



**ANNUAL COMPLIANCE AUDIT REPORT**

[Pursuant to Regulation 19(3) of Securities and Exchange Board of India  
(Investment Advisers) Regulations, 2013]

September 29, 2023

To,  
Mr. Vishrut Pathak  
CIO  
M/s Pi Square Advisors  
B-1808, Navratna Corporate Park,  
Ambli, Ahmedabad - 380058

We have conducted the Annual Compliance Audit as prescribed under Regulation 19(3) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "IA Regulations") for **M/s Pi Square Advisors** (hereinafter referred to as "**the Investment Adviser**" or "**the Firm**") for the **financial year ended March 31, 2023** (hereinafter referred to as the "audit period"). The Firm owns the website <https://pisquareinvestments.com/> (hereinafter referred to as the "Website").  
The Firm does not have a mobile application.

The Annual Compliance Audit was conducted in a manner that provided a reasonable basis for evaluating the conducts of the Investment Adviser and statutory compliances.

Based on the online verification of the necessary documents, records of clients on sample basis, internal policies, procedures and other records maintained by the Firm and also the information and explanations provided by the partners during the conduct of audit, in our opinion and to the best of the information received by us, the Firm has, during the audit period complied with the statutory provisions of the IA regulations and circulars issued by SEBI, as listed hereunder.





The Firm has compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter.

The observations during the audit and the suggestions to improve the process for better compliance of the regulations are as mentioned in **Annexure A of this report**.

1. The Firm is a partnership firm registered as an Investment Adviser with Securities and Exchange Board of India (hereinafter referred to as "SEBI") having registration no.: INA000018179 (previously - INA00004948) and BASL membership ID - 2018 (previously - 1618). The registration is valid till it is suspended or cancelled by SEBI.
2. As on March 31, 2023, the Firm has 2 partners, Mr. Vishrut Pathak and Ms. Chitraben Chandramauli Pathak. Mr. Vishrut Pathak, Partner, is designated as the Principal Officer (PO) of the Firm. He fulfills the qualification and certification requirements as mentioned under Regulation 7 of the IA Regulations.

Ms. Megha Hariramani (Chakravarti) is also engaged in providing investment advisory services to the clients and will be considered as a person associated with investment advice (PAIA). She fulfills the qualification and certification requirements as mentioned under Regulation 7 of the IA Regulations.

3. As per the Net Worth Certificate provided, the Firm fulfills the capital adequacy requirements as per amended Regulation 8 of IA Regulations, as on March 31, 2023.
4. No information or particulars previously submitted to SEBI are found to be false or misleading in any material particular. There is a change in the correspondence address, the email id of the Firm, and change of Compliance Officer during the audit period. This is a material change and the same has been reported to SEBI as required under Regulation 13(b) of the IA Regulations.





5. The Firm's name does not include the words "Investment Adviser". The Firm provides investment advisory services through a separately identifiable department and have named the department such to comply with requirements of Regulation 13(c) of the IA Regulation.
6. Since the Firm is a non-individual Investment Adviser, Regulations 13(d) and 13(e) of the IA Regulations are not applicable.
7. The Firm has not received any consideration by way of remuneration or compensation 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 as mentioned under Regulation 15(2) of the IA Regulations.
8. Since the Firm is not engaged in activities other than investment advisory services, the requirement of maintenance of an arms-length relationship between the activities as an investment adviser and other activities as well as segregation of activities as mentioned in Regulation 15(3), 15(4) and 15(5) of the IA Regulations respectively is not applicable.
9. As required under regulation 15(7) of the IA Regulations, based on the records provided by the Firm, it has not entered into transactions on its own account which is contrary to the advice given to clients for a period of fifteen days from the day of such advice.
10. The Firm has kept on record the KYC documents of the clients and is also registered on the CKYC Registry as required under SEBI circular CIR/MIRSD/120 /2016 dated November 10, 2016. The Firm has complied with Know Your Client procedure as specified by SEBI in regulation 15(8) of the IA Regulations.
11. The Firm has ensured compliance with the Code of Conduct as prescribed under Regulation 15(9) and the third schedule of the IA Regulations to the extent mentioned herein.





