

Annual Compliance Audit of activities related to Advisory Services as per
SEBI (Investment Advisor) Regulations 2013
For the Period ended March 31, 2022

PROALPHA CAPITAL PRIVATE LIMITED

To,
Proalpha Capital Private Limited
Mumbai
Maharashtra.

September 26, 2022.

Dear Rajesh Bhatt,

Re: Report on the Annual Compliance Audit of activities related to Advisory Services as per SEBI (Investment Advisors) Regulations 2013 ('Regulation').

We refer to your e-mail and discussion in relation to the Investment Advisory ('IA') Audit for the period 01-04-2021 to 31-03-2022 ('FY22') for the compliance of Advisory service activities with the Regulation of Proalpha Capital Private Limited.

In the following pages, based on our discussions, various emails and information shared with us by the Management of the Fund, we present the report detailing our findings on the activities related to Advisory Services. We are happy to discuss the report with you and your team.

Sincerely,



Kriyang Karia
Designated Partner
Kaytes Business Consultants LLP

Background of the Company:

Proalpha Capital Private Limited ('IA entity') was formed under Companies Act, 2013 on October 3, 2016, and started its operation as an Investment Advisor under the Regulations from November 16, 2017. The firm, is an investment advisor registered with SEBI manages and advises HNIs, Family Offices and Corporates across various strategies with a 12+ member team based in Mumbai.

Our Scope:

Our scope is restricted to below mentioned objectives and it pertains to:

1. Review application for grant of certificate & certificate of registration in line with the Regulation;
2. Review qualification & certification requirement of Investment Advisers as per the Regulation;
3. Verification of clients IA agreements with the terms of the Regulation;
4. Verification of advisory fees in line with the Regulation;
5. Review investor Grievance Register for redressal of issues, if any ;
6. Verification of Rationale for arriving at Investment advices.
7. Verification of clients registers in line with the Regulation.

Our report is based on the review of the following data and time to time discussion with the management:

1. IA Agreements
2. Extract of Debtors account
3. Client List
4. Certificate of Registration and attachments
5. Grievance Register
6. Write up on strategies



Basis of findings in the report and disclaimers:

This report is prepared based on various documents and information shared with us. Our observations are based on these documents and our discussions with the management from time to time which may not necessarily be recorded, documented or available to support our findings.

This report represents a true and fair view of the functioning of the Company in compliance with the terms of the Regulations, read with other supporting circulars. Any omission to comment on any aspect of the Investment Adviser activities, required to be reviewed and as intended by the Regulators is purely unintentional or is considered as not material for the purposes of this report.

The report is prepared in relation to the accounts which were transacted during FY22. We have not verified accounts/agreements/documents which were opened prior to FY22. So, our report should be read with the prior reports.

The management of the Company takes full responsibility of the information shared with us on cloud and over the calls and accepts that these have been appropriately documented in this report. The management shall, within 10 working days of the date of the report, inform us of any discrepancies or incorrectness that is required to be amended or omitted, as the case may be and request to re-issue the report.



Sr No	Particulars	Documents / Information reviewed / discussed	Our Observations	Management Response, if any
1	Discrepancies in verification of client agreements:	IA Agreements	<p>6 new Investment advisory accounts were activated during the FY22. All Client agreements were verified and minor discrepancies were observed in Investment Advisory Agreements; such as, PAN, email id, contact details.</p> <p>Further, the client Agreements except for 2 clients are not as per the Annexure-A provided by SEBI via Circular no. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated Sep 23, 2020.</p> <p>In case of Plutus Wealth Management LLP ('Plutus') we have observed that the IA has obtained Letter of Authority and has signed an Agreement to direct, deal, transact, instruct their broker on behalf of Plutus.</p>	<p>Agreements duly filled and completed with all the details are attached herewith.</p> <p>We will incorporate all the clauses mentioned in as per amended SEBI Circular within Two months time. The said account has discontinued our Advisory Services since September 2021.</p>
2	Verification of Risk Profiling Questionnaire ('RPQ'): As per SEBI Investment Advisers Regulation, 2013 (Ref. Regulation 16) Investment	IA Agreements	<p>We observed that liability/borrowing details which is required to be obtained in Risk Profiling Questionnaire as per Regulation 16 of Securities And Exchange Board Of India (Investment Advisers) Regulations, 2013, is not included.</p>	<p>We will incorporate this clause in our Risk Profile Questionnaire and take new RPQs from our Live Clients.</p>

Sr No	Particulars	Documents / Information reviewed / discussed	Our Observations	Management Response, if any
	advisors are required to maintain Risk Profiling Questionnaire.			
3	Pending Recovery of Advisory Fees	Extract of Debtors account	Advisory fees amounting to INR 14.50 lacs from 15 clients was pending to be recovered as at the end of FY22. However, we have been informed that substantial amount have been recovered until the report date.	All the outstanding Fees as of 31 st March 2022 is received. Outstanding as of today is NIL.
4	Account opening agreements:	Client List and IA Agreements	The entity has maintained the Agreements with new clients that were onboarded during the FY22. However, the Agreements except for 2 Agreements are not in line with Annexure-A provided by SEBI via Circular no. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated Sep 23, 2020.	We will revise the Investment Advisory Agreement and will take revised IA Agreement from Live Clients. Within Two months time.
5	Qualification & Certification requirement: A principal officer of a non-individual investment adviser registered as an investment adviser, along with Person associated with investment	Certificates attached with COR	Sharad Kumar a representative of IA entity has the requisite qualification and NISM certificates as per the Regulations.	OK.



