said provisions, maximum tax rate applicable shall be 30% plus applicable surcharge and education cess.
2. The Taxation Laws (Amendment) Act, 2019 had introduced a lower tax regime for domestic companies vide Section 115BAA thereby levying the lower corporate rate of 22% on such companies, subject to certain conditions, including that the total income should be computed without claiming any deduction (other than deduction under section 80JAA and section 80M), exemption or set off of any loss carried forward or depreciation from any earlier assessment year. Hence, in such case the rate of tax on interest income should be 25.168% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). A company can choose to opt for the new tax rates in the Financial Year 2023-24 (i.e., assessment year 2024-25) or in any other Financial Year in the future. Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years. Further the provisions of Minimum Alternative Tax (MAT) under section 115JB shall not apply.
3. The Taxation Laws (Amendment) Act, 2019 had also introduced a lower tax regime for domestic companies set-up and registered on or after the 1st day of October, 2019, and has commenced manufacturing or production of an article or thing on or before the 31st day of March 2024 vide Section 115BAB thereby levying the lower corporate rate of 15% on such companies, subject to certain conditions including that they do not claim certain deductions. Hence, in such case the rate of tax would be 17.16% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years.
4. The amount of surcharge is calculated as a percentage of the tax payable i.e., the amount of tax not including surcharge and health & education cess. The applicable rate of surcharge in case of companies other than domestic companies (“foreign companies”) is 2% where the income exceeds INR 10 million but is less than or equal to INR 100 million and is 5% where the income exceeds INR 100 million. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 10 million but not exceeding INR 100 million, surcharge of 7% on income tax is applicable under the old regime. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 100 million, surcharge of 12% is applicable under the old regime. Under the new regime, i.e. domestic companies opting for Section 115BAA or Section 115BAB, surcharge is applicable at flat 10% on income tax is irrespective of amount of total income. In case of firms and LLPs having total income exceeding INR 10 million, surcharge of 12% is applicable.

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

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

For incomes exceeding INR 20 million:

- On capital gains under Sections 111A, 112, 112A, and 115AD(1)(b): A 15% surcharge is applied.
- On other income: A surcharge of 25% is levied.

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

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

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

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

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

I. Taxation in hands of Clients

A. Characterization of income

Traditionally, the issue of characterization of exit gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the Indian revenue authorities. There have been judicial pronouncements on whether gains from transactions in Securities should be taxed as 'business income' or as 'capital gains'. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case. Regarding characterization of income from transactions in listed shares and Securities, the Central Board of Direct Taxes ("CBDT") had issued a clarificatory Circular No. 6 of 2016 dated February 29, 2016, wherein with a view to reduce litigation and maintain consistency in approach in assessments, it has instructed that income arising from transfer of listed shares and Securities, which are held for more than twelve months would be taxed under the head 'capital gains' unless the tax-payer itself treats these as its stock-in-trade and transfers it thereof as its business income.

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

- The genuineness of transactions in unlisted shares itself is questionable; or
- The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or

- The transfer of unlisted shares is made along with the control and management of underlying business and the Indian revenue authorities would take appropriate view in such situations.

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

B. Taxation of resident investors

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

Dividend income

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

Interest income

Under the IT Act, interest income should be taxable in the hands of the resident investors as under:

Interest income received by	Tax rate for the domestic investors
Resident companies (refer note 1)	34.944%
Firms / LLPs	34.944%
Others (Refer Note 2)	As per applicable slab rates, maximum being 42.744%

Notes to the above table:

In case of domestic companies having turnover or gross receipts not exceeding INR 4000 million in the Financial Year 2022-23 (assessment year 2023-24), a lower corporate tax rate of 25% is levied. Hence, in such case the rate of tax on interest income should be 27.82% (considering a surcharge at the rate of 7% and Health and Education cess at the rate of 4%) and 29.12% (considering a surcharge at the rate of 12% and Health and Education cess at the rate of 4%).

