J M Amba & Associates
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To The Members of Modulor Advisory Services

Report on the audit in respect of compliance of SEBI (Investment Advisers) Regulations

Opinion

We have conducted an audit of Modulor Advisory Services ("the Investment Advisor") to assure the compliances as per the Securities and Exchange Board of India (Investment Advisers) Regulations for the year ended March 31, 2021.

In our opinion and to the best of our information and according to the explanations givento us, the aforesaid records and declarations submitted by the Investment Adviser to SEBI are proper and, in the manner, so required and give a true and fair view in conformity with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2020 and Guidelines for Investment Advisers (dated September 23, 2020).

Basis for Opinion

We have conducted our SEBI compliance audit in accordance with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2020 and Guidelines for Investment Advisers (dated September 23, 2020). Our responsibilities under those Regulations are further described in the Auditor's Responsibilities for the Compliance Audit. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the compliances as required by SEBI.

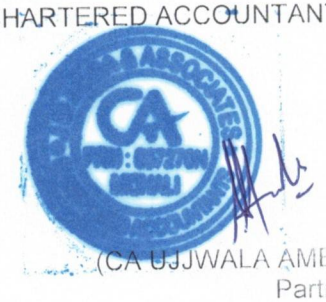
Auditor's Responsibilities for the Compliance Audit

Our objectives are to obtain reasonable assurance about whether the compliance records and declarations filed by the Investment Adviser with SEBI as a whole are complete and updated, and are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SEBI Regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these compliances. As part of an audit in accordance with the SEBI Regulations, we exercise professional judgment and maintain professional scepticism throughout the audit.



We communicate with the "Principal Officer" regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in SEBI compliances that we identify during our audit. We also provide the Principal Officer with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Principal Officer, we determine those matters that are of most significance in the SEBI compliance audit of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For J M AMBA & ASSOCIATES
CHARTERED ACCOUNTANTS



(CA UJJWALA AMBA)
Partner
MRN:554658

Place: Chandigarh
Date: 20/09/2021
UDIN:21554658AAAAAA5228FRN:037270N

Registration:

Modulor Advisory Services is registered with the Securities and Exchange Board of India (SEBI) as a Non-Individual Investment Adviser (INA100015115) and offers investing opportunities in both listed (public markets) and unlisted (Venture capital) equity, for medium to long term investors.

Qualification and certification:

As per Regulation 7(1) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the principal officer of Modulor Advisory Services, Mr. Sanjit Singh Paul, holds the following minimum qualification, at all times during the year:

a. A post- graduate degree/ diploma in business management from Indian School of Business, Hyderabad, India;
b. An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management.

As per Regulation 7(2) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the principal officer holds, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services -

a. from NISM

(Please refer Annexure 1- Declaration 1 and Certificate 1 & 2)

Net Worth:

As per Regulation 8(1) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, Investment advisers who are non-individuals shall have a net worth of not less than fifty lakh rupees, provided that the existing investment advisers shall comply with the net worth requirement within three years from the date of commencement of the SEBI (Investment Advisers) (Amendment) Regulations, 2020.
Being an existing non-individual investment adviser, Modulor Advisory Services shall comply with the aforementioned requirement of net worth within the stipulated time period.

Investment advisers who are partnership firms shall have net tangible assets of value not less than one lakh rupees, provided that the existing investment advisers shall comply with the capital adequacy requirement within one year from the date of commencement of the SEBI (Investment Advisers) (Amendment) Regulations, 2020.
Being a partnership firm form of investment adviser, Modulor Advisory Services shall comply with the aforementioned requirement of net tangible assets within the stipulated time period.

(Please refer Annexure 1- Declaration 2 and Certificate 3)

Period of validity of certificate:

Please refer Annexure 1- Declaration 3 which confirms that the certificate has not been suspended.

Conditions of certificate of Registration:

As per Regulation 13 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, Modulor Advisory Services abides by the following conditions of certificate of registration:

a. abides by the provisions of the SEBI Act and the SEBI (Investment Advisers) (Amendment) Regulations, 2020;
b. has submitted the declaration in writing that no information or particulars previously submitted to the Board are false or misleading in any material particular;
c. the investment adviser, not being an individual, includes the words 'investment adviser' in its name.

