

Private and confidential

The Board of Directors
Barclays Securities (India) Private Limited
Nirlon Knowledge Park,
9th Floor, Block B-6, Off Western express highway, Goregaon (East),
Mumbai-400063, India.

27 September 2024

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 27 September 2024 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 ('SEBI') (Investment Advisers) Regulations 2013 and as required by SEBI Guidelines for Investment Advisers ('IA') specified in Master Circular No. SEBI/HO/MIRSD-PoD-1/P/CIR/2024/50 dated 21 May 2024 under Clause I.1.2(i)(i) (hereinafter together referred as "IA Regulations" for the year ended 31 March 2024).
2. The accompanying statement of compliance of Barclays Securities (India) 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 Circular. The Company has to obtain a Report from its statutory auditors, certifying compliance with client level segregation of investment advisory and distribution business as per IA Regulations. The aforesaid statement is digitally signed by us for identification purpose only.

Management's responsibility

3. The preparation of the Statement and compliance with IA regulations 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.

Auditors' responsibility

4. 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.

Auditors' responsibility (Continued)

5. Our responsibility is to provide limited assurance on compliance by the Company with client level segregation of advisory and distribution business as per IA regulation, 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 cause us to believe that, in all material respects, for the year ended 31 March 2024, the Company has not complied with client level segregation of advisory and distribution business as per IA regulation:
 - a. Obtained the register of clients maintained by the Company as on 31 March 2024 of advisory and distribution activities. For the sample clients from both categories, checked whether the appropriate nature of service is defined / mentioned in the respective agreements and checked the terms and conditions entered into with clients to whom service is provided during the year ended 31 March 2024.

On test check basis we verified that investment advisory clients were appropriately classified as investment advisory clients and distribution clients as distribution clients in the books for service provided during the year ended 31 March 2024.
 - b. On test check basis, verified in the system that advisory team has no access to distribution clients. We obtained confirmation from the Management that there was no systemic change to this access controls during the year ended 31 March 2024.
 - c. On test check basis we verified that dependent family members of advisory services provided during the year ended 31 March 2024 were not tagged as distribution clients. For this we have also checked declaration obtained by the clients for dependent family members and the process of the Company to periodically update the dependent members on a sample basis.
 - d. Management has represented to us that the Company has not provided distribution service to advisory clients and vice versa. We verified revenue register for the period from 1 April 2023 to 31 March 2024 to check whether any advisory revenue was generated from distribution clients and whether any distribution revenue was generated from advisory clients on sample basis.
 - e. Management has provided to us list of advisory and distribution clients which has been relied upon by us. We verified whether there were common PAN numbers in advisory and distribution clients of the Company as on 31 March 2024.
 - f. We have obtained management confirmation that no company in the group provides Investment Advisory and Distribution services.
6. 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.
7. 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.
8. 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.

Conclusion

9. 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 maintained for the year ended 31 March 2024 in accordance with the IA Regulation.

Emphasis of matter

10. We draw attention to paragraph 10 of the Statement, which specifies that the Company has provided broking service to the clients availing advisory services. However, the broking service was provided for execution of trades in the equity securities and the advisory services were provided with respect to securities or products other than equity securities. The Company is of the opinion that providing such services are permissible as per the regulation 22A of SEBI (Investment Advisers) Regulations 2013.

Our opinion is not modified in respect of this matter.

Restrictions of use

11. This Report has been issued solely to enable the Company to comply with the IA Regulations and should not be used by any other person or for any other purpose. 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

Ritesh Goyal

Partner

Membership No: 115007

ICAI UDIN: 24115007BKFJQL9419

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

BARCLAYS SECURITIES (INDIA) PRIVATE LIMITED

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

1. This statement sets forth compliance process with respect to regulatory requirements notified by SEBI with client level segregation of Advisory and Distribution activities specified in Regulation 22 of Securities and Exchange Board of India ('SEBI') (Investment Advisers) Regulations 2013 and as required by SEBI Guidelines for investment advisers ('IA') specified in Master Circular No. SEBI/HO/MIRSD-PoD-1/P/CIR/2024/50 dated 21 May 2024 under Clause 1.1.2(i)(i) (hereinafter together referred as "IA Regulations" for the Investment Advisory business of **Barclays Securities (India) Private Limited ("BSIPL")**).