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

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

Capital gains

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

1. Period of holding

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

Particulars	LTCG tax rate	STCG tax rate	Holding period for long term
Listed equity / units of REITs/ InvITs, equity oriented mutual funds	12.50% without indexation	20%	More than 12 months
Unlisted equity	12.50% without indexation	Applicable rates	More than 24 months
Immovable property (Physical asset)	12.50% without indexation and 20% with indexation	Applicable rates	More than 24 months
Other assets viz. immovable property, gold and other unlisted assets	12.5% without indexation	Applicable rates	More than 24 months
Listed debentures / bonds (including Sovereign Gold Bonds and Zero Coupon Bonds)	12.5% without indexation	Applicable rates	More than 12 months
Unlisted debentures / bonds / market linked debentures / specified mutual funds	Applicable rates		Deemed short term
Debt Oriented Mutual Funds 1. Acquired before 1 April 2023	12.5% without indexation	Applicable rates	More than 24 months
2. Acquired on or after 1 April 2023	Slab rate, irrespective of holding period		

Taxation of capital gains

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

Nature of Income	Effective Rate of tax i.e. including cess and surcharge as applicable to the highest tax rate		
	Tax rate for beneficiaries who are resident companies %	Tax rates for resident Individuals/ HUF / AOP / BOI %	Tax rates for other residents (Firms, LLPs) %
STCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which Securities Transaction Tax (“STT”) has been paid	23.30	23.92	23.30
Other STCG	34.944 (Refer Note 2)	42.744	34.944
LTCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) units of equity oriented mutual fund and on which STT has been paid (refer note 3 below)	14.56	14.95	14.56

Nature of Income	Effective Rate of tax i.e. including cess and surcharge as applicable to the highest tax rate		
	Tax rate for beneficiaries who are resident companies %	Tax rates for resident Individuals/ HUF / AOP / BOI %	Tax rates for other residents (Firms, LLPs) %
LTCG on transfer of listed Securities [other than units of mutual funds, listed bonds and listed debentures] and on which STT has not been paid	14.56	14.95	14.56
LTCG on transfer of listed bonds and listed debentures (Note 1)	14.56	14.95	14.56
LTCG on transfer of units of mutual fund (listed or unlisted) other than equity- oriented fund	34.944	35.88	34.944
LTCG on transfer of unlisted Securities (other than unlisted bonds and unlisted debentures)	34.944	35.88	34.944
LTCG on transfer of unlisted bonds and unlisted debentures (if sold before 23 rd July 2024)	14.56	14.95	14.56
LTCG on transfer of unlisted bonds and unlisted debentures (if sold on or after 23 rd July 2024)	34.944	35.88	34.944
LTCG on transfer of Immovable property being physical asset in the form of land and building	14.56 without indexation or 23.30 with indexation*	14.95 without indexation or 23.92 with indexation*	14.56 without indexation or 23.92 with indexation*

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

Notes to the above table:

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

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

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

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

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

- Deemed sale consideration on sale of unquoted shares

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

a) Proceeds on buy-back of shares by company

- As per the Finance Act, 2024, proceeds on buyback of shares shall be now considered as ‘deemed dividend’ and taxable in the hands of recipient as ‘Income from other sources’.
- Further, no deductions shall be allowed for any expenditure incurred in earning/ receiving the buyback proceeds.
- For the purpose of capital gains calculation, the sale consideration shall be deemed to be Nil and the resultant capital loss on buyback would be allowed to be set off and/ or carried forward for set off against subsequent capital gains income.

b) Deemed income on investment in shares / Securities of unlisted companies in India

- Section 56(2)(x) provides that any assessee receives any property (including shares, debentures etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.
- The CBDT has issued rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.
- Accordingly, such other income would be chargeable to tax (i) at the rate of 34.944% in case of investors being resident companies (ii) at the rate of 34.944% in case of firms/LLPs; and (iii) as per applicable slab rates in case of individuals and others, maximum being 39% under new regime and 42.744% in old regime.

c) Provisions related to dividend and bonus stripping

- As per section 94(7) of the IT Act, losses arising from the sale/ transfer of any Securities/units (including redemption) purchased up to 3 months prior to the record date and sold within 3 months (in case of units - 9 months) after such date, will not be allowed to the extent of dividend / income distribution (excluding redemptions) on such Securities/units claimed as tax exempt by the shareholder/unit holder.
- Further, section 94(8) of the IT Act provides that any person who buys or acquires any units within a period of 3 months prior to the record date and such person is allotted additional units without consideration (bonus units) based on the original holding, any subsequent loss on sale of original units within a period of 9 months from the record date, will be ignored for computing the income chargeable to tax. The loss so ignored will be deemed to be the cost of purchase or acquisition of bonus units (held at such time) when these bonus units are subsequently sold.

B. Taxation of non-resident investors

- A non-resident investor would be subject to taxation in India only if it derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the IT Act.

