

DISCLOSURE DOCUMENT

(AS PER THE REQUIREMENT OF FIFTH SCHEDULE OF
REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS) REGULATION



KEY INFORMATION AND DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT SERVICES UNDERTAKEN BY IIFL WEALTH MANAGEMENT LIMITED

This document supersedes the earlier Disclosure Document filed with SEBI.

This document has been filed with the Board along with a certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.

The purpose of the Document is to provide essential information about the portfolio management services in a manner to assist and enable the Investors in making decisions for engaging a Portfolio Manager.

The necessary information about the Portfolio Manager required by an Investor before investing is disclosed in the Disclosure Document and the Investor is advised to retain the document for future reference.

Investors should carefully read the entire document before making a decision and should retain it for future reference. Investors may also like to seek further clarifications or obtain further changes after the date of this document from the service provider.

FOLLOWING ARE THE DETAILS OF THE PORTFOLIO MANAGER:

Name of the Portfolio Manager	IIFL Wealth Management Limited
SEBI Registration Number	INP000002676
Registered Office Address	IIFL Centre, Kamala City Senapati Bapat Marg, Lower Parel Mumbai- 40013
Phone	(+91 - 22) 39585600
Website	www.iiflw.com

THE NAME, PHONE NO., E-MAIL ADDRESS OF THE PRINCIPAL OFFICER SO DESIGNATED BY THE PORTFOLIO MANAGER IS:

Name of the Principal Officer	Mr. Yatin Shah
Phone	(+91 - 22) 39585641
Email	yatin@iiflw.com

Date: October 30, 2018

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1. Disclaimer:

This document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and has been filed with the Securities and Exchange Board of India (SEBI). This document has neither been approved nor disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of the contents of this Document.

This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

2. Definitions:

In this Disclosure Document, unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively: -

- a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- b) "Agreement" means agreement between Portfolio Manager and its client and shall include all schedules and annexures attached thereto.
- c) "Board" means the Securities and Exchange Board of India.
- d) "Body Corporate" shall have the meaning assigned to it in or under clause (11) of Section 2 of Companies Act, 2013.
- e) "Client" or "Investor" means any person who registers with the Portfolio Manager and enters into an Agreement with the Portfolio Manager for availing the services of Portfolio Management.
- f) "Custodian" means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.
- g) "Depository" means a body corporate as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).
- h) "Depository Account" means any account of the Client or for the Client with an entity registered as a depository participant as per the relevant regulations in which the securities comprising part of the portfolio of the client are kept by the portfolio manager.
- i) "Disclosure Document" means this disclosure document for offering Portfolio Management Services.
- j) "Financial year" means the year starting from 1st April and ending on 31st March the following year.
- k) "Funds" means the moneys placed by the Client with the Portfolio Manager and any accretions thereto.
- l) "Funds managed" means the market value of the Portfolio of the Client as on date.
- m) "Initial Corpus" means the value of the funds and the market value of readily realizable investments brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager.
- n) "PMS / Portfolio Management Services Agreement" includes contract entered between the portfolio manager and the client for the management of funds or securities of the client.
- o) "Portfolio" means the total holdings of all investments, securities and funds belonging to the client.
- p) "Portfolio Manager" means IIFL Wealth Management Ltd, a company incorporated under the Companies Act, 1956 and having its registered office at IIFL house, 4th Floor, Sun Infotech Park, Road no. 16, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane, Mumbai- 400 604.
- q) "Principal Officer" means a person who has been designated as Principal Officer by the Portfolio Manager as required under the SEBI (Portfolio Managers) Regulations, 1993 and he will be responsible for the activities of Portfolio Manager.
- r) "Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 including rules, guidelines or circulars issued in relation thereto from time to time
- s) "SEBI" means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
- t) "Securities" as per Securities Contracts (Regulation) Act, 1956

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

3. Description:

(I) History, Present Business and Background of the Portfolio Manager:

IIFL Wealth Management Ltd. (IIFLW) was incorporated on 17th January 2008 under the Companies Act, 1956. IIFLW is registered with SEBI as Portfolio Manager with the registration No. INP000002676. It provides the Portfolio Management Services to the high net worth clients (HNI segment) all over India. Clients are serviced by dedicated Relationship Managers offering customized advisory services suitable to each client's requirements.

IIFL Wealth Management Ltd leverages on the group relationships to provide sophisticated wealth management services for advising and management of funds and portfolios of HNI clients. It has recruited experienced people from industry for PMS and seeks to focus on research areas & in context to that IIFLW has installed various software/applications as means to achieve the growth in business.

It acts as the Wealth Manager, Financial Consultant, Management Consultant, Advisor and provides Consultancy, Advisory, Counseling Services, Financial Services and facilities of every description and manages and mobilizes funds and assets of various companies, Mutual Funds, individual Investors, firms, associations and other bodies corporate, private and institutional investors and carries on the activities of managing investment in equity and derivative instruments, commodities, debt instruments, mutual funds, government securities, post office schemes, saving instruments, insurance products, money market instruments and securities of all types and to promote, support and carry on the business of providing wealth management services to individuals, firms, associations, institutions, corporate and body corporates and to pass on the benefits of such investments as interest, dividend, bonus, etc. and provide complete range of financial services.

It also carries on all kinds of agency business and acts as advisor, consultant, agent, sub-agent, distributor, seller of deposits, loans, units of Mutual Funds, Shares, Stocks, Debentures, Bonds, Government Securities, Insurance Products, National Savings Certificates and such other financial, investment, personal loans, home loans products, securities & debt instruments and to acquire and hold one or more memberships/ dealership with or without trading privileges of Association of Bankers, Association of Mutual Funds, Merchant Bankers, Insurance Companies, Fund Managers, Brokers, Securities Dealers or Commodity Dealers, Clearing Houses, Stock Exchanges, Commodity Exchanges in India or any part of the world.

IIFL Wealth Management Limited has also been registered as stock broker, Research Analyst and Depository Participant with SEBI.

IIFL Wealth Management Ltd is also a sponsor to IIFL Mutual Fund and a Co-Sponsor of schemes of IIFL Alternative Investment Fund (s).

(II) PROMOTERS OF THE PORTFOLIO MANAGER, DIRECTORS AND THEIR BACKGROUND.

(a) Promoters of IIFL Wealth Management Limited

IIFL Wealth Management Ltd. is promoted by IIFL Holdings Limited (Formerly known as India Infoline Ltd). IIFL Holdings Limited (IIHL) and its subsidiaries are one of the leading players in the Indian financial services space. IIFL offers advice and execution platform for the entire range of financial services covering products ranging from Equities and derivatives, Wealth Management, Asset Management, Insurance, Fixed Deposits, Loans, Investment Banking, GOI bonds and other small savings instruments.

(b) The Board of Directors of IIFL Wealth Management Limited.

1) MR. NIRMAL JAIN (Chairman & Director)

Nirmal Jain, MBA (IIM, Ahmedabad) and a Chartered and Cost Accountant, founded India's leading financial services company India Infoline Ltd. in 1995, providing globally acclaimed financial services in equities and commodities broking, life insurance and mutual funds distribution, among others. Mr. Jain began his career in 1989 with Hindustan Lever's commodity export business, contributing tremendously to its growth. He was also associated with Inquire-Indian Equity Research, which he co-founded in 1994 to set new standards in equity research in India.

2) MR. R. VENKATARAMAN (Director)

R Venkataraman, co-promoter and Executive Director of India Infoline Ltd., is a B. Tech (Electronics and Electrical Communications Engineering, IIT Kharagpur) and an MBA (IIM Bangalore). He joined India Infoline board in July 1999. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of USA and with BZW and Taib Capital Corporation Limited. He

was also Assistant Vice President with G E Capital Services India Limited in their private equity division, possessing a varied experience of more than 16 years in the financial services sector.

3) MR. KARAN BHAGAT (Managing Director)

Mr. Karan Bhagat has an experience of more than 13 years. He holds an M.B.A. finance from IIM Bangalore. He was associated with Kotak Group for more than 3 years in their Wealth Management division.

4) MR. YATIN SHAH (Whole Time Director)

Mr. Yatin Shah has an experience of more than 13 years. He holds an M.Sc. in Finance from Cass Business School, London. He started his career with Khandawala Securities in Equity Research. Earlier he was associated with Kotak Group for more than 3 years in their Wealth Management division.

5) MR. NILESH VIKAMSEY (Independent Director)

Mr. Vikamsey is a practicing Chartered Accountant for more than 27 years and Senior Partner at M/s Khimji Kunverji & Co., Chartered Accountants, a member firm of HLB International, a world-wide organization of professional accounting firms and business advisers, ranked amongst the top 12 accounting groups in the world. Mr. Vikamsey is an elected member of the Central Council of Institute of Chartered Accountant of India (ICAI). He is Board Member of India Infoline Ltd. since February 2005

6) MR. AMIT SHAH (Director)

Mr. Amit Shah is a Chartered Financial Analyst (CFA) from ICFAI and holds a graduate degree in Commerce. He has more than fifteen years of experience in the financial services industry, including nine years advising institutional investors in North America and Singapore. Prior to IIFL, Amit has been associated with Kotak and CITI Groups Wealth Management business.

7) MS. GEETA MATHUR (Independent Director)

Mrs. Geeta Mathur is a Chartered Accountant, specialising in the area of project, corporate and structured finance, treasury, investor relations and strategic planning. She started her career with ICICI, where she worked for over 10 years in the field of project, corporate and structured finance as well represented ICICI on the Board of reputed companies such as Eicher Motors, Siel Limited etc. She then worked in various capacities in large organisations such as IBM and Emaar MGF across areas of Corporate Finance, Treasury, Risk Management and Investor relations. She is currently on the board of several large listed companies including Motherson Sumi Limited, NIIT Limited and RSWM. She is a graduate in Commerce from Shriram College of Commerce, Delhi University and did her articles with PriceWaterhouse while pursuing her CA.

8) SANDEEP NAIK (Director):

Sandeep Naik joined General Atlantic in 2012 as head of the firm's India & Southeast Asia business, based in Mumbai. He also serves on the firm's Executive Committee. Sandeep manages and oversees all of GA's investments in the region, including House of Anita Dongre, Citius Tech, IndusInd, Garena and National Stock Exchange. Sandeep holds a BTech in Instrumentation Engineering from the University of Mumbai, an M.S. in Biomedical Engineering from the Medical College of Virginia and an M.B.A. in Finance from The Wharton School of Business, University of Pennsylvania. He was also selected as a Young Global Leader by the World Economic Forum and served on the Global Agenda Council of New Order of Economic Thinking.

9) SHANTANU RASTOGI (Director):

Shantanu Rastogi works from General Atlantic's Mumbai office where he focuses on investments in the Internet & Technology, Retail and Consumer, and Healthcare sectors in India. He serves on the board of directors of House of Anita Dongre. Prior to joining General Atlantic, Shantanu was a Principal at Apax Partners. Previously Shantanu was a consultant at McKinsey & Co. in Mumbai. Shantanu graduated from the Indian Institute of Technology and completed his M.B.A. at the Wharton School.

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(III) DETAILS OF GROUP COMPANIES:

Subsidiaries of IIFL Wealth Management Ltd. as on September 30, 2018 are as follows:

SR. NO.	NAME OF THE SUBSIDIARY	BUSINESS ACTIVITY	REGULATOR
1.	IIFL Wealth Finance Limited	NBFC & Corporate agency	RBI, MCA, SEBI & IRDAI
2	IIFL Trustee Limited	Trustee company to Mutual Fund & AIF	MCA and SEBI
3	IIFL Asset Management Limited	Asset Management Company to Mutual Fund and Alternative Investment Funds (AIF) & Portfolio Manager	MCA and SEBI
4	IIFL Investment Adviser & Trustee Services Limited	Trustee Services & Investment Adviser	MCA & SEBI
5	IIFL Distribution Services Limited	Distribution	MCA & AMFI
6	IIFL Alternate Asset Advisors Limited	Investment Manager to AIF and Real Estate Agent	MCA, SEBI & Real Estate Regulatory Authority
7	IIFL Asset Management (Mauritius) Ltd – Located at Mauritius	Distribution and advisory services for financial products and CIS License Manager & Category I Global Business License.	Financial Services Commission, Mauritius
8	IIFL Private Wealth (Suisse) SA. – Located at Switzerland	Advisory & Financial Services and External Asset Manager	Registrar of Companies
9	IIFL Inc. – Located at USA	Distribution and advisory services for financial products and FPI	Securities and Exchange Commission, USA and SEBI
10	IIFL (Asia) Pte. Ltd. – Located at Singapore	Holding for IIFL Securities Pte Ltd and IIFL Capital Pte Ltd.	ROC, Singapore
11	IIFL Private Wealth Hong Kong Ltd. - Located at Hong Kong	Distribution and advisory services for financial products	Securities and Futures Commission
12	IIFL Private Wealth Management (Dubai) Ltd. – Located at Dubai	Arranging Credit and Deals in Investments. Advising on Financial Products or Credit	Dubai Financial Services Authority
13	IIFL Capital Pte. Ltd formerly known as IIFL Wealth Pte. Ltd. – Located at Singapore*	Fund Management	Monetary Authority of Singapore
14	IIFL Securities Pte. Ltd – Located at Singapore*	Distribution and Advisory services for financial products	Monetary Authority of Singapore; and Singapore Exchange Limited
15	IIFL Capital (Canada) Limited	Financial Services	Ontario securities commission
16.	IIFL Wealth Securities IFSC Limited	Financial Services	MCA

*IIFL Securities Pte. Ltd and IIFL Capital Pte. Ltd are subsidiaries of IIFL (Asia) Pte. Ltd

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IIFL Wealth Management Limited is a subsidiary (including step down subsidiaries) of IIFL Holdings Ltd. Other subsidiaries of IIFL Holdings Ltd. are as follows:

SR. NO.	NAME OF THE SUBSIDIARY	BUSINESS ACTIVITY	REGULATOR
1	IIFL Commodities Limited	Commodity broking	MCA, National Commodity & Derivatives Exchange Limited and Multi Commodities Exchange
2	India Infoline Finance Ltd.	NBFC	MCA and RBI
3	India Infoline Housing Finance Limited #	Housing Finance Company	MCA and NHB
4	IIFL Securities Ltd (Formerly known as India Infoline Limited Ltd)	Stock Broker, Depository Participant, Distribution of financial products & Investment Adviser	MCA & SEBI
5	India Infoline Insurance Brokers Limited	Insurance Broker	MCA and IRDA
6	India Infoline Media and Research Services Limited	Media and Research	MCA
7	5paisa Capital Limited	Stock Broker	MCA, BSE, NSE and SEBI
8	IIFL Facilities Services Ltd.	Realty	MCA
10	IIFL Wealth (UK) Ltd -Located at UK	Distribution and advisory services for financial products	Financial Services Authority
11	IIFL Capital Inc. - Located at USA	Registered Broker Dealer	FINRA
12	India Infoline Foundation	Company with Charitable objects	MCA
13	IIFL Asset Reconstruction Limited	Securitization of financial asset	MCA
14	Samasta Microfinance Limited	Microfinance	RBI
15	Ayusha Dairy Pvt Limited	Dairy products	ROC
16	Clara Developers Private Limited	Property Advisory, Consultancy and Allied Services	ROC
17	IIFL Management Services Limited	Property Advisory, Consultancy and Allied Services	Real Estate Regulatory Authority
18	IIFL Securities Services IFSC Limited	Financial Services	MCA

India Infoline Housing Finance Ltd. is subsidiary of India Infoline Finance Ltd.

