



IIFL WEALTH FINANCE LIMITED  
ANNUAL REPORT 2015 - 16

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# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

Karan Bhagat

Pankaj Fitkariwala

Umang Papneja

## **COMPANY SECRETARY**

Manoj Gujran



## DIRECTORS' REPORT

To the Members of IIFL Wealth Finance Limited  
(Formerly: Chephis Capital Markets Limited)

Your Directors have pleasure in presenting the **Twenty Second Annual Report** of IIFL Wealth Finance Limited ("**the Company**") together with the Audited Financial Statements for the year ended March 31, 2016.

**1. Financial Results - The highlights of the financial results for the year under review are as under:**

**Standalone Financial Results -**

Particulars	2015-2016 (Rs. In million)	2014-2015 (Rs. In million)
Gross Total Income	73.93	0.81
Less: Expenditure	35.84	0.28
Profit /(Loss) Before Taxation	38.09	0.53
Less: Taxation - Current	21.85	0.03
- Deferred	(1.06)	(0.01)
- Short or Excess Provision of Income Tax	(0.11)	0.00
<b>Net Profit / (Loss) After Tax</b>	<b>17.41</b>	<b>0.51</b>

**2. Review of Business and Operations:**

During the year under review, the total income of the Company increased to Rs. 73.93 million as compared to Rs.0.81 million in the previous year and the net profit after tax increased to Rs.17.41 million as compared to Rs.0.51 million in the previous year.

- Loan book grew to Rs. 1007.73 million as of March 31, 2016 as against Rs. Nil in the previous year;
- Capital Markets contributed to 100 % of loan book;
- Gross and Net NPAs (Non-performing assets) were Nil % and Nil % respectively;
- Provision coverage (including for standard assets) was 0.30 % as at FY16 end. Capital adequacy ratio was well above the regulatory requirement of 106.36 %, comprising Tier I capital ratio of 106.32 % and Tier II capital ratio of 0.04 %;
- Company's income significantly increased by 8999.26 % to Rs.73.93 million and profit after tax increased by 3340.53 % to Rs. 17.41 million during the year.

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### 3. Economic and Industry Scenario:

Indian macro indicators have showed a strong improvement in the last couple of years and in FY16-17. India is likely to be the fastest growing economy in the world. FY15-16 saw a divergence between the macro-economic performance and equity market performance. Though significant improvement was seen in macro-economic fundamentals of India, the same was not reflected in the performance of equity markets. From a phase of low growth and high inflation few quarters back, we have transitioned to a period of low inflation and improving growth. Twin deficits of Fiscal Deficit and Current Account Deficit which started improving in FY14-15, continued to show improvement. Sharp decline in crude prices and reduction in gold import bill lead to a significant improvement in current account deficit. Inflation (both CPI and WPI) remained within the permissible limits and gave the much needed room to RBI to cut rates after several years.

GDP growth for FY15-16 is expected around 7.6% levels, which would make India the fastest growing major economy. This has been possible in spite of our rural economy has been a big drag on the overall economic sentiment in the country in last two years due to back-to-back El Nino in the two years.

In the last year, the NBFC sector saw a host of regulatory reforms, with all the financial regulators coming out with different norms which are of great interest to the NBFCs. RBI has taken a number of steps for the development of the Corporate Bond Market. These include issue of detailed guidelines on setting up an Infrastructure Debt Funds (IDFs) by NBFC which are expected to enhance the flow of long-term debt in infrastructure development. NBFCs registered with RBI having asset size of Rs. 500 Crores and above have been considered for notifications as "Financial Institution" in terms of SARFAESI Act, 2002.

Large NBFCs are likely to grow at 14 per cent in financial year 2016-17, with SME/MSME growing faster than commercial vehicles, keeping this in mind, the NBFC sector needs to be provided adequate policy support in the Budget to help meet the growing financing needs of the economy to support the Digital India and Make in India initiatives from the Government.

Furthermore, in the Budget for FY16 NBFCs with an asset size in excess of Rs. 5 billion would be permitted access to the provisions of SARFAESI Act, which once implemented would improve NBFC ability to make recoveries from immovable asset financing, such financing constitutes around 18 per cent of NBFC retail credit, largely in the mortgage segment.

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NBFC could witness increase in cost of funds in second half of 2016 with tightening of the investment limits. This could have an impact on the bottom line numbers and profitability of NBFCs to remain under pressure with migration to more stringent NPA recognitions. (Source: <http://www.financialexpress.com/article/budget-2016/budget-2016-nbfc-sector-needs-to-be-provided-adequate-policy-support/215402/>)

"The overall gross NPA ratio of NBFCs across asset classes is likely to rise to 7.8 per cent by March 2017, from 6 per cent at end-September 2015 and an estimated 6.7 per cent in FY16," the India Ratings report said.

Of the 7.8 per cent gross NPLs, 1.5-1.7 per cent of the increase will be due to the shift to the 120-day NPL recognition norm in financial year 2016-17 from 150-days at financial year 2015-16. The norm says NBFCs will have to classify an asset as NPA (non-performing asset) if it stays overdue for 120 days.

The report said moderation in incremental delinquencies in the sector will continue through financial year 2016-17, led by strengthening of risk management systems of lenders, an economic recovery and a portfolio mix shift to less volatile asset classes.

The rating agency said NBFCs will continue to gain credit market share at the expense of banks, as banks struggle to raise capital for a successful transition to the Basel-III regime, which is forcing them to reduce credit growth.

The retail-focused NBFCs will gradually reduce their single product concentration by diversifying into other asset classes, primarily secured in nature.

Your Company has focused on high growth, dispersed risk, retail financing to high net worth and corporate clients. The Company has further increased its presence in promising segments including loan secured against property and securities. The retail business has provided scale and diversifies the risk across geographies, industries and collaterals.

**4. Dividend:**

With a view to conserve resources, your Directors do not recommend any dividend for the FY 2015-16.

**5. Transfer to Reserves:**

During the FY 2015-16, the Company has transferred an amount of Rs. 3.48 million to Special Reserve in accordance with Section 45IC of the Reserve Bank of India Act, 1934.

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**6. Subsidiary/ Joint Ventures/ Associates:**

The Company has become subsidiary of IIFL Wealth Management Limited w.e.f. February 13, 2016 by virtue of Section 2 (87) (ii) of the Companies Act, 2013. The Company does not have any subsidiaries/ joint ventures/ associates.

**7. Share Capital:**

During the year under review, the total authorised share capital of the Company has been increased from Rs.1.25 Crore to Rs.300 Crore and the total issued, subscribed and paid up capital of the Company has been increased from Rs.72,75,110/- to Rs.252,11,64,000/- pursuant to allotment of 25,13,88,889 equity shares of Rs.10/- each to IIFL Wealth Management Limited (holding company).

**8. Deposits:**

During the year under review, your Company has not accepted/ renewed any deposit within the meaning of Section 73 of the Companies Act, 2013 read with applicable rules thereto.

**9. Directors and Key Managerial Personnel:**

**a. Directors:**

The Board consists of three Directors namely Mr. Karan Bhagat, Mr. Umang Papneja and Mr. Pankaj Fitkariwala who were appointed as Non-Executive Directors of Company effective from February 13, 2016.

Mr. Dipak Kumar Mehta, Ms. Bhanu Mehta, Ms. Bhairavi Mehta and Mr. Kunal Mehta resigned as Directors of the Company effective from February 13, 2016.

In terms of provisions of the Companies Act, 2013 and in terms of applicable provisions of the Articles of Association of the Company, Mr. Umang Papneja, Director of your Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**i. Meetings of the Board of Directors -**

The Board met 11 (eleven) times during the FY 2015-16 to discuss and approved various matters including financials, appointment of auditor, and other board businesses. Date of the meetings are 10th April 2015, 8th July 2015, 21st August 2015, 29th October 2015, 26th November 2015, 02 February 2016, 13th February 2016, 15th February 2016, 25th February 2016, 04th March 2016 and 30th March 2016.

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The details of attendance of the Directors at Board Meetings, and the previous Annual General Meeting of the Company are, given below:

Name of Director	No. of meetings entitled to attend	No. of meetings attended	Whether present at previous AGM held on September 30, 2015
Ms. Bhanu Mehta (Resigned w.e.f Feb 13, 2016)	7	7	Yes
Mr. Dipak Mehta (Resigned w.e.f Feb 13, 2016)	7	7	Yes
Ms. Bhairavi Mehta (Resigned w.e.f Feb 13, 2016)	7	6	Yes
Mr. Kunal Mehta (Resigned w.e.f Feb 13, 2016)	7	1	No
Mr. Pankaj Fitkariwala (appointed w.e.f Feb 13, 2016)	4	4	Not Applicable
Mr. Umang Papneja (appointed w.e.f Feb 13, 2016)	4	4	Not Applicable
Mr. Karan Bhagat (appointed w.e.f Feb 13, 2016)	4	4	Not Applicable

ii. The Company has not constituted the audit committee, nomination and remuneration committee as per the Companies Act, 2013.

iii. **Annual Evaluation of the Board -**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance and the Directors individually.

**b. Key Managerial Personnel:**

During the period under review, no Key Managerial Personnel were appointed in the Company.

**10. Managerial Remuneration:**

During the year under review, there were NIL employees drawing remuneration pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**11. Employee Stock Option/ Purchase Scheme:**

The Company does not have an employee stock option / stock purchase scheme.

**12. Risk Management Policy and Internal Adequacy:**

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks

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to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Board of Directors of the Company.

The Company has in place adequate internal controls with reference to financial statements and operations and the same are operating effectively. The Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively.

**13. Extract of Annual Return:**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure - I**.

**14. Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the going concern status of the Company:**

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and the Company's future operations.