- Section 6 of the IT Act was amended by the Finance Act, 2015 to provide that a foreign company should be treated as a tax resident in India if its place of effective management (“POEM”) is in India in that year. The Finance Act, 2016 provided that the said amended provisions are effective from April 1, 2017. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.
 - The CBDT had vide its circular dated January 24, 2017, issued guiding principles for determination of POEM of a company (“POEM Guidelines”). The POEM Guidelines lays down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had vide circular dated 23 February 2017 clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts of Rs. 500 million or less than Rs 500 million during the Financial Year.
 - Tax Treaty Benefits
 - (i) As per Section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement (“**Tax Treaty**”) between India and the country of residence of the offshore investor to the extent of availability of Tax Treaty benefits to the offshore investors. However, no assurance can be provided that the Tax Treaty benefits would be available to the offshore investor, or the terms of the Tax Treaty would not be subject to amendment or reinterpretation in the future.
 - (ii) Section 90(4) of the IT Act provides that in order to claim Tax Treaty benefits, the offshore investor has to obtain a TRC as issued by the foreign tax authorities. Further, the offshore investor should be required to furnish such other information or document as prescribed. In this connection, the CBDT vide its notification dated August 1, 2013, amended Rule 21AB of the IT Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC.
 - (iii) The details required to be furnished are as follows:
 - Status (individual, company, firm, etc.) of the assessee;
 - Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
 - Assessee’s tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident.
 - Period for which the residential status, as mentioned in the TRC, is applicable; and
 - Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.
- The additional information prescribed above may not be required to be provided if it already forms a part of the TRC.
- The taxability of income of the offshore investor, in the absence of Tax Treaty benefits or from a country with which India has no Tax Treaty, would be as per the provisions of IT Act as discussed in subsequent paragraph.
 - a) Dividend Income
 - The Finance Act, 2020 has abolished the provisions related to Dividend Distribution Tax (“DDT”) and hence the dividends distributed by an Indian company are taxable in hands of the shareholders/unit holders at the rates applicable to the respective assesseees irrespective of their residential status.
 - Further, The Finance Act, 2020 has amended Section 57 of the IT Act, in respect of deduction from

the dividend income. The said amendment governs that no deduction shall be allowed from dividend income other than interest expense to the extent of 20% of the dividend income.

- The Finance Act, 2020 has, vide Section 80M, introduced a deduction allowed in case of domestic companies receiving dividends from a domestic company or a foreign company or a business trust. A deduction of the amount of dividends received by a domestic company is allowed in computing the total income to the extent of the amount of dividend distributed by such domestic company.

b) Interest

- Interest income would be subject to tax at the rate of 38.22% for beneficiaries who are non-resident companies. For other non-resident beneficiaries, being individual, HUF, AOP or BOI, interest income would be subject to tax at the rate of 42.744%. For other non-resident beneficiaries, interest income would be subject to tax at the rate of 34.944%. The above rates would be subject to availability of Tax Treaty benefits, if any.
- In case the investments made by the non-resident Indian ('NRI') Clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT Act, the interest income from specified assets (which includes debentures issued by public companies) should be taxable at the rate of 28.496% on gross basis.
- As per the IT Act, interest on rupee denominated corporate bonds and government securities payable to FPI would be subject to tax at the rate of 5% plus applicable surcharge and cess, if following conditions are satisfied:
- Such interest is payable on or after 1 June 2013 and 1 July 2020
- Rate of interest does not exceed the rate notified by central government If the above concessional tax rate is not available, then the interest income would be subject to tax rate at the rate of 20% plus applicable surcharge and cess for FPI investors.
- Further, CBDT had issued a press release on September 17, 2018, announcing tax exemption and withholding tax exemption for interest payable by an Indian company or a business trust to a non-resident, including a foreign company, in respect of rupee denominated bond issued outside India during the period from September 17, 2018 to March 31, 2019. The press release also stated that legislative amendments in this regard shall be proposed in due course. The Finance (No. 2) Act, 2019, thereby incorporated the provisions contained in the said press release into the Act by way of inserting the provisions through an amendment in Section 10.

c) Capital Gains

(iv) Period of holding

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

(v) Taxation of capital gains

Depending on the classification of capital gains, the non-resident investors would be chargeable to tax as per the IT Act as under: Nature of Income	Tax rate for offshore investors foreign company %	Tax rates for non-resident Individuals / HUF / AOP / BOI %	Tax rates for other residents (Firms, LLPs) %
Short-term capital gains on transfer of (i) listed equity shares through the recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund, and on which STT has been paid	21.84	23.92	23.3
Other short-term capital gains	38.22	42.744	34.944

