



29th December 2021

To,
The Board of Directors,
Purnartha Investment Advisers Pvt. Ltd.,
32/33, Rachana, Dr. Ketkar Road,
Off Karve Road, Erandwane,
Pune - 411 004.

Sub: Audit Report regarding Compliance of SEBI (Investment Advisers) Regulations, 2013 for the period from 01.04.2020 to 31.03.2021

Sir,

The Purnartha Investment Advisers Pvt. Ltd. ('Investment Adviser') is registered under SEBI (Investment Advisers) Regulations, 2013 from 26th December 2013. The assignment for audit under SEBI (Investment Advisers) Regulations, 2013 was given to us with respect to the compliance of the said regulations.

Based on above, we have audited the various aspects to be complied with and report as under:

1) Qualification and Certification Requirements (Reg. 7) :-

The Principal Officer of the Investment Adviser is professionally qualified and has Investment Adviser certification from NISM.

2) Capital Adequacy (Reg. 8) :-

As per Net worth Certificate issued by Statutory Auditor of the Investment Adviser, the Net Worth of the company is more than Rs. Fifty Lakhs as on 31st March 2021.

3) General Responsibility (Reg. 15) :-

- a) The Investment adviser acts in a fiduciary capacity towards its clients at all times and discloses all conflicts of interest, if any as and when they arise (Reg.15)(1).
- b) The Investment adviser has not received any income/commission from third parties. (Reg.15)(2).
- c) The Investment advisory concern is maintaining confidentiality about the information of the clients and has drawn detailed procedure for the same. (Reg.15)(6).

d) We have not come across any transactions undertaken by the investment adviser or its top management which are contrary to the advice given to its clients. (Reg.15)(7).

4) Fees (Reg. 15A) :-

Regulation 15A inserted as per SEBI (Investment Advisers) (Amendment) Regulations, 2020 requires Investment Adviser to charge fees from client in the manner as specified by SEBI. The manner of charging fees is specified in clause 2 (iii) of SEBI Circular no. SEBI/ HO/ IMD/ DF1/ CIR/ P/ 2020/ 182 dated 23rd September 2020 titled 'Guidelines for Investment Advisers'. However, it has been stated in clause 3 of the said circular that IA shall ensure compliance of this clause by 1st April 2021. Therefore, compliance with this clause has not been commented upon.

5) Risk Profiling and Assessment (Reg.16)-

Proper documentation is done in respect of risk profiling of the client and its corresponding selection of its investments.

6) Suitability (Reg 17)

- a) It is explained to us that Investment Advisers follow a process before giving advice to clients.
- b) It is explained to us that Investment Adviser seeks information about clients in respect of their finances and experience in the field of Finance before giving any Investment advice.

7) Disclosures to Clients (Reg. 18): -

It is explained to us that following disclosures are made by the advisers to its clients:

In an interaction with the client (before he signs up), the following information is given.

- i. Investment philosophy
- ii. Historical performance track record
- iii. Performance tracking platform
- iv. SEBI registration as an Investment Adviser.
- v. Various plans offered to client
- vi. Information about management
- vii. Client on-boarding process

The rationale behind recommendations are explained, thus ensuring transparency

Clients can view and track the performance of their portfolios through platform.

Details of disclosures made to clients are evidenced by clients' signatures.

- One time disclosure.
- Ongoing disclosure due to change in situations.

8) Know Your Client (KYC Records) [(Reg.15)(8) & Reg.19(1)(a)]-

The Investment advisory has followed the KYC norms in respect of its clients.

9) Suitability Assessment (Reg.19)(1)(c)-

Following documents show the process of suitability of investment for its client:

- a. Following records are maintained
 - I. Risk score and risk profile of clients
 - II. Undertakings signed by the clients
- b. Risk profiling questionnaire analyzed and risk score for each client calculated.
- c. Based on the risk score, the client risk profile is decided. Following are the types of risk profiles: Conservative, Balanced, Assertive, Aggressive, Very Aggressive
- d. The risk profile and the risk score is communicated to the clients
- e. Based on the risk profile, suitability assessment and the undertakings taken from clients, the principal officer provides recommendations.
- f. Suitability Report – Giving equity/debt weightage as per risk profile

10) Agreements with Clients (Reg. 19) (1) (d) :-

Investment Adviser has entered into advisory agreements with its clients. The terms and conditions to be included in the said agreements are specified Annexure - A of SEBI Circular no. SEBI/ HO/ IMD/ DF1/ CIR/ P/ 2020/ 182 dated 23rd September 2020 titled 'Guidelines for Investment Advisers'. However, it has been stated in clause 3 of the said circular that IA shall ensure compliance of this clause by 1st April 2021. Therefore, compliance with this clause has not been commented upon.

11) Appointment of Compliance Officer (Reg. 20)-

The Investment Adviser has appointed Compliance Officer who is responsible for monitoring the Compliance as per SEBI Regulations. Proper monitoring and enforcement is done by compliance officer.

12) Grievance Redressal process (Reg.21)-

The clients' grievances are resolved and there is a set procedure for doing so.

13) Display of details on Website and Other Communication Channels :-

Investment Adviser has displayed the following information prominently on its website

- a) Complete name of investment adviser
- b) Type of registration - Non-Individual

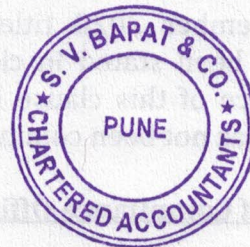
- c) Registration number, validity of registration
- d) Complete address with telephone numbers
- e) Contact details of the principal officer
- f) Corresponding SEBI regional office address

14) Client level segregation of Advisory and Distribution activities (Reg. 22):-

As per annual certificate issued by Statutory Auditor pursuant to compliance guidelines given in para i of sub-clause (i) of clause 2 of SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 titled 'Guidelines for investment Advisors', the Investment Adviser has exclusively provided only Advisory services to its clients and has not provided any distribution services either directly or indirectly through any of its Group Companies.

Statutory Auditor has further certified that the company has complied with the client level segregation requirements as specified in regulation 22 of SEBI (Investment Advisers) Regulations, 2013.

- 15) Proper processes for ensuring the confidentiality of client data are followed.
- 16) Background checks for employees are carried out by the Investment Adviser.
- 17) There is no conflict of interest in the advice and its execution.
- 18) The Investment adviser has complied with all the regulatory requirements by inculcating healthy compliance culture.



**For S. V. Bapat & Co.
Chartered Accountants**

[Signature]
**CA Sanjay Bapat
(Partner)**

M. No. 033931

UDIN:- 21033931AAAET3767