ANNUAL COMPLIANCE AUDIT REPORT

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

September 30, 2023

To,
Mrs. Avanti Doshi
Nirmiti Investment Advisers LLP
A-201, Rohan Nilay 2,
Near Spicer School,
Aundh, Pune - 411007

We 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, 2023** (hereinafter referred to as the "audit period"). The Firm owns the website **https://proinvestnirmiti.com/** (hereinafter referred to as the "Website").
The Firm does not have a mobile application.

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 the online verification of the necessary documents, records of clients on sample basis, 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 our opinion and to the best of the information received by us, 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 observations during the audit and the findings and suggestions to improve the process for better compliance of the regulations are as mentioned in **Annexure A** of this report**.**

1. The Firm is a limited liability partnership firm registered as an Investment Adviser with Securities and Exchange Board of India (hereinafter referred to as "SEBI") having registration no.: INA000016296 and BASL membership ID - 1057. The registration is valid till it is suspended or cancelled by SEBI.

2. The Firm provides investment advisory services to clients directly acquired by it. It also provides advisory services to clients through SmallCase, a third-party platform.

3. As on March 31, 2023, the Firm has 2 partners, Ms. Avanti Doshi and Mr. Pradeep Doshi. Ms. Avanti Doshi, Designated Partner, is appointed as the Principal Officer (PO) of the Firm. She fulfills the qualification and certification 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, as on March 31, 2023.

5. No information or particulars previously submitted to SEBI are found to be false or misleading in any material particular. There is a change in the registered/correspondence address of the Firm. This is a material change and the same has been reported to SEBI as required under Regulation 13(b) of the IA Regulations.

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) of the IA Regulations 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) of the IA Regulations respectively is not applicable.

10. As required under regulation 15(7) of the IA Regulations, based on the records provided by the Firm, it 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 and is also registered on the CKYC Registry as required under SEBI circular CIR/MIRSD/120 /2016 dated November 10, 2016. 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 PO and PAA 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 and paragraph 8 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 is not applicable.

15. The clients have been charged fees under the assets under advice (AUA) mode. The clients have been charged fees as per Regulation 15A of the IA Regulations and as per the limits specified in paragraph 1.2(iii) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023. The amount of AUA is mentioned for some clients, in their agreements, and the others in client communication.

16. The Firm has demonstrated AUA with contract notes as required under paragraph 1.2(iii)(A)(b) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

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 the risk profile 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 some of the clients serviced directly, on the completed risk profile. In case of clients serviced through the third-party, the risk profile of the client is mentioned in the agreement which is accepted by the client, but not signed. The Firm has not fulfilled the requirement under paragraph 2.2 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 to that extent.

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 onboarded non-individual clients during the audit period. The Firm has not obtained investment policy from such non-individual clients for risk profiling and suitability assessment as required under paragraph 1.2(viii)(b) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

24. The Firm has disclosed all material information about itself including its business, disciplinary history, the terms and conditions on which it offers advisory services and such other information as is necessary to the clients acquired directly as mentioned under Regulation 18(1) of the IA Regulations.

25. The Firm has disclosed to the client its holding or position in the financial products or securities which are subject matter of advice 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.

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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 through its research reports.

28. The Firm has maintained all the necessary records mandated as per Regulation 19(1) of the IA Regulations 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 clients serviced directly. However, not all the agreements are signed by the Firm.
    c. Rationale for arriving at investment advice are not dated.

    Compliance of additional clauses for agreement between the Investment Adviser and the client as per paragraph 1.2(ii) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023:

    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 paragraph 1.2(ii)(a) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

    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 signed agreement to the client as required under paragraph 1.2(ii)(c) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

29. The Firm has conducted a yearly audit in respect of compliance with these regulations for FY 21-22 and complied with Regulation 19 (3) of the IA Regulations.

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The said audit was completed within the stipulated time and the adverse findings of the audit along with action taken thereof duly approved by the partners of the Firm was submitted to BASL / SEBI within due date as required under paragraph 1.2(vii) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

30. 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 as required under Regulation 20 of the IA Regulations.

31. The Firm has adequate procedure for expeditious redressal of grievances as required under Regulation 21 of the IA Regulations. During the audit period, there were no grievances reported to or received by the Investment Adviser.

32. 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 paragraph 1.2(i)(i) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

33. The Firm assists its client in obtaining implementation services provided by the third-party. However, 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.

34. The Firm has not provided any free trial for any products/services to prospective clients as required under paragraph 2.1 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

35. The Firm has accepted fees by way of direct credit into the bank account and not accepted cash and complied with paragraph 2.3 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

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36. 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 paragraph 1.2(vi) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

37. The Firm has displayed information on its Website, the printed or electronic materials, know your client forms, client agreements and other correspondences with the clients as required to be displayed under paragraph 1.2(iv) and (v) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

38. The Firm being a non-individual investment adviser, paragraph 1.2(iv) and (v) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 are not applicable.

39. The Firm has displayed the details of complaints received and investor charter as required under paragraph 7 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 on its Website.

40. As per the declarations given by the Firm, it is in compliance of paragraph 5 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 on Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions for half-year ended 31st March 2023.

41. The Firm is registered with SEBI Complaints Redress System (SCORES). It has displayed the information about the grievance redressal mechanism available to investors in their office as required under paragraph 6 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

42. The Firm has not outsourced the core business activities and compliance functions. Hence it complies with paragraph 12 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

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43. The Firm has a policy for Prevention of Money Laundering to comply with circular SEBI/HO/MIRSD/MIRSD-SEC-6/P/CIR/2023/022 issued on February 3,2023 and paragraph 17 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

KRUTI KUNAL GOGRI
Digitally signed by KRUTI KUNAL GOGRI
Date: 2023.09.30 20:40:55 +05'30'

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CS Kruti Gogri
Practicing Company Secretary
Membership No. - A21498
C. P. No. – 13401

UDIN: A021498E001136810

Annexure A

Observations and Suggestions

Sr. No.	Regulation details	Observations	Suggestions
1.	Paragraph 2.2	The Firm has not obtained consent from some of the clients serviced directly, on the completed risk profile. In case of clients serviced through the third-party, the risk profile of the client is mentioned in the agreement which is accepted by the client, but not signed, as required under SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023	It is advised to obtain consent from all clients on the completed risk profile.
2.	Paragraph 1.2(viii)(b)	The Firm has not conducted / obtained investment policy from non-individual clients for risk profiling and suitability assessment as required under the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.	It is advised to obtain investment policy from the non-individual clients for conducting risk profiling and suitability assessment, and the same has to be kept on records.
3.	Regulation 19(1)	The firm has maintained documents but not all the agreements are signed by the Firm, and the Agreements serviced through the third parties is confirmed through OTP only, and not signed by both parties.	It is advised that both parties sign all the Agreements.
4.	Regulation 19(1)(f)	Some of the rationales for providing investment advice / research reports are not dated.	It is advised that all Rationales / Research reports are dated.

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