

**IIFL WEALTH MANAGEMENT LIMITED**  
**ANNUAL REPORT 2016-2017**

# DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Tenth Annual Report of IIFL Wealth Management Limited ("the Company") together with the Audited Financial Statements for the year ended March 31, 2017.

## 1. FINANCIAL RESULTS - THE HIGHLIGHTS OF THE FINANCIAL RESULTS FOR THE YEAR UNDER REVIEW ARE AS UNDER:

### STANDALONE FINANCIAL RESULTS -

(₹ in millions)

PARTICULARS	2016 - 2017	2015 - 2016
Gross Total Income	4,524.71	4,046.95
Less: Expenditure	3,195.28	2,615.46
Profit/(Loss) Before Taxation	1,329.43	1,431.49
Less: Taxation - Current	467.41	321.66
- Deferred	1.61	54.56
- Short or Excess Provision of Income Tax	(3.97)	21.21
<b>Net Profit/(Loss) After Tax</b>	<b>864.38</b>	<b>1,034.06</b>

### CONSOLIDATED FINANCIAL RESULTS -

(₹ in millions)

PARTICULARS	2016 - 2017	2015 - 2016
Gross Total Income	10,828.59	5,908.73
Less: Expenditure	7,198.71	3,645.18
Profit/(Loss) Before Taxation	3,629.88	2,263.55
Less: Taxation - Current	1,210.56	466.13
- Deferred	(82.14)	82.47
- MAT Credit Gains	(0.18)	(2.02)
- Short or Excess Provision of Income Tax	(3.05)	23.12
<b>Net Profit/(Loss) After Tax</b>	<b>2,504.69</b>	<b>1,693.85</b>

## 2. REVIEW OF BUSINESS AND OPERATIONS:

During FY 2016-2017, the Company continued making good progress in all its business segments. The revenues grew by 26.47% to ₹ 746.31 crore, while Net Profit (after tax) increased by 47.8% to ₹ 250.46/- crore. Assets under advice, distribution and Management (AUA) grew by 51.23% YoY and the Company now manages around ₹ 1,20,101/- Crore in Client assets. The Company through its asset management subsidiary IIFL Asset Management Limited (IIFL AMC) manages over ₹ 8600 crore of AIF Assets, making it one of the largest AIF platforms in the country.

The NBFC subsidiary made great progress, with average loan book of over ₹ 2,300/- crore, and closing loan book of over ₹ 3,600/- crore. The book is diverse with healthy flows from Loan Against Shares, IPO financing and to a very small extent margin funding and Loan Against Property.

Under IIFL Mutual Fund Platform of IIFL AMC, the assets under management have increased to ₹ 625 Crores.

## 3. MACROECONOMIC OVERVIEW:

### RBI Prudent, no cut in repo rate for 2017

The central bank wants to assess the transient effects of demonetisation before chalking out interest rate trajectory. Although note ban effects are gradually fading, there are early signs of uptick in food inflation, and, with persistent price pressure evident in the services segment, RBI intends to manage inflation in a calibrated manner. The central bank remains committed to the medium term CPI target of a level closer to 4% on a sustainable basis. With headline inflation projected to scale higher later this fiscal year, we sense that Monetary Policy Committee will keep the policy rate on hold for next two quarters.

### **Headline inflation in control, though upside risks prevail**

Although consumer inflation remains benign, recent softening in perishable commodities is transient and price pressure is expected to resurface. RBI sees upside risks to its inflation projections, including uncertainty regarding monsoon in light of a probable El Niño event, implementation of 7th CPC (Pay Commission), impact of GST and rising fiscal deficit in wake of loan waivers. The central bank is particularly concerned by the prospects of increase in house rent allowance as recommended by the 7th CPC, stating that it can push baseline inflation by an estimated 100-150bps over a period of 12-18 months. RBI sees inflation averaging 4.5% for the first half of FY18 and 5% for the rest of the year.

### **Economic Growth – Steady recovery this fiscal year**

GVA growth for FY2017-18 is projected to strengthen to 7.4% from 6.7% in the prior fiscal year. Recovery will be helped by re-monetisation induced pent-up discretionary consumer demand, monetary policy transmission into lower lending rates, Union Budget's emphasis on higher capital expenditure & rural demand, and, structural reforms like GST.

### **EQUITY:**

- **Global backdrop congenial for Indian equities**

Even as Indian equities cross the 9000 Nifty level, we continue to remain overweight given the convergence of many a favourable factor – both global and local. For one, the FPI flows into India have been circuitously helped by a conducive US environment after quite some time. The rising business confidence in US has spurred hopes of a credible earnings recovery as also upped consumer confidence against the backdrop of a falling unemployment rate. The recent tone of US Fed statements, and its commitment to not merely rate hikes, but a faster pace of rate hikes is also reflective of the central bank's faith in an improving US economy. Notwithstanding any near-to-medium term correction possibility induced by the rate hikes as and when enforced, the outlook for the rest of the year looks bright. It's clear and evident that US equities are likely to get a boost on the back of a discernible recovery hope; the earnings yield is more attractive than treasury yields. This augurs well for a reasonably sustainable equities' rally in India.

- **Abundant domestic liquidity**

Back home, domestic liquidity seems to be on a roll with money pouring into equities even as the charm

of other asset classes is losing shine and bank deposits are far from attractive. Even those who traditionally steered clear of equities are facing the typical predicament of 'There Is No Alternative'. The sizeable chunk that's coming in through the SIP route, not being hot money, won't reverse in a hurry even if sentiments were to take a temporary hit. More importantly, the domestic liquidity is now pouring more into midcaps thereby making the rally more broad-based than even before.

- **Earnings recovery seems imminent**

Coming to another decisive factor of earnings recovery (or descent), there's enough reason to hope for, nay expect the best. Given the expanding P/E multiples, only an earnings recovery can take markets substantially higher. Having eluded us for many years in a row, an earnings recovery looks imminent now, given the low base of several years, a new beginning in the form of growth-led GST regime, improved consumption on the back of re-monetisation, the business boost from rising commodity prices (notwithstanding the impact on margins), a positive WPI (which is now above CPI) and a possible export pick up led by an impending global recovery. Operating leverage may kick in on the slightest of recoveries and aid margins.

- **Wave of reforms on the anvil**

Most important, India's business confidence is at its peak, enormously helped by the thumping state election triumph of the ruling party, which is akin to a people's verdict in favour of seemingly tough decisions like the demonetisation drive. With public support on its side, the government would now be enthused to usher in a resurgent wave of reforms and pragmatic initiatives, including more FDI investment through the automatic route, fund raising through a mine auction and disinvestment spree. From the FPI perspective, India is clearly the best proposition among emerging markets.

### **FIXED INCOME:**

- **Higher yield curve amid prospects of more rate hikes in US**

We continue to remain cautious. Ever since the MPC kept interest rates on hold in its sixth bi-monthly monetary policy review in

Feb meeting and changed its stance on monetary policy from accommodative to neutral, the domestic bond yield is on a northbound journey. The continuous flow of positive US macro data along with indications of two more rate hikes by Federal Reserve has weighed on market sentiment. Yield on the 10-year benchmark bond (6.97% GS 2026) surged about 70 bps to ~6.90% against the low of ~6.20% attained in the quarter, and the entire Yield-curve surged higher. Yield on corporate bonds also moved higher mirroring the trend prevailing in the sovereign curve. Liquidity continues to remain in surplus mode, providing some support to the front-end of the curve.