The top ten group companies of the Portfolio Manager on turnover basis as per the audited financial statements (FY 2017-18) of IIFL Holdings Ltd. are as below

1. IIFL Holdings Limited
2. India Infoline Finance Limited
3. India Infoline Housing Finance Limited
4. IIFL Wealth Finance Limited
5. IIFL Wealth Management Limited
6. IIFL Securities Limited (formerly known as India Infoline Limited.)
7. IIFL Facilities Services Limited
8. IIFL Asset Management (Mauritius) Limited
9. IIFL ASSET MANAGEMENT LIMITED
10. Samasta Microfinance Limited

(IV) DETAILS OF THE SERVICES BEING OFFERED:

The Portfolio Manager broadly offers Discretionary, Non-Discretionary and Advisory services. The details of the services are given as below.

A) Discretionary service: In case of Discretionary Services, the Portfolio Manager shall independently manage the funds and securities of the client in accordance with the provisions of Portfolio Management Service agreement. The choice as well as the timings of the investment decisions rest solely with the Portfolio Manager. The Decisions made by Portfolio Manager for the Investment/Disinvestment shall be final and binding on the client. The Portfolio Manager's decision taken in good faith towards deployment of client's account can never be called in question or be open to review at any time during the currency of client's agreement.

Presently following portfolio strategies are being offered to the Investors.

Based on the Client's profile, overall investment objective and other relevant factors, the Portfolio of the Clients are at present managed under one or more of the following Investment Strategies:

• Customized Discretionary Portfolios:

The Customized Discretionary portfolios are tailor-made to meet clients' specific objectives. The portfolios have client-specific investment objectives and risk control metrics. Investments may be made across equity and debt schemes and are customized to meet specific liquidity needs. The portfolio under discretionary services can be classified as Customized Equity Portfolio or Customized Debt Portfolio.

• Investment in Real Estate Companies Portfolio:

The objective is to participate on behalf of the clients in debt instruments issued by companies into real estate. The aim is to achieve regular interest and/or capital appreciation by investing in debentures of financially sound unlisted/listed real estate companies or funds investing in the securities of real estate companies.

• Long Term Value Portfolio:

Its philosophy is money is made by investing in the long term. The portfolio uses a focused, bottom up approach wherein not more than 15 – 20 stocks are selected. This is value-oriented fund with capitalization in large cap funds. This Portfolio is suitable to Investors who like to invest with a Long-term wealth creation view with medium risk and medium returns.

• Select Equity Portfolio:

The Portfolio aims to create diversified multi-cap portfolio, consisting of a combination of growth and value stocks. This Portfolio is suitable to Investors who like to invest in the funds with medium and long-term objectives. The Benchmark Index of the Portfolio is S&P CNX Nifty. Initially the investments are focused in the Banking, Pharmaceuticals and Infrastructure sector. Portfolio shall invest in the sectors that witness long term improvements in their business environment leading to higher sustainable growth rates.

• Select ETF Portfolio:

The Portfolio aims to create diversified multi-cap portfolio, consisting of a combination of growth and value stocks combined with ETFs. This Portfolio is suitable to Investors who like to invest in the funds with medium and long-term objectives. The Benchmark Index of the Portfolio is S&P CNX Nifty. Portfolio shall invest in the sectors that witness long term improvements in their business environment leading to higher sustainable growth rates. ETFs are included as part of the Portfolio to reduce volatility with respect to the markets.

• Debt Portfolio:

This Portfolio primarily is a growth-oriented Portfolio in debt which will focus on a Universe of available debt and debt investments. The investments would include Government Securities, RBI bonds, PSU bonds, Tax Free Bonds, Corporate Debentures, Bank Bonds, State Guaranteed bonds, money market instruments, commercial paper and Certificate of Deposits, liquid plus schemes and secured NCD's. This Portfolio is suitable to Investors who like to invest in the funds with low volatility and superior risk adjusted returns.

- **Growth Portfolio:**

The focus is on growth-oriented investment theme based on the macro economy, monetary / fiscal policy, politics, valuations and global environment changes. Bottom up selection with attractive sectors/themes would cover 60-70% of the portfolio.

- **Lease Rent Discounting/ Pre-leased Rental Strategy:**

Under this portfolio investment will be made in shares of unlisted companies on private placement basis. These Companies shall invest in the commercial properties which are already given on lease and earning rental income. Risk related to land acquisition and development risk are mitigated through this investment type since the asset is ready and income yielding. An increase in rentals and appreciation in value of property may positively impact the yield of the investment.

- **National Development Agenda Portfolio:**

Investment objective of the Portfolio is to generate long term capital appreciation for investors from a portfolio of equity and equity related securities. The investment strategy of the Portfolio will be to invest in equity securities of infrastructure-oriented sectors, manufacturing oriented sectors, PSU's, banking & financial services (especially project finance-oriented entities) and consumer discretionary sectors.

- **Equity Investment - upto 100%**

- **Liquid schemes of Mutual funds and other securities as per discretion of Portfolio Manager**

Notes:

- i. Investment under Portfolio Management Services will be only as per the applicable SEBI Regulations
- ii. The un invested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager be held in cash or deployed in Liquid fund schemes, Exchange Traded Index Funds, debt-oriented schemes of Mutual funds, Gilt schemes, Bank deposits and other short term avenues for Investment.
- iii. The Portfolio Manager, with the consent of the Client, may lend the securities through an Approved Intermediary, for interest.
- iv. All of the above strategies are based on client's investment objective(s) and should not be construed as any Scheme promoted by the Company.

- **IIFL-One Mandate:**

The investment objective is to construct customized multi-asset class portfolios in line with client's specific objectives and desired asset allocation frame-work. The portfolio manager at its discretion shall construct the portfolio using stocks, fixed income instruments (for e.g. Bonds, Commercial papers, Certificate of Deposits, Government security (T-Bills), SDL, GOI SPL Bonds, etc., structured products), mutual funds, AIFs, REITs, InvITs and/or other "Securities" as defined in section 2(h) of the Securities Contract Regulation Act 1956.

B) Non-Discretionary service:

Under Non-discretionary services, the Portfolio Manager advises the Client about the various investments options and exit opportunities keeping in view the investment profile of the client etc. The Client ultimately decides on the investments. The Portfolio Manager facilitates the clients in providing research, investments advice, guidance and trade execution at the client's request. The Portfolio Manager shall execute orders only as per the instructions received from clients. The deployment of the client's funds and securities by the Portfolio Manager on the instructions of the client is absolute and final.

- **IIFL-ONE CONSULT:**

The objective is to provide customized holistic portfolio strategy guidance and product recommendations in line with client's desired asset allocation frame-work. The Client retains full discretion to invest or not invest in securities recommended by the portfolio manager. This is a multi-asset strategy, investible universe for which being stocks, fixed income instruments (for e.g. Bonds, Commercial papers, Certificate of Deposits, Government security (T-Bills), SDL, GOI SPL Bonds, etc, structured products), mutual funds, AIFs, REITs, InvITs and/or other "Securities" as defined in section 2(h) of the Securities Contract Regulation Act 1956

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C) Advisory service:

Apart from Discretionary and Non-Discretionary Portfolio Management Services, the Portfolio Manager also offers Advisory Portfolio Management Services wherein the Portfolio Manager only renders investment advice to the client in respect of securities. Discretion to execute the transactions and responsibility for execution /settlement of the transactions lies solely with the Client.

Under the Advisory function, Portfolio Manager advises on the client's portfolio with/without managing the funds/securities on specific or general instructions given by the client, as the case may be. Under the Advisory function, Portfolio Manager advises on the Fund Management, Investment Management, Custody of Securities and other support services. Discretion to execute the transactions and responsibility for execution /settlement of the transactions lies solely with the Client.

POLICY FOR INVESTMENT IN GROUP COMPANIES

The Portfolio Manager may utilize the services of the Group Companies and / or any other subsidiary or associate company established or to be established at a later date, in case such a company is in a position to provide requisite services to the Portfolio Manager. The Portfolio Manager will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arm's length basis and at mutually agreed terms and conditions and to the extent permitted under SEBI Regulations after evaluation of the competitiveness of the pricing offered and the services to be provided by them. The Portfolio Manager may invest in shares, units of mutual funds, debt, deposits and other financial instruments issued by any of the group / associate companies of the Portfolio Manager to the extent permitted under the SEBI Regulations.

4. Penalties, Pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority:

i	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Regulations made there under	Nil
ii.	The nature of the penalty/direction.	N.A.
iii.	Penalties imposed for any economic offence and/ or for violation of any securities laws	Nil
iv.	Any pending material litigation/legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any.	Nil
v.	Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.	Nil
vi.	Any enquiry/ adjudication proceedings initiated by the Board or any regulatory agency against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Regulations	Refer Annexure A

No penalties / directions have been issued by the SEBI under the SEBI Act or Regulations made there under relating to Portfolio Management Services provided by the Company. There are no pending material litigations or legal proceedings, findings of inspections or investigations for which action has been taken or initiated by any regulatory authority against the Portfolio Manager or its Directors, principal officers or employees or any person directly or indirectly connected with the Portfolio Manager under the SEBI Act and Regulations made there under relating to Portfolio Management Services.

IIFL Holdings Limited which is the Holding company of IIFL Wealth Management Ltd. is also registered as Stock Broker and Depository Participant. In the normal course of its Broking and Depository business there arise arbitration matters/ client / Exchange proceedings before respective Exchange / Depository / Forums, most of which get rectified / disposed off in the normal course.

5. Details of Services offered by the Portfolio Manager:

The Portfolio Manager broadly offers Discretionary portfolio management, Non-Discretionary portfolio management and Advisory services as described hereinabove in clause 3 (iv).

Under Discretionary and Non-Discretionary service, the Portfolio-Manager may invest in various portfolios with different terms and conditions from time to time. Discretionary and Non-discretionary services are being offered under various strategies with various terms and conditions.

TYPE OF SECURITIES WHERE INVESTMENTS MAY BE MADE BY THE PORTFOLIO MANAGER UNDER ANY OF THE ABOVE-MENTIONED SERVICES

- i. shares, scrips, stocks, bonds, debentures, debentures stock or other marketable securities of a like nature in or of any incorporated company or other body corporate,
- ii. derivative
- iii. units or any other instrument issued by any collective investment scheme (iv) security receipt as defined in clause (zg) of section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- iv. Government securities
- v. units or any other such instrument issued to the investors under any scheme of mutual fund, alternative investment fund, venture capital fund;

- vi. Any certificate or instrument (by whatever name called), issued to any investor by any issuer being a special purposes distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be
- vii. such other instruments as may be declared by the Central Government to be securities
- viii. Rights or interest in securities.

The above-mentioned securities are illustrative in nature. Investments can be made in various equity and equity related securities including convertible/non-convertible and/or cumulative/non-cumulative preference shares, convertible and/or cumulative/non-cumulative debentures, bonds and warrants carrying the right to obtain equity shares, units of mutual funds, units of Alternative investment funds, ETFs and other eligible modes of investment as may permitted by the Regulations from time to time. The Portfolio Manager may from time to time invest the idle cash balance in units of Liquid Schemes of Mutual Funds. Investments could also be made in listed, unlisted, convertible, non-convertible, secured, unsecured, rated or unrated or of any maturity, and acquired through secondary market purchases, RBI auctions, open market sales conducted by RBI etc., Initial Public Offers (IPOs), other public offers, bilateral offers, placements, rights, offers, negotiated deals, etc. The debt category will include all types of debt securities including but not limited to Securitised Debt, Pass Through Certificates, Debentures (fixed, floating, Variable Coupon, and equity index /stocks /stocks basket linked), Bonds, Government securities issued or guaranteed by Central or State Government, non-convertible part of partially convertible securities, corporate debt of both public and private sector undertakings, securities issued by banks (both public and private sector) and development financial institutions, bank fixed deposits, commercial papers, certificate of deposit, trade bills, treasury bills and other money market instruments, units of mutual funds, units of SEBI registered Venture Capital Funds, floating rate debt securities and fixed income derivatives like interest rate swaps, forward rate agreements etc. as may be permitted by the Act, Rules and/or Regulations, guidelines and notifications in force from time to time.

