ANNUAL COMPLIANCE AUDIT REPORT

[Pursuant to Regulation 19(3) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013]

September 27, 2022

To,
Ms. Avanti Doshi
Nirmiti Investment Advisers LLP
FL- 403, Building-E,
SN 11/1/11/2 Rohan Nilay,
Near Spicer College,
Aundh, Pune - 411007

I have conducted the Annual Compliance Audit as prescribed under Regulation 19(3) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "IA Regulations") for **M/s Nirmiti Investment Advisors LLP** (hereinafter referred to as "**the Investment Adviser**" or "**the Firm**") for the **financial year ended March 31, 2022** (hereinafter referred to as the "audit period"). The Firm owns the website https://proinvestnirmiti.com/ (hereinafter referred to as the "Website")

The Annual Compliance Audit was conducted in a manner that provided a reasonable basis for evaluating the conducts of the Investment Adviser and statutory compliances.

Based on my online verification of the necessary documents, records of clients, internal policies, procedures and other records maintained by the Firm and also the information and explanations provided by the partners during the conduct of audit, in my opinion and to the best of the information received by me, the Firm has, during the audit period complied with the statutory provisions of the IA regulations and circulars issued by SEBI, as listed hereunder.

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The Firm has compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter. The findings and suggestions are mentioned in **Annexure A.**

1. The Firm is registered as an Investment Adviser with Securities and Exchange Board of India (hereinafter referred to as "SEBI") having registration no.: INA000016296. The registration is valid till it is suspended or cancelled by SEBI.

2. The Firm has onboarded two clients during the audit period. The Firm provides investment advisory services to clients directly acquired by it. It also provides advisory services to clients through a third-party platform. Accordingly, one of the clients was serviced directly and the other through the third-party platform.

3. As on March 31, 2022, the Firm has 2 partners. Ms. Avanti Doshi, Designated Partner, is appointed as the Principal Officer of the Firm. She fulfills the qualification and certification requirements as mentioned under Regulation 7 of the IA Regulations.

   Mr. Rushabh Doshi, an employee working with the firm is also engaged in providing investment advisory services to the clients and will be considered as a person associated with investment advice. He fulfills the qualification requirements as mentioned under Regulation 7 of the IA Regulations.

4. As per the information/records provided, the Firm fulfills the capital adequacy requirements as per amended Regulation 8 of IA Regulations.

5. No information or particulars previously submitted to SEBI are found to be false or misleading in any material particular and there is no material change in the information already submitted to SEBI. Hence, Regulation 13(b) of the IA Regulations is not applicable.

6. The Firm includes the words "Investment Adviser" in its name and complies with Regulation 13(c) of the IA Regulations.

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7. Since the Firm is a non-individual Investment Adviser, Regulations 13(d) and 13(e) are not applicable.

8. The Firm has not received any consideration by way of remuneration or compensation in any other form from any person other than the client being advised, in respect of the underlying products or securities for which advice is provided as mentioned under Regulation 15(2) of the IA Regulations.

9. Since the Firm does not have any other business activity, the requirement of maintenance of an arms-length relationship between the activities as an investment adviser and other activities as well as segregation of activities as mentioned in Regulation 15(3), 15(4) and 15(5) respectively is not applicable.

10. As required under regulation 15(7) of the IA Regulations, the Firm has not entered into transactions on its own account which is contrary to the advice given to clients for a period of fifteen days from the day of such advice.

11. The Firm has kept on record the KYC documents of the clients. The Firm got registered on the CKYC portal as required under SEBI circular CIR/MIRSD/120 /2016 dated November 10, 2016 after the audit period. The Firm has complied with Know Your Client procedure as specified by SEBI in regulation 15(8) of the IA Regulations.

12. The Firm has ensured compliance with the Code of Conduct as prescribed under Regulation 15(9) and the third schedule of the IA Regulations to the extent mentioned herein.

13. The partners of the Firm have not acted on their own account, knowingly sold the securities or investment products to or purchased securities or investment products from a client as mentioned under Regulation 15(10) of the IA Regulations.

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14. There is no change in control of the Firm during the audit period. Hence Regulation 15(11) of the IA Regulations is not applicable.

15. The Firm has onboarded 2 clients during the audit period. The client serviced directly has been charged fee as per Assets under Advice (AUA) mode. The client serviced through the third-party platform has been charged a fee under the fixed fee mode. The clients have been charged fees as per Regulation 15A of the IA Regulations and as per the limits specified in clause 2(iii) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.

16. The Firm has demonstrated AUA with an internal document and not documents like demat statement of the client as required under clause 2(iii)(A) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.

17. The Firm has obtained from the clients all such information as is necessary and mentioned in the regulations for giving investment advice as mentioned in Regulation 16(a).

18. The Firm has a process for assessing the risk the client is willing and able to take for investments in securities and financial products as required under Regulation 16(b) of the IA Regulations.

19. The Firm uses a questionnaire for assessing risk profiling of the client and has ensured compliance of Regulation 16 (c) of IA regulations. In case of clients serviced through the third-party platform, the firm uses a tool provided by the third-party for conducting risk profiling of the client.