Depending on the classification of capital gains, the non-resident investors would be chargeable to tax as per the IT Act as under: Nature of Income	Tax rate for offshore investors foreign company %	Tax rates for non-resident Individuals / HUF / AOP / BOI %	Tax rates for other residents (Firms, LLPs) %
Long-term capital gains on transfer of (i) listed equity shares through the recognised stock exchange, or (ii) units of equity oriented mutual fund and on which STT has been paid (refer note 1)	13.65 (Without indexation)	14.95 (Without indexation)	14.56 (Without indexation)
Long-term capital gains on transfer of listed bonds / listed debentures or other listed	13.65 (Without indexation)	14.95 (Without indexation)	14.56 (Without indexation)
Long-term capital gains on Securities (other than units of mutual fund) on which STT has not been paid	38.22 (Without indexation)	35.88 (Without indexation)	34.944 (Without indexation)
Long-term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity- oriented fund	38.22 (Without indexation)	35.88 (Without indexation)	34.944 (Without indexation)

Notes to the above table:

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

- Listed equity shares (STT paid on acquisition* and transfer)
- Units of equity oriented mutual fund (STT paid on transfer); and
- Units of business trust (STT paid on transfer)

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

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

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

1. In case the investments made by the NRI Clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT Act, (i) any long-term capital gains should be taxable at the rate of 14.248% and (ii) any investment income should be taxable at 28.496%.

(i) Deemed sale consideration on sale of unquoted shares

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

d) Buy-back of shares

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

e) Deemed income arising at the time of investment in shares of Indian companies in India

- As per section 56(2)(x), if any assessee receives any property (including shares, debentures etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.
- The CBDT has rules providing mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.
- The shortfall in consideration is taxable in the hands of the acquirer as other income earned by a foreign company would be chargeable to tax (i) at the rate of 43.68% in case of offshore investors being foreign companies; (ii) at the rate of 34.944% in case of offshore firms / LLPs; and (iii) as per applicable slab rates in case of non- resident individuals and others, maximum being 42.744%.
 - f) Provisions related to dividend and bonus stripping
- As per section 94(7) of the IT Act, losses arising from the sale / transfer of any Securities / units (including redemption) purchased up to 3 months prior to the record date and sold within 3 months (in case of units - 9 months) after such date, will not be allowed to the extent of dividend / income distribution (excluding redemptions) on such Securities / units claimed as tax exempt by the shareholder / unit holder.
- Further, section 94(8) of the IT Act provides that any person who buys or acquires any units within a period of 3 months prior to the record date and such person is allotted additional units without consideration (bonus units) based on the original holding, any subsequent loss on sale of original units within a period of 9 months from the record date, will be ignored for computing the income chargeable to tax. The loss so ignored will be deemed to be the cost of purchase or acquisition of bonus units (held at such time) when these bonus units are subsequently sold.

Others:

I. Securities Transaction Tax (STT)

- Delivery based purchases and sales of equity shares traded on recognized Indian stock exchanges are subject to STT at the rate of 0.1% on the transaction value of purchase or sale. Further, STT @0.2% on the transaction value is also leviable on sale of unlisted equity shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a stock exchange. STT is levied on the seller @0.025% on the sale of equity share in a company or unit of an equity oriented mutual fund - transaction in a recognised stock exchange, settled otherwise than by actual delivery.
- Further, as per the amendment by Finance Act, 2024, securities transaction tax on sale of an option in securities has been increased from 0.0625 per cent to 0.1 per cent of the option premium, and on sale of a futures in securities from 0.0125 per cent to 0.02 per cent of the price at which such “futures” are traded.

II. Minimum Alternate Tax (MAT)

- The IT Act provides for levy of Minimum Alternate Tax (‘MAT’) on corporates if the tax amount calculated at the rate of 15% (plus applicable surcharge and cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act. Vide the Taxation Laws (Amendment) Act, the MAT rate of 18.5% has been substituted for 15% with effect from 1st April 2020, relevant to Financial Year 2020-21 (assessment year 2021-22) and subsequent years. Corporate assessees operating in International Financial Services Centre (‘IFSC’) shall be charged MAT at the concessional rate of 9%.
- All the domestic companies opting for lower tax regime u/s 115BAA or 115BAB will not be required to pay minimum alternate tax (MAT) under section 115JB of the Act. Further, the provisions regarding MAT credit will also not apply to companies opting for these sections.
- If MAT is held to be applicable to the Client, then income receivable by such Client from their investment in the Fund shall also be included to determine the MAT.

- The MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a permanent establishment in India; or (b) the assessee is a resident of a country with which India does not have a Tax Treaty and is not required to seek registration under the Indian corporate law.