Asset Classes for investment will always be subject to the scope of investments as may be agreed upon between the Portfolio Manager and the Client by way of any agreement, explicit or implied including this disclosure document, addenda thereof, other documents and communications in writing and emails duly authenticated and exchanged between the client and IIFL Wealth Management Ltd.

6. Risk Factors:

- (a) Investments in securities are subject to market risks, which include price fluctuation risks. There is no assurance or guarantee that the objectives of any of the Portfolios will be achieved. The investments may not be suited to all categories of Investors.
- (b) The past performance of the Portfolio Manager in any Portfolio is not indicative of the future performance in the same or in any other Portfolio either existing or that may be offered. Investors are not being offered any guaranteed or indicative returns through these services.
- (c) Risk arising out of non-diversification: The investment objectives of one or more of the portfolio management Offerings / Options could result into concentration on a specific asset/ asset class/sector/ issuer etc., which could lead to non-diversified portfolio which tends to be more volatile than diversified portfolio. The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets
- (d) The investments made are subject to external risks such as war, natural calamities, and policy changes of local / international markets which affects stock markets.
- (e) The performance in the equity portfolios may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro-economic factors.
- (f) The performance of the assets of the Client may be adversely affected by the performance of individual securities, changes in the market place and industry specific and macro-economic factors. The investment strategies are given different names for convenience purpose and the names of the Strategies do not in any manner indicate their prospects or returns.
- (g) The debt investments and other fixed income securities may be subject to interest rate risk, liquidity risk, credit risk, and reinvestment risk. Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures.
- (h) Investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.
- (i) The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the client's portfolio to liquidity risks.

- (j) Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party.
- (k) Portfolio services using derivative/ futures and options are affected by risk different from those associated with stock and bonds. Such investments are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of derivatives and futures and options. Some of the risks relate to mis-pricing on the improper valuation of derivatives and futures and options and the inability to correlate the positions with underlying assets, rates and indices. Also, the derivatives and future and options market is nascent in India.
- (l) The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the Portfolio Services. All Portfolios under portfolio management are subject to change at any time at the discretion of the Portfolio Manager.
- (m) Performance of the Portfolios may be impacted as a result of specific investment restrictions provided by the client.

Specific Risk Factors

The investments, presently recommended by the Portfolio Manager are subject to following risk factors:

- **Market Risk**

The NAV of the portfolio will react to the securities market movements. The investor could lose money over short periods due to fluctuation in the NAV of Portfolio in response to factors such as economic and political developments, changes in interest rates and perceived trends in securities market movements and over longer periods during market downturns.

- **Market Trading Risks**

Absence of Prior Active Market: Although securities are listed on the Exchange(s), there can be no assurance that an active secondary market will develop or be maintained.

Lack of Market Liquidity: Trading in securities on the exchange(s) may be halted because of market conditions or for reasons that in the view of the exchange Authorities or SEBI, trading in particular security is not advisable. In addition, trading in securities is subject to trading halts caused by extra ordinary market volatility and pursuant to Exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the Market necessary to maintain the listing of securities will continue to be met or will remain unchanged.

ETF may Trade at Prices other than NAV: ETF may trade above or below their NAV. The NAV or ETF will fluctuate with changes in the market value of Scheme's holdings of the underlying stocks. The trading prices of ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand of ETF. However, given that ETF can be created and redeemed only in Creation Units directly with the Mutual Fund, it is expected that large discounts or premiums to the NAVs of ETFs will not sustain due to availability of arbitrage possibility.

- **Regulatory Risk**

Any changes in trading regulations by the Exchange(s) or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/ discount to NAV for ETFs. Because of halt of trading in market the Portfolio may not be able to achieve the stated objective.

- **Asset Class Risk**

The returns from the types of securities in which a portfolio manager invest may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of outperformance and underperformance in comparison of the general securities markets.

- **Performance Risk**

Frequent rebalancing of Portfolio will result in higher brokerage/ transaction cost. Also as the allocation to other securities can vary from 0% to 100%, there can be vast difference between the performance of the investments and returns generated by underlying securities.

- **Interest Rate Risk**

Changes in interest rates may affect the returns/ NAV of the liquid/debt scheme of Mutual Fund in which the portfolio manager may invest from time to time. Normally the NAV of the liquid scheme increases with the fall in the interest rate and vice versa. Interest rate movement in the debt market can be volatile leading to the possibility of movements up or down in the NAV of the units of the liquid/ debt funds.

- **Credit Risk**

Credit risk refers to the risk that an issuer of fixed income security may default or may be unable to make timely payments of principal and interest. NAV of units of the liquid scheme is also affected because of the perceived level of credit risk as well as actual event of default.

- **Model Risk**

Investments in the Market Linked Debentures (MLDs) are also subject to model risk. The MLDs are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

- **Investments in Derivative Instruments**

As and when investments are made in derivative instruments, there are risk factors and issues concerning the use of derivatives that the investors should understand. Derivative products are specialized instrument that require investment technique and risk analysis different from those associated with stocks. The use of derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivative requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "Counter party") to comply with the terms of the derivative contract. Other risks in using derivatives include but are not limited to:

- a) **Credit Risk** - this occurs when a counterparty defaults on a transaction before settlement and therefore it involves negotiation with another counter party, at the then prevailing (possibly unfavourable) market price, in order to maintain the validity of the hedge. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement, but one takes the performance risk on the exchange.
- b) **Market Liquidity** risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
- c) **Model Risk** is the risk of mis-pricing or improper valuation of derivatives.
- d) **Basis Risk** arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. The risk of loss associated with futures contracts is potentially unlimited due to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a derivative contract may result in an immediate and substantial loss or gain. However, the Portfolio Manager will not use derivative instruments, options or swap agreements for speculative purposes or to leverage its net assets and will comply with applicable SEBI Regulations. There may be a cost attached to buying derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. The possible lack of a liquid secondary market for a derivatives contract may result in inability to close the derivatives positions prior to their maturity date.

Risk Factors associated with investments in Liquid Funds:

The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds. Though the portfolio of liquid funds comprises of short-term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short-term interest rates of the government change, sometimes on a daily basis, thereby making the fund susceptible. Liquid fund returns are not guaranteed, and it entirely depends on market movements.

Specific Risk factors & Disclosures pertinent to Structured Notes & Securitised debt instruments

- a. Presently, secondary market for such securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investments to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.
- b. Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However, many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.
- c. The Structured Notes like the Index linked securities, in which funds are proposed to be invested in, are high risk instruments. A small movement in returns generated by the underlying index could have a large impact on their value and may also result in a loss.
- d. The Issuer of equity index linked securities or any of its Agents, from time to time may have long or short positions or make markets including in NIFTY indices, futures and options (hereinafter referred to as "Reference Assets") (and other similar assets), they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may be at variance with or asymmetrical to those on the securities, and they may engage in other public and private financial transactions (including the purchase of privately placed investments or securities or other assets). The foregoing activities of "The Issuer of index linked securities" or any of its Agents and related markets (such as the foreign exchange market) may affect the value of the securities. In particular, the value of the securities could be adversely impacted by a movement in the Reference Assets, or activities in related markets, including by any acts or inactions of "The Issuer of index linked securities" or any of its Agents;
- e. The equity Index linked securities, even after being listed, may not be marketable or may not have a market at all;
- f. The returns on the Structured securities, primarily are linked to the S&P CNX Nifty Index and/or any other equity benchmark as the Reference Asset, and even otherwise, may be lower than prevalent market interest rates or even be nil or negative depending entirely on the movement in the underlying index and futures values as also that over the life of the securities (including the amount if any, payable on maturity, redemption, sale or disposition of the securities) the security holder may receive no income/return at all or negative income/return on the security, or less income/return than the security-holder may have expected, or obtained by investing elsewhere or in similar investments.
- g. The return on investment in securities would depend on the prevailing market conditions, both domestically as well as internationally. The returns mentioned in the term sheets are indicative and may or may not accrue to an investor accordingly.
- h. In equity index linked securities, in the event of any discretions to be exercised, in relation to method and manner of any of the computations including due to any disruptions in any of the financial markets or if for any other reason, the calculations cannot be made as per the method and manner originally stipulated or referred to or implied, such alternative methods or approach shall be used as deemed fit by the issuer and may include the use of estimates and approximations. All such computations shall be valid and binding on the investor, and no liability there for will attach to the issuer of equity index linked securities / AMC;
- i. There is a risk of receiving lower than expected or negligible returns or returns lower than the initial investment amount in respect of such equity index linked securities over the life and/or part thereof or upon maturity, of the securities.

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- j. At any time during the life of such securities, the value of the securities may be substantially less than its redemption value. Further, the price of the securities may go down in case the credit rating of the Company or issuer goes down.
- k. The securities and the return and/or maturity proceeds hereon, are not guaranteed or insured in any manner by the Issuer of equity index linked securities.
- l. The Issuer of equity index linked securities or any person acting on behalf of the Issuer of equity index linked securities, may have an interest/position as regards the Portfolio Manager and/or may have an existing banking relationship, financial, advisory or other relationship with them and/or may be in negotiation/discussion with them as to transactions of any kind.
- m. The Issuer of equity index linked securities or any of its Agents, have the legal ability to invest in the units offered herein and such investment does not contravene any provision of any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the investor, and/or its assets.

7. Client Representation:

As on SEPTEMBER 30, 2018 (Amounts in Crores)

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
OTHERS			
Individual	39	704.2035	0
Corporate	17	661.2119	0
Total	65	1365.4154	0

As on MARCH 31, 2018 (Amounts in Crores)

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
OTHERS			
Individual	58	189.2732	0
Corporate	21	680.0619	0
Total	79	869.3352	0

As on SEPTEMBER 30, 2017 (Amounts in Crores)

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
OTHERS			
Individual	56	223.7450	0
Corporate	24	681.2697	0
Total	80	905.0147	0

As on MARCH 31, 2017 (Amounts in Crores)

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
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Associates/group companies	0	0	0
OTHERS			
Individual	72	230.20	0
Corporate	38	623.50	0
Total	110	853.71	0

AS ON SEPTEMBER 30, 2016 (AMOUNTS IN CRORES)

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
OTHERS			
Individual	76	281.2864	0
Corporate	41	606.3717	0
Total	117	887.6581	0

AS ON MARCH 31, 2016 (AMOUNTS IN CRORES)

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
OTHERS			
Individual	96	1096.1713	0
Corporate	49	573.7417	0
Total	145	1669.9131	0

AS ON SEPTEMBER 30, 2015 (AMOUNTS IN CRORES)

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
OTHERS			
Individual	124	1189.8505	0.00
Corporate	64	774.0671	0.00
Total	188	1963.9176	0.00

AS ON MARCH 31, 2015 (AMOUNTS IN CRORES)

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
OTHERS			
Individual	147	1400.35	0.00
Corporate	64	915.45	0.00
Total	211	2315.80	0.00

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(ii) Disclosure in respect of transactions with related parties as per audited Balance sheet as on March 31, 2018:

NATURE OF RELATIONSHIP	NAME OF PARTY
Holding Company	IIFL Holdings Limited (Formerly India Infoline Limited)
Subsidiary Companies	IIFL Distribution Services Limited IIFL Investment Advisers and Trustee Services Limited IIFL Alternate Asset Advisors Limited IIFL Asset Management Limited IIFL Trustee Limited IIFL Wealth Finance Limited IIFL (Asia) Pte Limited IIFL Inc IIFL Private Wealth Management (Dubai) Limited IIFL Asset Management (Mauritius) Ltd IIFL Private Wealth (Suisse) SA IIFL Private Wealth Hong Kong Limited IIFL Securities Pte Limited IIFL Capital Pte Limited IIFL Capital (Canada) Limited
Fellow Subsidiaries	India Infoline Limited India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media and Research Services Limited India Infoline Commodities DMCC India Infoline Insurance Brokers Limited India Infoline Insurance Services Limited IIFL Facilities Services Limited Samasta Microfinance Ltd Ayusha Dairy Pvt. Ltd 5 Paisa Capital Limited IIFL Capital Limited IIFL Wealth (UK) Limited IIFL Capital Inc Clara Developers Private Ltd India Infoline Foundation
Group Company	India Infoline Housing Finance Limited IIFL Asset Reconstruction Limited
Key Managerial Personnel	Karan Bhagat – Managing Director Yatin Shah – Whole Time Director
Other Related Parties	Mr. Nirmal Jain Mr. R. Venkataraman Mr. Amit Shah Mrs. Shilpa Bhagat Mrs. Ami Shah Mrs. Madhu Jain Mrs. Aditi Athavankar

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NATURE OF RELATIONSHIP	NAME OF PARTY
	Mrs. Dhara Shah Orpheus Trading Pvt. Limited Ardent Impex Pvt. Limited Probability Sports LLP Naykia Realty Private Limited Kyrush Investments Yatin Investment India Alternatives Investment Advisors Private Limited (Fellow Subsidiary Upto March 31, 2017)

Significant Transactions with Related Parties as per Balance Sheet dated March 31, 2018:

Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
Investment						
	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	-	-	-	-	-
	-	(62,00,00,000)	-	-	-	(62,00,00,000)
Share Capital Issued:						
	-	-	-	-	-	-
Karan Bhagat	-	-	-	-	-	-
	-	-	-	-	(48,00,000)	(48,00,000)
Yatin Shah	-	-	-	-	-	-
	-	-	-	-	(18,00,000)	(18,00,000)
Amit Shah	-	-	-	-	18,00,000	18,00,000
	-	-	-	-	-	-
Securities Premium Received:						
	-	-	-	-	-	-
Amit Shah	-	-	-	-	25,20,00,000	25,20,00,000
	-	-	-	-	-	-
Purchase of inventories/Investment (Net)						
	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	-	-	-	-	-
	-	(2,75,00,00,000)	-	-	-	(2,75,00,00,000)
Sale of inventories (Net)						
	-	-	-	-	-	-
IIFL Holdings Limited	1,500	-	-	-	-	1,500