**15. Material changes and commitments affecting the financial position of the Company:**

IIFL Wealth Management Limited acquired 100% equity share capital of the Company on February 13, 2016 and infused funds of upto Rs. 900 Crore into the share capital of the Company during the FY 2015-16. Post the said acquisition and fund infusion, the Company initiated the financing activity including loan against securities, property, capital market financing, etc. during the year under review.

**16. Auditors:**

M/s. H. V. Vora & Co., Chartered Accountants, (Firm Registration No: 111629W), erstwhile Statutory Auditors have intimated to the Company that they would not be able to continue as the statutory auditors of the Company, due to other pre-occupations. Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014, the Board recommends to the shareholders, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No.: 117366W/W-100018), as the Statutory Auditors of the Company, in place of M/s. H. V. Vora & Co., Chartered Accountants to hold office from the conclusion of the ensuing 22<sup>nd</sup> Annual General Meeting (AGM), until the conclusion of the 27<sup>th</sup> AGM of the Company to be held in the year 2021 (subject to ratification of their re-appointment at every AGM). M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, have expressed their willingness and

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confirmed their eligibility for being appointed as Statutory Auditors of the Company, in accordance with the provisions of Section 139 and 141 of the Companies Act, 2013.

**17. Comments on auditors' report:**

There are no qualifications, reservations or adverse remarks or disclaimers made by the auditors, in their report. The Statutory Auditors have not reported any incident of fraud to the Board of Directors of the Company in the year under review.

**18. Secretarial Audit:**

During the year under review, the Secretarial Audit was conducted by M/s. J.U. Poojari & Associates, Practicing Company Secretaries, in accordance with the provisions of section 204 of the Companies Act, 2013. The report of the Secretarial Audit is annexed herewith as Annexure - II. There are no qualifications, reservations or observations in the Secretarial Audit report. As regards observations of Secretarial Auditors in their report, your directors have to state that the Company has been compliant of all applicable provisions of the Act in the FY 2015-16.

**19. Particulars of loans, guarantees or investments under section 186:**

The details of loans, guarantees or investments made are provided in the standalone financial statement (Please refer Note No. 10, 12 and 16).

**20. Particulars of contracts or arrangements with related parties:**

All related party transactions that were entered during the financial year were in ordinary course of the business of the Company and were at arm's length. No contract/ arrangement have been entered by the Company with its promoters, directors, key managerial personnel or other persons which may have a potential conflict with the interest of the Company. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. The transactions with related party are disclosed by way of notes to accounts vide note no. 29 in the standalone financial results of the Company for the financial year ended March 31, 2016.

**21. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The information on energy conservation, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given hereunder:

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### **Conservation of energy:**

The Company is engaged in providing financial services and as such its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company such as:

- Installation of capacitors to save power,
- Installed Thin Film Transistor (TFT) monitors that saves power,
- Light Emitting Diode (LED) lights,
- Automatic power shutdown of idle monitors,
- Creating environmental awareness by way of distributing the information in electronic form,
- Minimising air-conditioning usage,
- Shutting off all the lights when not in use, and
- Education and awareness programs for employees.

The management frequently puts circulars on corporate intranet, IWIN for the employees educating them on ways and means to conserve the electricity and other natural resources and ensures strict compliance of the same.

### **Technology absorption and innovation:**

The management understands the importance of technology in the business segments it operates and lays utmost emphasis on system development and use of best technology available in the industry. The management keeps itself abreast of technological advancements in the industry and ensures continued and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet the business needs and objectives.

The management invested considerable resources in deploying the latest technologies in the areas of wide area networking using MPLS, video communications, VoIP, automated dialers and other customer relationship management (CRM) tools and software. The Company also made significant strides in using cloud technology for customer-facing servers providing rapid and inexpensive ramp-up or down of capacity in line with business requirements.

The management is aware of increasing threats in the Information Security domain and has taken several steps to ensure that the Company is safe guarded against hacking attacks, data leakage and security breaches. IT and certain business processes have been recertified for ISO 27001 systems for practicing industry standard security implementations and processes. The management has invested resources in implementing controls and continuously monitoring violations, if any.

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**Foreign exchange earnings/outgo:**

- a) The Foreign exchange earnings: NIL
- b) The Foreign exchange expenditure: NIL

**Research and Development (R & D):** The Company is engaged in distribution of various financing activities such as capital market financing, loan against securities, IPO, etc., which entails internal research of debt financing, investment products, sectors and markets.

**22. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013:**

The Company is committed to provide a work environment that ensures every woman employee is treated with dignity and respect and afforded equitable treatment. The Company is also committed to promote a work environment that is conducive to the professional growth of its women employees and encourages equality of opportunity. The Company will not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its women employees are not subjected to any form of harassment.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**23. Directors Responsibility Statement:**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

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**24. Material Changes and Commitments affecting the financial position of the Company:**

There have been no material changes and commitments affecting the financial position of the Company, which have occurred during the financial year of the Company to which the financial statements relate and as at date of this report.

**25. Corporate Governance:**

The Company has fully complied with the Corporate Governance Guidelines for NBFCs issued by Reserve Bank of India vide circular no. DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015. In accordance with the said Corporate Governance Guidelines, the Company is in the process of putting in place the various committees and ensures best corporate practices to increase the investors and other stakeholders confidence. Your Company has complied with all the norms prescribed by the Reserve Bank of India (RBI) including the Fair Practices Code, Anti Money Laundering and Know Your Customer (KYC) guidelines besides other guidelines.

A summary of the Corporate Governance measures adopted by the Company are given below:

The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, Government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them by adopting the best practices.

The Company believes that good Corporate Governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to Company's goal of maximizing value for all its stakeholders.

The Board of Directors along with its Committees provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company. The size of the Board is commensurate with the size and business of the Company. At present, the Board comprises of three directors viz, Mr. Karan Bhagat – Non Executive Director, Mr. Umang Papneja- Non Executive Director, Mr. Pankaj Fitkariwala- Non Executive Director.

**Responsibilities of the Board:**

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- i. The Board's key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders.
- ii. The Board is primarily responsible for:
  - a. Establishing vision, mission & values and determining, reviewing the goals, policy of the Company from time to time
  - b. Setting strategy and structure and deciding the means to implement and support them.
  - c. Delegating to management, Determining monitoring criteria to be used and ensuring effectiveness of internal controls.
  - d. Exercising accountability to shareholders and be responsible to relevant stakeholders
  - e. Management & Control.

**26. Regulatory Compliance:**

The Company has complied with all the applicable guidelines prescribed by RBI for NBFCs regarding accounting standards, prudential norms including income recognition, capital adequacy, guidelines of corporate governance etc.

**27. Downstream Investment:**

During the FY 2015-16, the Company has not made any downstream investments in terms of Circular 1/2014 of Foreign Direct Investment Policy.

**28. Green Initiative:**

Section 136 of the Act and the Rules framed there under allows the Company to send its Financial Statements by electronic mode to such Members whose shareholding is in dematerialized format and whose email addresses are registered with the Depositories for communication purposes. As a responsible corporate citizen, the Company proposes to effect electronic delivery of the Annual Report of the Company in lieu of the paper form to the Members who have registered their email IDs with the Depositories. A physical copy of the Annual Report will be sent to those Members who have not registered their email addresses with the Depositories for receiving electronic communication. A physical copy of this Annual Report can also be obtained free of cost by any member from the registered office of the Company on any working day during the business hours.

A copy of this Annual Report for FY 2015-16 is available on website of the Company, [www.iiflwealthfinance.com](http://www.iiflwealthfinance.com)

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**29. Acknowledgements:**

Your Directors take this opportunity to thank Reserve Bank of India, financial institutions, banks, and all other stakeholders for their continued support and assistance during the period under review. Your Directors would also like to thank the employees for their dedication towards the growth of the Company.

**30. Annexure(s) forming part of this Report of Directors:**

The Annexure(s) referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report of the Directors:

- Form No. MGT-9 – Extract of Annual Return as on the financial year ended March 31, 2016 – Annexure – I.
- Secretarial Audit Report for the financial year ended March 31, 2016 – Annexure – II.

**For and on behalf of the Board of Directors**

A handwritten signature in black ink, appearing to read 'Karan Bhagat', written over a circular stamp.

**Karan Bhagat**  
Director  
DIN: 03247753

A handwritten signature in black ink, appearing to read 'Pankaj Fitkariwala', written over a circular stamp.