- **Defensive outlook, with positioning only at the front-end of the curve**

Going ahead, bond yields will continue to be dictated by inflation trajectory, particularly core inflation. Earlier, MPC projected that inflation may increase in the second half of the current fiscal and RBI governor too expressed concerns regarding high core inflation. Furthermore, with issuance of SDLs and UDAY Bonds remaining high, and with resumption of new calendar supply, bond yields are expected to trade range-bound with an upward bias in the near term. We recommend positioning only at the front-end of the curve with a defensive outlook as rate trajectory is likely to be volatile, and, risk-return is not in favour for long duration positioning. Global environment will also dictate terms with market positioning.

#### **FUTURE OUTLOOK OF THE BUSINESS:**

Indian and Global economic conditions continue to be supportive. Corporate earnings are slowly inching up, and government policy is becoming more transparent, with ease of doing business gaining focus. All these macro factors make the outlook for next few years conducive for robust growth for IIFLW. Penetrating existing markets with new client acquisition, as well as creating presence in under-represented markets in India will continue to be the domestic wealth policy. Creation of a focused NRI offering will help tap the global markets for wealth. Innovation in product offering, estate planning and trust advisory continue being the pillars for gaining and retaining client assets. With an average loan book of over ₹ 2,200/- Crore and a closing book of over ₹ 3,600/- Crore, the NBFC subsidiary has seen a very rapid growth, and we expect the same momentum over the next few years. The

Company's Depository Participant and Broking business will enable margin funding a robust offering in the near future.

The AMC subsidiary garnered large sums via the niche focus area of AIF's. Hiring of a domestic sales team, realignment of the offshore AMC sales teams, and beefing up of the fund management and operations teams has given a new impetus to the AMC business. Systems are being evaluated to replace legacy manual and inefficient systems to enhance ease of doing business as well as the client experience. The investment in people and infrastructure should lead to a robust business growth in the AMC revenues and contribution to firm consolidated revenues.

#### **4. DIVIDEND:**

During the period under review, your Company has declared an interim dividend of ₹3 each on October 25, 2016 and on January 24, 2017, per equity share with face value ₹2, involving a total outlay of ₹ 534,089,404/- (including dividend distribution tax). Your Directors recommend that said interim dividend be considered as final dividend on Equity shares of the Company.

#### **5. SHARE CAPITAL:**

As on March 31, 2017, the Authorised Capital of the Company stood at ₹ 170,000,000 divided into 85,000,000 shares of ₹ 2/- each and the paid up share capital of the Company has increased from ₹ 147,917,316/- to ₹ 155,927,528/- during the year under review, pursuant to allotment of 4,005,106 shares to employees under ESOP Schemes.

#### **6. TRANSFER TO RESERVES:**

During the FY 2016-2017, the Company has transferred an amount of ₹ 17.64 million (P.Y. ₹ 38.90 million) to Debenture Redemption Reserve.

#### **7. DEPOSITS:**

During the period 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.

#### **8. DETAILS OF SUBSIDIARIES:**

During the period under review, your Company has sold its majority equity stake in India Alternatives Advisors Private Limited and accordingly it has ceased to be a subsidiary. In accordance with Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the Company and all its subsidiaries, which form

part of the Annual Report, have been prepared and are available on the website of the Company. You may refer to the Annexure to the consolidated financial statements of the Company, which contains the statement containing the salient features of the financial statement of the subsidiaries in the prescribed format AOC-1.

## 9. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. DIRECTORS:

The Board consists of Mr. Karan Bhagat, Mr. Yatin Shah being Executive Directors of the Company; Mr. Nilesh Vikamsey and Ms. Geeta Mathur being Independent Directors of the Company; Mr. Nirmal Jain, Mr. R. Venkataraman and Mr. Amit Shah being Non-Executive Directors of the Company; and Mr. Sandeep Naik and Mr. Shantanu Rastogi being Nominee Directors (nominated by General Atlantic Singapore Fund Pte Ltd) of the Company.

Mr. Nilesh Vikamsey and Ms. Geeta Mathur have submitted their declaration under section 149(6) of Companies Act, 2013 and are Independent Directors of the Board.

Mr. Karan Bhagat and Mr. Yatin Shah are liable to retire by rotation and being eligible, offer themselves for re-appointment.

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

The Board met eight times during the period under review to discuss, and, approve various matters including financials, appointment of auditor, declaration of interim dividend, review of audit reports, and, other board businesses.

#### ii. Committees of the Board -

In accordance with the Companies Act, 2013, the Board has constituted following Committees as per the applicable provision of Companies Act, 2013:

- (a) Audit Committee
- (b) Nomination and Remuneration Committee
- (c) Corporate Social Responsibility Committee

#### (a) Audit Committee:

The Audit Committee comprises of Mr. Nilesh Vikamsey, Ms. Geeta Mathur and Mr. Shantanu Rastogi. Ms. Geeta Mathur is the Chairman of the Committee. The role, terms of reference and powers of the Audit Committee are in conformity with the requirements of the Companies Act 2013 & internal policies. The Committee

met seven times during the year under review and discussed on financials, audit issues and appointment of auditors. During the period under review, all the recommendations of the Audit Committee were accepted by the Board of Directors of the Company.

The terms of reference of audit committee, inter alia, includes;

- a. approval of quarterly and annual financials, and, recommend the same to the Board;
- b. review and approval of related party transactions;
- c. review and comment on observation(s) of Internal Auditors and Statutory Auditors;
- d. approve appointment and remuneration of internal and statutory auditors; and
- e. any other requirements as per the Companies Act, 2013.

#### (b) Nomination And Remuneration Committee:

The Nomination and Remuneration Committee comprises of Mr. Nilesh Vikamsey, Ms. Geeta Mathur, Mr. Nirmal Jain and Mr. Sandeep Naik. As per the provisions of Section 178 of the Companies Act, 2013, the Committee had formulated a nomination and remuneration policy, and the said policy is available for inspection. The same is annexed as an Annexure I to this Report.

#### (c) Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee ("CSR Committee") comprises of Mr. Nilesh Vikamsey, Independent Director, Mr. Nirmal Jain, Non-Executive Director, Mr. Karan Bhagat, Executive Director and Mr. Sandeep Naik, Non-Executive Director. The CSR Committee has approved CSR Policy of the Company. IIFL group

has set-up India Infoline Foundation (referred as "IIFL Foundation") a Section 8 Company under the Companies Act, 2013, which will act as the principal arm to undertake CSR initiatives on behalf of the IIFL Group.

iii. Separate meeting of Independent Directors:

In compliance with provisions of Companies Act, 2013, a separate meeting of Independent Directors was held on March 17, 2017 inter alia, to discuss the following:

- (a) to review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of

flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Upon conclusion of the meeting, the Independent Directors expressed their satisfaction over the performance of the other Directors and Board as a whole. They also expressed their satisfaction over the quality, quantity and flow of information between the Company management and the Board/ Committees of the Board from time to time.