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	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	1,85,341	-	-	-	1,85,341
	-	-	-	-	-	-
<u>Dividend Income</u>						
IIFL Private Wealth (Mauritius) Ltd	-	36,26,73,500	-	-	-	36,26,73,500
	-	-	-	-	-	-
India Infoline Limited	-	-	460	-	-	460
	-	-	(395)	-	-	(395)
<u>Arranger Fees Income/ Marketing Support Income/ Referral Fee/ Brokerage - Authorised Person</u>						
India Infoline Limited	-	-	10,96,23,506	-	-	10,96,23,506
	-	-	(36,76,53,027)	-	-	(36,76,53,027)
India Infoline Finance Limited	-	-	1,22,71,124	-	-	1,22,71,124
	-	-	(5,21,20,960)	-	-	(5,21,20,960)
IIFL Asset Management Limited	-	1,06,99,162	-	-	-	1,06,99,162
	-	(14,35,66,342)	-	-	-	(14,35,66,342)
India Alternatives Investment Advisors Pvt Limited	-	-	-	-	-	-
	-	(1,40,00,000)	-	-	-	(1,40,00,000)
<u>Brokerage on Security Trading</u>						
IIFL Asset Management Limited	-	10,07,283	-	-	-	10,07,283
	-	-	-	-	-	-
IIFL Investment Adviser and Trustee Services Limited	-	97,550	-	-	-	97,550
	-	-	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	40	-	-	-	40
	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	13,04,844	-	-	-	13,04,844
	-	-	-	-	-	-
<u>Interest Income on Inter Corporate Deposits</u>						
IIFL Alternate Asset Advisors Limited	-	48,80,396	-	-	-	48,80,396
	-	(7,56,399)	-	-	-	(7,56,399)

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IIFL Investment Adviser and Trustee Services Limited	-	64,33,861	-	-	-	64,33,861
	-	-	-	-	-	-
IIFL Distribution Services Limited	-	1,86,357	-	-	-	1,86,357
	-	-	-	-	-	-
IIFL Asset Management Limited	-	40,87,678	-	-	-	40,87,678
	-	(39,94,896)	-	-	-	(39,94,896)
IIFL Wealth Finance Limited	-	23,09,33,736	-	-	-	23,09,33,736
	-	(76,84,932)	-	-	-	(76,84,932)
Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
<u>Interest Income on Investment</u>						
IIFL Wealth Finance Limited	-	11,88,236	-	-	-	11,88,236
	-	-	-	-	-	-
<u>Interest Expenses on NCD</u>						
IIFL Wealth Finance Limited	-	-	-	-	-	-
	-	(26,13,878)	-	-	-	(26,13,878)
<u>Interest Expense on Inter Corporate Deposits</u>						
IIFL Distribution Services Limited	-	13,79,318	-	-	-	13,79,318
	-	(17,30,877)	-	-	-	(17,30,877)
IIFL Asset Management Limited	-	5,91,16,279	-	-	-	5,91,16,279
	-	(1,00,32,212)	-	-	-	(1,00,32,212)
IIFL Investment Adviser and Trustee Services Limited	-	2,05,59,287	-	-	-	2,05,59,287
	-	(88,24,937)	-	-	-	(88,24,937)
India Infoline Finance Limited	-	-	-	-	-	-
	-	-	(4,72,603)	-	-	(4,72,603)
IIFL Wealth Finance Limited	-	2,57,32,577	-	-	-	2,57,32,577
	-	(3,47,05,227)	-	-	-	(3,47,05,227)
IIFL Alternate Asset Advisors Limited	-	69,67,169	-	-	-	69,67,169
	-	(64,75,890)	-	-	-	(64,75,890)

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IIFL Holding Limited	-	-	-	-	-	-
	(56,60,137)	-	-	-	-	(56,60,137)
<u>Manpower Outsourcing Expenses</u>						
IIFL Distribution Services Limited	-	9,38,40,040	-	-	-	9,38,40,040
	-	(6,72,38,654)	-	-	-	(6,72,38,654)
<u>Advisory Fee Expense</u>						
IIFL Investment Adviser and Trustee Services Limited	-	2,40,00,000	-	-	-	2,40,00,000
	-	(2,40,00,000)	-	-	-	(2,40,00,000)
<u>Referral Fees - Expenses</u>						
India Infoline Finance Limited	-	-	68,67,918	-	-	68,67,918
	-	-	(1,02,53,269)	-	-	(1,02,53,269)
<u>Research Fees - Expenses</u>						
India Infoline Limited	-	-	2,25,00,000	-	-	2,25,00,000
	-	-	-	-	-	-
<u>Guest House - Expenses</u>						
IIFL Properties Private Limited	-	-	-	-	-	-
	-	-	(2,90,000)	-	-	(2,90,000)
<u>Corporate Social Responsibility Expenses (CSR)</u>						
India Infoline Foundation	-	-	-	3,28,41,239	-	3,28,41,239
	-	-	-	(72,62,000)	-	(72,62,000)
<u>Rent Expenses</u>						
IIFL Facilities Services Limited	-	-	21,79,13,135	-	-	21,79,13,135
	-	-	(13,57,30,251)	-	-	(13,57,30,251)
<u>Remuneration</u>						
Karan Bhagat	-	-	-	-	4,41,53,034	4,41,53,034
	-	-	-	-	(4,01,28,096)	(4,01,28,096)
Yatin Shah	-	-	-	-	3,47,80,422	3,47,80,422
	-	-	-	-	(3,15,31,068)	(3,15,31,068)

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Dividend Paid						
Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
IIFL Holdings Limited	40,50,00,000	-	-	-	-	40,50,00,000
	(27,00,00,000)	-	-	-	-	(27,00,00,000)
Karan Bhagat	-	-	-	-	4,32,94,734	4,32,94,734
	-	-	-	-	(1,44,63,156)	(1,44,63,156)
Yatin Shah	-	-	-	-	2,97,94,734	2,97,94,734
	-	-	-	-	(1,44,63,156)	(1,44,63,156)
Amit Shah	-	-	-	-	2,04,15,789	2,04,15,789
	-	-	-	-	(1,09,10,526)	(1,09,10,526)
Other funds received						
India Infoline Limited	-	-	-	-	-	-
	-	-	(41,90,967)	-	-	(41,90,967)
IIFL Trustee Limited	-	2,76,188	-	-	-	2,76,188
	-	-	-	-	-	-
IIFL Investment Adviser and Trustee Services Limited	-	67,20,906	-	-	-	67,20,906
	-	(24,22,429)	-	-	-	(24,22,429)
IIFL Alternate Asset Advisors Limited	-	7,62,242	-	-	-	7,62,242
	-	(3,46,216)	-	-	-	(3,46,216)
IIFL Distribution Services Limited	-	89,27,692	-	-	-	89,27,692
	-	(54,42,513)	-	-	-	(54,42,513)
India Alternatives Investment Advisors Pvt Ltd	-	-	-	-	-	-
	-	(8,23,669)	-	-	-	(8,23,669)
IIFL Asset Management Limited	-	68,86,722	-	-	-	68,86,722
	-	(4,03,988)	-	-	-	(4,03,988)
IIFL Wealth Finance Limited	-	78,41,960	-	-	-	78,41,960
	-	(22,21,942)	-	-	-	(22,21,942)
IIFL Management Services Limited	-	-	-	9,141	-	9,141
	-	-	-	-	-	-
Other funds paid						

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India Infoline Limited	-	-	1,36,486	-	-	1,36,486
	-	-	(41,437)	-	-	(41,437)
IIFL Alternate Asset Advisors Limited	-	8,932	-	-	-	8,932
	-	-	-	-	-	-
IIFL Asset Management Limited	-	2,21,832	-	-	-	2,21,832
	-	(15,86,967)	-	-	-	(15,86,967)
IIFL Distribution Services Limited	-	3,59,501	-	-	-	3,59,501
	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	19,521	-	-	-	19,521
	-	(2,25,753)	-	-	-	(2,25,753)
IIFL Investment Adviser and Trustee Services Limited	-	35,43,900	-	-	-	35,43,900
	-	(16,604)	-	-	-	(16,604)
<u>Inter Corporate Deposit given</u>						
IIFL Investment Adviser and Trustee Services Limited	-	6,56,70,00,000	-	-	-	6,56,70,00,000
	-	-	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	3,72,10,00,000	-	-	-	3,72,10,00,000
	-	(57,21,00,000)	-	-	-	(57,21,00,000)
IIFL Distribution Services Limited	-	6,85,00,000	-	-	-	6,85,00,000
	-	-	-	-	-	-
IIFL Asset Management Limited	-	2,47,41,38,000	-	-	-	2,47,41,38,000
	-	(45,71,16,307)	-	-	-	(45,71,16,307)
IIFL Wealth Finance Limited	-	##### ###	-	-	-	##### ###
	-	(1,75,00,00,000)	-	-	-	(1,75,00,00,000)
<u>Inter Corporate Deposit received back</u>						
IIFL Investment Adviser and Trustee Services Limited	-	6,56,70,00,000	-	-	-	6,56,70,00,000
	-	-	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	3,72,10,00,000	-	-	-	3,72,10,00,000
	-	(57,21,00,000)	-	-	-	(57,21,00,000)
IIFL Distribution Services Limited	-	6,85,00,000	-	-	-	6,85,00,000

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	-	-	-	-	-	-
IIFL Asset Management Limited	-	2,44,91,38,000	-	-	-	2,44,91,38,000
	-	(45,71,16,307)	-	-	-	(45,71,16,307)
IIFL Wealth Finance Limited	-	##### ###	-	-	-	##### ###
	-	(1,75,00,00,000)	-	-	-	(1,75,00,00,000)
Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
Inter Corporate Deposit taken						
IIFL Distribution Services Limited	-	8,50,00,000	-	-	-	8,50,00,000
	-	(11,95,00,000)	-	-	-	(11,95,00,000)
IIFL Asset Management Limited	-	6,62,45,00,000	-	-	-	6,62,45,00,000
	-	(2,54,50,00,000)	-	-	-	(2,54,50,00,000)
India Infoline Finance Limited	-	-	-	-	-	-
	-	-	(25,00,00,000)	-	-	(25,00,00,000)
IIFL Alternate Asset Advisors Limited	-	1,12,45,00,000	-	-	-	1,12,45,00,000
	-	(63,50,00,000)	-	-	-	(63,50,00,000)
IIFL Wealth Finance Limited	-	12,33,83,30,000	-	-	-	12,33,83,30,000
	-	(9,61,25,00,000)	-	-	-	(9,61,25,00,000)
IIFL Investment Adviser and Trustee Services Limited	-	2,72,10,00,000	-	-	-	2,72,10,00,000
	-	(33,20,00,000)	-	-	-	(33,20,00,000)
IIFL Holdings Limited	-	-	-	-	-	-
	(33,00,00,000)	-	-	-	-	(33,00,00,000)
Inter Corporate Deposit repaid						
IIFL Distribution Services Limited	-	3,77,45,000	-	-	-	3,77,45,000
	-	(11,95,00,000)	-	-	-	(11,95,00,000)
IIFL Asset Management Limited	-	6,62,45,00,000	-	-	-	6,62,45,00,000
	-	(2,54,50,00,000)	-	-	-	(2,54,50,00,000)
IIFL Holdings Limited	-	-	-	-	-	-

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	(33,00,00,000)	-	-	-	-	(33,00,00,000)
India Infoline Finance Limited	-	-	-	-	-	-
	-	-	(25,00,00,000)	-	-	(25,00,00,000)
IIFL Alternate Asset Advisors Limited	-	1,12,45,00,000	-	-	-	1,12,45,00,000
	-	(63,50,00,000)	-	-	-	(63,50,00,000)
IIFL Wealth Finance Limited	-	12,04,94,88,805	-	-	-	12,04,94,88,805
	-	(9,61,25,00,000)	-	-	-	(9,61,25,00,000)
IIFL Investment Adviser and Trustee Services Limited	-	2,57,10,00,000	-	-	-	2,57,10,00,000
	-	(33,20,00,000)	-	-	-	(33,20,00,000)
<u>Allocation / Reimbursement of expenses Paid</u>						
India Infoline Limited	-	-	4,85,76,953	-	-	4,85,76,953
	-	-	(7,75,56,355)	-	-	(7,75,56,355)
IIFL Holdings Limited	3,23,19,360	-	-	-	-	3,23,19,360
	(2,10,68,067)	-	-	-	-	(2,10,68,067)
India Alternatives Investment Advisors Private Ltd	-	-	-	-	-	-
	-	(6,88,00,000)	-	-	-	(6,88,00,000)
5 Paisa Capital Limited	-	-	-	-	-	-
	-	-	-	(49,714)	-	(49,714)
IIFL Distribution Services Limited	-	9,60,993	-	-	-	9,60,993
	-	(10,08,045)	-	-	-	(10,08,045)
IIFL Facilities Services Limited	-	-	5,38,690	-	-	5,38,690
	-	-	(10,187)	-	-	(10,187)
<u>Allocation / Reimbursement of expenses Received</u>						
IIFL Asset Management Limited	-	1,98,76,314	-	-	-	1,98,76,314
	-	(3,12,77,959)	-	-	-	(3,12,77,959)
IIFL Investment Adviser and Trustee Services Limited	-	2,12,79,123	-	-	-	2,12,79,123
	-	(1,15,36,758)	-	-	-	(1,15,36,758)
IIFL Alternate Asset Advisors Limited	-	23,95,295	-	-	-	23,95,295

