



14th September, 2023

To,

Board of Directors

M/s Narnolia Investment Advisors Pvt. Ltd.,
803, Wing A, Kanakia Wall Street, Chakala,
Andheri, Maharashtra 400093

Reg.: Report on Annual Compliance Audit of Investment Advisers for the year 2022-23

Dear Sir(s),

We give here under our report with respect to the assignment for Investment Advisers audit for M/s Narnolia Investment Advisors Private Limited (NIAPL). The review is with the objective of assuring that the business is operational as per the various requirements specified in the SEBI (Investment Advisers) Regulation, 2013.

We would be happy to provide you with any other information as may be required by you.

We take this opportunity to thank the management & staff of the company for sharing the information and to help us collate and consolidate this report.

Thanking you

Yours truly,

For Sandeep R. Maheshwari & Co

Chartered Accountant

FRN: 138268W

Sandeep Maheshwari, Partner

Membership Number: 103293

UDIN: 23103293BGURGQ8677

Place: Mumbai

Encl: Detailed Annual compliance Audit Report.



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| Name of BASL enrolled Investment Adviser | Narnolia Investment Advisors Pvt. Ltd. |
| BASL Membership ID. | 1020 |
| SEBI Registration No. | INA300005439 |
| Annual compliance Audit Report for FY | 2022-2023 |

| Regulation | Particulars | Compliance Status | Reason for non-compliance / Non-applicability | Action taken on adverse findings (duly approved by the management of the non-individual IA) |
|---|--|-------------------|---|---|
| Regulation 3 | <u>Application for grant of certificate</u> No person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations. | Complied | NA | NA |
| Regulation 6 | <u>Consideration of application and eligibility criteria</u> Regulation 6 states all matters, which are relevant for the purpose of grant of certificate of registration. | Complied | NA | NA |
| Regulation 7 | <u>Qualification requirement and certification</u> An individual investment adviser or a principal officer of a non-individual investment adviser registered as an investment adviser under these regulations and persons associated with investment advice shall have minimum qualification and certification requirements as mentioned in Regulation 7(1) and 7(2). | Complied | NA | NA |
| SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, | <u>Qualification and certification requirement.</u> Existing individual IAs above fifty years of | NA | Since, Narnolia is a corporate entity, | NA |



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| 2020) Clause (iv) | age shall not be required to comply with the qualification and experience requirements specified under Regulation 7(1) (a) and 7(1) (b) of the amended IA Regulations. However, such IAs shall hold NISM accredited certifications and comply with other conditions as specifies under Regulation 7(2) of the amended IA regulations at all times. | | this point is not applicable | |
| Regulation 8 | <u>Net worth</u> Investment advisers who are non-individuals shall have a net worth of not less than fifty lakh rupees. | Complied | NA | NA |
| Regulation 13 | <u>Conditions of certificate</u> The investment adviser shall inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted. | Complied | NA | NA |
| SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(v) | <u>Registration as Non-Individual Investment Advisor.</u> An individual IA, whose number of clients exceed one hundred and fifty in total, shall apply for registration as non-individual investment adviser within such time as specified under this clause. | Complied | NA | NA |



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| Regulation 15 | <u>General Responsibility</u> The regulation 15 imposes certain responsibilities on the Investment Adviser for the transactions it undertakes on behalf of its clients. | Complied | NA | NA |
| Regulation 15 A | <u>Fees</u> Investment Adviser shall be entitled to charge fees for providing investment advice from a client in the manner as specified by the Board. | Complied | NA | NA |
| SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(iii) | <u>Fees</u> Investment Advisers shall charge fees from the clients in either Assets under Advice (AUA) mode or Fixed fee mode. | Complied | NA | NA |
| Regulation 16 | <u>Risk profiling</u> This involves profiling, assessing the risk appetite of each client individually, and communication of such profile to the respective client. | Complied | NA | NA |
| Regulation 17 | <u>Suitability</u> Investment adviser shall ensure suitability of the advice being provided to the client. | Complied | NA | NA |
| SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(viii) | <u>Risk profiling and suitability for non-individual clients.</u> (b) In case of non-individual clients, IA | Complied | NA | NA |



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| | <p>shall use the investment policy as approved by board/management team of such non-individual clients for risk profiling and suitability analysis.</p> <p>(c) The discretion to share the investment policy/relevant excerpts of the policy shall lie with the non-individual client. However, IA shall have discretion not to onboard non-individual clients if they are unable to do risk profiling of the non-individual client in the absence of investment policy.</p> | | | |
| Regulation 18 | <p><u>Disclosure to clients</u> This involves disclosure of all necessary information by the investment adviser to its clients.</p> | Complied | NA | NA |
| Regulation 19 | <p><u>Maintenance of records</u> This regulation requires maintenance of certain records, preservation of the same and audit of such records by the prescribed professional.</p> | Complied | NA | NA |
| SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(vi) | <p><u>Maintenance of record.</u> IA shall maintain and preserve records of interactions, with all clients including prospective clients, where any conversation related to advice has taken place, in the form as specified under this clause.</p> | Complied | NA | NA |