**Pankaj Fitkariwala**  
Director  
DIN: 07356813

Date: May 5, 2016

Place: Mumbai

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**ANNEXURE - I**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. Registration and other details:**

i) CIN	U65990MH1994PLC080646
ii) Registration Date	August 31, 1994
iii) Name of the Company	IIFL Wealth Finance Limited
iv) Category / Sub-Category of the Company	Public Company, Limited by shares
v) Address of the Registered office and contact details	6th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai: 400013 Tel No.: +91-22-42499000 Fax No.: +91-22-25806654
vi) Whether listed company	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime Private Limited No.C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Road, Bhandup (West), Mumbai – 400078 Tel: +91-22-2596 3838 Fax: +91-22-2594 6969 E-mail : mumbai@linkintime.co.in Website: www.linkintime.co.in

**II. Principal business activities of the company:**

All the business activities contributing 10 % or more of the total turnover of the company are given below:-

Name and Description of main products/ services	NIC Code of the Product/service *	% to total turnover of the company
Financing Activities	65923	99.67%

\* As per National Industrial Classification – Ministry of Statistics and Programme Implementation

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**III. Particulars of holding, subsidiary and associate companies:**

Name and Address of The company	CIN/GLN	Holding/ Ssubsidiary/ Associate	% of shares held	Applicable section
IIFL Wealth Management Limited	U74140MH2008PLC177884	Holding	100	2(87)

**IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity):**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (01 <sup>st</sup> April 2015)				No. of Shares held at the end of the year (31 <sup>st</sup> March 2016)				% Change during the
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	7,27,511	7,27,511	100.0	*25,21,16,400	0	25,21,16,400	100.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(1):-</b>	<b>0</b>	<b>7,27,511</b>	<b>7,27,511</b>	<b>100.0</b>	<b>25,21,16,400</b>	<b>0</b>	<b>25,21,16,400</b>	<b>100.00</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>0</b>	<b>7,27,511</b>	<b>7,27,511</b>	<b>100.00</b>	<b>25,21,16,400</b>	<b>0</b>	<b>25,21,16,400</b>	<b>100.00</b>	<b>0.00</b>

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CIN: U65990MH1994PLC080646

(An India Infoline Group Company)


**IIFL**
**WEALTH FINANCE**

<b>B. Public Shareholding</b>										
<b>1. Institutions</b>										
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00	
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00	
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00	
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00	
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00	
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00	
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00	
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00	
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00	
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	
<b>2. Non-Institutions</b>										
a) Bodies Corp.										
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00	
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00	
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00	
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00	
<b>Sub-total (B)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>0</b>	<b>7,27,511</b>	<b>7,27,511</b>	<b>100.00</b>	<b>25,21,16,400</b>	<b>0</b>	<b>25,21,16,400</b>	<b>100.00</b>	<b>0.00</b>	

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C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>7,27,511</b>	<b>7,27,511</b>	<b>100.0</b>	<b>25,21,16,400</b>	<b>0</b>	<b>25,21,16,400</b>	<b>100.00</b>	<b>0.00</b>

\*Note: 25,21,16,400 No. of Equity shares includes 6 Equity Shares held by Nominee Shareholders of IIFL Wealth Management Limited.

### ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year (01 <sup>st</sup> April 2015)			Shareholding at the end of the year (31 <sup>st</sup> March 2016)			% change in shareholding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
Dipak Mehta	2,64,268	36.32	Nil	25,21,16,400*	100	Nil	-
Bhanu Mehta	1,50,000	20.62	Nil				
Harshada Mehta	25,100	3.45	Nil				
Bhairavi Mehta	40,233	5.53	Nil				
Dipak Gamanlal (HUF)	52,910	7.27	Nil				
Kunal Mehta	1,75,000	24.05	Nil				
Gamanlal Prataprai (HUF)	20,000	2.75	Nil				
<b>Total</b>	<b>7,27,511</b>	<b>100</b>	<b>Nil</b>				

\*Note: There is a change in promoter post acquisition of 100% equity share capital of the Company on February 13, 2016 and fund infusion into the share capital by IIFL Wealth Management Limited during the year under review.

### iii) Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the year (As on 01-04-2015)		Cumulative Shareholding during the year (31-03-2016)	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>At the beginning of the year</b>	<b>7,27,511</b>	<b>100</b>	<b>7,27,511</b>	<b>100</b>
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the	-	-	-	-

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reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
(i) February 15, 2016 (Allotment)	2,22,22,222	100	2,29,49,733	100*
(ii) February 25, 2016 (Allotment)	14,00,00,000	100	16,29,49,733	100*
(iii) March 30, 2016 (Allotment)	8,91,66,667	100	25,13,88,889	100*
<b>At the end of the year as on 31-03-2016</b>	<b>25,21,16,400</b>	<b>100*</b>	<b>25,21,16,400</b>	<b>100*</b>

\*Note: There is a change in promoter post acquisition of 100% equity share capital of the Company on February 13, 2016 and fund infusion into the share capital by IIFL Wealth Management Limited during the year under review.

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

For Each of the Top 10 Shareholders	No. of shares at the beginning (01-04-15)/end of the year (31-03-16)		Date	Increase/Decrease in share-holding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
	No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
-	-	-	-	-	-	-	-

**v) Shareholding of Directors and Key Managerial Personnel:**

Name	Shareholding		Date	Increase/Decrease in share-holding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
	No. of shares at the beginning (01-04-15)/end of the year (31-03-16)	% of total shares of the company				No. of shares	% of total shares of the company
<b>A. DIRECTORS:</b>							
1. Dipak Mehta	2,64,268	36.32	01-04-15	0	Transfer to IIFL Wealth Management Limited	-	-
	-	-	13-02-16	2,64,268		-	-
2. Bhanu Mehta	1,50,000	20.62	01-04-15	0	Transfer to IIFL Wealth Management Limited	-	-
	-	-	13-02-16	1,50,000		-	-
3. Bhairavi Mehta	40,233	5.53	01-04-15	0	Transfer to IIFL Wealth	-	-
	-	-	13-02-16	40,233		-	-

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## WEALTH FINANCE

					Management Limited		
4. Kunal Mehta	1,75,000	24.05	01-04-15	0	Transfer to IIFL Wealth Management Limited		
			13-02-16	1,75,000			
<b>B. Key Managerial Personnel (KMP's)</b>							
	-	-	-	-	-	-	-

### V. Indebtedness: Indebtedness of the Company including interest outstanding/accrued but not due for payments:

	Secured Loans excluding Deposits (Rs.)	Unsecured Loans (Rs.)	Deposit (Rs.)	Total Indebtedness (Rs.)
<b>Indebtedness at the beginning of year</b>				
(i) Principal amount	-	-	-	-
(ii) Int. due but not paid	-	-	-	-
(iii) Int. accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Changes in Indebtedness during the year</b>				
Addition	-	-	-	-
Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year (31.03.2016)</b>				
(i) Principal amount	-	-	-	-
(ii) Int. due but not paid	-	-	-	-
(iii) Int. accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

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**WEALTH FINANCE**

**VI. Remuneration of directors and Key Managerial Personnel:**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (Rs.)
	-	-	
	NIL	NIL	NIL
1. Gross salary	NIL	NIL	NIL
(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	NIL	NIL	NIL
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2. Stock Option	NIL	NIL	NIL
3. Sweat Equity	NIL	NIL	NIL
4. Commission - as % of profit - others, specify	NIL	NIL	NIL
5. Others, please specify	NIL	NIL	NIL
<b>TOTAL (A)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Ceiling as per the Act	Rs.38,08,523/ (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

**B. Remuneration to other directors:**

Particulars of Remuneration	Name of Directors			Total Amount (Rs.)
	Mr. Karan Bhagat	Mr. Umang Papneja	Mr. Pankaj Fitkariwala	
i. Independent Directors				
- Fee for attending board/committee meetings	NIL	NIL	NIL	NIL
- Commission	NIL	NIL	NIL	NIL
- Others, please specify	NIL	NIL	NIL	NIL
<b>TOTAL (1)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
ii. Other Non-Executive Directors				
- Fee for attending board/committee meetings	NIL	NIL	NIL	NIL
- Commission	NIL	NIL	NIL	NIL
- Others, please specify	NIL	NIL	NIL	NIL
<b>TOTAL (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>TOTAL (B)= (1+2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

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## WEALTH FINANCE

Total Managerial Remuneration	NIL
Overall Ceiling as per the Act	Rs.3,80,852/ (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Particulars of Remuneration	Key Managerial Personnel		
	-	-	Total Amount (Rs.)
1. Gross salary	Nil	Nil	Nil
a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	Nil	Nil	Nil
b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2. Stock Option	Nil	Nil	Nil
3. Sweat Equity	Nil	Nil	Nil
4. Commission - as % of profit - others, specify	Nil	Nil	Nil
5. Others, please specify	Nil	Nil	Nil
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

### VII. Penalties / Punishment/ Compounding of offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			NIL		
Punishment					
Compounding					

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**ANNEXURE – II**  
**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,  
IIFL Wealth Finance Ltd.  
(Formerly: Chephis Capital Markets Ltd.)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IIFL Wealth Finance Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the IIFL Wealth Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iv) Other laws including laws relating to Non-Banking Financial Companies as are and to the extent applicable to the Company as per the representations made by the Company; and
- (v) Other laws specifically applicable to the Company namely:
  1. The RBI Act 1934.
  2. Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

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During the period under review and as per the explanations given and the representations made by the Management, the Company has complied with the provisions of the Act and Rules, Regulations, Guidelines, etc. Consequent to capital infusion in the Company on 15.02.2016, the provisions of Sections 149, 177 & 178 of the Act have become applicable, for which necessary steps have been taken by the company for implementing the compliances of the said provisions.

We further report that:

- (a) The Company has become the subsidiary of IIFL Wealth Management Ltd. by virtue of Section 2(87) of the Companies Act, 2013 effective from 13.02.2016.
- (b) The name of the company has been changed from Chephis Capital Markets Ltd. to IIFL Wealth Finance Ltd. effective from 12.03.2016 vide Fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra.
- (c) The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (d) Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (e) Decisions at the Board Meetings were taken unanimously.

We further report that as represented by the Company and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.:

- (a) The Company made issue and allotment of total 25,13,88,889 equity shares of the face value of Rs. 10/- each to its holding company namely IIFL Wealth Management Ltd, i.e., 2,22,22,222 equity shares, 14,00,00,000 equity shares & 8,91,66,667 equity Shares on 15.02.2016, 25.02.2016 & on 30.03.2016 respectively.
- (b) The Company has passed the special resolution under Section 180 of the Companies Act, 2013 at its General Meeting held on 13.02.2016 giving consent to the Board of Directors to borrow monies upto a limit of Rs. 2000.00 Crores and to create mortgage, hypothecate, pledge/charge etc.

For J. U. Poojari & Associates  
Company Secretaries

-Sd-

Signature:

J. U Poojari

FCS No: 8102 CP No: 8187

Place: Mumbai

Date: May 05, 2016

*This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.*

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'Annexure A'

To,  
The Members  
of IIFL Wealth Finance Ltd.  
(Formerly: Chephis Capital Markets Ltd.)