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	-	-	-	-	-	-
IIFL Distribution Services Limited	-	16,74,635	-	-	-	16,74,635
	-	(62,55,592)	-	-	-	(62,55,592)
IIFL Wealth Finance Limited	-	2,17,74,058	-	-	-	2,17,74,058
	-	(2,47,58,528)	-	-	-	(2,47,58,528)
India Alternatives Investment Advisors Pvt Ltd	-	-	-	-	-	-
	-	(47,79,266)	-	-	-	(47,79,266)

c) Amount due to / from related parties (Closing Balance)

(Amount in `)

Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
Sundry payables:						
IIFL Distribution Services Limited	-	1,17,12,040	-	-	-	1,17,12,040
	-	(83,27,760)	-	-	-	(83,27,760)
IIFL Investment Adviser and Trustee Services Limited	-	-	-	-	-	-
	-	(13,00,560)	-	-	-	(13,00,560)
India Infoline Finance Limited	-	-	74,17,352	-	-	74,17,352
	-	-	-	-	-	-
India Infoline Limited	-	-	-	-	-	-
	-	-	(74,32,085)	-	-	(74,32,085)
Sundry receivables:						
IIFL Alternate Asset Advisors Limited	-	14,43,325	-	-	-	14,43,325
	-	(42,011)	-	-	-	(42,011)
IIFL Wealth Finance Limited	-	94,92,796	-	-	-	94,92,796
	-	(1,04,83,229)	-	-	-	(1,04,83,229)
IIFL Investment Adviser and Trustee Services Limited	-	46,13,142	-	-	-	46,13,142
	-	-	-	-	-	-
IIFL Asset Management Limited	-	63,10,766	-	-	-	63,10,766
	-	(87,03,726)	-	-	-	(87,03,726)
Inter Corporate Deposit Taken						

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IIFL Distribution Services Limited	-	4,72,55,000	-	-	-	4,72,55,000
	-	-	-	-	-	-
IIFL Investment Adviser and Trustee Services Limited	-	15,00,00,000	-	-	-	15,00,00,000
	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	28,88,41,195	-	-	-	28,88,41,195
	-	-	-	-	-	-
<u>Inter Corporate Deposit Given</u>						
IIFL Asset Management Limited	-	2,50,00,000	-	-	-	2,50,00,000
	-	-	-	-	-	-
<u>Trade receivables</u>						
IIFL Asset Management Limited	-	-	-	-	-	-
	-	(3,89,98,746)	-	-	-	(3,89,98,746)
India Infoline Limited	-	-	-	-	-	-
	-	-	(1,56,94,772)	-	-	(1,56,94,772)
India Infoline Finance Limited	-	-	-	-	-	-
	-	-	(18,83,129)	-	-	(18,83,129)

Note:

I) Figures in bracket represents previous year figures.

II) Related parties are identified and certified by the management, which has been relied upon by the auditors.

8. Financial Performance of Portfolio Manager based on Audited Statement for the year ended March 31, 2018:

FINANCIAL HIGHLIGHT OF IIFL WEALTH MANAGEMENT LTD. (BASED ON STANDALONE BALANCE SHEET)

PARTICULARS	AMT (IN RS. MILLIONS)
Revenue from Operations	6,902.91
Profit Before Tax	1,954.97
Less: Tax Expenses	509.31
Profit/(Loss) after tax	1,473.32

9. Portfolio Management Performance:

Refer Annexure B

10. Nature of costs and expenses for clients:

The following are indicative types of costs and expenses for clients availing the Portfolio Management services. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements.

- Management Fees: Professional charges relate to the Portfolio management services offered to clients. The fee may be a fixed charge or a percentage of the quantum of funds managed and may be return based or a combination of any of these. Return based fees shall be calculated on "High Water Mark Principle".

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- b. Custodian/Depository Fees: The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization, rematerialisation and other charges in connection with the operation and management of the depository accounts.
- c. Registrar and transfer agent fee: Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.
- d. Brokerage and transaction costs: The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.
- e. Certification and professional charges: Charges payable for out sourced professional services like accounting, taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities.
- f. Incidental Expenses: Charges in connection with the courier expenses, stamp duty, service tax, depository charges, postal, telegraphic, opening and operation of bank accounts etc.
- g. Other charges: As may be mutually agreed between client and Portfolio Manager.

MANNER OF PAYMENT:

Client shall pay by way of cheque/ DD/ Debit to the client portfolio account, as per the respective fee schedule applicable to the portfolio services opted by the client.

11. Taxation:

Income Tax

1. General

In view of the individual nature of tax consequences, each Client is advised to consult his or her tax advisor with respect to the specific tax consequences arising to him/her from participation in any of the investments. The tax implications given below are based on the existing provisions of the Income tax Act, 1961 ("the IT Act") and rules made thereunder. The Portfolio Manager accepts no responsibility for any loss suffered by any Investor as a result of current taxation law and practice or any changes thereto.

2. Tax Rates:

The rates specified in this section pertain to the financial year 2018-19 as amended by the Finance Act, 2018. The rates are exclusive of surcharge and Health & education cess, if any, as leviable.

2.1. Tax rates for specific type of assessees are as below:

Assessee	% of Income Tax
Individuals, Hindu Undivided Family ('HUF'), Association of Persons ('AOP'), Body of Individuals ('BOI')	Applicable slab rates
Domestic company having turnover/gross receipt not exceeding Rs. 50 crore in financial year ('FY') 2016-17	25%
Partnership Firm [including Limited Liability Partnership ('LLP')] and Domestic Company having turnover/gross receipt exceeding Rs. 250 crore in FY 2016-17	30%
Foreign Company	40%

2.2. The slab rates for individuals / HUF / AOP / BOI are as follows:

Total Income	Tax rates (c)
Up to Rs. 2,50,000 (a) (b) (d)	Nil
From Rs. 2,50,001 to Rs. 5,00,000	5%
From Rs. 5,00,001 to Rs. 10,00,000	20%
Rs. 10,00,001 and above	30%

- a) In the case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is Rs. 3,00,000.
- b) In the case of a resident individual of the age of 80 years or more, the basic exemption limit is Rs. 5,00,000.
- c) Surcharge on income-tax is applicable as stated in para 2.3 below. Additionally, Health & Education Cess, at the rate of 4% is leviable on the aggregate of income-tax and surcharge.
- d) Rebate of upto Rs. 2,500 is available for resident individuals whose total income does not exceed Rs. 3,50,000.

2.3. Surcharge and Health and education cess rates are provided below.

Type of Investor	Surcharge* rate as a % of income-tax			
	If income is less than Rs. 50 lakhs	If income exceeds Rs. 50 lakhs but less than Rs. 1 crores	If income exceeds Rs. 1 crore but less than Rs. 10 crores	If income exceeds Rs. 10 crores
Resident and non-resident Individual, HUF, AOP	Nil	10%	15%	15%
Partnership Firm (including non-resident)	Nil	Nil	12%	12%
Domestic Company	Nil	Nil	7%	12%
Foreign Company	Nil	Nil	2%	5%

3. Tax deduction at source

If any tax is required to be withheld on account of any present or future legislation, the Portfolio Manager will be obliged to act in this regard.

The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number, then tax is required to be deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the IT Act, or rates in force or at 20%. However, this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents.

4. Advance tax instalment obligations

It will be the responsibility of the Client to meet the advance tax obligation instalments payable on the due dates prescribed under the IT Act.

5. Tax implications for the Investors:

The following are the various income streams that can arise from securities held under the PMS –

- Dividend income on shares;
- Income distributed by Mutual Funds;
- Interest income on debt securities; and
- Gains on sale of securities

5.1. Dividend income on shares

Dividend on shares (referred to in section 115-O of the IT Act) continue to be exempt under the IT Act in the hands of the investors. However, as per section 115BBDA of the IT Act, in case of any resident assessee other than specified assessee (defined below), if the dividend income (from a domestic company) exceeds Rs. 10 lakhs, then such dividend income is taxable at 10% (plus applicable surcharge and Health & Education cess) on gross basis.

As per Explanation (b) to section 115BBDA of the IT Act, 'specified assessee' means a person other than-

- a domestic company; or
- a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10; or
- a trust or institution registered under section 12A or section 12AA.

The Investee Companies would be liable to pay Dividend Distribution Tax ('DDT') on the dividend declared, distributed or paid at the rate of 15% (plus applicable surcharge and Health & Education cess) on a grossed-up basis.

5.2. Income distributed by Mutual Funds.

The dividend received from Mutual funds should be exempt from tax in the hands of the Investors. However, the Mutual fund would be liable to pay tax on income distributed as follows:

- In case of mutual funds (other than equity oriented mutual funds):

- at the rate of 25% (plus Surcharge at the rate of 12 percent and Health & Education cess at the rate of 4 percent) on income distributed to individuals and HUFs; and
- at the rate of 30% (plus Surcharge at the rate of 12 percent and Health & Education cess at the rate of 4 percent) on income distributed to persons other than individuals and HUFs.
- In case of equity oriented mutual funds:
 - at the rate of 10% (plus surcharge at the rate of 12 percent and health & education cess at the rate of 4 percent) on income distributed to any person.

As per section 115R(2A) of the IT Act, additional income-tax on the income distributed to unit-holders should be levied on the amount of income to be distributed including such additional tax (i.e. grossing-up), as against levy on only the amount of income to be distributed. This may result in a higher effective tax rate.

5.3. Interest income on debt securities

Interest income arising on securities could be characterised as 'Income from Other Sources' or 'business income' depending on facts of the case. In either case, interest income should be subject to tax as per the rates mentioned in para 2.1 & 2.2 above.

Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the IT Act.

5.4. Gains on sale of securities

Income arising from the purchase and sale of securities can give rise to either capital gains or business income in the hands of the investor. The issue of characterisation of income is relevant as the income tax computation and rates differ in the two situations.

The characterisation is essentially a question of fact and depends on whether the shares are held as business/trading assets or as capital assets.

The Central Board of Direct Taxes ('CBDT') has issued a circular¹ which deals with listed shares/ securities which states that:

- Where the assessee opts to treat the listed shares/ securities as stock-in-trade, the income arising from the transfer of such listed shares/ securities would be treated as business income.
- If the assessee desires to treat the gains arising from transfer of listed shares/ securities held for a period of more than 12 months as capital gains, the same shall not be put to dispute by the Assessing Officer.

The aforementioned circular shall not apply in a case where the genuineness of the transaction itself is questionable.

The CBDT has issued a letter² on characterisation of income from transfer of unlisted shares. As per the letter, income arising from transfer of unlisted shares would be taxable under the head 'Capital Gains', irrespective of the period of holding. However, it would not be necessarily applied in the situations where:

- the genuineness of the transactions in unlisted shares itself is questionable; or
- the transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or
- the transfer of unlisted shares is made along with the control and management of underlying business

Investors may also refer to Central Board of Direct taxes ('CBDT') instruction no. 1827 dated 31 August 1989 read with CBDT Circular no. 4 dated 15 June 2007 for further guidance on this matter.

5.4.1. Gains characterised as capital gains

The IT Act provides for a specific mechanism for computation of capital gains. Capital gains are computed by deducting from the sale consideration, the cost of acquisition and certain other expenses. The tax payable on capital gains would depend on whether the capital gains are long-term or short-term in nature.

Depending on the period for which the securities are held, capital gains earned by the Investors would be treated as short term or long-term capital gains. The taxability of capital gains is discussed below:

Type of instrument	Period of holding	Characterization
Listed Securities (other than Units) and units of equity oriented Mutual Funds	More than twelve (12) months	Long-term Capital Asset
	Twelve (12) months or less	Short-term Capital Asset
Unlisted shares of a company	More than twenty-four (24) months	Long-term Capital Asset
	Twenty-four (24) or less	Short-term Capital Asset
Other securities	More than thirty-six (36) months	Long-term Capital Asset

¹ Circular no. 6/ 2016 dated February 29, 2016

² Letter F.No.225/12/2016/ITA.II dated May 2, 2016

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Thirty-six (36) months or less

Short-term Capital Asset

Taxability of capital gains under the IT Act (without considering the benefits under the tax treaties for non-resident investors) should be as follows:

Sr. No	Particulars	Resident beneficiaries	Non-resident beneficiaries [Note 6]	Foreign Portfolio investors ('FPI')
		Tax rate (%) excluding applicable surcharge and cess		
1	Short-term capital gains on transfer of listed equity shares, to be listed shares sold through offer for sale and units of an equity oriented mutual fund on which Securities Transaction Tax ('STT') has been paid	15%	15%	15%
2	Any other Short-term capital gains	30% [Note 1]	Slab rates for non-resident individuals, 30% (in case foreign non-corporates) / 40% (in case of foreign company)	30%
3	Long-term capital gains on transfer of: (i) listed equity shares on which STT has been paid both at the time of acquisition and sale of such shares; or (ii) units of equity oriented mutual fund on which STT has been paid on transfer [refer note 2]	10% [Note 5] [on income in excess of INR 1 lakh]	10% [Note 5] [on income in excess of INR 1 lakh]	10% [Note 5] [on income in excess of INR 1 lakh]
4	Long term capital gains on sale of listed bonds or listed debentures	10% (without indexation)	10% (without indexation) [Note 3]	10% [Note 5]
5	Long-term capital gains on transfer of listed mutual fund units (other than equity oriented fund)	20% (with indexation)	20% (with indexation)	10% [Note 5]
7	Long-term capital gains on transfer of unlisted bonds or unlisted debentures	20% (without indexation)	10% [Note 3 and 5]	10% [Note 5]
8	Long-term capital gains on transfer of unlisted securities (other than unlisted bonds and unlisted debentures) [refer note 4]	20% (with indexation)	10% [Note 3 and 5]	10% [Note 5]

Note 1:

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Assuming highest slab rates for resident individual investors. In case of domestic companies having total turnover or gross receipts not exceeding INR 250 crores in the Financial Year 2016-17 (Assessment Year 2017-18), the tax rate would be 25% (plus surcharge and cess).