12. The PO and the PAIA of the Firm have not acted on their own account, knowingly sold the securities or investment products to or purchased securities or investment products from a client as mentioned under Regulation 15(10) of the IA Regulations.
13. There is a change in control of the Firm during the audit period and the Firm has taken approval from SEBI as per Regulation 15(11) of the IA Regulations and paragraph 8 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.
14. The clients have been charged fees under the assets under advice (AUA) mode. The fees have been charged as per Regulation 15A of the IA Regulations and as per the limits specified in paragraph 1.2(iii) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023. However, the amount of AUA is not mentioned in the agreements. It is mentioned in the internal reports sent to the clients.
15. The Firm has demonstrated AUA with statement as notified by the client and not with documents like demat statements as required under paragraph 1.2(iii)(a)(b) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 for a few clients.
16. The Firm has obtained from the clients all such information as is necessary and mentioned in the regulations for giving investment advice as mentioned in Regulation 16(a), except details about existing investments or assets and liability or borrowing details from a few clients. However, the amount of net worth is obtained by the Firm.
17. The Firm has a process for assessing the risk the client is willing and able to take for investments in securities and financial products as required under Regulation 16(b) of the IA Regulations.





18. The Firm uses a questionnaire for assessing risk profiling of the client and has ensured compliance of Regulation 16(c) of IA regulations.
19. As required under Regulation 16(e) of the IA Regulations, the Firm has communicated the risk profile to the client after risk assessment is done either through electronic or physical means as the case may be.
20. The Firm has obtained consent from its clients on the completed risk profile through physical documents. The Firm has fulfilled the requirement under paragraph 2.2 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.
21. The Firm has a process to update the risk profile of the clients as required under Regulation 16(f) of the IA Regulations, the said process has not been followed in case of a few clients.
22. The Firm has a documented process for selecting investments based on client's investment objectives and financial situation as required under Regulation 17(b) of the IA Regulations.
23. The Firm has onboarded non-individual clients during the audit period. The Firm has carried out risk profiling for non-individual clients similar to individual client and failed to obtain investment policy from such non-individual clients for risk profiling and suitability assessment as required under paragraph 1.2(viii)(b) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.
24. The Firm has disclosed all material information about itself including its business, disciplinary history, the terms and conditions on which it offers advisory services and such other information as is necessary to the clients as mentioned under Regulation 18(1) of the IA Regulations, except affiliations with other intermediaries and details about group company.





25. The Firm has disclosed to the client its holding or position in the financial products or securities which are subject matter of advice as required under as required under Regulation 18(4) of the IA regulations.
26. The Firm is not connected to or associated with any issuer of products / securities and hence there was no actual or potential conflict of interest that needs to be disclosed as required under Regulation 18(5) of the IA Regulations.
27. The Firm has ensured that adequate disclosures are made to the client of all material facts relating to the key features of the products or securities, particularly, performance track record as required under Regulation 18(6) of the IA Regulations through its research reports.
28. The Firm has maintained all the necessary records mandated as per Regulation 19 (1) of the IA Regulations in physical/electronic form.

Compliance of additional clauses for agreement between the Investment Adviser and the client as per paragraph 1.2(ii) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.

- A. The Firm has entered into an investment advisory agreement with its clients. However, some of the terms and conditions provided in the said circular are not mentioned in few of agreements for old clients. The Firm is not complying with paragraph 1.2(ii)(a) of the said circular to that extent.
  - B. The Firm has ensured that neither any investment advice is rendered nor any fee is charged until the client has signed the agreement and provided a copy of the agreement to the client as required under paragraph 1.2(ii)(c) of the said circular.
29. The Firm has conducted a yearly audit in respect of compliance with the IA Regulations for FY 21-22 as required under Regulation 19 (3) of the IA Regulations.