20. As required under Regulation 16(e) of the IA Regulations, the Firm has communicated the risk profile to the client after risk assessment is done either through electronic or physical means as the case may be.

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21. The Firm has not obtained consent from the client serviced directly on the completed risk profile. In case of client serviced through the third-party, the risk profile of the client is mentioned in the agreement with the client which is accepted by the client, but not signed. The Firm has fulfilled the requirement under clause 1(ii) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 for only one client.

22. The Firm has a documented process for selecting investments based on client's investment objectives and financial situation as required under Regulation 17(b) of the IA Regulations.

23. The Firm has not onboarded non-individual clients during the audit period. Hence clause 2(viii) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 is not applicable.

24. The Firm has disclosed material information about itself including its business on its Website whereas the terms and conditions on which it offers advisory services is mentioned in the agreement with its clients. The Firm has not disclosed information about disciplinary history and affiliation with other intermediaries as is necessary to be disclosed under Regulation 18(1) of the IA Regulations.

25. The Firm has not disclosed to the client its holding or position in the financial products or securities which are subject matter of advice as required under as required under Regulation 18(4) of the IA regulations.

26. The Firm is not connected to or associated with any issuer of products / securities and hence there was no actual or potential conflict of interest that needs to be disclosed as required under Regulation 18(5) of the IA Regulations.

27. The Firm has ensured that adequate disclosures are made to the client of all material facts relating to the key features of the products or securities, particularly, performance track record as required under Regulation 18(6) of the IA Regulations.

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28. The Firm has maintained all the necessary records mandated as per IA Regulation in physical/electronic form except the following:

    a. The agreement is accepted through OTP by the client serviced through the third-party platform, but not signed by both parties.

    b. The Firm has entered into the agreement with the client serviced directly. However, the same is not signed by the Firm.

    c. Suitability assessment of the advice being provided for the client serviced through third-party.

<u>Compliance of additional clauses for agreement between the Investment Adviser and the client as per clause 2 (ii) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020:</u>

A. The Firm has entered into an investment advisory agreement with its clients with terms and conditions provided in the said circular as required under clause 2(ii)(a).

B. The Firm has ensured that neither any investment advice is rendered nor any fee is charged until the client has signed the agreement and provided a copy of the agreement to the client as required under clause 2(ii)(c). However, the agreement for the client serviced through third-party is not signed by the Firm.

29. Mr. Rushabh Doshi is appointed as the Compliance Officer of the firm for monitoring the compliance of the provisions of IA regulations and circulars issued thereon by the SEBI.

30. The Firm has adequate procedure for expeditious redressal of grievances as required under Regulation 21 of the IA Regulations.

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31. The Firm does not have a "group company" as per Regulation 22 of the IA regulations. The Firm has maintained on record, a certificate from its statutory auditor confirming compliance with the client level segregation requirements as required under clause 2(i) of the SEBI circular number SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.

32. The Firm assists its client in obtaining implementation services provided by the third-party. The Firm has not received any consideration including any commission or referral fees, whether embedded or indirect or otherwise, by whatever name called and has ensured compliance of Regulation 22A of the IA regulations.

33. The Firm has not provided any free trial for any products/services to prospective clients as required under clause 1(i) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019.

34. The Firm has accepted fees by way of direct credit into the bank account and not accepted cash and complied with clause 1(iii) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019.

35. The Firm has provided advice only on emails and through reports. Hence the Firm has maintained records of interactions with all clients including prospective clients (prior to onboarding), where any conversation related to advice has taken place as required under clause (vi) of the SEBI circular number SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.

36. The Firm has not displayed information on the printed or electronic materials, know your client forms, client agreements and other correspondences with the clients as required to be displayed under clause 2 (ix) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020, except on its Website.

37. The Firm being a non-individual investment adviser, clauses 2(iv) and 2(v) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 are not applicable.

38. As per the declaration given by the Firm, it is in compliance of the SEBI circular SEBI/HO/MIRSD2/DOR/CIR/P/2020/221 dated November 03, 2020 on Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions for half-year ended 31st March 2022.

39. The Firm has displayed the details of complaints received and investor charter as required under the SEBI circular SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0686 dated December 13, 2021 on its Website.

KRUTI K GOGRI

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Date: 2022.09.27 19:03:21 +05'30'

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CS Kruti Gogri
Practicing Company Secretary

Membership No. - A21498
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Annexure A

Findings and Suggestions

1. The Firm is suggested to maintain records of supporting documents like demat statements, unit statements etc. of the client to demonstrate AUA.

2. The Firm is advised to disclose information about disciplinary history and affiliation with other intermediaries. The same can be disclosed in the agreement with its clients.

3. The Firm is advised to disclose details about its holding in or position in financial products or services which are subject matter of investment advice. The same can be mentioned in the report / email / document where the investment advice is given.

4. The Firm is advised to obtain signatures on the client agreements and not OTP based confirmation. The signature can be obtained either through digital signature mode or through Aadhar eSign mode. It is also advised that both the parties sign the said agreement and maintain the copy on records.

5. The Firm is advised to keep a document for suitability assessment of the advice being provided.

6. The Firm is advised to display information under clause 2 (ix) of the SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 on its printed or electronic materials, know your client forms, client agreements and other correspondences with the clients.

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