Aditya A. Jain and Associates
Chartered Accountants
House No. 1545, Sector 18-D, Chandigarh 160018
Mob. 9888261545 l Ph. : 0172-2724200 l E-mail : adityajain1@hotmail.com

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, 2023

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid records and declarations submitted by the Investment Advisor to SEBI are proper, in the manner, so required and give 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) 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) 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 this requirements and the ICAI'S Code of Ethics. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion the compliances as required by SEBI.

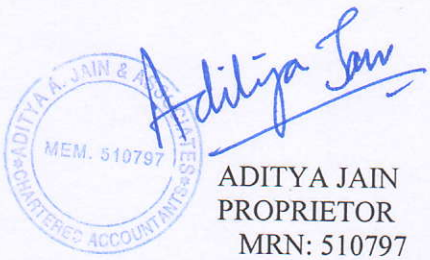
Auditor's Responsibilities for the Compliance Audit

Our objectives are to obtain reassurance 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 of these compliances. As part of an audit in accordance with the SEBI Regulations we exercise



professional judgment and maintain professional skepticism throughout the audit. We communicate with the "Principal Officer regarding, among other matters, the planned scope and timing to 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 ethics requirement regarding independence and to communicate with them all relationships and other matters that are reasonably be thought to bear on our independence and where applicable related safeguards. From the material 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 in 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: ADITYA A JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS



PLACE: CHANDIGARH
DATE: 20/09/2023

ADITYA JAIN
PROPRIETOR
MRN: 510797
UDIN: 23510797BGTLAG2021

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 advises 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 advisor and other activities
d. Ensures that its investment advisory services are clearly segregated from all its other activities
e. Ensure 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 expect 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 client for a period of fifteen days from the day of such advice. Provide that during the period of such fifteen days if the investment adviser 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 in to such transaction
h. Follows know your client procedure as a 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 advisor prior approval from the Board shall be taken.
l. Furnishes to the Board information and reports as many 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 statement unit statement 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 to stay invested the purpose 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 capital.
   (iii) Appropriately interpreting client response 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 ensure 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 make 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 client and their risk assessment is upload periodically.

(Please refer Annexure 1-Declaration 7)

Registration:

Modular 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 from 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 office of Modular Advisory Services, Mr.Sanjit Singh Paul, holds the flowing minimum qualification .at all time 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 product or securities or fun or asset or portfolio management.

As per Regulation 7 (2) of the Securities and Exchange Board of India (Investment Advisers) Regulations 2013 the principal office 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 advisors 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 advisor, modular Advisory Services shall comply with the aforementioned requirement of net worth with in the stipulated time period.

Investment advisers who are partnership firm shall have net tangible assets of value not less than one lakh rupees, provided that the existing investment advisors shall comply with the capital adequacy requirement within one year from the date of commencement of the SEBI (Investment Advisors) (Amendment) Regulations 2020.
Being a partnership firm form of investment advisor, modular 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 confirm that the certificate has not been suspended.

Conditions of certification of Registration:
As Per Regulations 13 of the Securities and Exchange Board of India (Investment Advisers) Regulations 2013.Modulor Advisory Services abides by the following conditions of certification 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 advisor not being an individual includes the word investment adviser in its name.

Please refer Annexure 1-Declaration 4.

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 objective and finical situation.
c. It understands the nature and risk of products or assets selected for clients.
d. It has a reasonable basic for believing that a recommendation or transaction entered in to.
(i) Meets the client's investment objectives.
(ii) Is such that the client is able to bear any related investment risk consistent with its investment objectives and risk tolerance.
(iii) Is such that the client that has the necessary experience and knowledge to understand the risk involved in the transaction.
e. Whenever a recommendation has been given to client to purchase a particular complex financial product such recommendation or advice was based upon a reasonable assessment that 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 product 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, printer, electronics materials, know your client forms. Client agreements and other correspondences with the clients.

a. Complete name of Investment Advisers as registered with SEBI.
b. Type of registration –Individual, Non Individual.
c. Registration number validity or registration.
d. Complete address with telephone numbers.
e. Contact details of the principal officers-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 IAhas disclosed to the prospective clients all material information about itself including its business disciplinary history the term and conditions on which it has offered advisory services affiliations with other intermediaries and such other information as necessary to take an informed decision on whether or not to avail its services.

As per Regulations 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 advise.

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

As per Regulations 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 for performance track record.

As per Regulations 18(7) the IA has drawn the attention of all clients to the warning disclaimers in documents advertising material rating to an investment products 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 clients.
b. Risk profiling and risk assessment of the client.
c. Suitability assessment of the advice being provided.
d. Copy of agreements with clients incorporating the terms and conditions as may 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 changed 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 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 investment have been made based on investment advice falls within purview of the regulator of such financial product.
d. A dispute if any between the IA and its clients is resolved through arbitration on 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 a 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) the securities and Exchange Board of India (Investment Advisers) Regulations 2013.the IA maintains arm's length relationship between its activities as investment adviser by providing advisory services through a separately identifiable department or division.