The details of attendance of the Directors at Board Meetings, Audit Committee Meetings, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and the previous Annual General Meeting of the Company are, given below:

NAME OF DIRECTOR	BOARD MEETINGS (HELD ON APRIL 6, 2016, MAY 5, 2016, JULY 27, 2016, OCTOBER 25, 2016, NOVEMBER 08, 2016, JANUARY 24, 2017, MARCH 06, 2017 & MARCH 29, 2017)		AUDIT COMMITTEE MEETINGS (HELD ON MAY 5, 2016, JULY 27, 2016, OCTOBER 25, 2016, NOVEMBER 08, 2016, JANUARY 24, 2017, MARCH 06, 2017 & MARCH 29, 2017)		CSR COMMITTEE MEETING (HELD ON JANUARY 25, 2017)		NOMINATION AND REMUNERATION COMMITTEE MEETING (HELD ON MAY 5, 2016, NOVEMBER 8, 2016 & JANUARY 24, 2017)		WHETHER PRESENT AT PREVIOUS AGM HELD ON JULY 27, 2016
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Attended
Mr. Nirmal Jain	8	8	-	Not a member	1	1	3	3	No
Mr. R Venkataraman	8	8	-	Not a member	-	Not a member	-	Not a member	Yes
Mr. Nilesh Vikamsey	8	5	7	4	1	1	3	2	Yes
Ms. Geeta Mathur	8	8	7	7	-	Not a member	3	3	Yes
Mr. Karan Bhagat	8	8	-	Not a member	1	1	-	Not a member	Yes
Mr. Yatin Shah	8	7	-	Not a member	-	Not a member	-	Not a member	Yes
Mr. Amit Shah	8	5	-	Not a member	-	Not a member	-	Not a member	No
Mr. Sandeep Naik	8	5	-	Not a member	1	1	3	2	No
Mr. Shantanu Rastogi	8	7	7	6	-	Not a member	-	Not a member	Yes

**iv. 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, the Directors individually as well as the evaluation of the working of its Committees.

**v. Declaration by Independent Directors -**

The Company has received necessary declaration from each independent director under section 149(7) of the Companies Act, 2013 that he / she meets the criteria of independent laid down in section 149(6) of the Companies Act, 2013.

**B. KEY MANAGERIAL PERSONNEL:**

Mr. Karan Bhagat is the Managing Director, Mr. Yatin Shah is the Whole Time Director, Mr. Mihir Nanavati is the Chief Financial Officer and Mr. Ashutosh Naik is the Company Secretary of the Company.

**10. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

During the financial year, your Company deployed 2% of its average net profits (computed as per the relevant provisions of the Companies Act, 2013) of the preceding three years on CSR projects, refer point no. 4 of the Annual Report on CSR activities annexed with this report.

All CSR efforts have been directed towards identifying

and undertaking projects that hold the potential to create long-term social impact, to empower marginalized communities, and, enhance their quality of life. In alignment with this objective, in FY16-17, the Company undertook a number of projects in the core areas of encouraging entrepreneurship, tribal development, women empowerment, and, healthcare and education.

To ensure that CSR projects undertaken are implemented and monitored in a systematic manner during the year, efforts were focused on establishing systems and processes for the same. Going forward, your Company seeks to broaden the scope of CSR projects and employ more funds towards a larger number of projects.

The Annual Report on CSR activities by the Company is annexed as **Annexure - II**.

**11. PARTICULARS OF EMPLOYEES:**

The information required 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 in respect of employees of the Company for the financial year 2016 - 17 is available for inspection at the registered office of the Company. Any shareholder interested in obtaining a copy of the said information may write to the Company Secretary at the registered office of your Company.

**12. EMPLOYEE STOCK OPTION / PURCHASE SCHEME:**

During the financial year, the Company under its IIFL Wealth Employee Stock Option Schemes has allotted 4,005,106 equity shares. The details of options granted, vested, exercised, etc. are as follows:

PARTICULARS		
A	Options granted during the year	9,00,000
B	Exercise Price (per share)	3,555,921 @ ₹ 282/- 60,660 @ ₹ 19/- 388,525 @ ₹ 16/-
C	Options Vested during the year	5,050,652
D	Options Exercised during the year	4,005,106
E	Total no. of shares arising as result of exercise of Options	4,005,106
F	Options lapsed	13,835
G	Variation in terms of Options	Nil
H	Money realised by exercise of Options (In ₹)	₹ 1,010,138,662/-
I	Total number of options in force	4,438,534
J	Employee wise details of options granted to:	
	- Key Managerial Personnel	-

- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Name	Options
	Shajikumar Devakar	200,000
	Himanshu Jain	125,000
	Somnath Mukherjee	50,000
	Umesh Agrawal	50,000
- identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the Company at the time of grant	Name	Options
	-	-
	-	-
	-	-

The Board of Directors and Shareholders of the Company have approved grant of employee stock option(s) under IIFL Wealth Employee Stock Option Scheme – 2015. On November 10, 2016, the Company granted 900,000 option(s) to its employees at a grant price of ₹ 339/- per share.

### 13. RISK MANAGEMENT POLICY AND INTERNAL CONTROL ADEQUACY:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. These are discussed at the meetings of the Audit Committee and 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 Internal Auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Further, Statutory Auditors verified the Design and Implementation (D&I) of controls, and testing of operating effectiveness of controls for material class of transactions, account balances and disclosures, and have confirmed that they do not have any significant or material observations in relation of deficiencies in design and controls.

### 14. EXTRACT OF ANNUAL RETURN:

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

### 15. 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.

### 16. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### 17. AUDITORS:

At the Annual General Meeting held on July 27, 2015, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2020. In terms of the provision of Section 139 of the Companies Act, 2013, the appointment of the said auditors shall be placed for ratification at every Annual General Meeting. Accordingly the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Statutory Auditors of the Company, will be placed for ratification by the shareholders at the ensuing Annual General Meeting of the Company.

### 18. FEMA COMPLIANCE:

With reference to RBI Master circular no 15/2015-16 dated July 01, 2015 relating to Foreign Investment, the Company has obtained a certificate from the Statutory Auditors, confirming its compliances with the regulations, with regards to downstream investment and other FEMA provisions.

### 19. 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 Audit Committee of the Company in the year under review.

## 20. SECRETARIAL AUDIT:

During the year under review, the Secretarial Audit was conducted by M/s. Mehta & Mehta, Practicing Company Secretaries. The report of the Secretarial Audit is annexed herewith as Annexure - IV. There are no qualifications, reservations or observations in the Secretarial Audit report.

## 21. 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. 13 & 16)

## 22. 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. 35 in the standalone financial results of the Company for the financial year ended March 31, 2017.

## 23. 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 appended below:

### 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 save power,
- Light Emitting Diode (LED) lights,
- Automatic power shutdown of idle monitors,

- Creating environmental awareness by way of distributing the information in electronic form,
- Minimizing 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 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 ramp 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 safeguarded 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.

### Foreign exchange earnings / outgo :

- a) The Foreign exchange earnings: NIL (P.Y. ₹ 178.48 million)

- b) The Foreign exchange expenditure: ₹ 23.97 million (P.Y. ₹ 13.96 million)
- Research and Development (R & D):** The Company is engaged in distribution of various financial products and advising clients on wealth management through mutual fund and alternative investment fund platform, which entails internal research of investment products, sectors and markets.