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For J. U. Poojari & Associates  
Company Secretaries

-Sd-

Place: Mumbai

Signature:  
J. U Poojari

Date: May 05, 2016

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# Deloitte Haskins & Sells LLP

Chartered Accountants  
Indiabulls Finance Centre  
Tower 3, 27th - 32nd Floor  
Senapati Bapat Marg  
Elphinstone Road (West)  
Mumbai - 400 013  
Maharashtra, India

Tel: +91 (022) 6185 4000  
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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIFL WEALTH FINANCE LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **IIFL WEALTH FINANCE LIMITED** (formerly known as Chephis Capital Markets Limited) (the "Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

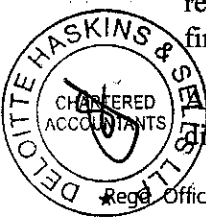
### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,



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Deloitte Haskins & Sells (Registration No. BA 97449) a partnership firm was converted into Deloitte Haskins & Sells LLP (LLP Identification No. AAB-8737) a limited liability partnership with effect from 20th November 2013.

## **Deloitte Haskins & Sells LLP**

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### **Other Matter**

The audit of financial statements of the Company for the year ended 31<sup>st</sup> March, 2015 was carried out by the previous auditors of the Company.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order / CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(ICAI Registration No. 117366W/W-100018)

*Pallavi A. Gorakshakar*

Pallavi A. Gorakshakar  
Partner  
(Membership no: 105035)

MUMBAI, 5 May 2016  
PG/SB-2016



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

We have audited the internal financial controls over financial reporting of IIFL Wealth Finance Limited (formerly Chephis Capital Markets Limited) ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

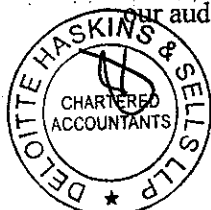
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(ICAI Registration No. 117366W/W-100018)

*Pallavi A. Gorakshakar*

Pallavi A. Gorakshakar  
Partner  
(Membership no: 105035)

**MUMBAI, 5 May 2016**  
PG/SB-2016



**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)


- (i) The Company does not have any fixed assets and hence reporting under clause (i) of the CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and securities to which the provisions of sections 185 and 186 of the Companies Act, 2013 apply and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. According to the information and explanations given to us there were no dues payable in respect of Provident Fund, Employees' State Insurance, Customs Duty and Excise Duty during the year.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Service Tax and Value Added Tax as on March 31, 2016 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the CARO 2016 is not applicable to the Company.



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- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid any managerial remuneration during the year and hence reporting under clause (xi) of CARO 2016 is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(ICAI Registration No. 117366W/W-100018)

  
Pallavi A. Gorakshakar  
Partner  
(Membership no: 105035)

MUMBAI, 5 May 2016  
PG/SB-2016



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED  
(FORMERLY CHEPHIS CAPITAL MARKETS LIMITED)  
BALANCE SHEET AS AT MARCH 31, 2016**

(Amount in ₹)

Particulars	Note No.	As at Mar 31, 2016	As at Mar 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	2,521,164,000	7,275,110
(b) Reserves and Surplus	4	6,497,589,211	3,069,244
(c) Money received against share warrants			
<b>Sub total</b>		<b>9,018,753,211</b>	<b>10,344,354</b>
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Minority Interest</b>			
		-	-
<b>(4) Non Current Liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred Tax Liability	5	-	62,565
(c) Other Long-term liabilities		-	-
(d) Long-term provisions		-	-
<b>Sub total</b>		<b>-</b>	<b>62,565</b>
<b>(5) Current liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables	6	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		715,000	677,809
(c) Other current liabilities	7	53,528	-
(d) Short-term provisions	8	4,119,713	35,700
<b>Sub total</b>		<b>4,888,241</b>	<b>713,509</b>
<b>TOTAL</b>		<b>9,023,641,452</b>	<b>11,120,428</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	9	-	320,763
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
<b>Sub total</b>		<b>-</b>	<b>320,763</b>
(b) Non-current investments	10	280,000,000	2,753,982
(c) Deferred Tax Assets	11	999,557	-
(d) Long-term loans & advances		-	-
(e) Other non-current assets		-	-
<b>Sub total</b>		<b>280,999,557</b>	<b>2,753,982</b>
<b>(2) Current assets</b>			
(a) Current investments	12	7,192,102,352	1,861,815
(b) Inventories	13	-	3,669,185
(c) Trade receivables	14	-	1,931,984
(d) Cash and Bank balances	15	541,023,984	580,699
(e) Short-term loans & advances	16	1,007,898,903	2,000
(f) Other current assets	17	1,616,656	-
<b>Sub total</b>		<b>8,742,641,895</b>	<b>8,045,683</b>
<b>TOTAL</b>		<b>9,023,641,452</b>	<b>11,120,428</b>
See accompanying notes forming part of the financial statements	1-34		

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

*Pallavi A. Gorakshakar*  
Pallavi A. Gorakshakar  
Partner

For and on behalf of Board of Directors

*Karan Bhagat*  
Karan Bhagat  
Director  
(DIN: 03247753)

*Pankaj Fitkarwala*  
Pankaj Fitkarwala  
Director  
(DIN: 07356813)

*Manoj Gujran*  
Manoj Gujran  
Company Secretary

*Umang Papneja*  
Umang Papneja  
Director  
(DIN: 07357053)



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED  
(FORMERLY CHEPHIS CAPITAL MARKETS LIMITED)  
STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Note No.	2015-2016	2014-2015
Income From Operations	18	73,684,487	449,428
Other Income	19	245,646	363,057
<b>Total Revenue</b>		<b>73,930,133</b>	<b>812,485</b>
Expenses :			
Other Expenses	20	35,844,905	220,206
Finance Charges	21	-	250
Depreciation and Amortisation	9	-	60,601
<b>Total expenses</b>		<b>35,844,905</b>	<b>281,057</b>
<b>Profit before tax</b>		<b>38,085,228</b>	<b>531,428</b>
Tax expenses/(benefits) :			
Current tax		21,850,312	36,000
Deferred tax expenses		(1,062,122)	(11,945)
Short / (excess) provision for income tax		(111,804)	1,380
<b>Net Tax Expenses/ (benefits)</b>		<b>20,676,386</b>	<b>25,435</b>
<b>Profit for the year</b>		<b>17,408,842</b>	<b>505,993</b>
Earnings Per Share - Basic (Rs.)	22	0.98	0.70
Earnings Per Share - Diluted (Rs.)	22	0.98	0.70
Face Value Per Share (Rs.)		10.00	10.00
See accompanying notes forming part of the financial statements	1-34		

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

*Pallavi A. Gorakshakar*

Pallavi A. Gorakshakar  
Partner

For and on behalf of Board of Directors

*Karan Bhagat*

Karan Bhagat  
Director  
(DIN: 03247753)

*Pankaj Fitkariwala*

Pankaj Fitkariwala  
Director  
(DIN: 07356813)

*Manoj Gujarani*

Manoj Gujarani  
Company Secretary

*Umang Papreja*

Umang Papreja  
Director  
(DIN: 07357053)

Place : Mumbai  
Date : May 05, 2016




**FINANCIALS OF IIFL WEALTH FINANCE LIMITED  
(FORMERLY CHEPHIS CAPITAL MARKETS LIMITED)  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

	(Amount in ₹)	
Particulars	2015-2016	2014-2015
<b>A. Cash flows from operating activities</b>		
Net profit before taxation and extraordinary item	38,085,228	531,428
Adjustments for:		
Depreciation	-	60,601
Profit on sale of investments	(7,989,321)	(194,145)
Dividend income	(120,149)	(362,964)
Provision for Doubtful Debts and Standard Assets	4,955,174	-
<b>Operating profit before working capital changes</b>	<b>34,930,932</b>	<b>34,920</b>
Changes in working Capital :		
(Increase)/ Decrease in Current/Non Current Assets	(1,018,867,564)	(1,302,699)
(Increase)/ Decrease in Current/Non Current Liabilities	3,113,909	684,809
<b>Cash generated from/(used in) operations</b>	<b>(980,822,723)</b>	<b>(582,970)</b>
Cash flow before extraordinary item	(980,822,723)	(582,970)
Net income tax(paid) / refunds	(20,677,685)	(37,380)
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>(1,001,500,408)</b>	<b>(620,350)</b>
<b>B. Cash flows from investing activities</b>		
Sale / (Purchase) of fixed assets (includes intangible assets)	320,763	-
Sale / (Purchases) of current investment	(7,190,240,537)	605,855
Sale / (Purchases) of Non current investment	(277,246,018)	(158,866)
Proceeds from Sale of Investments	7,989,321	194,145
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>(7,459,176,471)</b>	<b>641,134</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of share capital	2,513,888,890	-
Dividend Income	120,149	362,964
Proceeds from issuance of Securities Premium	6,477,111,125	-
<b>Net cash generated from financing activities (C)</b>	<b>8,991,120,164</b>	<b>362,964</b>
<b>Net increase in Cash and Cash equivalents (A+B+C)</b>	<b>530,443,285</b>	<b>383,748</b>
Opening Cash and Cash Equivalents	580,699	196,951
Closing Cash and Cash Equivalents	531,023,984	580,699
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per AS 3 Cash Flow Statements	531,023,984	580,699
Add: Earmarked Fixed Deposits	10,000,000	-
Cash and Cash Equivalents (Refer Note 15)	<b>541,023,984</b>	<b>580,699</b>
<b>See accompanying notes forming part of the standalone financial statements Note No. 1-34</b>		