30. As required under Regulation 20 of the IA Regulations, Ms. Bhoomika Godhani is appointed as the Compliance Officer of the firm for monitoring the compliance of the provisions of IA regulations and circulars issued thereon by the SEBI.
31. The Firm has adequate procedure for expeditious redressal of grievances as required under Regulation 21 of the IA Regulations. During the audit period, there were no grievances reported to or received by the Investment Adviser.
32. The Firm does not provide distribution services. The Firm has a group company as per Regulation 22 of the IA Regulations. The group company provides distribution services. The Firm has ensured client level segregation compliance as per the certificate by its statutory auditor confirming compliance with the client level segregation requirements as per under paragraph 1.2(i)(i) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.
33. The Firm does not provide implementation or execution services to its clients. Hence, Regulation 22A of IA regulation is not applicable.
34. The Firm being a non-individual investment adviser, paragraph 1.2(iv) and (v) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 are not applicable.
35. The Firm has provided advice only on emails and through reports. Hence the Firm has maintained records of interactions with its clients related to advice as required under paragraph 1.2(vi) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.
36. The Firm has displayed information on its Website, printed or electronic materials, know your client forms, client agreements and other correspondences with the clients as required to be displayed under paragraph 1.2(ix) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 except information about validity of SEBI registration and corresponding SEBI regional / local office address.





37. The Firm has not provided any free trial for any products/services to prospective clients as mentioned under paragraph 2.1 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.
38. The Firm has accepted fees by way of direct credit into the bank account and not accepted cash and complied with paragraph 2.3 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.
39. As per the declaration given by the Firm, it is in compliance of paragraph 5 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 on Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions for half-year ended 31st March 2023.
40. The Firm is registered with SEBI Complaints Redress System (SCORES). It has displayed the information about the grievance redressal mechanism available to investors in their office as required under paragraph 6 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.
41. The Firm has displayed the investor charter received as required under paragraph 7.2 of the SEBI master circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated 15th June 2023 on its Website.
42. The Firm has displayed the details of investor complaints as required under paragraph 7.3 of the SEBI master circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated 15th June 2023 on its Website.
43. The Firm has not outsourced the core business activities and compliance functions. Hence it complies with paragraph 12 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.





44. The Firm has a policy for Prevention of Money Laundering to comply with circular SEBI/HO/MIRSD/MIRSD-SEC-6/P/CIR/2023/022 issued on February 3, 2023 and paragraph 17 of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.



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**CS Kruti Gogri**  
**Practicing Company Secretary**  
**Membership No. - A21498**  
**C. P. No. - 13401**

**UDIN: A021498E001130100**



**Annexure A**

**Observations and Suggestions**

<b>Sr. No.</b>	<b>Regulation details</b>	<b>Observations</b>	<b>Suggestions</b>
1.	Regulation 16(a)	The Firm has not obtained from the client details about existing investments / assets and liability / borrowing details.	It is advised to obtain the said information from all the client and insist the clients on filling the information.
2.	Regulation 18(1)	The Firm has not disclosed details about its associate entities to its clients.	It is advised to disclose its affiliation with its associate entities and details about conflict of interest, if any, in the disclosure document.
3.	Paragraph 1.2(iii)(b)	The Firm has not demonstrated AUA with supported documents like demat statements of the clients. Also, the amount of AUA is not mentioned in the agreement.	It is advised to obtain demat statements or bank statements from the clients to demonstrate AUA from all clients. Also, it is advised to add the amount of AUA in the client agreement or any email communication.
4.	Paragraph 1.2(viii)(b)	The Firm has not obtained investment policy from its non-individual clients for conducting risk profiling and suitability assessment as required as per the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023.	It is advised to obtain investment policy from the non-individual clients for conducting risk profiling and suitability assessment and the same has to be kept on records.





5.	Paragraph 1.2(ix)	The Firm has not displayed information about validity of SEBI registration and corresponding SEBI regional / local office address as required to be displayed under Paragraph 1.2(ix) of the SEBI Master Circular SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 on its Website and all other communication with its clients.	It is advised to display such information as required under the said clause on printed or electronic materials, know your client forms, client agreements and other correspondences with the clients.
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