Sr No	Particulars	Documents / Information reviewed / discussed	Our Observations	Management Response, if any
	<p>advice if any, shall have, at all times, minimum qualification and certificate as prescribed under Regulation 7.</p> <p>an individual registered as representatives of investment advisers registered under these regulations offering investment advice shall have, at all times, a certification on financial planning or fund or asset or portfolio management or investment advisory services.</p>			
6	<p>Net Worth Requirement</p> <p>As per SEBI Regulation 8, Investment advisers who are non-individuals shall have a net worth of not less than fifty lakh rupees.</p> <p>Provided that existing investment advisers shall comply with the networth requirement within three years from the date of commencement of the SEBI</p>	Net Worth Certificate	We understand that Net Worth OK. Requirement as per regulation has been complied.	



Sr No	Particulars	Documents / Information reviewed / discussed	Our Observations	Management Response, if any
	(Investment Advisers) (Amendment) Regulations, 2020.			
7	Client Level Segregation of Advisory and Distribution Activities	Discussed with the Management	The management has represented that it does not provide any execution or distribution service to its client.	OK.
8	Display of details on website and in other communication channels Website:			
	As per Circular dated September 23, 2020 vide Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/182 IAs shall display the following information prominently on its website, mobile app, printed or electronic materials, know your client forms, client agreements and other correspondences with the clients-	Verified online	We suggest Proalpha Capital Private Limited to change Validity of Registration as Perpetual from 15 November 2022 in a website as recommended in the circular.	We will make the suggested change in our Website.
	i. Complete name of Investment Adviser as registered with SEBI,			
	ii. Type of Registration- Individual, Non-			



Sr No	Particulars	Documents / Information reviewed / discussed	Our Observations	Management Response, if any
	iii. Individual, Registration number, validity of registration, iv. Complete address with telephone numbers, v. Contact details of the Principal Officer – contact no, email id etc., vi. Corresponding SEBI regional/local office address.			
9	Verification of Client Register An IA entity shall maintain a register of Clients containing the details as per SEBI regulation rule 19(1) (g).	Client List	We understand that the entity maintains a client register in electronic form as per the Regulation. The same has been verified and was found in order.	OK.
10	Verification of Investor Grievance register: An IA entity shall promptly redress the client grievances as per rule 21 of the Regulation.	Grievance Register	Investor Grievance register has been verified the same was found in order as per the Regulation. There are no complaints registered during the period.	OK. Scores ID Login ID – office@proalphacapital.com Password will be sent on Email.
11	Verification of Suitability assessment and Rationales for arriving at investment advice:	IA Agreements, Write-ups on strategies, Discussion with the	The Management has represented that the suitability assessment is carried out for each of the clients basis the RPQ and	



Sr No	Particulars	Documents / Information reviewed / discussed	Our Observations	Management Response, if any
	An IA entity shall maintain a record for Suitability assessment of the advice being provided and Rationale for arriving at investment advice, duly signed and dated as per SEBI regulation rule 19 (1) (c) and 19 (1) (f).	management.	suitable products are offered. A separate suitability assessment is not carried out. We suggest that the Management should maintain appropriate internal documents/minutes of discussion, basis of assessment and product offerings.	
12	Verification of Account Closure	<ul style="list-style-type: none"> Client List sample closure e-mails and Letters 	27 accounts were closed during the year we have verified the closure emails and Letters in case of 16 accounts. Out of 27 accounts closed 4 accounts have been opened during the FY22. Refer Annexure 1.	



Proalpha Capital Private Limited Annexure 1
IA Audit FY22
Verification of Account Closure

S.No.	Clients Name
1	Promila Sharma
2	Shaman Aggarwal
3	Uday Punj
4	Gagan Khanna
5	Varun Talwar
6	Vidur Talwar
7	Siddhesh Capital Market ServiCes Pvt Ltd
8	Ram Joshi
9	Navin Juneja
10	Navin Juneja
11	C D Integrated
12	Asha Goyal
13	Sujeet RoopChand Jain
14	Binay Dokhania
15	Parag Patel
16	Prakash Nene
17	Prerna Kohli
18	SKP Securities Ltd
19	Balakrishna Adiga
20	Sandeep Gupta
21	Plutus Wealth Management LLP
22	junomoneta Finsol Pvt Ltd
23	Dipak Navneetlal Shah
24	Aishwarya Rai Bachchan



25	Master Capital Services Ltd
26	GRD Securities Ltd
27	Vedika Vanijya Ltd (Rajeev Periwal)