#### 24. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013:

Your Company is committed to provide a work environment that ensures every woman employee is treated with dignity and respect, and, afforded equitable treatment. Your 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. Your 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 your Company has formulated and adopted a 'Policy for Prevention / Prohibition / Redressal of Sexual Harassment of Women at the Workplace', and that there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### 25. DIRECTORS RESPONSIBILITY STATEMENT:

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;

- the directors had prepared the annual accounts on a going concern basis; and
- 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.

#### 26. ACKNOWLEDGEMENTS:

Your Directors record their sincere appreciation of the dedication and commitment of its employees in achieving and sustaining excellence in all areas of its operations. Your Directors thank the shareholders, customers, vendors, bankers, regulators, stock exchanges, other statutory bodies and other stakeholders for their continued support to the Company.

#### 27. 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:

- Nomination and Remuneration Policy of the Company as Annexure I.
- Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17 - Annexure - II.
- Form No. MGT-9 - Extract of Annual Return as on the financial year ended March 31, 2017 - Annexure - III.
- Secretarial Audit Report for the financial year ended March 31, 2017 - Annexure - IV.

For and on behalf of the Board of Directors

**Karan Bhagat**  
Managing Director  
DIN: 03247753

**Yatin Shah**  
Executive Director  
DIN: 03231090

Date: May 03, 2017

Place: Mumbai

# ANNEXURES TO THE DIRECTOR'S REPORT

## ANNEXURE I

### NOMINATION AND REMUNERATION POLICY

#### I. OBJECTIVE:

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been approved by the Nomination and Remuneration Committee (the Committee) and Board of Directors.

#### II. DEFINITIONS:

1. "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
2. "Board" means Board of Directors of the Company.
3. "Key Managerial Personnel" (KMP) means:
  - Managing Director, or Chief Executive Officer or Manager
  - Whole-time Director;
  - Chief Financial Officer;
  - Company Secretary; and such other officer as may be prescribed.
4. "Research Analysts" shall have the same meaning as defined under the SEBI (Research Analysts) Regulation, 2014 as amended from time to time.
5. "Senior Management" means the personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 / Listing agreement (wherever applicable) as may be amended from time to time shall have the meaning respectively assigned to them there in.

#### III. ROLE OF COMMITTEE:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To recommend to the Board on policy on Remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To formulate the criteria for evaluation of Independent

Directors and the Board.

- To devise a policy on Board diversity.

#### IV. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

##### 1. Appointment Criteria and Qualifications:

- a) A person being appointed as director, KMP or in senior management should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.

- b) Independent Director:

- (i) Qualifications of Independent Director:

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

- (ii) Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

##### 2. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to

the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### 3. Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## V. REMUNERATION:

### A. Directors:

#### a. Executive Directors (Managing Director, Manager or Whole Time Director):

- (i) At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.
- (ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of the Companies Act, 2013.
- (iii) The remuneration of the Manager/ CEO/ Managing Director/ Whole Time Director is broadly divided into fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:
  - the relationship of remuneration and performance benchmark;
  - balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - responsibility required to be shouldered, the industry benchmarks and the current trends;
  - the Company's performance vis-à-vis

the annual budget achievement and individual performance.

#### b. Non-Executive Director:

- (i) The Non-Executive Independent Director may receive fees for attending meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- (ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.
- (iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.
- (iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- (v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.
- (vi) The commission shall be payable on prorate basis to those Directors who occupy office for part of the year.

### B. KMP & Senior Managerial Personnel:

The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:

- a. maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- b. compensation should be reasonable and sufficient to attract retain and motivate KMP and senior management;
- c. Remuneration payable should comprise of a fixed component and a performance

linked variable based on the extent of achievement of individual performance vis-a-vis overall performance of the Company;

- d. Remuneration shall be also considered in form of long term incentive plans for key employees, based on their contribution, position and length of service, in the nature of ESOPS/ESPS.

**C. Research Analysts:**

- (i) The compensation of all individuals employed as Research Analyst shall be reviewed, documented and approved at least annually by the Committee
- (ii) While approving the compensation of the Research Analysts, the Committee shall not consider:
  - a. Any specific merchant banking or investment banking or brokerage services transaction which might have happened because of the services of the Research Analyst; and
  - b. Any contribution made by the Research Analyst to the Company's investment banking or merchant banking or brokerage services business other than that of preparing and / or providing research reports.

**VI. EVALUATION:**

The Committee shall carry out evaluation of

performance of every Director at regular interval (yearly). The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole, if applicable.

**VII. OTHER DETAILS:**

**Membership**

The Committee shall consist of minimum 3 non-executive directors, majority of them being independent. The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company shall not be a Chairman of the Committee. The term of the Committee shall be continued unless terminated by the Board of Directors.

**Frequency of Meetings**

The meeting of the Committee shall be held at such regular intervals as may be required. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**Secretary**

The Company Secretary of the Company shall act as Secretary of the Committee. In absence of Company Secretary, the Committee may designate any other officials or any of the members of the Committee who shall act a Secretary of the Committee.

## ANNEXURE II

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES  
FOR THE FINANCIAL YEAR 2016-17**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies  
(Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	IIFL Wealth Management Limited ("the Company") has carried out CSR activities through IIFL Foundation, and, contributed to CSR Projects, as referred below. The CSR Policy has been uploaded on website under link <a href="http://www.indiaonline.com/aboutus/iifl-csr-policy">http://www.indiaonline.com/aboutus/iifl-csr-policy</a>
2. The Composition of the CSR Committee	CSR Committee of the Company comprises of: (i) Mr. Nilesh Vikamsey, (ii) Mr. Nirmal Jain, (iii) Mr. Karan Bhagat, and (iv) Mr. Sandeep Naik
3. Average net profit of the Company for last three financial years	INR 1,175,427,026/-
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	INR 23,508,541/-
5. Details of CSR spent during the financial year	
a) Total amount to be spent for the financial year;	INR 23,508,541/-
b) Amount Spent; and	INR 24,012,000/-
c) Amount unspent, if any.	NIL

Manner in which the amount spent during the financial year is detailed below:

SR. NO	PROJECTS/ ACTIVITIES	SECTOR	LOCATIONS	AMOUNT OUTLAY (BUDGET) PROJECTS OR PROGRAMS WISE (RS.)	AMOUNT SPENT ON THE OR PROGRAMS (RS.)	CUMULATIVE EXPENDITURE UPTO (RS.)	AMOUNT SPENT : DIRECT OR THROUGH REPORTING PERIOD IMPLEMENTING AGENCY (RS.)
1	Supporting Infrastructure support for quality education	Education	Sonepath, Haryana	2,500,000	Direct 2,500,000/-	2,500,000/-	2,500,000/- Through International Foundation for Research & Education
2	Supporting Educational Activities	Education	Mumbai, Maharashtra	2,400,000/-	Direct 2,400,000/-	2,400,000/-	2,400,000/- Through Maniben Mehta Smarak Nidhi.
3	Supporting Education through cultural development	Supporting India's Art, Culture and Heritage	Mumbai, Maharashtra	900,000/-	Direct 900,000/-	900,000/-	900,000/- Through G5A Foundation for contemporary culture
4	Supporting Education to the underprivileged	Education	Punjab	5,000,000/-	Direct 5,000,000/-	5,000,000/-	5,000,000/- Through Gurunanak Ginni India Educational Trust
5	Supporting Education for the underprivileged	Education	Mumbai, Maharashtra	750,000/-	Direct 750,000/-	750,000/-	750,000/- Through Yasham Foundation
6	Supporting Education for the underprivileged	Education	Tamil Nadu	200,000/-	Direct 200,000/-	200,000/-	200,000/- Through Isha Foundation
7	Supporting Education through technology	Education	Delhi	5,000,000/-	Direct 5,000,000/-	5,000,000/-	5,000,000/- Through Sampark Foundation