In terms of our report attached

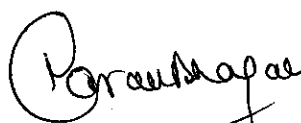
For Deloitte Haskins & Sells LLP  
Chartered Accountants

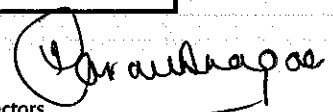
  
Pallavi A. Gorakshakar  
Partner



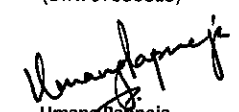
Place : Mumbai  
Date : May 05, 2016

For and on behalf of Board of Directors

  
Karan Bhagat  
Director  
(DIN: 03247753)

  
Pankaj Fitkariwala  
Director  
(DIN: 07356813)

  
Mandi Gujran  
Company Secretary

  
Umang Padneja  
Director  
(DIN: 07357053)

## FINANCIALS OF IIFL WEALTH FINANCE LIMITED

(Formerly Chephis Capital Markets Limited)

Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

### Note 1. Corporate information:

IIFL Wealth Finance Limited (formerly Chephis Capital Markets Limited) ("the Company") is a public limited company incorporated under the Companies Act, 1956 and is a systemically important non-deposit accepting Non-Banking Financial Company ("NBFC ND-SI") registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 having a valid certificate of registration dated March 18, 1998 bearing registration no. B-13.00361 enabling the Company to carry on business as Non-Banking Financial Company, and primarily engaged in the financing and related activities. IIFL Wealth Management Limited acquired 100% equity shares capital of the Company on February 13, 2016. The Company offers broad suite of financial products such as loan against securities, loan against property/ mortgage loans, etc. to Corporate and High Net worth clients.

### Note 2. Significant accounting policies:

#### 2.1 Basis of preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014(as amended) and the relevant provisions of the Companies Act 2013 alongwith the guidelines issued by Reserve bank of India (RBI) as applicable to NBFC's. The financial statements have been prepared on accrual basis under the historical cost convention.

#### 2.2 Prudential norms:

The Company follows the Reserve Bank of India ("RBI") directions in respect of systemically important non-banking financial (Non-Deposit Accepting or Holding) companies prudential norms (Reserve Bank) directions, 2015 ("RBI Directions, 2015) dated March 27, 2015, as amended from time to time in respect of income recognition, income from investments, accounting of investments, asset classification, provisioning and disclosures in the Balance Sheet. Accounting Standards (AS) under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 issued by the Ministry of Corporate Affairs and Guidance Note issued by The Institute of Chartered Accountants of India ("ICAI") are followed in so far as they are not inconsistent with the RBI directions.

#### 2.3 Use of estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognized in the period in which the results are known /materialised.

#### 2.4 Fixed assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold. In case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset.

Individual assets / group of similar assets costing up to ₹ 5,000 has been depreciated in full in the year of purchase. Leasehold land is depreciated on a straight line basis over the leasehold period.





**Estimated useful life of the assets are as under:**

Class of assets	Useful life
Buildings*	20 years
Computers*	3 years
Office equipment	5 years
Electrical*	5 years
Furniture and fixtures*	5 years
Vehicles*	5 years
Software	3 years

\*For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for this assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

**2.5 Assignment of loan portfolio:**

De-recognition of loans assigned, in the books of the Company, is based on the concept of surrender of control over the loans resulting in a "true sale" of loans. Future interest spread receivables in case of a par structure deals are recognised over the tenure of agreements as per guidelines issued by the RBI. Expenditure in respect of direct assignment is recognised upfront. Credit enhancement in the form of cash collateral provided by the Company is included under cash and bank balance / loans and advances, as applicable.

**2.6 Revenue recognition:**

The Company complies, in all material respects, with the Accounting Standard -9 issued by the Institute of Chartered Accountants of India, prudential norms relating to income recognition, asset classification and the minimum provisioning for bad and doubtful debts and standard assets, specified in the directions issued by the RBI, as applicable to it, and

- Interest income is recognised on the time proportionate basis as per agreed terms.
- Interest income recognised and remaining due for 90 days or more for all the loans, except Gold loans for which interest is reversed after 150 days & mortgage loans for which interest is reversed after 90 days, are reversed and are accounted as income when these are actually realised.
- Dividend income is recognised when the right to receive payment is established.
- Processing fees received from customers is recognised as income on receipt basis.
- In respect of the other heads of income, the Company accounts the same on accrual basis.

**2.7 Preliminary expenses:**

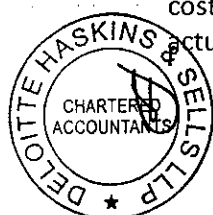
Preliminary expenses are written off in same financial year in which they are incurred.

**2.8 Employee benefits:**

The Company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & loss.

The Company has provided "Compensated Absences" on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of defined benefit plan. The liability recognized in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.



## FINANCIALS OF IIFL WEALTH FINANCE LIMITED

(Formerly Chephis Capital Markets Limited)

Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

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### 2.9 Provisions, contingent liabilities and contingent assets:

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ("RBI Direction's, 2015) dated March 27, 2015. Provision on standard assets is also made as per the RBI Directions 2015.

Contingent provision against standard assets is made at 0.30% of the outstanding standard assets in accordance with the RBI guidelines

The provision is recognised if, as a result of a past event, the company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognized nor disclosed in the financial statements.

### 2.10 Taxes on income:

Tax expense comprises of current and deferred tax and includes any adjustments related to the past periods in current and /or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier year. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax assets are recognised only to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

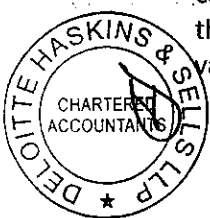
### 2.11 Operating leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19, issued by the Institute of Chartered Accountants of India.

### 2.12 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments.

Current investments are stated at lower of cost or market / fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management, such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED  
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**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

**2.13 Inventories:**

Closing stock is valued at cost or market value, whichever is lower. Cost is computed on FIFO basis.

**2.14 Earnings per share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**2.15 Borrowings:**

Borrowings are bifurcated under long term and short term liabilities. Commercial papers are recognised at face value at the time of its issue. Any difference between the proceeds and the redemption value is recognised in profit & loss account over the period of the borrowings.

**2.16 Debenture issue expenses:**

Debenture issue expenses incurred on public issue of Non Convertible Debentures are amortized over tenure of the underlying debenture.

In case of private placement of Non Convertible Debentures the same is charged to the profit and loss account in the year in which they are incurred.

**2.17** In accordance with the RBI guidelines, all loans are classified under any of four categories i.e. (i) standard assets (ii) sub-standard assets (iii) doubtful assets and (iv) loss assets.

**Note 3. Share Capital :**

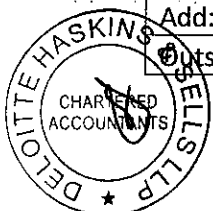
**(i) Authorised, Issued, Subscribed and Paid-up Share Capital:**

**(Amount in ₹)**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Authorised Share Capital:</b>		
300,000,000 Equity Shares (Previous Year 1,250,000) of ₹ 10 each	3,000,000,000	125,00,000
<b>Total</b>		
<b>Issued, Subscribed and Paid-up Share Capital:</b>		
252,116,400 Equity Shares (Previous Year 727,511) of ₹ 10 each with voting rights	2,521,164,000	7,275,110
<b>Total</b>	<b>2,521,164,000</b>	<b>7,275,110</b>

**(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year:**

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
<b>Equity Shares:</b>				
At the beginning of the year	727,511	7,275,110	727,511	7,275,110
Add: Issued during the year	251,388,889	2,513,888,890	-	-
<b>Outstanding at the end of the year</b>	<b>252,116,400</b>	<b>2,521,164,000</b>	<b>727,511</b>	<b>7,275,110</b>



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED**

**(Formerly Chephis Capital Markets Limited)**

**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

**(iii) Terms / Rights attached to equity shares:**

The company has only one class of shares referred to as equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of the preferential amounts in proportion to their shareholdings.

**(iv) Details of shares held by holding company:**

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% Holdings	No. of Shares	% Holdings
IIFL Wealth Management Limited and its nominees *	252,116,400	100%	-	-

\*Holding was NIL in the previous period as the company was acquired during the current year

**(v) Details of shareholders Holdings more than 5% shares in the company:**

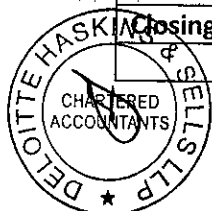
Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% Holdings	No. of Shares	% Holdings
<b>Equity shares of ₹ 10 each fully paid up</b>				
IIFL Wealth Management Limited and its nominees	252,116,400	100%	-	-
Mr Dipak G Mehta	-	-	264,068	36.30%
Mrs Kunal D Mehta	-	-	175,000	24.05%
Mrs Bhanu D Mehta	-	-	150,000	20.62%
Mr Dipak Gamanlal (HUF)	-	-	52,910	7.27%
Mrs Bhairavi D Mehta	-	-	40,233	5.53%

(vi) During the period of 5 years immediately preceding the Balance Sheet date, the Company has not issued any equity shares without payment being received in cash, bonus shares and has not bought back any equity shares.

