



CS. SUBRAHMANYA HEGDE, ACS, LLB.
Company Secretary

To
Board of Directors
MITRAZ FINANCIAL SERVICES PRIVATE LIMITED
No.23, 3rd Floor, Indiqube Leela Galleria, Airport Road,
HAL II Stage, Kodihalli Village Varthur Hobli,
Bangalore - 560008, Karnataka

We have conducted the audit of the compliance of applicable statutory provisions under **SECURITIES AND EXCHANGE BOARD OF INDIA (INVESTMENT ADVISERS) REGULATIONS, 2013** by Mitraz Financial Services Private Limited, (hereinafter called the "IA"), a SEBI registered investment adviser bearing **CIN: U74140KA2010PTC055328** and having SEBI Reg No. INA200001041. The Audit was conducted in a manner that provided us a reasonable basis for evaluating the statutory compliance and expressing our opinion thereon.

Based on our verification of the IA's books, papers, minute books, forms and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the audit, we hereby report that, in our opinion, the company has in general, during the audit period covering the FY 2020-21, complied with the statutory provisions and subject to the reporting made hereinafter.

MANAGEMENT RESPONSIBILITY

The Company's Board of Directors are responsible for the maintenance and compliance of the records and adhere to general obligations and responsibilities as specified under Securities and Exchange Board Of India (Investment Advisers) Regulations, 2013(as amended). This responsibility includes the design, implementation and maintenance of control relevant to rendering advisory services in a manner that is prudent, and in accordance with the risk appetite of the client and generally accepted investment practices.

AUDITORS'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance of the provisions specified as per the **SECURITIES AND EXCHANGE BOARD OF INDIA (INVESTMENT ADVISERS) REGULATIONS, 2013** based on our assessment. We conducted our assessment in accordance with the generally accepted auditing principles in India.

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Our assessment involves performing procedures to obtain evidence about the correspondence and advisory services offered to clients. The procedures selected depend on the Auditors judgment. Our assessment also includes valuating the appropriateness of advisory services followed by the company, as well as evaluating the overall working and controls put in place by the Investment Adviser. We believe that the evidence we have obtained is sufficient and is appropriate to provide a basis for our compliance opinion.

Report on Other Legal and Regulatory Requirements

1. As required by the SECURITIES AND EXCHANGE BOARD OF INDIA (INVESTMENT ADVISERS) REGULATIONS, 2013, we give in the Annexure a statement on the matters as may be necessary to ensure compliance under the regulations.
2. We report that:
 - a. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit. We have examined the books/records, for our opinion.
 - b. In our opinion, all the information and registers, required by the regulation, have been generally maintained/ kept by the Investment Adviser.



SUBRAHMANYA HEGDE
Company Secretary
Membership No.21631
CP. No. 13472



Date: 31st December 2021
Place: Bangalore

**Annexure to the Auditors Report for the year ended 31stMarch 2021
(Referred to in our report even date)**

1. The IA has been granted certificate by SEBI and is valid during the period of Audit;
2. ***As per the Audited Financial statement for the year ended 31 March 2021, the net worth stands at Rs. 760,169/- (Rupees Seven Lakh Sixty Thousand One hundred and Sixty Nine only) which is not in compliance with the rule 8 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013;***
3. The IA uses the name and the designation as Investment Adviser in all its correspondence with the clients;
4. During the year under review, we have not found any instances which are contrary to fiduciary capacity;
5. During the year under review, we have not found any instances which are conflicting with Arm's length relation between the activities as an Investment Adviser and Distribution or Execution services;
6. IA has represented that, during the audit period, the confidential information of the clients have not be disclosed without prior permission of clients except where such disclosures are required to be made in compliance with any law for the time being in force;
7. During the year under review, we have not come across any instance where IA entered into transactions on its own account which is contrary to its advice given to clients for a period as prescribed under the regulations;
8. During the year under review, we have not come across any instance where the IA entered into transactions on its own account, knowing to sell securities / investment products or to purchase securities / investment product from a client;
9. Based on scrutiny of accounts and also based on the representation made by the Management, IA has not received any consideration/remuneration other than that of client advisory fees during the FY 2020-21.
10. The Company has obtained a certificate from its statutory auditors confirming compliance with the client level segregation requirements as specified in Regulation 22 of amended IA Regulations
11. IA has generally followed the KYC norms as specified by the Board from time to time. However, based on our sample testing, we found few discrepancies which are stated in Annexure 1.