SR. NO	PROJECTS/ ACTIVITIES	SECTOR	LOCATIONS	AMOUNT OUTLAY (BUDGET) PROJECTS OR PROGRAMS WISE (RS.)	AMOUNT SPENT ON THE OR PROGRAMS (RS.)	CUMULATIVE EXPENDITURE UPTO (RS.)	AMOUNT SPENT : DIRECT OR THROUGH REPORTING PERIOD IMPLEMENTING AGENCY (RS.)
8	Supporting Tribal Education Initiatives	Education	Kolkata, West Bengal	500,000/-	Direct 500,000/-	500,000/-	500,000/- Through Indiainfo line Foundation
9	Supporting Education for street children	Education	Delhi	62,000/-	Direct 62,000/-	62,000/-	62,000/- Through Indiainfo line Foundation
10	Sports Development	Training to promote nationally recognized sports.	Pan India	6,700,000/-	Direct 6,700,000/-	6,700,000/-	6,700,000/- Through Indiainfo line Foundation

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report
- During the financial year 2016-17, the Company successfully deployed 2 % of its average net profits of the preceding three years on CSR projects.
- In line with the Company's CSR strategy, the Company has focused its efforts on identifying and undertaking CSR projects that support the overarching mission of contributing proactively towards Nation building. Women Empowerment, Education and Health continue to be one of the key focus areas.

**Responsibility Statement** - Through this report, the Company seeks to communicate to the Ministry of Corporate Affairs, Government of India, its commitment towards CSR. The implementation and monitoring of the Company's CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The Board of the Company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All projects reported have been selected based on careful evaluation of the extent to which they create sustainable positive outcome for marginalized segments of society. The Company has adopted measures to ensure that these projects are implemented in an effective and efficient manner so that they are able to deliver maximum potential impact. In line with the requirements of the Section 135 of the Companies Act, 2013, the Company has also established a monitoring mechanism to track the progress of its CSR projects.

Date: May 03, 2017

Place: Mumbai

**Karan Bhagat**

Chairman, CSR Committee & Managing Director

DIN: 03247753

**Yatin Shah**

Executive Director

DIN: 03231090

## ANNEXURE III

## FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[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	U74140MH2008PLC177884
ii) Registration Date	January 17, 2008
iii) Name of the Company	IIFL Wealth Management Limited
iv) Category/ Sub-Category of the Company	Public Company, Limited by shares
v) Address of the Registered office and contact details	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane-400604 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 Address : C-101, 247 Park, LBS Marg, Vikhroli (West) - 400083 Tel: +91 22 4918 6000   Fax: +91 22 49186060 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
Distribution Fees	6,619	85.17%

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

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	IIFL Holdings Limited	L74999MH1995PLC093797	Holding Company	57.72	2(46)
2.	IIFL Asset Management Limited	U74900MH2010PLC201113	Subsidiary Company	100	2(87)
3.	IIFL Trustee Limited	U74990MH2009PLC193063	Subsidiary Company	100	2(87)
4.	IIFL Investment Adviser and Trustee Services Limited	U74990MH2010PLC211334	Subsidiary Company	100	2(87)
5.	IIFL Distribution Services Limited	U45201MH1995PLC228043	Subsidiary Company	100	2(87)
6.	IIFL Alternate Asset Advisors Limited	U74120MH2011PLC219930	Subsidiary Company	100	2(87)
7.	IIFL Wealth Finance Limited	U65990MH1994PLC080646	Subsidiary Company	100	2(87)
8.	India Alternatives Investment Advisors Private Limited*	U74140MH2010PTC198879	Subsidiary Company	100	2(87)
9.	IIFL Private Wealth Management (Dubai) Limited	Not Applicable	Subsidiary Company	100	2(87)
10.	IIFL Inc	Not Applicable	Subsidiary Company	100	2(87)

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
11	IIFL Private Wealth Hong Kong Ltd	Not Applicable	Subsidiary Company	100	2(87)
12	IIFL Private Wealth (Suisse) SA	Not Applicable	Subsidiary Company	100	2(87)
13	IIFL Private Wealth (Mauritius) Ltd	Not Applicable	Subsidiary Company	100	2(87)
14	IIFL (Asia) Pte. Limited	Not Applicable	Subsidiary Company	100	2(87)
15	IIFL Capital Pte. Limited	Not Applicable	Step-down Subsidiary Company	100	2(87)
16	IIFL Securities Pte. Limited	Not Applicable	Step-down Subsidiary Company	100	2(87)

\*Note: India Alternatives Investment Advisors Private Limited ceased to be a subsidiary of IIFL Wealth Management Limited w.e.f. March 31, 2017.

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

##### i) Category-wise Shareholding

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR (1ST APRIL 2016)				NO. OF SHARES HELD AT THE END OF THE YEAR (31ST MARCH 2017)				% CHANGE DURING THE YEAR	
	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.	44,999,970	30	45,000,000	60.84	45,000,000	0	45,000,000	57.72	-3.12	
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>44,999,970</b>	<b>30</b>	<b>45,000,000</b>	<b>60.84</b>	<b>45,000,000</b>	<b>0</b>	<b>45,000,000</b>	<b>57.72</b>	<b>-3.12</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>44,999,970</b>	<b>30</b>	<b>45,000,000</b>	<b>60.84</b>	<b>45,000,000</b>	<b>0</b>	<b>45,000,000</b>	<b>57.72</b>	<b>-3.12</b>	
<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>	

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR (1ST APRIL 2016)				NO. OF SHARES HELD AT THE END OF THE YEAR (31ST MARCH 2017)				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	17,257,531	0	17,257,531	23.33	18,053,050	0	18,053,050	23.16	-0.17
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	422,045	0	422,045	0.57	765,097	0	765,097	0.98	0.41
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	11,279,082	0	11,279,082	15.25	14,145,617	0	14,145,617	18.14	2.89
<b>c) Others (specify)</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(2):-</b>	<b>28,958,658</b>	<b>0</b>	<b>28,958,658</b>	<b>39.15</b>	<b>32,963,764</b>	<b>0</b>	<b>32,963,764</b>	<b>42.28</b>	<b>3.13</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>28,958,658</b>	<b>0</b>	<b>28,958,658</b>	<b>39.15</b>	<b>32,963,764</b>	<b>0</b>	<b>32,963,764</b>	<b>42.28</b>	<b>3.13</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</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>Grand Total (A+B+C)</b>	<b>73,958,628</b>	<b>30</b>	<b>73,958,658</b>	<b>100</b>	<b>77,963,764</b>	<b>0</b>	<b>77,963,764</b>	<b>100</b>	<b>0.00</b>

## ii) Shareholding of Promoters

SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR (1ST APRIL 2016)			SHAREHOLDING AT THE END OF THE YEAR (31ST MARCH 2017)			% 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	
IIFL Holdings Limited	45000000	60.84	Nil	45000000	57.72	Nil	-3.12
<b>Total</b>	<b>45000000</b>	<b>60.84</b>	<b>Nil</b>	<b>45,000,000</b>	<b>57.72</b>	<b>Nil</b>	<b>-3.12</b>

\*Note: There is no change in the total shareholding of promoters between 01-04-2016 and 31-03-2017. The decrease in % of total shares of the Promoter from 60.84% to 57.72% is pursuant to allotment of 4005106 equity shares to employees of the Company under ESOP scheme of the Company.