**Note 4. Reserves and Surplus:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Securities Premium Reserve</b>		
Opening balance	-	-
Premium on shares issued during the year	6,486,111,125	-
Utilization - Share issue expenses *	9,000,000	-
<b>Closing balance</b>	<b>6,477,111,125</b>	-
<b>Capital Redemption Reserve</b>		
Opening balance	2,300,000	2,300,000
Addition during the year	-	-
<b>Closing balance</b>	<b>2,300,000</b>	<b>2,300,000</b>
<b>General Reserve</b>		
Opening balance	1,430,000	1,430,000
Addition due to transfer during the year from surplus in the statement of profit and loss	-	-
<b>Closing balance</b>	<b>1,430,000</b>	<b>1,430,000</b>



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Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Special Reserve (Pursuant to Section 45-IC of Reserve Bank of India Act, 1934)</b>		
Opening balance	-	-
Addition due to transfer during the year from surplus in the statement of profit and loss	3,481,768	-
<b>Closing balance</b>	<b>3,481,768</b>	-
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	(660,756)	(1,166,749)
Addition: Profit / (Loss) for the year	17,408,842	505,993
<b>Less: Appropriations</b>		
Interim dividend	-	-
Dividend distribution tax on interim dividend	-	-
Preference dividend	-	-
Dividend distribution tax on preference shares	-	-
Transfer to special reserve as per section 45-IC of the RBI Act, 1934	3,481,768	-
Transfer to general reserve	-	-
Transfer to debenture redemption reserve	-	-
<b>Closing balance</b>	<b>13,266,318</b>	<b>(660,756)</b>
<b>Total</b>	<b>6,497,589,211</b>	<b>3,069,244</b>

\* Share issue expenses have been adjusted against the securities premium account as per Section 52 of the Companies Act, 2013, to the extent balance is available for utilisation in the securities premium account.

**Note 5. Deferred tax Liabilities :**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
On Depreciation	-	62,565
<b>Total</b>	<b>-</b>	<b>62,565</b>

**Note 6. Trade Payables:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	677,809
Provision for expenses	715,000	-
<b>Total</b>	<b>715,000</b>	<b>677,809</b>

Trade payable includes ₹ Nil (previous year - ₹ Nil) payable to "suppliers" referred under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/is payable by company during the year to "Suppliers" referred under the act. The aforementioned is based on the response received by the Company to its inquiries with suppliers with regards to applicability under the said act.

**Note 7. Other current liabilities:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Statutory Liabilities Payable	53,528	-
<b>Total</b>	<b>53,528</b>	<b>-</b>



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED**

(Formerly Chephis Capital Markets Limited)

Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

**Note 8. Short term provisions:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for tax (Net of advance tax & tax deducted at source-₹20,753,789, P.Y. NIL)	1,096,523	35,700
Provision for Standard Assets	3,023,190	-
<b>Total</b>	<b>4,119,713</b>	<b>35,700</b>

**Note 9. Tangible Assets:**

(Amount in ₹)

Particulars	Computer	Electrical Equipment	Furniture And Fixture	Office Equipment	Total
<b>Gross Block as on April 01,2015</b>	491,570	59,906	342,274	238,988	<b>1,132,738</b>
Additions					
Deductions / Adjustments	491,570	59,906	342,274	238,988	<b>1,132,738</b>
<b>As at March 31,2016</b>	-	-	-	-	-
<b>Depreciation</b>					
<b>Upto April 01,2015</b>	479,896	53,735	78,731	199,613	<b>811,975</b>
Depreciation for the year					
Deductions / Adjustments	479,896	53,735	78,731	199,613	<b>811,975</b>
<b>Upto March 31,2016</b>	-	-	-	-	-
<b>Net Block as at March 31,2016</b>	-	-	-	-	-
<b>Net Block as at March 31,2015</b>	11,674	6,171	263,543	39,375	<b>320,763</b>

**Tangible Assets(Previous Year):**

(Amount in ₹)

Particulars	Computer	Electrical Equipment	Furniture And Fixture	Office Equipment	Total
<b>Gross Block as on April 01,2014</b>	491,570	59,906	342,274	238,988	<b>1,132,738</b>
Additions					
Deductions / Adjustments					
<b>As at March 31,2015</b>	491,570	59,906	342,274	238,988	<b>1,132,738</b>
<b>Depreciation</b>					
<b>Upto April 01,2014</b>	474,069	51,045	57,897	168,363	<b>751,374</b>
Depreciation for the year	5,827	2,690	20,834	31,250	<b>60,601</b>
Deductions / Adjustments					
<b>Upto March 31,2015</b>	479,896	53,735	78,731	199,613	<b>811,975</b>
<b>Net Block as at March 31,2015</b>	11,674	6,171	263,543	39,375	<b>320,763</b>
<b>Net Block as at March 31,2014</b>	17,501	8,861	284,377	70,625	<b>381,364</b>

**Note 10. Non – Current Investments (At Cost) :**

(Amount in ₹)

Particulars	Face Value in ₹	As at March 31, 2016		As at March 31, 2015	
		Number	Amount	Number	Amount
<b>Quoted, Non Trade Investments</b>					
<b>Mutual Funds</b>					
Birla Sun Life Short term Fund Growth		-	-	44,074.31	2,000,000
Reliance Equity Opportunities Fund DDR		-	-	44,428.05	753,982
<b>Sub-total (A)</b>					<b>2,753,982</b>
<b>Unquoted, Non Trade Investments</b>					
<b>Others (Alternate Investment Funds)</b>					
IIFL Real Estate Fund Domestic Series 3 (NAV - ₹10)	10	25,000,000.00	250,000,000	-	-



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED**
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Particulars	Face Value in ₹	As at March 31, 2016		As at March 31, 2015	
		Number	Amount	Number	Amount
IIFL Investment Opportunities Fund-Sp. Series 1 (NAV - ₹10.0718)	10	2,978,613.56	30,000,000	-	-
<b>Sub-Total (B)</b>			<b>280,000,000</b>		
<b>Grand Total (A+B)</b>			<b>280,000,000</b>		<b>2,753,982</b>
Aggregate Book Value of Quoted Investments			-		2,753,982
Aggregate Book Value of Unquoted Investments			280,000,000		-
Aggregate Market Value of Quoted Investments			-		2,753,982

**Note 11. Deferred tax assets:**

The Company recognized deferred tax assets since the management is reasonably/virtually certain of its profitable operations in future. As per Accounting Standard 22 'Accounting for Taxes on Income', the timing differences mainly relates to following items and result in a net deferred tax asset:

**(Amount in ₹)**

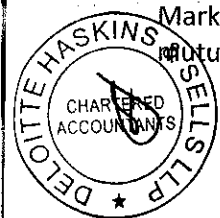
Particulars	As at March 31, 2016	As at March 31, 2015
On provision for standard assets	999,557	-
<b>Total</b>	<b>999,557</b>	<b>-</b>

**Note 12. Current Investments: (Valued at Cost or Market Value whichever is lower unless stated otherwise):**
**(Amount in ₹)**

Particulars	Face Value in ₹	As at March 31, 2016		As at March 31, 2015	
		Number	Amount	Number	Amount
<b>Quoted, Non-Trade Investments</b>					
<b>Mutual Funds:</b>					
Kotak Floater Short term fund Growth	-	-	-	696.15	1,861,815
IIFL Mutual Fund Liquid Fund-Direct Plan Growth(NAV- ₹ 1204.8678)	1000	124,538.34	150,000,000	-	-
HDFC Floating rate Income Fund Short Term Plan(NAV- ₹ 26.1002)	10	38,313,883.00	1,000,000,000	-	-
<b>Sub Total (A)</b>			<b>1,150,000,000</b>		<b>1,861,815</b>
<b>Unquoted, Non Trade, Investments</b>					
<b>Alternate Investment Funds</b>					
IIFL Cash Opportunities Fund (NAV-₹ 10.6057)	10	569,703,305.9	6,042,102,352		
<b>Subtotal (B)</b>			<b>6,042,102,352</b>		
<b>Grand Total {A+B}</b>			<b>7,192,102,352</b>		<b>1,861,815</b>
Aggregate Book Value of Quoted Investments			1,150,000,000		1,861,815
Aggregate Book Value of Unquoted Investments			6,042,102,352		-
Aggregate Market Value of Quoted Investments			1,150,052,231	-	1,861,815

**Note:**

Market Value of Investments in quoted mutual funds represents the repurchase price of the units issued by the mutual funds



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED  
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**Note 13. Inventories (Valued at lower of cost or net realisable value):**

**(Amount in ₹)**

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
<b>Equity Shares</b>				
Adani Port & Sez Ltd	-	-	405	47,304
Bharat Forge	-	-	250	319,025
Century Textiles Ltd	-	-	500	313,785
ICICI Bank Ltd.	-	-	555	94,056
Larsen & Turbo Ltd	-	-	314	437,167
LKP Finance	-	-	14,450	794,750
Nirlon Limited	-	-	880	14,564
Power Grid Corp. Ltd	-	-	410	43,440
Reliance Industries Ltd	-	-	1,125	538,020
South Biotec	-	-	3,000	12,150
State Bank of India	-	-	590	146,580
Sun Pharmaceuticals Industries	-	-	200	60,935
Suzlon Energy Limited	-	-	20,000	336,500
Tata Consultancy Services	-	-	59	71,721
Tata Motors DVR 'A' ORD	-	-	1,000	327,080
Union Bank Of India	-	-	180	24,696
United Phosphorus Ltd	-	-	360	41,040
Zee Entertainment	-	-	340	46,373
<b>Sub-total</b>				<b>3,669,185</b>
<b>Total</b>				<b>3,669,185</b>
<b>Aggregate market value</b>				<b>5,884,830</b>

**Note 14. Trade Receivable:**

**(Amount in ₹)**

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	-	-
- Considered doubtful	-	-
Trade Receivables outstanding for a period less than six months from the date they were due for payment		
- Considered good	-	1,931,984
- Considered doubtful	-	-
<b>Total</b>	<b>-</b>	<b>1,931,984</b>