Implementation of the advice or execution:

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

Cyber Security Awareness

The IA has conducted Cyber security awareness amongst its clients during the year. A detailed PPT was sent to each client on 22/08/2022 for awareness of cyber threats.



Clause 2(vii) SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020

(a) Submission of Annual Compliance Audit Report duly approved by auditor (in case of individual IA) and its statutory auditor (in case of non-individual IA).

(b) In case of presence of adverse findings in audit report, submission of action taken on adverse findings report duly approved by the individual IA / management of the non-individual IA.

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	Application for grant of certificate (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.	Complied		

BSE - INTERNAL

Regulation 6	Consideration of application and eligibility criteria Regulation 6 states all matters, which are relevant for the purpose of grant of certificate of registration.	ϒ	Complied
Regulation 7	Qualification and certification requirement. 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).	ϒ	Complied
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause (iv)	Qualification and certification requirement. 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.	ϒ	Not Applicable

BSE - INTERNAL

Regulation 8	Net worth (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.	ϒ Complied
Regulation 13	Conditions of certificate (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.	ϒ Complied
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(v)	Registration as Non-Individual Investment Advisor. 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.	ϒ Not Applicable
Regulation 15	General Responsibility The regulation 15 imposes certain responsibilities on the Investment Adviser for the transactions it undertakes on behalf of its clients.	ϒ Complied
Regulation 15 A	Fees	ϒ Complied

MEM. 510797

BSE - INTERNAL

	Investment Adviser shall be entitled to charge fees for providing investment advice from a client in the manner as specified by the Board.				
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(iii) Regulation 16	Fees Investment Advisers shall charge fees from the clients in either Assets under Advice (AUA) mode or Fixed fee mode.	ϒ	Complied		
	Risk profiling This involves profiling, assessing the risk appetite of each client individually, and communication of such profile to the respective client.	ϒ	Complied		
Regulation 17	Suitability Investment adviser shall ensure suitability of the advice being provided to the client.	ϒ	Complied		
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(viii)	Risk profiling and suitability for non-individual clients. (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	ϒ	Complied		

BSE - INTERNAL

	onboard non-individual clients if they are unable to do risk profiling of the non-individual client in the absence of investment policy.	
Regulation 18	Disclosure to clients This involves disclosure of all necessary information by the investment adviser to its clients.	ϒ Complied
Regulation 19	Maintenance of records This regulation requires maintenance of certain records, preservation of the same and audit of such records by the prescribed professional.	ϒ Complied
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(vi)	Maintenance of record. 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.	ϒ Complied
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(ii)	Agreement between IA and the client. 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	ϒ Complied

BSE - INTERNAL

	nor any fee is charged until the client has signed the aforesaid agreement.		
Regulation 20	Appointment of Compliance officer An investment adviser shall appoint a compliance officer who shall be responsible for monitoring the compliance by the investment adviser.	ϒ	Complied
Regulation 21	Redressal of client grievances Investment adviser shall redress client grievances promptly through an adequate procedure.	ϒ	Complied
Regulation 22	Client level segregation of advisory and distribution activities. (1) An individual investment adviser shall not provide distribution services. (2) 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. (3) A non-individual investment adviser shall have client level segregation at group level for investment advisory and distribution services. (4) Non-individual investment adviser shall maintain an arm's length	ϒ	Complied

BSE - INTERNAL

	relationship between its activities as investment adviser and distributor by providing advisory services through a separately identifiable department or division.			
SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(i)	Client Level Segregation of Advisory and Distribution Activities Compliance and monitoring process for client segregation at group or family level shall be in accordance with the guidelines as specified under this clause.	ϒ	Not Applicable	
Regulation 22A	Implementation of advice or execution (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.	ϒ	Complied	

BSE - INTERNAL

SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause 2(ix)	Display of details on website and in other communication channels. 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.	Complied
(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 31st March 2022 and 30th September 2022.	Complied
SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0686 (Dated December 13, 2021)	Publishing Investor Charter and disclosure of Investor Complaints (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	Complied



BSE - INTERNAL

	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.		
Name and Contact Details of Principal Officer	SANJIT SINGH PAUL	9814406500	Principal.officer@modularcapital.com
Name and Contact Details of Compliance Officer	SANJIT SINGH PAUL	9814406500	Compliance.officer@modularcapital.com
Total No. of Clients as on 31-03-2023		37	
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	YES, 22/08/2022	PPT on Cyber security awareness was sent to the clients
SEBI/HO/MIRSD/DoS-2/P/OW/2023/0000011041/1	Telecom Regulatory Authority of India (TRAI) - Guidelines to curb spam SMSes and misuse of Headers and Content Templates by unauthorised Telemarketers (UTMs)	ϒ Complied	
SEBI / BASL Inspections	Last SEBI / BASL Inspection carried out date and Whether complied with inspection Observations.	ϒ Complied	05/07/2022

BSE - INTERNAL