12. The IA has generally complied with the code of conduct as specified under this schedule;
13. There has been change in control of Investment Adviser during the FY 2020-21 and the same has been intimated to SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). The approval for the same is still awaited.
14. The Investment Advisory team of the Investment Adviser holds certificate and qualification as prescribed in the regulation 7 during the FY 2020-21;
15. During the year under review, the IA has generally obtained necessary documents and information for the risk profiling of the clients. However, based on our sample testing, we found few discrepancies which are stated in Annexure 1;
16. During the year under review, the risk profile of the client are generally communicated to the client and in case of any deviations required to achieve the goal prior permission of the client is obtained. However, based on our sample testing, we found few discrepancies which are stated in Annexure 1;
17. Based on representation made by the company and also based on our review, we report that the Investment Adviser has a system to document all advises given to the client during the FY 2020-21;
18. During the year under review, IA has generally shared the investment plans with suitability criteria. However, based on our sample testing, we found few discrepancies which are stated in Annexure 1;
19. The Investment Adviser in his letter of intent/ agreement mentions all the disclosure as required by the regulation.
20. The Investment Adviser has maintained all the registers required under the regulations in physical/electronic form for the FY 2020-21;
21. It has been reported that, No complaints were received during the year under review;
22. During the year under review, IA has not received any letter/Notices from SEBI.



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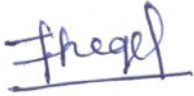
MITRAZ FINANCIAL SERVICES PVT LTD

CLIENT WISE ANALYSIS – CONTINUE TO ANNEXURE-1

1.	Area of Inspection	Maintenance of records as per Chapter II & Chapter III of SEBI (Investment Advisers) Regulations, 2013
2.	Description of Records	A. Know Your Client (KYC). B. Risk profiling. C. Suitability assessment of the Advice. D. Agreement with clients. E. Investment Advice provided - written / oral. F. Rationale for arriving at investment advice duly signed and dated. G. Client Register. H. Qualification & certification of people involving in client Advisory. I. Disclosure to clients. J. Redressal of client grievance. K. Investment Advice Process.
<u>DISCREPANCIES FOUND DURING THE INSPECTION</u> <u>(Based on the sample)</u>		
1.	Know Your Client (KYC).	The KYC Norms have not been met for the following clients; 1. Atul Kumar Jain & Taruni Tyagi
2.	Risk profiling.	The risk profiling methods have not been consistent for the following clients; 1. Atul Kumar Jain & Taruni Tyagi 2. Anish Kunisetty
3.	Investment Advice /Suitability assessment of the Advice and Rationale for arriving at investment advice.	Record not found for the following client; -- 1. Atul Kumar Jain & Taruni Tyagi 2. Anish Kunisetty



4.	Agreement with clients.	There are no signed agreements for the following clients. However, the company obtained approval for the Agreements through Email process: <ol style="list-style-type: none">1. Rakesh Dharmala2. Vishal Ranjan and Rolika Keshri3. Vipul D Ganatra4. K Nandakumar
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MITRAZ FINANCIAL SERVICES PRIVATE LIMITED

Summary of Audit Observations

1. Investment Adviser needs to know who its customer is and implement the KYC norms. On a broad level & as per best practice in the industry it is not possible for IA to initiate a transaction without having the KYC completed. By KYC requirement of SEBI for investment execution, all clients are KYC compliant. However our compliance opinion we found few discrepancies with the organisation's internal process (own) of record keeping at one place.
2. Though the Investment Adviser has certain tools to meet the risk profiling conditions, we notice that in few cases, the risk profile questionnaires are not available or supporting approval e-mails.
3. A suitability criterion is a mandatory document as per SEBI rule. IA determines the suitability using the financial planning & asset allocation tool. However, the same is missing in certain cases.
4. Investment advice offered by the company to its clients is supported by rationale for arriving at the investment advice and appropriate documents. However, a few discrepancies were identified which are mentioned in Annexure 1
5. It is suggested that the IA excels in standardisation of various tools to maintain consistency in the process.