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

	SHAREHOLDING AT THE BEGINNING OF THE YEAR (AS ON 01-04-2016)		CUMULATIVE SHAREHOLDING DURING THE YEAR (01-04-16 TO 31-03-17)	
	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
At the beginning of the year	45,000,000	60.84	45,000,000	60.84
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
At the end of the year	45,000,000	57.72	45,000,000	57.72

\*Note: There is no change in the total shareholding of promoters between 01-04-2016 and 31-03-2017. The decrease in % of total Promoters' Shareholding from 60.84% to 57.72% is pursuant to allotment of 4,005,106 equity shares to eligible employees under ESOP scheme of the Company

**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 (01-04-16)/END OF THE YEAR (31-03-17)		DATE	INCREASE/ (DECREASE) IN SHARE HOLDING*	CUMULATIVE SHAREHOLDING DURING THE YEAR (01-04-16 TO 31-03-17)	
	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY			NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1. General Atlantic Singapore Fund Pte. Ltd	17257531	23.33%	-	-	17257531	23.33%
	-	-	06-04-2016	795,519	18,053,050	24.41%
	18,053,050	23.16%	-	-	18,053,050	23.16%
2. Anirudha Taparia	456,000	0.62%	-	-	456,000	0.62%
	456,000	0.58%	-	-	456,000	0.58%
3. Jiten Surtani	479,650	0.65%	-	-	479,650	0.65%
	-	-	06-04-2016	(79,930)	399,720	0.54%
	-	-	30-03-2017	16,710	416,430	0.53%
	416,430	0.53%	-	-	416,430	0.53%
4. Pravin Bhalerao	465,000	0.63%	-	-	465,000	0.63%
	-	-	06-04-2016	(65,000)	400,000	0.54%
	400,000	0.51%	-	-	400,000	0.51%
5. Vinay Ahuja	500,000	0.68%	-	-	500,000	0.68%
	-	-	06-04-2016	(100,000)	400,000	0.54%
	400,000	0.51%	-	-	400,000	0.51%
6. Umang Papneja	291,342	0.39%	-	-	291,342	0.39%
	-	-	30-03-2017	9,760	301,102	0.39%
	301,102	0.39%	-	-	301,102	0.39%
7. Sandeep Jethwani	154,544	0.21%	-	-	154,544	0.21%
	-	-	30-03-17	38,160	192,704	0.25%
	-	-	31-03-2017	100,000	292,704	0.38%
	292,704	0.38%	-	-	292,704	0.38%
8. V Girish	183,568	0.25%	-	-	183,568	0.25%
	-	-	30-03-17	2,950	186,518	0.24%
	186,518	0.24%	-	-	186,518	0.24%
9. Pravin Somani	145,056	0.20%	-	-	145,056	0.20%
	-	-	30-03-17	36,609	181,665	0.23%
	181,665	0.23%	-	-	181,665	0.23%
10. Kuber Bhalla	179,375	0.24%	-	-	179,375	0.24%
	-	-	06-04-2016	(29,075)	150,300	0.20%
	-	-	30-03-17	19,974	170,274	0.22%
	170,274	0.22%	-	-	170,274	0.22%

\* The changes in the % of the shareholding of the above shareholders was due to allotment of shares under ESOS scheme to the employees and purchases/sales made by the shareholders during the year.

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

NAME	SHAREHOLDING		DATE	INCREASE/ (DECREASE) IN SHARE HOLDING*	CUMULATIVE SHAREHOLDING DURING THE YEAR (01-04-16 TO 31-03-17)	
	NO. OF SHARES AT THE BEGINNING OF THE YEAR (01-04-16)/END (31-03-17)	% OF TOTAL SHARES OF THE COMPANY			NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
<b>A. DIRECTORS:</b>						
1. Karan Bhagat, Managing Director	2,585,526	3.50%	01-04-16	-	2,585,526	3.50%
	-	-	06-04-16	(175,000)	2,410,526	3.26%
	-	-	30-03-17	2,400,000	4,810,526	6.17%
	4,810,526	6.17%	31-03-17	-	4,810,526	6.17%
2. Yatin Shah, Executive Director	2,715,526	3.68%	01-04-16	-	2,715,526	3.68%
	-	-	06-04-16	(305,000)	24,10,526	3.26%
	-	-	30-03-17	900,000	3,310,526	4.25%
	3,310,526	4.25%	31-03-17	-	3,310,526	4.25%
3. Amit Shah, Non-Executive Director	1,818,421	2.46%	01-04-16	-	1,818,421	2.46%
	1,818,421	2.33%	31-03-17	-	1,818,421	2.33%
<b>B. KEY MANAGERIAL PERSONNEL (KMP's)</b>						
1. Pankaj Fitkariwala, Chief Financial Officer	127,672	0.17%	01-04-16	-	127,672	0.17%
			30-03-17	17,030	144,702	0.19%
	144,702	0.19%	31-03-16	-	144,702	0.19%
2. Mr. Ashutosh Naik, Company Secretary	Nil		01-04-16	-	-	-
			30-03-17	3,337	3,337	0.00%
	3,337	0.00%	31-03-17	-	3,337	0.00%
3. Mr. Mihir Nanavati, Chief Financial Officer w.e.f. January 24, 2017			NIL			

\* The changes in the % of the shareholding of the above Directors / KMPs was due to allotment of shares under ESOS scheme to the Directors / KMPs and purchases/sales made by the them during the year.