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| SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(ii) | <u>Agreement between IA and the client.</u> IA shall enter into an investment advisory agreement with its clients as prescribed under this clause and shall ensure that neither any investment advice is rendered nor any fee is charged until the client has signed the aforesaid agreement. | Complied | NA | NA |
| Regulation 20 | <u>Appointment of Compliance officer</u> An investment adviser shall appoint a compliance officer who shall be responsible for monitoring the compliance by the investment adviser. | Complied | NA | NA |
| Regulation 21 | <u>Redressal of client grievances</u> Investment adviser shall redress client grievances promptly through an adequate procedure. | Complied | NA | NA |
| Regulation 22 | <u>Client level segregation of advisory and distribution activities.</u> (1) Has the annual client level segregation requirement been certified by an auditor (in case of individual IA) and its statutory auditor (in case of a non individual IA) [Certificate of auditor to be attached alongwith] (2) An individual investment adviser shall not provide distribution services. | Complied | NA | NA |



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| | <p>(3) The family of an individual investment adviser shall not provide distribution services to the client advised by the individual investment adviser and no individual investment adviser shall provide advice to a client who is receiving distribution services from other family members.</p> <p>(4) A non-individual investment adviser shall have client level segregation at group level for investment advisory and distribution services.</p> <p>(5) Non-individual investment adviser shall maintain an arm's length relationship between its activities as investment adviser and distributor by providing advisory services through a separately identifiable department or division.</p> | | | |
| SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(i) | <p><u>Client Level Segregation of Advisory and Distribution Activities</u> Compliance and monitoring process for client segregation at group or family level shall be in accordance with the guidelines as specified under this clause.</p> | Complied | NA | NA |
| Regulation 22A | <p><u>Implementation of advice or execution</u> (1) Investment adviser may provide implementation services to advisory clients, provided no consideration shall</p> | Complied | NA | NA |



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| | <p>be obtained directly or indirectly either at group level or at family level.</p> <p>(2) Investment adviser shall provide implementation services only through direct schemes.</p> <p>(3) Investment adviser or group or family of investment adviser shall not charge any implementation fees from the client.</p> <p>(4) The client shall not be under any obligation to avail implementation services offered by the investment adviser.</p> | | | |
| <p>SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(ix)</p> | <p><u>Display of details on website and in other communication channels.</u> IAs shall prominently display the information as specified under this clause, on its website, mobile app, printed or electronic materials, know your client forms, client agreements and other correspondences with the clients.</p> | Complied | NA | NA |
| <p>(SEBI/HO/MIRSD2/DOR/CIR/P/2020/221) dated November 03, 2020)</p> | <p>Compliance of the SEBI circular for Advisory for financial Sector Organizations regarding Software as a Service (SaaS) based solutions for half-yearly ended 31st March 2022 and 30th September 2022.</p> | Complied | NA | NA |
| <p>SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0686 (Dated December 13, 2021)</p> | <p><u>Publishing Investor Charter and disclosure of Investor Complaints</u> (2) All registered investment advisers</p> | Complied | NA | NA |



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| | <p>are required to publish investor charter on their websites and mobile applications. If registered investment adviser does not have websites / mobile applications, then as a one-time measure, send investor charter to the investors on their registered e-mail address.</p> <p>(3) All registered investment advisers are required to disclose the details of investor complaints by seventh of the succeeding month on a monthly basis on their websites and mobile applications. If investment adviser does not have websites/mobile applications, then send status of investor complaints to the investors on the registered email id on monthly basis</p> | | | |
| Name and Contact Details of Principal Officer | Name: Sanjeev Damani Contact: 022-62701200 | Complied | NA | NA |
| Name and Contact Details of Compliance Officer | Name : Ms. Anchal Narnolia Contact: 022-62701200 | Complied | NA | NA |
| Total no of clients as of 31 st March, 2023 | 6634 | Complied | NA | NA |
| Cyber Security Awareness | Whether any planned Cyber Security Awareness carried out among employees, stakeholders and clients, If Yes, details of Cyber Security Awareness programme conducted in the Audit FY | Complied | Presentation on the subject by IT Manager Mr. Rajesh Kubde. The same was | NA |



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|-------------------------|--|-------------------|--|---|
| | | | attended by 24 participants on 08-09-2022. | |
| SEBI / BASL Inspections | Last SEBI / BASL Inspection carried out date and Whether complied with inspection Observations | Complied | February 18, 2020 Observation related to non-submission of Compliance Officer Board resolution given by SEBI. Same has been provided to SEBI as per their requirement. | NA |