**Note 15. Cash and Cash equivalents:**

**(Amount in ₹)**

Particulars	Current	
	As at March 31, 2016	As at March 31, 2015
<b>Cash and Cash Equivalents (As per AS 3 Cash Flow Statements)</b>		
Cash on hand	2,813	10,518
Balance with Banks:		
- In Current accounts	331,021,171	570,181
- In Fixed Deposits (Maturity less than 3 months)	200,000,000	-
<b>Total Cash &amp; Cash Equivalents (a)</b>	<b>531,023,984</b>	
<b>(As per AS 3 Cash Flow Statements)</b>		





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<b>Other Bank Balances:</b>		
- In earmarked accounts (Lien marked)	10,000,000	-
<b>Total Other Bank Balances (b)</b>	<b>10,000,000</b>	<b>-</b>
<b>Total (a + b)</b>	<b>541,023,984</b>	<b>580,699</b>

**Note 16. Short Term Loans & advances**

**(Amount in ₹)**

Particulars	Current	
	As at March 31, 2016	As at March 31, 2015
<b>Loans &amp; Advances</b>		
- Secured, considered good	1,007,729,227	-
- Secured, considered doubtful (Non-performing loans)	-	-
- Unsecured, considered good	169,676	-
Less : Provision for doubtful Loans	-	-
<b>Sub-total</b>	<b>1,007,898,903</b>	<b>-</b>
<b>Others loans &amp; advances</b>		
Prepaid Expenses	-	2,000
<b>Sub-total</b>	<b>-</b>	<b>2,000</b>
<b>Total</b>	<b>1,007,898,903</b>	<b>2,000</b>

**Note 17. Other Current Assets**

Particulars	2015-2016	2014-2015
Interest accrued but not due	65,656	-
Interest accrued and due	1,551,000	-
<b>Total</b>	<b>1,616,656</b>	<b>-</b>

**Note 18. Revenue from Operations:**

**(Amount in ₹)**

Particulars	2015-2016	2014-2015
Income from financing activities	3,043,637	-
Distribution income from AIF	62,651,529	-
Profit from sale of investments (Net)	7,989,321	449,428
<b>Total</b>	<b>73,684,487</b>	<b>449,428</b>

**Note 19. Other Income:**

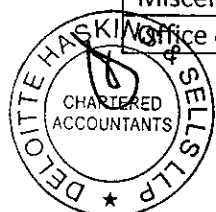
**(Amount in ₹)**

Particulars	2015-2016	2014-2015
Dividend Income	120,149	362,964
Interest Income	125,497	93
<b>Total</b>	<b>245,646</b>	<b>363,057</b>

**Note 20. Other expenses:**

**(Amount in ₹)**

Particulars	2015-2016	2014-2015
Brokerage Related Expenses	5,000	-
Bank charges	2,977	-
Communication	22,029	-
Electricity charges	64,009	-
Direct Operating Expenses	1,174,952	-
Exchange & statutory charges	27,404,290	1,297
Legal & professional fees	60,500	3,000
Membership & subscription charges	126,427	73,002
Miscellaneous expenses	17,504	4,807
Office expenses	562	-



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Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

Particulars	2015-2016	2014-2015
Printing & stationery	62,770	-
Rent	698,219	-
Rates and taxes	169,676	-
Provision for doubtful debts and bad debts	4,955,174	-
<b>Remuneration to Auditors:</b>		
- Audit fees	700,000	29,000
- Certification expenses	-	-
- Out of pocket expenses	-	-
Software charges	168,882	-
Travelling & conveyance	211,934	109,100
<b>Total</b>	<b>35,844,905</b>	<b>220,206</b>

**Note 21. Finance Charges:**

(Amount in ₹)

Particulars	2015-2016	2014-2015
Interest Cost	-	250
<b>Total</b>	<b>-</b>	<b>250</b>

**Note 22.** Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share' as specified u/s 133 of the Companies Act 2013.

(Amount in ₹)

Particulars		As at March 31, 2016	As at March 31, 2015
<b>Basic EPS</b>			
Profit after tax as per statement of profit and loss	<b>A</b>	17,408,842	505,993
Weighted average number of equity shares outstanding	<b>B</b>	17,778,209	727,511
Basic EPS (Rupees)	<b>A/B</b>	0.98	0.70
<b>Diluted EPS</b>			
Profit after tax as per statement of profit and loss	<b>C</b>	17,408,842	505,993
Weighted average number of equity shares outstanding	<b>D</b>	17,778,209	727,511
Diluted EPS (Rupees)	<b>C/D</b>	0.98	0.70
Face value per share		10	10

**Note 23.** The Company does not have any contingent liability not provided for, as on the balance sheet date.

**Note 24.** There are no pending litigations by and on the Company as on the balance sheet date.

**Note 25. Undisbursed Sanctioned Loans:**

As on the balance sheet date there were undisbursed sanctioned loans of ₹ NIL/-.

**Note 26. Capital and Other Commitments:**

At the balance sheet date there were outstanding commitments of capital expenditure of ₹NIL (Previous Year ₹ NIL/-) out of the total contractual obligation entered during the year.

**Note 27.** The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding Company/group companies, which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the Company were identified and recovered/recoverable from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

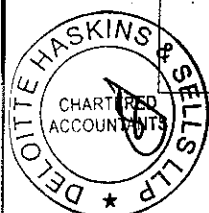


**FINANCIALS OF IIFL WEALTH FINANCE LIMITED****(Formerly Chephis Capital Markets Limited)****Notes forming part of Standalone Financial Statements for the year ended March 31, 2016****Note 28. Segment Reporting:**

In the opinion of the management, there is only one reportable business segment (Financing & Investing) as envisaged by Accounting Standard - 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company. Secondary segment based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

**Note 29. Disclosures in respect of applicability of AS – 18 Related Party Disclosures:****(a) Related parties where control exists:**

<b>Nature of relationship</b>	<b>Name of party</b>
<b>Ultimate Holding Company</b>	IIFL Holdings Limited (Formerly India Infoline Limited)
<b>Holding Company</b>	IIFL Wealth Management Limited
<b>Fellow Subsidiaries</b>	IIFL Investment Adviser and Trustee Services Limited (Formerly IIFL Trustee Services Limited) IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited) IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited) IIFL Alternate Asset Advisors Limited India Alternative Investment Advisors Private Limited IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited) IIFL Private Wealth Management (Dubai) Limited IIFL (Asia) Pte. Limited IIFL Inc. IIFL Private Wealth Hong Kong Limited IIFL Private Wealth (Mauritius) Limited IIFL Private Wealth (Suisse) SA IIFL Securities Pte. Limited IIFL Capital Pte. Limited
<b>Group Companies</b>	India Infoline Limited (Formerly India Infoline Distribution Co. Limited) India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media and Research Services Limited India Infoline Housing Finance Limited India Infoline Commodities DMCC India Infoline Insurance Brokers Limited India Infoline Insurance Services Limited IIFL Realty Limited IIFL Capital Limited IIFL Wealth (UK) Limited IIFL Capital Inc India Infoline Foundation IIFL Properties Private Limited (Formerly Ultra Sign & Display Private Limited) IIFL Asset Reconstruction Limited
<b>Key Management Personnel</b>	Karan Bhagat Yatin Shah
<b>Other related Parties</b>	Nirmal Jain R. Venkataraman Orpheus Trading Pvt. Limited Ardent Impex Pvt. Limited



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED**

(Formerly Chephis Capital Markets Limited)

Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

**(b) Significant Transaction with Related Parties:**

(Amount in ₹)

Nature of Transaction	Holding Company/ Ultimate Holding Co.	Fellow Subsidiaries	Group Companies	Total
<b>Share Capital Issued</b>				
IIFL Wealth Management Ltd	2,513,888,875	-	-	2,513,888,875
	-	-	-	-
<b>Share Premium</b>				
IIFL Wealth Management Ltd	6,486,111,125	-	-	6,486,111,125
	-	-	-	-
<b>ICD Given</b>				
India Infoline Finance Limited	-	-	150,000,000	150,000,000
	-	-	-	-
<b>ICD Recd Back</b>				
India Infoline Finance Limited	-	-	150,000,000	150,000,000
	-	-	-	-
<b>Interest Income on ICD</b>				
India Infoline Finance Limited	-	-	81,967	81,967
	-	-	-	-
<b>Other funds paid</b>				
IIFL Wealth Management Ltd	16,030	-	-	16,030
	-	-	-	-
<b>Allocation / Reimbursement of expenses Paid</b>				
IIFL Wealth Management Ltd	2,273,975	-	-	2,273,975
	-	-	-	-

**Note 30. Disclosure as required under notification no. DNBR. 009/CGM (CDS) -2015 dated March 27, 2015 issued by Reserve Bank of India:**

IIFL Wealth Management Limited acquired 100% equity share capital of the Company on February 13, 2016, the date from which the company became systemically important non-deposit accepting non-banking finance company ("NBFC ND-SI") and hence the disclosures required under notification no. DNBR. 009/CGM (CDS) - 2015 dated March 27, 2015 issued by Reserve Bank of India is not applicable for the F.Y. 2014-15. The comparable figures for previous year are hence not disclosed.