#### V. INDEBTEDNESS: INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ ACCRUED BUT NOT DUE FOR PAYMENTS:

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year				
i) Principal Amount	521,146,506	887,728,125	-	1,408,874,631
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due	73,537,088			73,537,088
<b>Total (i+ii+iii)</b>	<b>594,683,595</b>	<b>887,728,125</b>	<b>-</b>	<b>1,482,411,720</b>
Change in Indebtedness during the financial year				
• Addition	-	43,694,224,000	-	43,694,224,000
• Reduction	(504,809,038)	(40,620,054,944)		(41,124,863,982)
<b>Net Change</b>	<b>(504,809,038)</b>	<b>3,074,169,056</b>	<b>-</b>	<b>2,569,360,018</b>
Indebtedness at the end of the financial year				
i) Principal Amount	16,337,468	3,961,897,181	-	3,978,234,649
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>16,337,468</b>	<b>3,961,897,181</b>	<b>-</b>	<b>3,978,234,649</b>

## 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.)
	KARAN BHAGAT	YATIN SHAH	
1. Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	40,128,096	31,531,068	71,659,164
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2. Stock Option	-	-	-
3. Sweat Equity	-	-	-
4. Commission			
- as % of profit			
- others, specify	-	-	-
5. Others, please specify (PF)	-	-	-
<b>TOTAL (A)</b>	<b>40,128,096</b>	<b>31,531,068</b>	<b>71,659,164</b>
Ceiling as per the Act	₹ 14.03 Crore (being 10% of the net profits of the Company calculated as per Section 198 of the Companies, 2013)		

## B. Remuneration to other directors:

PARTICULARS OF REMUNERATION	NAME OF DIRECTORS							TOTAL AMOUNT (₹)
	MR. NIRMAL JAIN	MR. R VENKATARAMAN	MR. NILESH VIKAMSEY	MS. GEETA MATHUR	MR. AMIT SHAH	MR. SANDEEP NAIK	MR. SHANTANU RASTOGI	
<b>i. Independent Directors</b>								
- Fee for attending board/committee meetings	NIL	NIL	315,000	510,000	NIL	NIL	NIL	825,000
- Commission	NIL	NIL	1,000,000	500,000	NIL	NIL	NIL	1,500,000
- Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>TOTAL (1)</b>	<b>NIL</b>	<b>NIL</b>	<b>1,315,000</b>	<b>1,010,000</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>2,325,000</b>
<b>ii. Other Non-Executive Directors</b>								
- Fee for attending board/committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
- Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
- Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>TOTAL (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</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>1,315,000</b>	<b>1,010,000</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>2,325,000</b>

Total Managerial Remuneration\*: ₹ 73,159,164/- (includes commission paid to other Director, i.e., an Independent Director)

Overall Ceiling as per the Act: Ceiling for Total Managerial Remuneration - 10% of \*\*Net profit, i.e., ₹ 14.03 Crore.

Ceiling for Total Remuneration to other Directors - 1% of the \*\*Net Profit, i.e., ₹ 1.40 Crore.

\*\*Net profit calculated as per Section 198 of the Companies Act, 2013

NOTE: \*Total Managerial Remuneration includes remuneration to Managing Director, Whole-Time Directors and other Directors.

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

PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			TOTAL AMOUNT (RS.)
	CFO (PANKAJ FITKARIWALA) (RESIGNED AS CFO ON 24TH JANUARY 2017)	CFO (MIHIR NANAVATI) (APPOINTED AS CFO ON 24TH JANUARY 2017)	COMPANY SECRETARY (ASHUTOSH NAIK)	
1. Gross salary				
a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	21,316,866	2,128,912	8,999,213	32,444,991
b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2. Stock Option*	-	-	-	-
3. Sweat Equity	-	-	-	-
4. Commission				
- as % of profit				
- others, specify	-	-	-	-
5. Others, please specify (PF)	-	-	-	-
<b>Total</b>	<b>21,316,866</b>	<b>2,128,912</b>	<b>8,999,213</b>	<b>32,444,991</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					

## ANNEXURE IV

## Secretarial Audit Report for the financial year ended March 31, 2017

To,  
**IIFL Wealth Management Limited**  
**IIFL Centre, Kamala City, S.B. Marg**  
**Lower Parel, West,**  
**Mumbai - 400013**

We have conducted the secretarial audit of the compliance of applicable statutory provisions by IIFL Wealth Management 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 Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized 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 31st March, 2017, 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 maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company);
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,

2009 (during the year under review not applicable to the Company);

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (during the year under review not applicable to the Company);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company);
- (vi) The Securities and Exchange Board of India (Investment Advisors) Regulations, 2013;
- (vii) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;
- (viii) The Securities and Exchange Board of India (Mutual Fund) Regulations, 1996;
- (ix) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1993;
- (x) The Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992;

We have examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India;
- b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (during the year under review not applicable to the Company)

The Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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.

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting.

We further report that 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 the following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- i) On November 8, 2016, the Board of Directors of the Company accorded its approval to invest up to ₹ 200 Crore, in one or more tranches, into equity share capital of IIFL Wealth Finance Limited (IIFLW Finance), at a fair value of ₹ 60 per equity share.
- ii) On March 29, 2017, the Board of Directors of the Company accorded its approval for sale of investment of 7,099 Equity Shares and 4,046 Preference Shares of India Alternatives Investment Advisors.

- iii) In the Extra Ordinary General Meeting held on March 7, 2017, the members approved increase in borrowings by way of issue of securities including commercial papers and non-convertible debentures, borrowing in form of Inter corporate deposits or loans from banks and financial Institution, provided that the total amount that may be borrowed by the board and outstanding at any point of time (apart from temp loans obtained or to be obtained from the Company's bankers in ordinary course of minutes), does not exceed the sum of INR 3,000 Crores.
- iv) In the Extra Ordinary General Meeting held on March 7, 2017, the members approved increase in limits of Inter corporate loans, Investments and guarantees by the Company to ₹ 3000 crores.
- v) On March 30, 2017, the Company allotted 4005106 equity shares of ₹ 2 each fully paid up under provisions of IIFL Wealth Employee Stock Option Scheme - 2012 and IIFL Wealth Employee Stock Option Scheme - 2015 ("ESOP Schemes").

**For Mehta & Mehta,  
Company Secretaries  
(ICSI Unique Code P1996MH007500)**

**Atul Mehta**  
Partner  
FCS No : 5782  
CP No. : 2486

Place : Mumbai  
Date : May 3, 2017

Note: 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.

ANNEXURE A

To,

**IIFL Wealth Management Limited**

**IIFL Centre, Kamala City, S.B. Marg**

**Lower Parel, West,**

**Mumbai - 400013**

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 processes 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 processes 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. Wherever 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 laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures 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 Mehta & Mehta,**

**Company Secretaries**

**(ICSI Unique Code P1996MH007500)**

**Atul Mehta**

**Partner**

**FCS No : 5782**

**CP No. : 2486**

**Place : Mumbai**

**Date : May 3, 2017**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF IIFL WEALTH MANAGEMENT  
LIMITED  
Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **IIFL WEALTH MANAGEMENT LIMITED** (the "Company"), which comprise the Balance Sheet as at 31 March 2017, 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 Standalone 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 standalone 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.

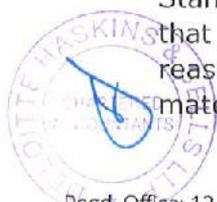
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 standalone 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 standalone financial statements based on our audit.

In conducting 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.

We conducted our audit of the standalone 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 standalone financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements.

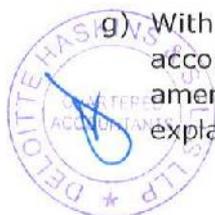
We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March 2017, and its profit and its cash flows for the year ended on that date.

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

1. As required by Section 143 (3) of the Act, we report to the extent applicable 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 standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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.
  - 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:



**Deloitte  
Haskins & Sells LLP**

- 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.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016.
2. As required by the Companies (Auditor's Report) Order, 2016 ("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 CARO 2016.

