

AXIS SECURITIES LIMITED
('ASL')

INTERNAL AUDIT REPORT
OF INVESTMENT ADVISORY SERVICES

FOR THE PERIOD APRIL 01, 2023
TO MARCH 31, 2024

Prepared by:
SDG & CO
Chartered Accountants
912-Corporate Annex, Sonawala Road,
Goregaon East, Mumbai - 400 063



SDG & CO

Chartered Accountants

TERMS OF REFERENCE AND METHODOLOGY

1. Terms of Reference and Scope of internal audit

1.1 In accordance with the terms of reference contained in email/appointment letter and scope of internal audit as mentioned in para 1.2 below, we have carried out internal audit of Axis Securities Limited (hereinafter referred as "ASL") Investment Advisory Services (IAS) for the period from April 01, 2023 to March 31, 2024 (hereinafter referred to as "Audit Period").

1.2 The scope of the internal audit is as under:

- 1.2.1 Verification of Compliance with SEBI (Investment Advisers) Regulation, 2013.
- 1.2.2 Review of the processes and controls with respect to new client acceptance, net worth of the client, risk profiling and risk assessment of the client, maintenance of KYC records of the client, calculation of fees and any areas related thereto, as applicable for the Audit Period.
- 1.2.3 Review of the quality of internal procedures being followed by the Investment Adviser.
- 1.2.4 Verification of the process of providing the investment advice, whether written or oral, as applicable for the Audit Period
- 1.2.5 Review of the basis/rationale for arriving at a particular investment advice, as applicable for the Audit Period
- 1.2.6 Verification of the register/record containing the list of the clients, the date of advice, nature of the advice, the product/securities in which the advice was rendered and the fee charged for such advice, as applicable for the Audit Period.
- 1.2.7 Verification of the Investment Advisory fees charged on sample basis, as applicable for the Audit Period
- 1.2.8 Review of detailed financial plans/reports issued to clients based on their investment objectives, risk appetite and net worth, as applicable for the Audit Period.

*Axis Securities Limited- Internal Audit Report - Investment Advisory Services
for the period April 01, 2023 to March 31, 2024*

912, Corporate Annexe, Sonawala Road, Near Udyog Bhawan, Goregaon East, Mumbai
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1.3 Source of Information:

1.3.1 In performing the internal audit, we had called for various documents/information from various departments of ASL.

1.3.2 We were provided computer printouts including, scanned images, photocopies and electronic copies (spreadsheets) of various documents / data relating to the IAS operations. We have assumed the accuracy and completeness of these printouts and copies (photocopies and spreadsheets etc.) provided to us.

1.3.3 We have relied entirely on those documents/information made available to us and also on written and verbal representation and on the discussions with the officials of ASL.

1.4 Methodology

1.4.1 We have referred to the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as "SEBI Regulations") and amendments thereto from time to time and relevant circulars issued by SEBI.

1.4.2 The documents, information and data furnished to us were verified with the relevant records made available to us.

1.4.3 This verification was conducted in accordance with the Generally Accepted Auditing Practices, which included testing the accuracy of the records on test check basis. However, the independent confirmation from external sources was not carried out as per scope agreed with ASL.

1.5 Usage of this report

1.5.1 This report is provided for the sole use of the management of ASL. This report is to be treated in strict confidence and shall not confer any rights or remedies up to/ upon any other person.

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DETAILED REPORT

Our major findings/observations during the course of audit are as under:

1. ASL has a valid certificate of registration granted under regulation 9 of SEBI Regulations bearing SEBI registration number INA000000615. The certificate is valid from April 02, 2019 to April 01, 2024.
2. ASL has net worth as required by SEBI Regulations.
3. We hereby confirm and Report that, on the basis of written representation and on verification, ASL has complied with the provisions related to Clients level segregation of Advisory and Distribution activities. ASL on monthly basis reconciled all customers, who have signed up for Investment Advisory Services as per the defined process. Based on the PAN data base shared with ASL, Axis bank has freeze such customer's investment IDs if found in the IPS system of Axis Bank for the purpose of group level segregation.
4. We hereby confirm and Report that, on the basis of Sample Verification of documents, ASL has entered the agreement with the clients as per the SEBI regulations.
5. We hereby confirm and Report that, on the basis of Sample Verification of documents, ASL has charged the Investment Advisory Fees as per the SEBI regulations w.r.t. Investor Advisory services.
6. We hereby confirm and Report that, ASL is not involved in proprietary trading and therefore the provisions of regulation 15(7) and 15(10) of the SEBI Regulations related to transactions on its own account is not applicable.

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7. We hereby confirm and Report that, ASL has complied with the requirements of certification and qualification under Regulation 7.
8. We hereby confirm and Report that, ASL complied with the requirement to abide by the code of conduct as laid down in Schedule III of SEBI (Investment Advisers) Regulation, 2013.
9. We hereby confirm and Report that, ASL has not received any complaints from the clients w.r.t. Investment Advisory services during the period covered under Audit.
10. We hereby confirm and Report that, the provisions of regulation 19(1) of the SEBI Regulations related to maintenance of records are complied with.

For SDG & Co
Chartered Accountants
Firm Registration No.: 137864W



Ajay S Yadav
Partner
Membership No.: 170602
UDIN: 24170602BKCBWDW3669
Place : Mumbai
Date: 30/09/2024

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