



ANEEL LASOD AND ASSOCIATES

CHARTERED ACCOUNTANTS

We believe in Value, Trust and Execution

To,

Board of Designated Partners,
Marcellus Capital Partners LLP
Flat No. 602, Tower 1 Odyssey,
Hiranandani Gardens,
Powai, Mumbai – 400076

Dear Sir/Madam,

We, Aneel Lasod and Associates, Chartered Accountants, have been appointed by Marcellus Capital Partners LLP (“the LLP”) (SEBI Regn. No. INA000017204) to carry out Internal Audit of Investment Advisory Function of the LLP, pursuant to the Chapter III Section 19(3), of SEBI (Investment Advisers) Regulations, 2013, including amendments thereto, for the financial year 2022-23.

We have verified /examined the requisite records for conducting Internal Audit of Investment Advisory function of the LLP. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of this audit. Our report hereunder is based on audit carried out on a sample basis. The Audit was conducted in accordance with generally accepted audit procedures.

Operation of systems, procedures and controls are the responsibility of the LLP’s management and the responsibility of the Internal Auditor is to express its opinion on the status of compliance witnessed during the course of internal audit.

Based on our examination as above, and the information and explanations given to us, we hereby report that in our opinion the LLP during the year under review has complied with the applicable provisions of SEBI (Investment Advisers) Regulations, 2013, including amendments and guidelines issued thereto.

In our opinion and to the best of our information and according to the explanations given to us by management, the report provided by us as per the Annexure I, is true and correct.

For Aneel Lasod and Associates
Chartered Accountants
Firm Regn.No.124609W

Aneel Lasod
(Partner)
Membership No.040117
Place: Mumbai
Date: 07th June 2023
Enclose: 1. “Annexure I”
UDIN: 23040117BGWZXD6688

Annexure – I

Name of BASL enrolled Investment Adviser	Marcellus Capital Partners LLP
BASL Membership ID.	1879
SEBI Registration No.	INA000017204
Annual compliance Audit Report for FY ended	2022-2023

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	<u>Application for grant of certificate</u> (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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
Regulation 6	<u>Consideration of application and eligibility criteria</u> Regulation 6 states all matters, which are relevant for the purpose of grant of certificate of registration.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
Regulation 7	<u>Qualification and certification requirement.</u>	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		

	<p>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).</p>			
<p>SEBI/HO/IMD/DF1/CIR/P/2020/182 (Dated September 23, 2020) Clause (iv)</p>	<p><u>Qualification and certification requirement.</u> 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.</p>	<p><input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable</p>	<p>Principal Officer of IA is Complying with the qualification and experience requirements specified under Regulation 7(1) (a) and 7(1) (b) of the amended IA Regulations</p>	
<p>Regulation 8</p>	<p><u>Net worth</u> (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</p>	<p><input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable</p>		

	assets of value not less than five lakh rupees.			
Regulation 13	<u>Conditions of certificate</u> (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.	<input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable	No information or particulars previously submitted to the Board are found to be false or misleading in any material particular. As confirmed by IA, No Material change in the information already submitted.	
SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(v)	<u>Registration as Non-Individual Investment Advisor.</u> 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.	<input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable	IA is registered as Non-Individual IA.	
Regulation 15	<u>General Responsibility</u> The regulation 15 imposes certain responsibilities on the Investment Adviser for the transactions it undertakes on behalf of its clients.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
Regulation 15 A	<u>Fees</u> Investment Adviser shall be entitled to charge fees for providing investment advice from a client in the manner as specified by the Board.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		

SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(iii)	<u>Fees</u> Investment Advisers shall charge fees from the clients in either Assets under Advice (AUA) mode or Fixed fee mode.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable	
Regulation 16	<u>Risk profiling</u> This involves profiling, assessing the risk appetite of each client individually, and communication of such profile to the respective client.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable	
Regulation 17	<u>Suitability</u> Investment adviser shall ensure suitability of the advice being provided to the client.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable	
SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(viii)	<u>Risk profiling and suitability for non-individual clients.</u> (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 onboard non-individual clients if they are unable to do risk profiling of the non-individual client in the absence of investment policy.	<input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable	No Non-Individual Client onboarded during the Audit period.

Regulation 18	<u>Disclosure to clients</u> This involves disclosure of all necessary information by the investment adviser to its clients.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable
Regulation 19	<u>Maintenance of records</u> This regulation requires maintenance of certain records, preservation of the same and audit of such records by the prescribed professional.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable
SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(vi)	<u>Maintenance of record.</u> 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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable
SEBI/HO/IMD/DF1/CIR/P/2 020/182 (Dated September 23, 2020) Clause 2(ii)	<u>Agreement between IA and the client.</u> 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 nor any fee is charged until the client has signed the aforesaid agreement.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable
Regulation 20	<u>Appointment of Compliance officer</u> An investment adviser shall appoint a compliance officer who shall be	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable

Regulation 21

responsible for monitoring the compliance by the investment adviser.

Redressal of client grievances

Investment adviser shall redress client grievances promptly through an adequate procedure.

- Complied
- Not- Complied
- Not Applicable

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 relationship between its activities as investment adviser and distributor by providing advisory services through a separately identifiable department or division.

- Complied
- Not-Complied
- Not Applicable

SEBI/HO/IMD/DF1/CIR/P/2
020/182 (Dated September
23, 2020) Clause 2(i)

Regulation 22A

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.

- Complied
- Not- Complied
- Not Applicable

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.

- Complied
- Not- Complied
- Not Applicable

SEBI/HO/IMD/DF1/CIR/P/2
020/182 (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

- Complied
- Not- Complied
- Not Applicable

	forms, client agreements and other correspondences with the clients.			
(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 31 st March 2022 and 30 th September 2022.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0686 (Dated December 13, 2021)	<u>Publishing Investor Charter and disclosure of Investor Complaints</u> (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 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.	<input checked="" type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input type="checkbox"/> Not Applicable		
Principal Officer	Name and Contact Details of Principal Officer	Mr. Krishnan V R, Contact No – 022 6931 5383, Email Id: krishnan@marcellus.in		

Compliance Officer	Name and Contact Details of Compliance Officer	Ms. Mansi Bhogal, Contact No – +91 22 6931 5383, Email Id: mansi@marcellus.in		
No. of Clients	Total No. of Clients as on 31-03-2023	Total Number of Unique Clients – 308 as on 31 st March 2023		
Cyber Security Awareness	Whether any planned Cyber Security Awareness carried out among employees, stakeholders and clients, If Yes, details of Cyber Security Awareness programmed conducted in the Audit Financial Year.	Comprehensive IT security awareness deck is provided to employee for IT security threats, and measures to identify/tackle such threats.		
SEBI/HO/MIRSD/DoS2/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)	<input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable	No communication to clients by SMS.	
SEBI / BASL Inspections	Last SEBI / BASL Inspection carried out date and Whether complied with inspection Observations.	<input type="checkbox"/> Complied <input type="checkbox"/> Not- Complied <input checked="" type="checkbox"/> Not Applicable	No SEBI / BASL inspection during the audit period.	

For Aneel Lasod and Associates

Chartered Accountants
Firm Regn.No.124609W

Aneel Lasod
(Partner)
Membership No.040117

Place: Mumbai
Date: 07th June 2023

For Marcellus Capital Partners LLP

Krishnan V R

Principal Officer

Place: Mumbai
Date: 07th June 2023