**i. Capital Adequacy Ratio:**

(Amount in ₹ Crores)

Particulars	As at March 31, 2016
CRAR (%)	106.36
CRAR - Tier I Capital (%)	106.32
CRAR - Tier II Capital (%)	0.04
Amount of subordinate debt raised as Tier- II capital	-
Amount raised by issue of perpetual debt Instruments.	-

**ii. Disclosure of Investments:**

(Amount in ₹ Crores)

Sr. No.	Particulars	As at March 31, 2016
(1)	<b>Value of Investments</b>	
	(i) <b>Gross value of Investments</b>	
	(a) In India	747.21
	(b) Outside India	-



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED**  
(Formerly Chephis Capital Markets Limited)

Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

Sr. No.	Particulars	As at March 31, 2016
	(ii) Provision for depreciation/diminution	
	(a) In India	-
	(b) Outside India	-
	(iii) Net value of Investments	
	(a) In India	747.21
	(b) Outside India	-
(2)	<b>Movement of provisions held towards depreciation on investments.</b>	
	(i) Opening Balance	-
	(ii) Add: Provision made during the year	-
	(iii) Less: Write-off / write-back of excess provisions during the year	-
	(iv) Closing balance	-

iii. The Company has not securitised any of its exposures during the year.

iv. The Company does not have any exposure to Derivatives including Forward Rates Agreements, Interest Rate Swaps, any Exchange Traded Derivatives.

v. Asset Liability management maturity pattern:

(Amount in ₹ Crores)

Particulars	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	81.08	6.00	13.69	-	-	-	-	-	100.77
Investments	719.21	-	-	-	-	28.00	-	-	747.21
Borrowings	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

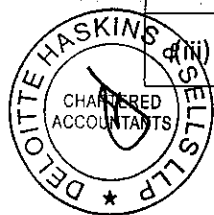
Note: The above figures are on the basis of assumptions made by the Management.

vi. The Company does not have any Exposure to Real Estate Sector

vii. Exposure to Capital Market:

(Amount in ₹ Crores)

Sr. no.	Particulars	March 31, 2016
(i)	Direct investment in equity shares, convertibles bonds, convertible debentures and unit of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investments in shares ( including IPOs/ ESOPs), convertible bonds, convertible debentures, and unit of equity-oriented mutual funds;	-
	Advances for any other purpose where shares or convertible bonds or convertibles debentures or units of equity-oriented	100.77



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED  
(Formerly Chephis Capital Markets Limited)**

**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

Sr. no.	Particulars	March 31, 2016
	mutual funds are taken as primary security;	
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or unit or equity-oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity-oriented mutual funds does not fully cover the advances;	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbroker and market makers;	-
(vi)	Loan sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-
(viii)	All exposures to Venture Capital Funds ( both registered and unregistered)	-
<b>Total Exposure to Capital Market</b>		<b>100.77</b>

**viii. Details of penalties imposed by RBI or other regulators:**

- No penalty has been imposed during the year.
- No adverse comments have been received in writing from Reserve Bank of India or any other regulator on regulatory compliances.

**ix. Details of Credit Ratings:**

**A) Ratings assigned by Credit Rating Agencies:**

**(Amount in ₹ Crores)**

Rating Agency	Product	Amount	Rating Assigned
ICRA	Commercial Paper Programme	1200.00	"[ICRA]A1+"
ICRA	Non Convertible Debenture	300.00	"[ICRA]AA"

x. No Directors Remuneration was paid during the current year.

**xi. Details of Provisions and Contingencies:**

**(Amount in ₹ Crores)**

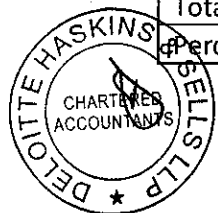
Particulars	2015-2016
Provision for depreciation on Investment	-
Provision towards NPA	-
<b>Other Provision and Contingencies:</b>	
Bad debts written off/(back)	0.19
Provision for contingencies	-
Provision for standard assets	0.30
<b>Total</b>	<b>0.49</b>
Provision made towards Income Tax	2.07

**xii. Details of concentration of deposits, advances, exposures & NPA:**

**a) Concentration of Advances:**

**(Amount in ₹ Crores)**

Particulars	2015-2016
Total advances to twenty largest borrowers	100.77
Percentage of advances to twenty largest borrowers to total advances	100%



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED****(Formerly Chephris Capital Markets Limited)****Notes forming part of Standalone Financial Statements for the year ended March 31, 2016****b) Concentration of Exposures: (Amount in ₹ Crores)**

Particulars	2015-2016
Total exposure to twenty largest borrowers / customers	100.77
Percentage of exposure to twenty largest borrowers / customers to total exposure	100%

**c) Concentration of NPAs:**

The Company does not have any NPAs.

**d) Details of Sector wise NPA:**

The Company does not have any NPAs.

**xiii. Movement of NPAs:**

The Company does not have any NPAs

**xiv. Disclosure of Complaints:**

Sr. No.	Particulars	2015-16
i	Number of complaints pending at the beginning of year	-
ii	Number of complaints received during the year	-
iii	Number of complaints redressed during the year	-
iv	Number of complaints pending at the end of the year	-

**xv.** The Company does not have any Overseas Assets**xvi.** The Company has not sponsored any Off-Balance Sheet SPVs**xvii.** The Company during the financial year has not exceeded single borrower limit (SGL) / group borrower limit (GBL) while performing its lending operations.**Note 31. Disclosure of restructured accounts:**

The Company does not have any Restructured Accounts

**Note 32. Asset classification:****(Amount in ₹ Crores)**

Particulars	Outstanding Balance	Provision
Standard Assets	100.77	0.30
	(-)	(-)
Sub-Standard Assets	-	-
	(-)	(-)
Doubtful Assets	-	-
	(-)	(-)
Loss Assets	-	-
	(-)	(-)
<b>Total</b>	<b>100.77</b>	<b>0.30</b>
	(-)	(-)

**Note:**

a. In terms of RBI circular a general provision of ₹ 0.30 crores (Previous Year ₹ NIL crores) has been made at 0.30 % of the standard assets under the head 'Provision on Standard Loans' in Note 8.

Figures in bracket represent previous year's figure.



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED**

(Formerly Chephis Capital Markets Limited)

Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

**Note 33. Particulars as per RBI Directions (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holdings) Companies Prudential Norms (Reserve Bank) Directions 2015):**

**1. Loans and advances availed by the NBFCs inclusive of interest accrued there on but not paid:**

(Amount in ₹ Crores)

Particulars	Amount outstanding	Amount overdue
<b>Liabilities Side:</b>		
(a) Debentures:		
Secured	-	-
Unsecured (Other than falling within the meaning of public deposits)	-	-
(b) Deferred credits	-	-
(c) Term loans	-	-
(d) Inter-corporate loans and borrowings	-	-
(e) Commercial Paper	-	-
(f) Other Loans (Overdraft)	-	-

**2. Break – up of Loans and Advances including Bills Receivables [Other than included in (4) below]:**

(Amount in ₹ Crores)

Particulars	Amount Outstanding
<b>Assets Side:</b>	
(a) Secured	100.77
(b) Unsecured	

**3. Break- up of leased assets and stock on hire and other assets counting towards AFC activities:**

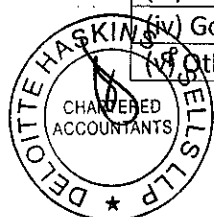
(Amount in ₹ Crores)

Particulars	Amount
(i) Lease assets including lease rentals under sundry debtors	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other Loans counting towards AFC activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-

**4. Break-up of Investments:**

(Amount in ₹ Crores)

Particulars	Amount
<b>Current Investments :</b>	
<b>1 Quoted :</b>	
(i) Shares:	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	115.00
(iv) Government Securities	-
(v) Others (Certificate of Deposits)	-





**FINANCIALS OF IIFL WEALTH FINANCE LIMITED**  
(Formerly Chephis Capital Markets Limited)

Notes forming part of Standalone Financial Statements for the year ended March 31, 2016

Particulars	Amount
<b>2 Unquoted:</b>	
(i) Shares:	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)-Alternate Investment Funds	604.21
<b>Long Term Investments :</b>	
<b>1 Quoted :</b>	
(i) Shares:	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
<b>2 Unquoted:</b>	
(i) Shares:	
(a) Equity of subsidiary companies	-
(b) Preference of subsidiary companies	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify) Equity Shares	28.00

**5. Borrower Group-wise Classification of all assets financed as in (2) and (3) above:**

(Amount in ₹ Crores)

Category	Amount Net of Provisions		
	Secured	Unsecured	Total
<b>1. Related Parties</b>			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
<b>2. Other than related parties</b>	100.77	-	100.77
<b>Total</b>	100.77	-	100.77

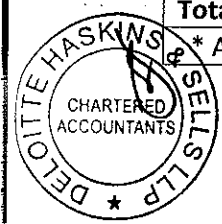
**6. Investor group wise classification of all investments (Current and Long Term) in shares and securities**

(Both quoted and unquoted):

(Amount in ₹ Crores)

Category	Market Value/ breakup or fair value or NAV	Book value (Net of provisions)
<b>1 Related Parties*</b>		
a) Subsidiaries	-	-
b) Companies in the same group	-	-
c) Other related parties	-	-
<b>2 Other than related parties</b>	747.22	747.21
<b>Total</b>	747.22	747.21

\* As per Accounting Standard of ICAI



**FINANCIALS OF IIFL WEALTH FINANCE LIMITED**

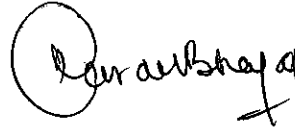
**(Formerly Chephis Capital Markets Limited)**

**Notes forming part of Standalone Financial Statements for the year ended March 31, 2016**

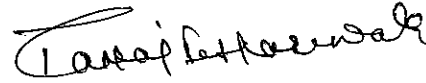
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34. Previous year's figure are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

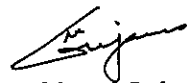
**For and on behalf of Board of Directors**



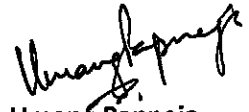
**Karan Bhagat**  
Director  
(DIN: 03247753)



**Pankaj Fitkariwala**  
Director  
(DIN: 07356813)



**Manoj Gujran**  
Company Secretary



**Umang Papneja**  
Director  
(DIN: 07357053)



Place : Mumbai

Dated : May 05, 2016