Please refer Annexure 1- Declaration 4.

J M AMBA & ASSOCIATES CA FRN : 037270N MOHALI CHARTERED ACCOUNTANTS

General responsibility:

As per Regulation 15 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the investment adviser abides by the following general responsibility:

a. acts in a fiduciary capacity towards its clients and discloses all conflicts of interests as and when they arise;
b. does not receive any consideration by way of remuneration or compensation or 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;
c. maintains an arms-length relationship between its activities as an investment adviser and other activities;
d. ensures that its investment advisory services are clearly segregated from all its other activities;
e. ensures that there is no conflict of interest of the investment advisory activities with other activities, and any conflict of interest, if any shall be disclosed to the client;
f. does not divulge any confidential information about its client, which comes to its knowledge, without taking prior permission of its clients, except where such disclosures are required to be made in compliance with any law for the time being in force;
g. does not enter into transactions on its own account which is contrary to its advice given to clients for a period of fifteen days from the day of such advice;
Provided that during the period of such fifteen days, if the investment adviser is of the opinion that the situation has changed, then it may enter into such a transaction on its own account after giving such revised assessment to the client at least 24 hours in advance of entering into such transaction;
h. follows Know Your Client procedure as specified by the Board from time to time;
i. abides by Code of Conduct as specified in Third Schedule;
j. does not act on its own account, knowingly to sell securities or investment products to or purchase securities or investment products from a client;
k. In case of change in control of the investment adviser, prior approval from the Board shall be taken;
l. furnishes to the Board information and reports as may be specified by the Board from time to time;
m. has declared compliance with the certification requirements as specified under Regulation 7 at all times.

(Please refer Annexure 1- Declaration 5 & 6)

Fees:

As per Regulation 15 A of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the IA charges fees from its clients in the manner as specified by SEBI:

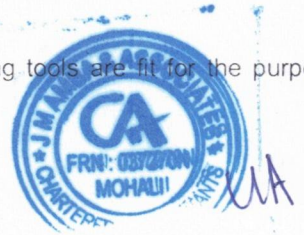
Assets under Advice (AUA) mode

a. The maximum fees that may be charged under this mode shall not exceed 2.5 percent of AUA per annum per client across all services offered by IA.
b. IA is required to demonstrate AUA with supporting documents like demat statements, unit statements etc. of the client.
c. Any portion of AUA held by the client under any pre-existing distribution arrangement with any entity is deducted from AUA for the purpose of charging a fee by the IA.

Risk profiling:

As per Regulation 16 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013,

a. The IA has obtained from the client, such information as necessary for the purpose of giving investment advice, including the following:
   i. age;
   ii. investment objectives including time for which they wish to stay invested, the purposes of the investment;
   iii. income details;
   iv. existing investments/ assets;
   v. risk appetite/ tolerance;
   vi. liability/borrowing details.
b. The IA assesses the risk a client is willing and able to take, by the following methods:
   i. assessing a client's capacity for absorbing loss;
   ii. identifying whether client is unwilling or unable to accept the risk of loss of capital;
   iii. appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.
c. The IA continuously ensures that the risk profiling tools are fit for the purpose and any limitations have been identified and mitigated;



d. The IA ensures that any questions or description in any questionnaires used to establish the risk a client is willing and able to take are fair, clear and not misleading, and makes sure that
   i. questionnaire is not vague or uses double negatives or in a complex language that the client might not understand;
   ii. questionnaire is not structured in a way that it contains leading questions.

e. Risk profile of the client is communicated to the client after risk assessment is done;
f. Information provided by clients and their risk assessment is updated periodically.