Note 2:

The cost of acquisition of equity shares or units of an equity oriented mutual funds acquired before 1 February 2018, shall be higher of:

- the actual cost of acquisition; and
- Lower of:
 - o Fair market value as on 31 January 2018, determined in the prescribed manner; and
 - o Value of consideration received or accruing upon transfer.

The CBDT issued a notification no. 3875 dated 1 October 2018, wherein the list of transactions have been specified in respect of which the provision of sub-clause (a) of clause (iii) of sub-section (1) of section 112A of the IT Act shall not apply.

Note 3:

The revenue may seek to apply a higher tax rate of 20% considering the judicial precedent.

Note 4:

As per section 50CA of the IT Act, where the consideration received or accruing on account of transfer of unlisted shares is less than the fair market value of such share, determined in the prescribed manner, the fair value as determined should be deemed to be the full value of consideration for the purpose of computing capital gains.

Note 5:

Without considering indexation and foreign exchange fluctuation benefit

Note 6:

In case, the investments are made by Non-resident Indians, then such investors are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if such investors opt to be governed by these provisions, any long-term capital gains should be taxable at the rate of 10% without considering the indexation benefit.

5.4.2. Gains are characterised as 'Business income'

If the gains are characterised as Business Income then the same should be taxable on net income basis @ 30% (plus applicable Surcharge and Health & Education cess) for resident investors and at 40% (plus applicable Surcharge and Health & Education cess) for foreign company if it has a Business Connection/ Permanent Establishment in India, and such income is attributable to the Business Connection/ Permanent Establishment of the non-resident in India. Further, for non-resident investors (other than a foreign company) a tax rate of 30% should be levied. Kindly note, we have assumed highest rate for resident individual investors.

6. Other tax considerations

6.1. Foreign Portfolio Investors ('FPI')

As per section 2(14) of the IT Act, any investment in securities made by FPIs in accordance with the regulations made under the Securities and Exchange Board of India is treated as a capital asset. Consequently, any income arising from transfer of securities by FPIs are to be treated as capital gains.

Under section 115AD of the IT Act, long-term capital gains arising from transfer of securities shall be taxable at the rate of 10% (plus the applicable Surcharge and Health & Education cess as mentioned above). However, if such income arises from transfer of (i) listed equity shares on which STT has been paid both at the time of acquisition and sale of such shares; or (ii) units of equity oriented mutual fund on which STT has been paid on transfer, income-tax at the rate of 10% shall be calculated on such income exceeding INR 1 lakh (also refer note 2 to the table in paragraph **Error! Reference source not found.** above). Such capital gains would be computed without taking into consideration the effect of indexation and foreign currency conversion.

As per section 196D of the IT Act, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a FPI.

Under section 115AD of the IT Act, interest income received by FPIs should be taxable at 20% plus applicable Surcharge and Health & Education cess. However, interest referred to in section 194LD of the IT Act should be taxable at 5% plus applicable Surcharge and Health & Education cess, subject to fulfilment of conditions.

6.2. Non-resident investors (including FPI):

A non-resident investor would be subject to taxation in India only if;

- it is regarded a tax resident of India; or
- being a non-resident in India, it derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the IT Act.

Section 6 of the IT Act was amended by the Finance Act, 2015 to provide that a foreign company should be treated as a tax resident in India if its place of effective management ('POEM') is in India in that year. The Finance Act, 2016 provided that the said amended provisions are effective from 1 April 2017. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

The CBDT had vide its Circular dated 24 January 2017, issued guiding principles for determination of POEM of a Company. The CBDT had vide circular dated 23 February 2017, clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than or equal to INR 500 m during the Financial Year.

As per section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement ("Treaty") between India and the country of residence of the non-resident investor (subject to GAAR provisions discussed below). However, no assurance can be provided that the Treaty benefits will be available to the non-resident investor or the terms of the Treaty will not be subject to amendment or reinterpretation in the future. The taxability of such income of the non-resident investor, in the absence of Treaty benefits or where the non-resident investor is from a country with which India has no Treaty, would be as per the provisions of the IT Act.

In order to claim Treaty benefits, the non-resident investor has to furnish the Tax Residency Certificate ('TRC') issued by the foreign tax authorities. Further, the non-resident investor shall be required to furnish such other information or document as may be prescribed. In this connection, the CBDT vide its notification dated August 1, 2013 has prescribed certain information in Form No. 10F to be produced along with the TRC, if the same does not form part of the TRC.

The income-tax authorities may grant Treaty benefit (after verifying the TRC) based on the facts of each case.

6.3. Securities Transaction Tax ('STT'):

STT is applicable on various transactions executed on stock exchanges as follows:

- (a) 0.10% on the purchase of equity shares in a company on a recognised stock exchange in India where the contract for purchase is settled by the actual delivery or transfer of shares;
- (b) 0.10% on the sale of equity shares in a company on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of shares;
- (c) 0.001% on the sale of units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of units
- (d) 0.025% on the sale of equity shares in a company or units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of shares or unit;
- (e) 0.01% on the sale of futures in securities;
- (f) 0.05% on the sale of options in securities;
- (g) 0.125% on the purchase of options in securities, where options are exercised;
- (h) 0.001% on the sale of units of equity oriented fund to the Mutual Fund.
- (i) 0.2% on sale of unlisted equity shares under an offer for sale

6.4. Receipt of any property at a value below fair market value

If any person receives any specified property* from any person at a value less than the fair market value (as specifically defined for this purpose) of such property, then the difference should be chargeable to tax as Income from other sources.

* specified property includes shares and securities.

6.5. General Anti Avoidance Rules ('GAAR'):

GAAR may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the 4 (Four) below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
- It results in directly / indirectly misuse or abuse of the IT Act;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into or carried out in a manner, which is not normally employed for bona fide purpose

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterise or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situs of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure; or
- Recharacterising equity into debt, capital into revenue, etc.

The GAAR provisions would override the provisions of a Tax Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply, have been enumerated in Rules 10U to 10UC of the IT Rules. The IT Rules provide that GAAR should not be invoked unless the tax benefit in the

relevant year does not exceed INR 30 m. On 27 January 2017, the CBDT has issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations.

6.6. FATCA Guidelines

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reporting Standards (CRS), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

- a. the name, address, taxpayer identification number [**'TIN'** (assigned in the country of residence)] and date and place of birth [**'DOB'** and **'POB'** (in the case of an individual)];
- b. where an entity has one or more controlling persons that are reportable persons:
 - i. the name and address of the entity, TIN assigned to the entity by the country of its residence; and
 - ii. the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
- c. account number (or functional equivalent in the absence of an account number);
- d. account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year;
- e. the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year; and
- f. in case of any account held by a non-participating financial institution (**'NPFII'**), for the calendar years 2015 and 2016, the name of NPFII and aggregate amount of such payments.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and Other reportable accounts (i.e. under CRS).

6.7. Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ('MLI'). The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs.

6.8. Minimum Alternate Tax

The IT Act provides for levy of Minimum Alternate Tax ('MAT') on corporates if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act.

If MAT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Fund shall also be included to determine the MAT.

The MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a permanent establishment in India; or (b) the assessee is a resident of a country with which India does not have a Tax Treaty and is not required to seek registration under the Indian corporate law.

6.9. Carry-forward of losses and other provisions (applicable irrespective of the residential status)

In terms of section 70 read with section 74 of the IT Act, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

6.10. Goods and Services Tax

From 1 July 2017 onwards, GST will be applicable on services provided by the Portfolio Manager to its Clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards portfolio management fee.

12. Accounting Policy / Valuations:

The following Accounting policy will be applied for the portfolio investments of clients:

- (a) Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange ("NSE"). If the Securities are not traded on the NSE on the valuation day, the closing price of the Security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the securities that are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of mutual funds shall be valued at the repurchase price of the previous day or at the last available repurchase price declared for the relevant Scheme on the date of the report.
- (b) Unlisted Securities/investments will be valued at cost till the same are priced at Fair Market Value. Such fair value may be determined by an agency appointed by the Portfolio Manager, on periodic basis (once in a year).
- (c) Realised gains/losses will be calculated by applying the First In First Out principle.
- (d) Unrealized gains/losses are the differences, between the current market value/Net Asset Value and the historical cost of the Securities.
- (e) Dividends on shares will be accounted on ex-dividend date and dividends on units in mutual funds will be accounted on receipt of information from the mutual fund house and interest, stock lending fees earned etc., will be accounted on accrual basis. The interest on debt instruments will be accounted on accrual basis.
- (f) In respect of all interest-bearing investments, income must be accrued on a day to day basis as it is earned. Therefore when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase will not be treated as a cost of purchase but will be debited to Interest
- (g) For derivatives and futures and options, unrealized gains and losses is calculated by marking to market the open positions. (h) Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale will not be treated as an addition to sale value but will be credited to Interest Recoverable Account.
- (i) Transactions for purchase or sale of investments will be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which there is enforceable obligation to pay the price or, in the event of a sale, when there is an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- (j) Bonus shares will be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements will be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

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- (k) The cost of investments acquired or purchased will include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered will be reduced from the cost of the investment.
- (l) The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case to case basis.
- (m) Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities Transaction Tax, Demat charges and Custodian fees on purchase/ sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.
- (n) In case of Portfolio received from the Clients in the form of securities will be accounted at previous day's closing price on NSE. Where the Client withdraws Portfolio in the form of securities, the same will be accounted on the date of withdrawal at the previous closing price. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, previous day's closing price on BSE will be used for aforesaid accounting purpose.
- (o) Investments in the Managed accounts (Alternate investment funds and Venture Capital funds) will be valued at last available Net asset value declared by issuer.

The Investor may contact the customer services official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.

The Portfolio Manager may change the valuation policy for any particular type of security consequent to any regulatory changes or the market practice followed for similar type of securities.

13. INVESTOR SERVICES:

A. CONTACT INFORMATION

Name, address and telephone number of the Investor relations officer who shall attend to the Investor queries and complaints.

Name: Ms. Khushnuma Damania

Email: clientservicing@iiflw.com

Address: IIFL Wealth Management Ltd.,
7th Floor, IIFL Centre, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel (West),
Mumbai 400 013, India,
Tel: +91 22 3958 5600

The official mentioned above will ensure prompt Investor services. The Portfolio Manager will ensure that this official is vested with the necessary authority, independence and the wherewithal to handle Investor complaints. You may register your grievances/complaints on SEBI Complaints Redress System (<http://scores.gov.in/>)

B. GRIEVANCE REDRESSAL AND DISPUTE SETTLEMENT MECHANISM

The Portfolio Manager has in place a dedicated system for addressing all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the Investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the Investor and the Portfolio Manager shall abide by the following mechanisms.

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/ or their respective representatives shall be settled in accordance with and subject to the provisions of The Arbitration and Conciliation Act, 1996, or any statutory requirement, modification or re-enactment thereof. Such Arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit.

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14. Additional Disclosures:

IIFL Wealth Management Limited may avail/s the below mentioned services from India Infoline Group for consideration, under normal course of business;

With respect to services offered by IIFLW under the portfolio management services or securities recommended, advised or acquired under PMS or in respect of services of any intermediary recommended by IIFLW, the Client may note the following;

- (a) IIFLW would be utilizing services of group companies for carrying out trading/broking activities under Portfolio Management Services.
- (b) IIFLW and its group, associate and subsidiary companies are engaged in providing various financial services and for the said services (including the service for acquiring and sourcing the securities acquired/advised under PMS) the said companies may earn fees or remuneration in form of arranger fees, distribution fees, referral fees, advisory fees, management fees, trustee fees, Commission, brokerage, transaction charges, underwriting charges, issue management fees and other fees.
- (c) The subsidiaries of IIFLW act as Investment Manager and Trustee to Scheme(s) of Mutual Fund, Alternative Investment Funds and Venture Capital Fund (in which Portfolio Manager may invest) and accordingly they earn management and trustee fees, for the same.
- (d) PMS trades may be done through IIFL Wealth Management Limited /IIFL Securities Limited as stock brokers and for the same IIFLW and IIFL Securities Limited may receive brokerage/ commission.
- (e) Apart from above, investment may be made in securities of associates & group companies, investment transaction may be done with IIFLW, its associates and group companies as counterparties and IIFLW including its subsidiaries and associates may receive various form of remuneration linked to the PMS or Advisory services offered to the Client.

The transactions with IIFLW, associates or group companies will be done at arm's length and under normal course of investment transactions;

15. GENERAL:

The Portfolio Manager and the client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement.

16. Signatures:

NAME OF DIRECTOR	SIGNATURE
KARAN BHAGAT	Sd/-
YATIN SHAH	Sd/-

Date: October 30, 2018

Place: Mumbai

DISCLOSURE DOCUMENT

(AS PER THE REQUIREMENT OF FIFTH SCHEDULE OF
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FORM C

SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS) REGULATIONS, 1993 (REGULATION 14)

Dear Investor,

We confirm that:

- I. The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by the Board from time to time;
- II. The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Services;
- III. The Disclosure Document has been duly certified by an independent chartered accountant.

CA Anisa Shaikh

Sanjay Rane & Associates.

Chartered Accountants

Registration No: 121089W

403/C- Wing, Marathon NextGen Innova, Opp. Peninsula Corporate Park,

Off Ganpatrao Kadam Marg, Lower Parel (West), Mumbai - 400013

Tel. 022-49198585 Telefax: 022-49198521

The copy of the Chartered Accountant's certificate is enclosed.