Segregation of Activities:

2. BSIPL is a SEBI registered Investment Adviser (Registration number INA000000391) which operates through a separately identified division. As required by regulations investment adviser shall have client level segregation at group level for investment advisory and distribution services and maintain an arm's length relationship between its activities by providing advisory services through a separately identifiable department or division. In compliance with the above requirements, BSIPL has a separately identifiable division called the Investment Advisory Division (IA Division) and responsibilities of personnel of the Investment Advisory division are set out in policy.
3. BSIPL has both Advisory and Distribution clients being serviced. Separate agreements are entered with Investment Advisory and Distribution services along with general terms and conditions. PAN of each client is set to be the control record for identification and client level segregation. In case of an individual client, "family of client" is reckoned as a single client and PAN of all members in "family of client" are jointly and severally the control record. This control is a manual control wherein there are maker and checker to ensure the compliance. However, the control related to 'family of client' is not applicable for non-individual clients. 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. Investment Advisory services are not provided to the Distribution clients. There are systemic controls i.e., restriction on distribution clients' access to investment advisory team. The investment advisory team maintains an advisory register in which it logs all the advice provided to clients.

Existing Clients (Till 31st March'21):

4. Investment Advisors are provided access to clients who have availed of Investment Advisory services. As per the requirement of operating through separately identifiable divisions (SID), Investment Advisors do not have access to clients who have only signed for Execution Services with BSIPL.
5. Consequent to the change in form and format of Advisory Agreements and prescribed regulation, **all 435** existing advisory clients as on 2nd March'21 were issued a Notice of termination of Advisory Services Terms and Condition with the contracted 30 days' notice period. Vide the aforementioned communication, all existing advisory clients were also advised to execute the revised documentation for Investment Advisory Services should they wish to continue availing Investment Advisory services from 1st April' 2021. The 435 clients to whom the letter of termination was sent, none of the clients submitted the responses for availing Investment Advisory Services by 31st March'21. Three client accounts were closed as on 31 March 2021.
6. The remaining **432** clients were having 842 accounts out of which 166 accounts were set up for non-commission-based products. These accounts were deactivated before beginning of Business Hours on 1st April'21 so that these are restricted for any additional investments and only redemptions were permitted on

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these accounts effective 1st of April'21. The system access for these accounts were revoked from the Investment Advisors.

7. Further, the account access for the remaining 676 (which were enabled for investments with commission plans) was also removed from the Investment Advisors by 15 April 2021. In line with the revised regulations Investment Advisors were instructed not to issue any advice on commission -based products. Therefore, in the interim, pending revocation of access to these accounts, there were controls in place to ensure Investment Advisors did not issue investment advice with respect to these accounts.
8. None of the aforesaid 166 accounts were forced to liquidate/switch such existing holdings through any communication implicitly or explicitly. Accordingly, as on 31 March 2021, there were no Investment Advisory clients being serviced by BSIPL. These clients with effect from 1st April 2021 would be treated as new clients with respect to availing Investment Advisory Services if they entered into new advisory agreement.

New Clients (Effective 1st April'21):

9. For clients onboarded after 31st March 2021, the process is set in place wherein the nature of service taken by the client, i.e., whether Advisory or Distribution, will be explicitly established at the beginning of the relationship, and the client shall opt for either of the services, based on which the relevant agreement will be executed with the client. A separate declaration of dependent family members is obtained from individual clients to establish the group of individuals who form a group depending on the financial dependency as required under the Regulations and the same will be refreshed annually. Further, the client is required to provide a new declaration wherever there is a change in respect of the previous declaration provided by the client.
10. There are advisory clients which have broking relationship with the Company, the broking service was provided for execution of trades in the equity securities and the advisory services were provided with respect to securities or products other than equity securities. The Company is of the opinion that providing such services are permissible as per the regulation 22A of SEBI (Investment Advisers) Regulations 2013.
11. As on 31 March 2024 the following is the segregation between advisory and distribution accounts:

Particulars	No. of Clients
Advisory Clients	54
Distribution clients	2164

12. We confirm that the client level segregation of Advisory and Distribution business has been complied as required by regulations for the year ended 31 March 2024.

For and on behalf of Barclays Securities (India) Private Limited

Narayan Shroff
Director