

Private and confidential

The Board of Directors
Neo Wealth Management Private Limited
903-B Wing, Marathon Futurex
Nm Joshi Marg, Lower Parel
Mumbai- 400013

30 September 2023

Dear Sirs

Auditor's Report on compliance with the Client Level Segregation of Advisory and Distribution Activities

1. This Report is issued in accordance with our engagement letter dated 30 September 2023 wherein we are requested to issue a report in relation to compliance with the client level segregation of Advisory and Distribution activities specified in Regulation 22 of Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2020 as required by circular no. SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated 15 June 2023 under clause I.1.2(i) issued by Securities and Exchange Board of India (SEBI) (hereinafter referred as "amended IA Regulations" or "Master Circular").
2. The accompanying statement of compliance of Neo Wealth Management Private Limited ('the Company') on segregation of Advisory and Distribution business ('the Statement') has been prepared and certified by management of the Company in connection with the compliance with the Master Circular. The Company has to obtain a report from its statutory auditors, certifying compliance with client level segregation specified in Regulation 22 of the amended IA Regulations for the year ended 31 March 2023.

Management's responsibility

3. The preparation of the Statement is the responsibility of the Company's management including the creation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Company's management is also responsible for ensuring that the Company complies with the requirements of the amended IA Regulations and related circulars and provide all the relevant information to SEBI.

Principal Office:

Auditors' responsibility

5. We have not performed an audit, the objective of which would be expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such an opinion.
6. Our responsibility is to provide limited assurance on compliance by the Company with client level segregation specified in Regulation 22 as required by the Master Circular for the year ended 31 March 2023, based on work done and representations received. For the purpose of this report, we have planned and performed the following procedures to determine whether anything has come to our attention that causes us to believe that, in all material respects, for the year ended 31 March 2023, the Company has not complied with client level segregation specified in Regulation 22 as required by the Master Circular.
 - a. Obtained the Manual and Standard Operating Process for investment adviser department which states that investment advisory services are clearly segregated from all other activities. We have sighted the statement of accounts of the client provided distribution services, to check whether client segregation of advisory and distribution business has been done. There were no clients under investment advisory services during the year ended 31 March 2023.
 - b. The Company represented to us that the clients are duly made aware that they are allowed to choose only one i.e., distribution or advisory services across the Group. Once the client is onboarded for providing advisory services, they will not be offered any other investment product through distribution across the Group.
 - c. With respect to the group companies, we have obtained confirmation that no investment advisory clients have been onboarded across the Group for the year ended 31 March 2023. Hence, no investment advisory service is provided to client availing distribution services.
 - d. The management represented to us that in case of an individual client, "family of client" is reckoned as a single client and PAN of all members in "family of client" jointly and severally acts as the control record.
 - e. Obtained the representation letter from management that they have complied with the Master Circular.
7. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
8. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates issued for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information. and Other Assurance and Related Services Engagements.

B S R & Co. LLP

Conclusion

10. Based on the information, explanations and representations given to us, records and documents produced to us, and the procedures performed mentioned in paragraph 5, nothing has come to our attention that causes us to believe that, in all material respects, the compliance with client level segregation of advisory and distribution business mentioned in the Statement has not been done for the year ended 31 March 2023 in accordance with the Master Circular.

Restrictions of use

11. This report has been issued for the sole use of the Board of Directors of the Company, to whom it is addressed, for submission to the SEBI pursuant to requirement of the Master Circular. Accordingly, our report should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent. Also, we neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

Yours Sincerely

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Pranav Gune

Partner

Membership No: 121058

ICAI UDIN: 23121058BGZCYQ2073

Enclosure: Statement of Compliance with Client level segregation of Advisory and Distribution business



Statement of Compliance with Client level segregation of Advisory and Distribution business

About the Company:

Neo Wealth Management Private Limited is registered with Securities and Exchange Board of India (“SEBI”) as a non-individual investment advisor with Registration number INA000017286. The validity of SEBI registration is perpetual. The Company’s other services includes Stock broking, Depository participant, Distribution and Research Analyst activities. The registered office of the Company is 903, B Wing, 9th Floor, Marathon Futurex, N M Joshi Marg, Lower Parel (E), Mumbai, Maharashtra – 400013.

Neo Wealth Management Private Limited is also a registered member of BSE Administration and Supervision Limited (“BASL”) with member id: 1896.