For **IIFL Wealth Management Ltd.**

Sd/-

Yatin Shah

Principal Officer

Email: yatin@iiflw.com

Phone No: (+91-22) 3958 5641

Date: October 30, 2018

Place: Mumbai

Annexure A

DETAILS OF DISCIPLINARY ACTION INITIATED BY REGULATORS AGAINST IIFL ASSOCIATE/GROUP COMPANIES

A) PAST AND COMPLETED - Fully Exonerated/Proceedings dropped by Regulators/Orders fully complied with:

I) INDIAN REGULATORS

1. IIFL Securities Ltd (Formerly known as India Infoline Limited):

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	SEBI Enquiry Notice in 2001	SEBI	Client dealings in the scrip of Cyberspace Infosys Limited during the year 2000 & 2001.	As per Enquiry Officer report, IIFL was totally exonerated from all charges.	Exonerated
2.	SEBI adjudication proceedings notice dated September 08, 2008 under Depository Act.	SEBI	Allegations of non-compliance of provisions of SEBI (DP) Regulations and Depositories Act.	Preferred consent proceedings. Consent Order passed by SEBI on June 05, 2009 and the proceedings were dropped by SEBI. Settlement Charges Rs 75,000 and Administration Charges Rs 25000 vide consent order. The same was paid.	Clarified on factual inaccuracies. No further clarification was required by SEBI – Proceedings dropped

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
3.	SEBI adjudication Notice dated November 28, 2008	SEBI	Clients dealing in GHCL Shares. Allegations of violation of provisions of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to securities Market) Regulations, 2003.	All charges against IIFL were rejected vide SEBI Order dated June 15, 2009	Proceedings dropped
4.	SEBI adjudication Notice dated August 27, 2009	SEBI	Allegations of non-compliance of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992	Preferred consent proceedings. Consent Order was passed by SEBI on May 18, 2010 and the proceedings were dropped by SEBI. Settlement Charges Rs 25,00,000 / - vide consent order. The same was paid.	Submitted the compliance and corrective measures to SEBI vide letter dated November 27, 2009. Proceedings dropped.
5.	SEBI adjudication Notice dated November 27, 2009	SEBI	Clients dealing in GHCL Shares. Allegations of violation of provisions of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to securities Market) Regulations, 2003.	Reply submitted to SEBI. SEBI vide Order dated April 03, 2012 and dropped the proceedings.	Stopped Trading with GHCL group of clients. Proceedings dropped.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
6.	SEBI Adjudication proceedings notice dated January 03, 2011.	SEBI	Asian Star Co. Ltd. - Allegation of violation of Regulation 7 Clause A(1) & A(2) of Code of Conduct for Stock Brokers.	<p>SEBI had issued Order no: BM/AO – 7/2012 dated January 12, 2012. We had filed an Appeal against the said Order before SAT.</p> <p>SAT vide its order dated October 1, 2012 has upheld the order of adjudicating officer of SEBI imposing a penalty of Rs. 5 lacs against IIFL. IIFL has accepted the Order and the said penalty was paid.</p>	Order fully complied with.
7.	SEBI Enquiry Notice dated April 27, 2010.	SEBI	Allegations of violation of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992	<p>SEBI had issued Order no: MIRSD1/ASM/BS/11344/2013 –dated May 13, 2013. Pursuant to our detailed replies and submissions during personal hearings, SEBI noted that the alleged deficiencies / violations have already been rectified by us and concurred with the Enquiry officer's recommendations and warned us to be careful & cautious in future. With the above order, the pending</p>	Proceedings concluded.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
				matter was concluded.	
8.	Enquiry Notice dated March 03, 2010	SEBI	Three Clients dealing in the shares of Pyramid Saimira Theatre Ltd. in 2009 involving three transactions totaling trading value of Rs.110660/- and brokerage of Rs. 553/- only. Allegations of violation of provisions of SEBI (Stock Brokers and Sub brokers) Regulations, 1992 in the clients dealing.	Show Cause notice received from SEBI on July 23, 2015, reply to the same has been submitted to SEBI on 11-Aug-2015	<p>We have strengthened our system for monitoring SEBI/Exchange orders on daily basis and freezing of accounts immediately. Dedicated person in back office & compliance have been appointed.</p> <p>The Whole Time Director passed order dated November 10, 2015 with warning Noticee (India Infoline Limited) to be more careful and cautious in the conduct of its business and to adhere to and comply with all the statutory provisions while carrying out its activities in the securities market. Matter is closed.</p>

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
9.	SEBI Order dated September 28, 2005 and June 16, 2006 in the matter of IFSL	SEBI	No violation against IIFL was observed. However advised not to deal for 3 clients pending investigation.	No Show Cause Notice received from SEBI.	As per SEBI advice trading for these clients was stopped with immediate effect and complied.
10.	SEBI Order dated October 5, 2005 and June 20, 2006 in the matter of M/s Ind Tra Deco Ltd	SEBI	No violation against IIFL was observed. However advised not to deal in the scrip and pending investigation.	No Show Cause Notice received from SEBI.	As per SEBI advice trading in the scrip was stopped w.e.f. 6/10/2005 and complied.
11.	SEBI Order dated March 21, 2006 in the matter of Shri. Lalit Dua.	SEBI	Lalit Dua was an independent research analyst, whose reports were published in our website. SEBI has advised not to publish any reports of Shri Lalit Dua and pending investigation.	No Show Cause Notice received from SEBI.	As per SEBI advice stopped publishing reports with immediate effect i.e. 22/3/06 and complied.
12.	SEBI letter dated July 13, 2010	SEBI	Parabolic Drugs Limited wherein SEBI advised us to gear up at our back office system and ensure efficient control to minimize PAN mismatches while making data entry in IPO biddings in	No Show Cause Notice received from SEBI.	We ensured compliance to avoid recurrence of such mismatches and the same was confirmed to SEBI vide our replies dated July 30, 2010 and

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
			future.		August 27, 2010.
13.	SEBI letter dated June 18, 2008	SEBI	Osian LPG Bottling Limited wherein SEBI had advised us to be careful and to ensure that the shares are sold/purchased by the client or credited to respective client's account directly instead of through our Beneficiary account.	No Show Cause Notice received from SEBI.	Complied with the same and rectified our system and confirmed to SEBI vide letter dated July 25, 2008.
14.	SEBI letter dated February 09, 2011	SEBI	Pertaining to non bidding of applications in Coal India Ltd. IPO, SEBI advised us not to act as syndicate member in IPO till resolution of such matters and further advise.	Resolution status submitted to SEBI and SEBI had withdrawn their restrictions vide its letter dated March 11, 2011.	As per SEBI advice, we had resolved the issues and confirmed to SEBI.
15.	SEBI letter dated March 12, 2014	SEBI	India Infoline Finance Limited came out with a public issue of non convertible debentures vide prospectus dated September 05, 2013. India Infoline Limited (IIL) was acting as one of the merchant bankers to the said issue. In the draft prospectus, the credit rating of "AA-" from ICRA Limited	SEBI communicated that it was not appropriate to allow the issuer company to request a credit rating agency to assign the rating issued for the public issue to be used for the subsequent issues and use better rating issued by other agencies for its public issue especially after the	IIL has taken a note of SEBI's advice for its merchant banking activities and complied with.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
			<p>was disclosed. Subsequent to filing of the draft prospectus, on the request of India Infoline Finance Limited, ICRA Limited agreed for the said rating to be used for private placement of NCDs by India Infoline Finance Limited.</p>	<p>filing of the draft prospectus.</p> <p>SEBI advised IIL to be careful in future and not to allow such instances in future issues managed by IIL.</p>	
16.	<p>Adjudication show cause notice dated August 10, 2017 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992 in the matter of United Spirits Ltd.</p>	SEBI	<p>SEBI notice in the matter of United Spirits Limited includes observations and allegation as follows:-</p> <p>a) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard.</p> <p>b) It has been alleged that IFFL was not able to provide appropriate reason regarding the IPV of client based at Chennai been done at Mumbai.</p>	<p>SEBI order dated February 23, 2018 imposed penalty of 2,00,000/- (Rupees Two Lakh Only)</p>	<p>Reply to the SEBI SCN has been submitted on November 24, 2017 providing clarification with supporting documents.</p> <p>Matter concluded with the issue of SEBI order dated February 23, 2018.</p>

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
17.	Adjudication show cause notice dated July 13, 2017 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992	SEBI	SEBI notice includes observations and allegation as follows:- Non disclosure under Regulations 13 (1) read 13(5) of PIT Regulations, 2015 and Regulations 7(1) read with 7(2) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011 in the scrip of Shree Ashtavinayak Cine Vision Limited ("SACV").	SEBI vide order dated March 28, 2018 dropped proceedings against IIFL.	Exonerated

1. India Infoline Insurance Brokers Limited:

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	Show Cause Notice dated July 02, 2013	IRDA	Observations of inspection on insurance broking business during the period November 2009 to March 2012.	Observations of non-compliance with the provisions of Insurance Brokers Regulations. Detailed Reply to the	The reply to show cause notice was submitted. However, IRDA refused to accord renewal of

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
				Notice on the compliances submitted to IRDA vide letter dated July 11, 2013.	license vide order dated October 28, 2013. An appeal was filed to the Chairman of the IRDA against the aforesaid order. IRDA levied a penalty of Rs. 35 lacs and renewed license with retrospective effect for period 2011-2014. Complied.
2	IRDA Letter dated 26-Nov-2015	IRDA	Observation Noticed during review of the renewal application submitted on 25-09-2014	Observations of non-compliance with the provisions of Insurance Brokers Regulations	IRDA Levied a penalty of Rs 17.20 lacs and renewed the license for the period 2014-2017. Complied.

2. India Infoline Finance Limited

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	SEBI issued a show cause notice dated October 25, 2013	SEBI	The SCN alleged violation of Regulations 3(a), 4 (1), 4 (2) (a) and 4 (2) (g) of the SEBI (Prohibition of Fraudulent	The matter was disposed of by an order dated January 13, 2015.	Following submission of replies and personal hearing in the matter, the adjudicating

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
	in the matter of M/s Parekh Aluminex Limited		Trade Practices) Regulations, 2003 ("PFUTP Regulations") by India Infoline Finance Limited.		officer passed an order dated January 13, 2015 concluding that the charges against India Infoline Finance Limited do not stand established and the matter was disposed off.
2	Adjudication Show cause Notice dated February 4, 2016	SEBI	Show cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') requiring the steps taken by India Infoline Finance Limited ('the Company') in redressal of Investors grievances.	The matter was disposed of by an order dated August 23, 2017.	Detailed reply submitted explaining the redressal process and requesting disposal of the proceedings.
3	RBI issued a show cause notice dated April 26, 2017 in connection with loans extended by IIFL to NSEL Clients.	RBI	Deficiencies with regard to KYC & Loan documents, Securities etc.	RBI concluded the matter with the cautionary advice.	Suitably implemented.

3. India Infoline Housing Finance Limited (IIHFL)

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	Show Cause Notice dated September 20, 2010	National Housing Bank (NHB)	NHB issued a show cause notice alleging contravention of the Housing Finance Companies (NHB), Directions, 2010 (the Directions)	Observations of non-compliance with the paragraph 24 and 26 of the Directions, 2010 and as to why IIHFL should continue to be regarded as a housing finance company	Detailed reply to the Notice was submitted to NHB vide letter dated October 06, 2010. We clarified the position and had furnished the details as requisitioned by NHB. No further communication was received from NHB in this regard.
2	Show Cause Notice dated May 6, 2013	National Housing Bank (NHB)	NHB issued a show cause notice for non-furnishing the information w.r.t. opening of new branches	NHB issued a show cause notice and imposed penalty of Rs. 5,000 vide its letter dated July 16, 2013 for non-furnishing the information w.r.t. opening of new branches.	We vide our letter dated November 8, 2013 paid the penalty. The matter has been resolved.

4. IIFL Holdings Limited

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	Compounding Application filed with RBI for regularization of investments in overseas subsidiary, namely India Infoline DMCC, Dubai.	RBI	Delay in submission of NOC received from SEBI for the overseas investment made in India Infoline Commodities DMCC, Dubai required under Regulation 7 of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulation 2004.	RBI has passed a compounding order vide No. MCO4182 dated March 8, 2017.	Company had paid Rs.2,03,420/- towards compounding fees and the matter was concluded by RBI vide its letter dated April 03, 2017. Complied.

5. India Infoline Housing Finance Limited (IIHFL) :-

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures
1	Show Cause Notice dated September 20, 2010	National Housing Bank (NHB)	NHB issued a show cause notice alleging contravention of the Housing Finance Companies (NHB), Directions, 2010 (the Directions)	Observations of non-compliance with the paragraph 24 and 26 of the Directions, 2010 and as to why IIHFL should continue to be regarded as a housing finance company	Detailed reply to the Notice was submitted to NHB vide letter dated October 06, 2010. We clarified the position and had furnished the details as requisitioned by NHB. No further communication was received from NHB in this regard.

2	Show Cause Notice dated May 6, 2013	NHB	NHB issued a show cause notice for non-furnishing the information w.r.t. opening of new branches	NHB issued a show cause notice and imposed penalty of Rs. 5,000 vide its letter dated July 16, 2013 for non-furnishing the information w.r.t. opening of new branches	We vide our letter dated November 8, 2013 paid the penalty. The matter has been resolved.
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6. IIFL Asset Management Limited (Formerly known as India Infoline Asset Management Company Limited):

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures
1	SEBI letter dated November 27, 2014	SEBI	Inspection of Registrar and Share Transfer Agent for India Infoline Asset Management Company Limited	Advised to take due care and strengthen systems concerning certain errors / deficiencies / violations noticed in R&T activities	Necessary steps have been taken to avoid recurrence of said errors and systems have been strengthened & complied.
2	SEBI letter dated February 25, 2015	SEBI	Inspection of books of accounts and other records of IIFL Private Equity Fund	Advised to maintain proper KYC records; disclose full details of key investment team, disciplinary history including closed cases and summary of operational actions and clearly disclose all modifications made in the Private Placement Memorandum.	Fully Complied

3	SEBI letter dated May 22, 2017	SEBI	Reporting of exceptions to Compliance Test Report (CTR)	Advised to take due care and improvise the compliance standards to avoid recurrence in respect of dealing with Associate Broker.	Necessary steps have been taken to avoid recurrence of said errors and systems have been strengthened & complied.
4	SEBI letter dated November 26, 2015	SEBI	Inspection of IIFL Mutual Fund for the period Feb 01, 2013 to March 31, 2014	Advised to take due care and strengthen systems concerning certain errors / deficiencies / violations noticed activities	Necessary steps have been taken to avoid recurrence of said errors and systems have been strengthened.
5	SEBI letter dated October 19, 2016	SEBI	Inspection of books of accounts and other records of IIFL Opportunities Fund	Advised for complying with the investment cap in an individual investee company as per the regulations.	Necessary steps have been taken to strengthen the systems.