III. Alternate Minimum Tax

- The IT Act provides for levy of Alternate Minimum Tax ('AMT') under Section 115JC, on non-corporate assessees having adjusted total income exceeding INR 20 lac. If the tax payable as per Section 115JC at 18.5% of the adjusted total income exceeds the regular income-tax payable, then the assessee is liable to pay AMT. Further, non-corporate assessees operating in International Financial Services Centre('IFSC') shall be charged AMT at the concessional rate of 9%.
- Assessee opting for lower tax regime u/s 115BAC will not be required to pay AMT. Further, the provisions regarding AMT credit will also not apply to assessee opting for this section.

IV. Withholding at a higher rate

- The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number ("PAN"), then tax is required to be deducted by the payer at higher of the following i.e., rates specified in relevant provisions of the IT Act, or rates in force or at 20%. However, this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents. As per Rule 37BC of the Income-tax return, the following details and documents are prescribed:

- g) Name, e-mail id, contact number;
- h) Address in the country or specified territory outside India of which the deductee is a resident;
- i) A certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate; and
- j) Tax identification number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

V. Carry-forward of losses and other provisions (applicable to both equity products irrespective of the residential status):

In terms of Section 70 read with Section 74 of the IT Act, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long-term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

VI. General Anti Avoidance Rule ("GAAR")

GAAR provisions have been introduced in chapter X-A of the IT Act (effective from Financial Year beginning on April 1, 2017), which provides that an arrangement whose main purpose is to obtain tax benefit, and which also satisfies at least one of the four specified tests as mentioned below, can be declared as an 'impermissible avoidance arrangement'.

- Arrangement creates rights or obligations, which are not ordinarily created between persons dealing at arm's length price;
- Arrangement directly or indirectly results in the misuse or abuse of the provisions of the IT Act;
- Arrangement lacks commercial substance or is deemed to lack commercial substance in whole or in

part; or

- Arrangement is entered into, or carried out, by means, or in a manner, which are not ordinarily employed by bonafide purposes.

The GAAR provisions would override the provisions of a Tax Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply have been enumerated in Rules 10U to 10UC of the IT Rules. The IT Rules provide that GAAR should not be invoked if the tax benefit in the relevant year does not exceed INR 30 million.

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

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause ('LOB') in a Tax Treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 30 million cannot be read in respect of a single taxpayer only. GST

Goods and Service Tax (GST) will be applicable on services provided by the Portfolio Manager to Clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards investment management fee to the Company.

Indian Companies

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

Details under FATCA/Foreign Tax Laws

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

15 Accounting Policies

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

- a) Basis of preparation of the financial statements

Books and records would be separately maintained in the name of the Investors 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 Co-investment Portfolio Manager shall keep and maintain proper books of accounts, record and documents for each Investor so as to explain transactions for each Investor and to disclose at any point of the Portfolio Holding of each Investor.

b) Revenue recognition

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

- (i) Interest income on fixed income debt instruments such as non-convertible debentures is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (ii) Management fees is recognised on an accrual basis in accordance with the terms of an investment management agreement between the Company and Trustee Company.

c) Investments

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

All other investments are classified as long-term investments.

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

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

16 Investor Services

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

Name and Address of Investor Relation Officer	Ms. Sowmiyah GK No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020
Telephone:	+91 044 69250000
Email:	ir.midasfund1@sparkcapital.in

16.2 Grievance redressal and dispute settlement mechanism

For timely and prompt redressal of grievances and for any queries/clarifications, the Investor may contact the above-mentioned executive of the Co-investment Portfolio Manager. All disputes arising in connection with the Agreement shall to the extent possible, be settled amicably by prompt negotiations between the representatives of the parties. The Co-investment 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 Co-investment 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.sebi.gov.in> which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

17 General

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

Date:

Place: Chennai

Designated Partner:

Name:

Designated Partner

Name:

CHARTERED ACCOUNTANT'S CERTIFICATE

We have reviewed the Disclosure Document dated 28-October-2024 pertaining to Portfolio Management Services of **Spark Fund Advisors LLP ("SFA LLP / Co-investment Portfolio Manager / Portfolio Manager")** with reference to the contents of Disclosure Document as stipulated in Schedule V to the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (the Regulations). Based on our review and the information and explanations given to us, we hereby certify that the items to be stated in the Disclosure Document in terms of the Regulations have been stated.

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

For S P V R and Associates
Chartered Accountants
Firm Regn. No: 0016918S

R.Vijayalakshmi
Partner
Membership No: 231395
UDIN: 24231395BKGOLW9031

Place: Chennai,
Date: 28/10/2024