

Annual Compliance Audit of activities related to Advisory Services as per
SEBI (Investment Advisor) Regulations 2013
For the Period ended March 31, 2023

PROALPHA CAPITAL PRIVATE LIMITED

To,
Proalpha Capital Private Limited
Mumbai
Maharashtra.

September 27, 2023.

Dear Rajesh Bhatt,

Re: Annual compliance audit reports in terms of Regulation 19(3) of the SEBI (Investment Advisers) Regulation, 2013 ('Regulation') and SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.

We refer to your e-mail and discussion in relation to the Investment Advisory ('IA') Audit for the period 01-04-2022 to 31-03-2023 ('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,



Shailja Todi
Designated Partner
Kaytes Business Consultants LLP
Membership No: 166505

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 with the objective to verify the compliance with the Regulation and relevant Circulars issued by the SEBI and BASL for an IA entity. It includes review of following:

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 client IA agreement 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 advice.
7. Verification of clients registers in line with the Regulation
8. Any other clauses of the Regulation and Circular issued for IA.

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.



Annexure – I

Name of BASL enrolled Investment Adviser	Proalpha Capital Private Limited
BASL Membership ID.	BASL1631
SEBI Registration No.	INA000009065
Annual compliance Audit Report for FY ended	2022 – 2023

Annual Compliance Audit Report for F.Y 2022-2023				
Regulation	Particulars	Compliance Status	Reason for non-compliance/ Non-applicability	Action taken on adverse findings (duly approved by the individual IA / management of the non-individual IA)
Regulation 3	<u>Application for grant of certificate</u> (1) 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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		

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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
Regulation 7	<u>Qualification and certification requirement.</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).	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause (iv)	<u>Qualification and certification requirement.</u> Existing individual IAs above fifty years of 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.	<input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable	Proalpha Capital Private Limited is not an individual Investment Adviser.	

Regulation 8	<u>Net worth</u> (1) Investment advisers who are non-individuals shall have a net worth of not less than fifty lakh rupees. (2) Investment advisers who are individuals shall have net tangible assets of value not less than five lakh rupees.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
Regulation 13	<u>Conditions of certificate</u> (b) 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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable	There are no information or particulars previously submitted to the Board are found to be false or misleading in any material particular and there are no material change in the information already submitted	



SEBI/HO/IMD/DF1/CIR/P/2 020/182 (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.	<input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable	Proalpha Capital Private Limited is already Non-Individual Investment Advisor	
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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		





Regulation 17	<u>Suitability</u> Investment adviser shall ensure suitability of the advice being provided to the client.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable	The Management has represented that the suitability assesement is carried out for each of the clients basis the RPQ and suitable products are offered. A separate suitability assesement is not carried out. We suggest that the Management should maintain appropriate internal documents/ minutes of discussion, basis of assesement and product offereings.	
---------------	---	---	--	--



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 shall use the investment policy as approved by board/management team of such non-individual clients for risk profiling and suitability analysis. (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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
Regulation 18	<u>Disclosure to clients</u> This involves disclosure of all necessary information by the investment adviser to its clients.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
Regulation 19	<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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		



SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(vi)	<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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
SEBI/HO/IMD/DF1/CIR/P/2 020/182 (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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
Regulation 21	<u>Redressal of client grievances</u> Investment adviser shall redress client grievances promptly through an adequate procedure.	<input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable	The entity has not registered any grievance from its investor during the period.	
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	<input type="checkbox"/> Complied <input type="checkbox"/> Not-Complied <input checked="" type="checkbox"/> Not Applicable	The management has represented that it does not provides any execution or distribution	

	<p>auditor (in case of a non individual IA) [Certificate of auditor to be attached alongwith.</p> <p>(2) An individual investment adviser shall not provide distribution services.</p> <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>		service to its client.	
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></p> <p>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>	<p><input type="checkbox"/> Complied</p> <p><input type="checkbox"/> Not- Complied</p> <p><input checked="" type="checkbox"/> Not Applicable</p>	The management has represented that it does not provides any execution or distribution	

			service to its client.	
Regulation 22A	<u>Implementation of advice or execution</u> (1) Investment adviser may provide implementation services to advisory clients, provided no consideration shall be obtained directly or indirectly either at group level or at family level. (2) Investment adviser shall provide implementation services only through direct schemes. (3) Investment adviser or group or family of investment adviser shall not charge any implementation fees from the client. (4) The client shall not be under any obligation to avail implementation services offered by the investment adviser.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(ix)	<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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		



(SEBI/HO/MIRSD2/DOR/CIR/P/2020/221) dated November 03, 2020)	Compliance of the SEBI circular for Advisory for financial Sector Organizations regarding Software as a Service (SaaS) based solutions for half-yearly ended 31 st March 2022 and 30 th September 2022.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0686 (Dated December 13, 2021)	<u>Publishing Investor Charter and disclosure of Investor Complaints</u> (2) All registered investment advisers 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. (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 their registered email on a monthly basis.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		



Name and Contact Details of Principal Officer	Sharad Kumar	+919222202502	skumar@proalphaadvisors.com	
Name and Contact Details of Compliance Officer	Rajesh Bhatt	+919004046311	rbhatt@proalphaadvisors.com	
Total No. of Clients as on 31-03-2023	8			
Cyber Security Awareness	Whether any planned Cyber Security Awareness carried out among employees, stakeholder and clients, If Yes, detail of Cyber Security Awareness programme conducted in the Audit FY	Yes, Attaching details separately.		
SEBI / BASL Inspections	Last SEBI / BASL Inspection carried out date and Whether complied with inspection Observations.	<input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable		