6	SEBI letter dated December 11, 2017	SEBI	Inspection of Registrar and Share Transfer Agent for IIFL Mutual Fund	Advised to take steps to strengthen systems concerning data updations and letters of confirmation of lien sent to investor	Necessary steps have been taken to strengthen the systems.
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7. IIFL Wealth Management Limited

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	SEBI letter dated March 01, 2016	SEBI	Inspection of books of accounts and other records of IIFL Wealth Management Limited under SEBI (Portfolio Managers) Regulations, 1993	Advised for ensuring compliance with the regulations.	Necessary steps have been taken to strengthen the systems.

II) REGULATORS OUTSIDE INDIA

1. IIFL Capital Inc:

Regulatory Authority	Subject Matter/Allegations	Brief of Orders/Findings	Present Status
Financial Industry Regulatory Authority (FINRA) United States	The Firm registered as a broker dealer, for a period of time, missed to meet the regulatory minimum net capital requirement, due to an inadvertent miss - classification of receivables in books of accounts.	Settled the matter with payment of USD 15,000 to FINRA.	Complied and Minimum Net Capital Requirement is thereafter properly maintained.

B) PENDING

1. India Infoline Limited:

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	SEBI Enquiry notice dated May 2, 2017 based on the inspection conducted during February 2014 covering period from 2011 to 2014 in respect of segregation of clients' funds.	SEBI	SEBI notice includes observations as follows:- a) failed to do segregation of own funds from clients' funds; b) misused credit balance of clients' funds for debit balance clients' funds; and c) not designated the	NA	Reply to SEBI notice submitted providing clarification with supporting documents and highlighting the corrective measures adopted and implemented including compliance with SEBI Circular on enhanced risk based supervision. During the span of 3 years from the date of concluding the onsite inspection, 3 supplementary reports

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
			client bank account appropriately.		<p>were issued in this matter which has been suitably replied.</p> <p>Further, the consent application filed for SEBI SCN including contemplated action on Supplementary and Additional inspection report issued subsequent to issue of SEBI SCN.</p> <p>Matter pending with SEBI.</p>

2. India Infoline Commodities Limited

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	<p>i. Criminal Complaint of Pankaj Saraf (MPID)</p> <p>ii. SEBI Enquiry Show cause Notice was received</p> <p>iii. Notice issued by EOW, Mumbai</p> <p>iv. Notice issued by SFIO, Mumbai</p> <p>v. Investigation by the Enforcement Directorate- Mumbai</p>	<p>i. MPID</p> <p>ii. SEBI</p> <p>iii. EOW</p> <p>iv. SFIO</p> <p>v. ED</p>	<p>i. A Criminal Complainant was filed by one of the Investors, Mr. Pankaj Saraf against NSEL and others. EOW Mumbai registered a FIR based on the allegations of criminal conspiracy, fraud and criminal breach trust.</p> <p>ii. The SCN issued for enquiry under the Regulation 25(1) of the SEBI (Intermediaries) Regulations, 2008 & SEBI (Stock Brokers & Sub Brokers) Regulations, 2015 by SEBI against few brokers including IICL. Further to the enquiry report, IICL received a fresh Show Cause Notice on April 26, 2017 along with a copy of the Enquiry Report seeking our reply and clarification.</p> <p>iii. Notice received in connection with the investigation into matter</p>	NA	<p>i. The Complaint is under investigation by the EOW and the same is pending investigation. No charge sheet has been filed.</p> <p>ii. A detailed reply was submitted with SEBI along with all the supporting documents to the Designated Authorities on November 25, 2016. In regard to fresh Show cause Notice, we are in discussion with the lawyers and will submit our reply and also through personal representation before SEBI in due course. We have also sought inspection of documents, and copies thereof. Though SEBI provided inspection of documents on last two occasions, there are few more documents pending inspection. We have made a representation to the Whole Time Member, SEBI through our Counsel Mr. Shyam Mehta and also submitted our written submission vide letter dated Feb 07, 2018 to SEBI, along with the list of pending documents. The Member has directed the officials to provide the</p>

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
			<p>of NSEL defaults in payments to various clients and related matters. In this regard, EOW issued notices/summons for submission of informations/documents/statements from IICL.</p> <p>iv. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, SFIO issued notices/summons for submission of informations/documents/statements from IICL.</p> <p>v. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, Enforcement Directorate (ED) issued notices/summons for submission of informations/documents/statements from IICL.</p>		<p>documents wherever available and wherever the documents are not available or not relevant to the present proceedings, provide necessary explanation. SEBI shall revert by Feb 12, 2018.</p> <p>iii. IICL submitted its detailed response/documents/information/statements through various letters and appearances from 2013 till date to EOW. No further communications are received.</p> <p>iv. IICL submitted its detailed response/documents/information/statement through various letters and appearances to SFIO till date. No further communications are received.</p> <p>v. IICL submitted its detailed response/documents/information/statement through various letters and appearances to ED till date. No further communications are received.</p>
2.	MCX letter dated April 12, 2018 based on the Inspection Report dated 2014-	MCX	MCX vide its letter has levied a penalty of Rs.3,30,00,211/- in respect of violation observed during the inspection inter alia for incorrect	NA	i. The Company has challenged the penalty levied by MCX before Securities Appellate Tribunal by way of an Appeal.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
	15		margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2014-5.		ii. The SAT heard the matter on May 18, 2018 and directed MCX to submit its reply to the Appeal within four weeks and the Company will submit its rejoinder within two weeks thereafter. Matter is adjourned on September 18, 2018 for hearing.
3.	MCX letter dated April 12, 2018 based on the Inspection Report dated 2015-16	MCX	MCX vide its letter has levied a penalty of Rs.1,19,24,568/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2015-16.	NA	i. The Company has challenged the penalty levied by MCX before Securities Appellate Tribunal by way of an Appeal. ii. The SAT heard the matter on May 18, 2018 and directed MCX to submit its reply to the Appeal within four weeks and the Company will submit its rejoinder within two weeks thereafter. Matter is adjourned on September 18, 2018 for hearing.

3. IIFL Wealth (UK) Limited

Filed against (Defendants)	Filed by (Claimants)	Case details	Claim amount	Brief details of the claim
<ol style="list-style-type: none"> 1. IIFL Wealth (UK) Limited (“IIFL”) 2. Ramu Ramasamy 3. Palaniyapan Ramasamy 4. Amit Shah (“Amit”) 	<ol style="list-style-type: none"> 1. Prashant Hasmukh Manek 2. Sanjay Chandi 3. EAGM Ventures (India) Private Limited 	<p>Claim No. CL-2017-000625 (the “Claim”), filed in the High Court of Justice, Business and Property courts of England and Wales, Queen’s bench division, Commercial Court</p>	<ol style="list-style-type: none"> 1. Damages amounting to EUR 26,525,498.25 (or on the alternative basis, EUR 13,899,770.74), plus up to EUR 6.6 million in earn out consideration, and a further sum to be assessed in respect of consequential losses relating to the earn out consideration; 2. Interest pursuant to section 35A of the Senior Courts Act 1981 upon any sum adjudged due or paid hereafter at such rate and for such period as the Court thinks fit; 3. Further or other relief; and 4. Costs. 	<p>The claim concerns the sale by the Claimants of their shares in Hermes i-Tickets Private Limited (“Hermes”), to another Indian company, Great Indian Retail Private Ltd (“GIR”), majority owned and controlled by the second and third defendants. The Claimants claim that they had agreed to sell their shares in Hermes to GIR at as a result of representations and threats purportedly made by the defendants.</p> <p>Prior to the commencement of the Claim, Amit and IIFL had, through their Singapore counsel, responded to the Claimants’ pre-action letter, denying the allegations raised by the Claimants and strongly retorted that the allegations against them are misconceived.</p> <p>Amit and IIFL have since been served with the Claim, and have appointed a firm of UK solicitors, as well as UK barristers, to contest the Claim.</p>

Annexure B

Performance of IIFL Wealth Management Limited as a Portfolio Manager in comparison to benchmark indices for active portfolios as on September 30, 2018

Portfolio Name	Particulars	Date of Inception	HY September 30, 2018		FY2017-2018		FY 2016 -17		FY 2015 -16		FY 2014-2015	
			Individual	Corporate	Individual	Corporate	Individual	Corporate	Individual	Corporate	Individual	Corporate
PSU BANK PORTFOLIO SCHEME	Portfolio	1-Jan-08	2.69%	-	-	-	-	-	-	-	-	-
	NIFTY		16.85%	-	10.28%	-	-	-	-	-	-	-
Distressed Asset Fund	NIFTY	30-Mar-09	-1.71%	-	9.93%	-	20.02%	-	-11.85%	-	60.34%	-
	NIFTY Index		16.87%	-	10.28%	-	18.99%	-	-9.87%	-	26.65%	-
Growth Portfolio	Portfolio Returns	2-Dec-09	-	-	-	-	-	-	-	-	-	52.54%
	NIFTY Index		-	-	-	-	-	-	-	-	-	37.79%
LTV - Long Term Value Portfolio	Portfolio Returns	17-Aug-09	-1.80%	3.95%	9.82%	7.46%	20.59%	19.53%	-11.73%	-11.89%	63.15%	56.39%
	NIFTY Index		16.86%	16.85%	10.29%	10.28%	19.08%	19.49%	-9.88%	-9.88%	26.76%	29.67%
Select Equity Portfolio	Portfolio Returns	3-Nov-10	2.95%	-	4.68%	-	24.41%	-	-6.06%	-	54.83%	58.54%
	NIFTY Index		17.44%	-	10.28%	-	18.99%	-	-9.87%	-	27.73%	26.43%
Select ETF portfolio	Portfolio Returns	7-Jan-10	-	-	-	-	-	-	0.00%	-	40.93%	-
	NIFTY Index		-	-	-	-	-	-	-7.15%	-	36.54%	-
Pre-Leased/Rental Strategy-	Portfolio Returns	14-Aug-12	-0.13%	2.56%	-0.02%	-0.01%	-0.06%	0.00%	-0.18%	0.39%	-0.01%	-
	S-IBEX		3.80%	4.08%	6.14%	6.14%	8.41%	8.38%	8.98%	9.15%	26.68%	26.47%
Customize Equity PMS	Portfolio	17-Aug-12	-5.85%	1.55%	3.85%	8.35%	-0.43%	3.69%	-4.11%	4.00%	29.12%	22.64%
	NIFTY Index		16.62%	17.07%	11.65%	10.26%	24.01%	18.09%	-10.78%	-10.03%	24.45%	25.26%
Customised PMS#	Portfolio	31-Aug-14	-	-	-	-	25.48%	-34.56%	-3.74%	6.90%	25.48%	25.66%
	Mi-Bex		-	-	-	-	-	-	-	-	-	-
	NIFTY Index		-	-	-	-	19.85%	19.87%	-11.34%	-10.48%	25.41%	21.96%
	SI-Bex		-	-	-	-	-	-	-	-	-	-
Customized Debt PMS#	Portfolio	31-Aug-14	-	-	-	-	-	-	-	-	1.82%	-
	Mi Bex		-	-	-	-	-	-	-	-	-	-

Annexure B

	Si Bex		-	-	-	-	-	-	-	-	9.76%	-
Customize Realestate PMS#	Portfolio	31-Aug-14	-	-	-	-	-	-	15.30%	-	14.21%	13.85%
	Mi Bex		-	-	-	-	-	-	-	-	-	-
	Si Bex		-	-	-	-	-	-	8.77%	9.03%	9.34%	9.32%
IIFL NDA PMS	Portfolio	1-Apr-14	-	-	-	-	48.42%	31.81%	-5.50%	-6.93%	49.04%	24.41%
	Nifty		-	-	-	-	16.99%	18.99%	-9.87%	-9.87%	13.39%	12.11%
IIFL ONE MANDATE	Portfolio	30-Aug-18	-23.38%	-	-	-	-	-	-	-	-	-
	Nifty		-54.36%	-	-	-	-	-	-	-	-	-

- Returns have been calculated after considering all expenses including performance fees.
- Returns have been calculated on the basis of XIRR method. However return of individual client's may vary depending on timing of activation, investment, corpus received and / or withdrawal.
- Mi-Bex is Medium Maturity gilt Index designd and constructed by ICICI Securities. Si-Bex is Short Maturity gilt Index designed and constructed by ICICI Securities
- -# In the month of Aug 2014, discretionary portfolios reclassified and • Customised PMS, CUSTOMIZED PMS DEBT PMS, DPMS Customize Real estate PMS

Sanjay Rane & Associates

CHARTERED ACCOUNTANTS

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TO WHOMSOEVER IT MAY CONCERN

We have verified the books of accounts and other records of M/s. IIFL Wealth Management Limited ("The Company"), having its registered address at IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai- 400013.

On the basis of such verification and information and explanation given to us by the company, we hereby certify that the disclosures made in the Disclosure Documents as on September 30, 2018 as required by the Securities and Exchange Board (Portfolio Managers) Regulations 1993, along with Amendment Regulations, 2002, are true, fair and adequate to enable the investors to make a well informed decision.

For Sanjay Rane & Associates

Chartered Accountant

Firm Regn. No.: 121089W



Partner

(CA Abhijeet Deshmukh)

Membership No.:129145

Date: October 30, 2018

Place: Mumbai