(Please refer Annexure 1- Declaration 7)

Suitability:

As per Regulation 17 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the IA has ensured that:

a. All investments on which investment advice has been provided is appropriate to the risk profile of the client;
b. It has a documented process for selecting investments based on client's investment objectives and financial situation;
c. It understands the nature and risks of products or assets selected for clients;
d. It has a reasonable basis for believing that a recommendation or transaction entered into:
   i. meets the client's investment objectives;
   ii. is such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance;
   iii. is such that the client has the necessary experience and knowledge to understand the risks involved in the transaction;
e. Whenever a recommendation has been given to a client to purchase a particular complex financial product, such recommendation or advice was based upon a reasonable assessment that the structure and risk reward profile of the financial product was consistent with client's experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss.

Display of details on website and in other communication channels:

As per guideline 2(ix) of Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020, in order to protect the interest of the investors and bring more transparency in its functioning, the IA has displayed the following information prominently on its website, mobile app, printed/ electronic materials, know your client forms, client agreements and other correspondences with the clients:

a. Complete name of Investment Adviser as registered with SEBI,
b. Type of Registration-Individual, Non-Individual,
c. Registration number, validity of registration,
d. Complete address with telephone numbers,
e. Contact details of the Principal Officer –contact no, email id etc.,
f. Corresponding SEBI regional/local office address.

(Please refer Annexure 1- Declaration 8)

Disclosures to clients:

As per Regulation 18(1) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the IA has disclosed to the prospective clients, all material information about itself including its business, disciplinary history, the terms and conditions on which it has offered advisory services, affiliations with other intermediaries and such other information as is necessary to take an informed decision on whether or not to avail its services.

As per Regulation 18(4), the IA has disclosed to the clients its holding or position, if any, in the financial products or securities which are subject matter of advice.

As per Regulation 18 (5), the IA has disclosed to the clients any actual or potential conflicts of interest arising from any connection to or association with any issuer of products/ securities, including any material information or facts that might have compromised its objectivity or independence in the carrying on of investment advisory services.

As per Regulation 18(6), the IA, while making investment advice, has made adequate disclosure to the clients of all material facts relating to the key features of the products or securities, particularly performance track record.



As per Regulation 18(7), the IA has drawn the attention of all clients to the warnings, disclaimers in documents, advertising materials relating to an investment product which it was recommending to the client.

Maintenance of records:

As per Regulation 19(1) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the IA has maintained the following records:

a. Know Your Client records of the client;
b. Risk profiling and risk assessment of the client;
c. Suitability assessment of the advice being provided;
d. Copies of agreements with clients, incorporating the terms and conditions as may be specified by the Board;
e. Investment advice provided; (*Please refer Annexure 1- Declaration 9)*
f. Rationale for arriving at investment advice, duly signed and dated;
g. A register or record containing a list of the clients, the date of advice, nature of the advice, the products/securities in which advice was rendered and fee, if any charged for such advice.

As per Regulation 19(2) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the IA has maintained all records in electronic form and preserved them for a minimum period of five years.

Appointment of compliance officer:

As per Regulation 20 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the IA has appointed Mr. Bhavish Sood as its compliance officer who is responsible for monitoring the compliance by the IA in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by the Board.

Redressal of client grievances:

As per Regulation 21 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013,

a. the IA redresses the client grievances promptly;
b. the IA has an adequate procedure for expeditious grievance redressal;
c. Client grievances pertaining to financial products in which investments have been made based on investment advice, falls within the purview of the regulator of such financial product;
d. A dispute, if any, between the IA and its client is resolved through arbitration or through an Ombudsman authorized or appointed for the purpose by any regulatory authority, as applicable.

Client level segregation of advisory and distribution activities:

As per Regulation 22(3) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the IA being a non-individual investment adviser maintains a client level segregation at group level for investment advisory services. It has declared to the board that it does not provide any kind of distribution services at all.
(*Please refer Annexure 1- Declaration 10)*

The compliance and monitoring process for client segregation at group level is in accordance with the guidelines specified by the Board.

As per Regulation 22(4) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, the IA maintains an arm's length relationship between its activities as investment adviser by providing advisory services through a separately identifiable department or division.

Implementation of advice or execution:

The IA does not provide implementation services to the advisory clients in the securities market.

J.M.AMBA & ASSOCIATES CHARTERED ACCOUNTANTS FRN : 037270N MOHALI

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