The Company is required to obtain a certificate from its Statutory Auditors, M/s BSR & Co. LLP (Firm Registration No: 101248W/W-100022), as per Clause 2(i) of SEBI Master Circular no. SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated 15 June 2023 under clause I.1.2(i) issued by Securities and Exchange Board of India (SEBI) confirming compliance with the client level segregation requirements as specified in Regulation 22 of SEBI (Investment Advisers) Regulations, 2013.

In view of the above, the Client level segregation process followed by Neo Wealth Management Private Limited is detailed below.

A. Investment Adviser Department

1. Neo Wealth Management’s Investment Adviser Department (“IAD”) shall consist of Principal Officer and his Team members which are (i) Advisory Team - rendering advisory services to Clients and (ii) Back Office Operations Team.
2. IAD shall be a separately identifiable division within Neo Wealth Management rendering exclusively investment advise and back-office operations related to such investment advise and No member of IAD shall render any other services.
3. Neo Wealth Management may provide implementation services such as broking to it’s advisory clients for their convenience, through separate department, however, no remuneration shall be received from these clients for such services.

B. Onboarding of Advisory Clients and Segregation of Advisory and Distribution Clients:

1. A new client will be eligible to avail either advisory or distribution services within the Neo Group. However, the option to avail either advisory services or distribution services shall be made available to such client at the time of on boarding.
2. Once the Proposed Client chooses to avail Advisory services, Permanent Account Number(“PAN”) of each client shall be the control record for identification and client level segregation.
3. No Distribution services shall be provided to Advisory clients and the process herein mentioned shall be strictly followed by IAD to ensure that Advisory Clients do not end up receiving distribution services.
4. In case of an individual client, “family of client” shall be reckoned as a single client and PAN of all members in “family of client” would jointly and severally be the control record. However, the same is not applicable for nonindividual clients.

NEO WEALTH MANAGEMENT PRIVATE LIMITED

CIN:U74140MH2021PTC367572

903, B-Wing, 9th Floor, Marathon Futurex, Mafatlal Mills Compound, N.M.Joshi Marg, Lower Parel
Mumbai City MH 400013 IN

compliance@neo-wealth.com and Phone Number: 022-66423600



5. The dependent family members shall be those members whose assets on which investment advisory is sought/provided, originate from income of a single entity i.e., earning individual client in the family. The client shall provide an annual declaration or periodic updating as the case maybe in respect of such dependent family members.
6. KYC documents including legible copy of PAN card shall be collected from the proposed advisory client/s. Prospective clients shall be informed that their PAN and other KYC information shall be shared with all Neo Group entities and consent in this regard shall be taken on record.
7. PAN of proposed Investment advisory clients / family of advisory clients shall be shared by Back-office Operations Team (of IAD of Neo wealth Management) with all Group Companies to check whether these persons are existing clients of any of the Group entities.
8. Also, PAN of every client being onboarded by each Neo Group Entity shall be checked with the records maintained by IAD of Neo Wealth Management as part of standard client onboarding process at all Group Companies.
9. The Checking of PAN as stated above shall be under a maker checker process at all Group entities. Checker shall be an officer with sufficient seniority as determined by the Chief Operating Officer of Neo Group.
10. Every single onboarding under Advisory services shall be informed to all Neo Group entities by Back Office Team of IAD and the Team shall complete onboarding of new client only upon receipt of confirmation from all Group entities that the new client is not registered with any of them for any services.
11. In case if the proposed advisory Client is registered with any Group entity, then such client may be onboarded for advisory services by IAD only if no remuneration has been received from such client by the Group entity/ies for other services.
12. However, if the proposed client is registered for distribution services with any Neo Group entity, then no advisory services shall be provided to such person, and he/she/it shall not be onboarded by IAD for advisory services.

C. Ongoing Monitoring of Segregation of Advisory Clients:

1. PAN of every prospective client about to be onboarded by each Neo Group Entity shall be checked with the records maintained by IAD of Neo Wealth Management, prior to such onboarding, as part of standard client onboarding process at all Group Companies.
2. Quarterly MIS of Investment Advisory Clients shall be shared with onboarding teams of all Neo Group entities by back-office team of IAD of Neo Wealth Management.

D. Number of Clients for Investment Advisory Services during Financial Year 2022-23 :

There were no Clients under Neo Wealth Management Pvt. Ltd' s investment advisory services during the financial year 2022-23.

For and on behalf of Neo Wealth Management Private Limited

Anshul Garg
Authorised Signatory

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