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

*Pallavi A. Gorakshakar*

Pallavi A. Gorakshakar  
(Partner)  
(Membership No. 105035)

MUMBAI, 3 May 2017  
PG/SB-2017



## **Report on Internal Financial Controls Over Financial Reporting**

### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section 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 MANAGEMENT LIMITED** (the "Company") as of 31 March 2017 in conjunction with our audit of the standalone 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 (the "ICAI"). 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 the 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 issued by the ICAI 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 31 March 2017, 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 ICAI.

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

Pallavi A. Gorakshakar  
(Partner)  
(Membership No. 105035)

MUMBAI, 3 May 2017  
PG/SB-2017



**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)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) 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) According to the information and explanations given to us, the Company has granted 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, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as 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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Value added Tax, Custom duty, Service 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 Excise Duty during the year.
  - (b) There were no undisputed amounts payable Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2017 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, Customs Duty, and Value Added Tax as on 31 March 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (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 Order is not applicable
- (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) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (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 Section 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 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 the subsidiary companies or persons connected



**Deloitte  
Haskins & Sells LLP**

with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank India Act, 1934.

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

*Pallavi A. Gorakshakar*

Pallavi A. Gorakshakar  
(Partner)  
(Membership No. 105035)

MUMBAI, 03 May 2017  
PG/SB-2017



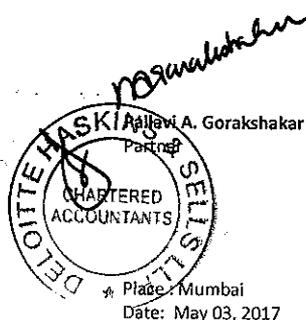
IIFL WEALTH MANAGEMENT LIMITED  
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in ₹)

Particulars	Note No.	As at Mar 31, 2017	As at Mar 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	155,927,528	147,917,316
(b) Reserves and Surplus	4	12,578,095,487	11,245,672,560
(c) Money received against share warrants		-	-
<b>Sub total</b>		<b>12,734,023,015</b>	<b>11,393,589,876</b>
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non Current Liabilities</b>			
(a) Long-term borrowings	5	11,030,111	516,337,468
(b) Deferred Tax Liability		-	-
(c) Other Long-term liabilities	6	-	73,537,088
(d) Long-term provisions		-	-
<b>Sub total</b>		<b>11,030,111</b>	<b>589,874,556</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	7	3,961,897,182	887,728,125
(b) Trade payables	8	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		119,549,173	149,264,586
(c) Other current liabilities	9	2,495,680,952	33,028,871
(d) Short-term provisions	10	287,775,433	450,277,514
<b>Sub total</b>		<b>6,864,902,740</b>	<b>1,520,299,096</b>
<b>TOTAL</b>		<b>19,609,955,866</b>	<b>13,503,763,528</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	11	199,553,011	86,376,067
(ii) Intangible assets	12	34,367,891	32,440,658
(iii) Capital work-in-progress		32,395,104	15,419,110
(iv) Intangible assets under development		1,678,760	-
<b>Sub total</b>		<b>267,994,766</b>	<b>134,235,835</b>
(b) Non-current investments	13	11,131,795,002	10,606,095,002
(c) Deferred Tax Asset (Net)	14	26,382,128	27,986,690
(d) Long-term loans & advances	15	322,068,422	76,946,437
(e) Other non-current assets		-	-
<b>Sub total</b>		<b>11,480,245,552</b>	<b>10,711,028,129</b>
<b>(2) Current assets</b>			
(a) Current investments	16	12,108,320	1,137,161,641
(b) Inventories		-	-
(c) Trade receivables	17	1,970,825,280	548,639,036
(d) Cash and Cash Equivalents	18	3,568,882,005	903,002,904
(e) Short-term loans & advances	19	89,757,287	69,554,159
(f) Other current assets	20	2,220,142,656	141,824
<b>Sub total</b>		<b>7,861,715,548</b>	<b>2,658,499,564</b>
<b>TOTAL</b>		<b>19,609,955,866</b>	<b>13,503,763,528</b>
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants



For and on behalf of the Board of Directors

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

*Yatin Shah*  
Yatin Shah  
Executive Director  
(DIN: 03241090)

*Mihir Nanavati*  
Mihir Nanavati  
Chief Financial Officer

*Ashutosh Naik*  
Ashutosh Naik  
Company Secretary



**IIFL WEALTH MANAGEMENT LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

(Amount in ₹)

Particulars	Note No.	2016-17	2015-16
<b>INCOME:</b>			
Revenue from Operations	21	4,315,905,991	3,312,011,011
Other Income	22	208,803,822	734,937,681
<b>Total Revenue</b>		<b>4,524,709,813</b>	<b>4,046,948,692</b>
<b>EXPENSES:</b>			
Employee Benefit Expenses	23	1,640,461,654	1,344,411,967
Other Expenses	24	1,250,763,233	1,057,446,114
Finance Charges	25	213,139,758	165,124,269
Depreciation and Amortisation	26	84,609,017	29,429,872
Provision & Write off	27	6,307,114	19,044,246
<b>Total Expenditure</b>		<b>3,195,280,776</b>	<b>2,615,456,468</b>
<b>Profit before tax</b>		<b>1,329,429,037</b>	<b>1,431,492,224</b>
<b>Tax expenses :</b>			
Current tax		467,409,203	321,657,803
Deferred tax charge/(Credit)		1,604,562	54,560,721
Short / (excess) provision for income tax		(3,968,610)	21,209,792
<b>Total Tax Expenses</b>		<b>465,045,155</b>	<b>397,428,316</b>
<b>Profit for the year</b>		<b>864,383,882</b>	<b>1,034,063,908</b>
Earning Per Share- Basic	28	11.68	17.57
Earning Per Share- Diluted	28	10.56	15.57
Face Value Per Share		2.00	2.00
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Pallavi A. Gorakshakar

Place : Mumbai  
Date: May 03, 2017

For and on behalf of the Board of Directors

*Karan Bhagat*

Karan Bhagat  
Managing Director  
(DIN: 03247753)

*Yatin Shah*

Yatin Shah  
Executive Director  
(DIN: 03231090)

*Mihir Nanavati*

Mihir Nanavati  
Chief Financial Officer

*Ashutosh Naik*

Ashutosh Naik  
Company Secretary



IIFL WEALTH MANAGEMENT LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	2016-2017	2015-2016
<b>A. Cash flows from operating activities</b>		
Net profit before taxation	1,329,429,037	1,431,492,225
Adjustments for:		
Depreciation and amortisation	84,609,017	29,429,872
Provisions for Gratuity	25,904,666	18,458,541
Provisions for Leave Encashment	14,608,679	5,414,923
Provision for Doubtful debts	2,623,600	4,370,868
Provision for Diminution in Investment	3,750,000	14,673,378
Other Provision	(66,488)	
Interest Income	(88,797,151)	(102,655,999)
Interest expenses	204,756,569	164,582,246
Loss on Sale of Fixed Assets	905,186	-
Dividend Income	(116,837)	(294,538,607)
Profit on sale of Investments	(214,773,764)	(337,722,336)
Loss on Sale of Subsidiary	95,235,049	-
<b>Operating profit before working capital changes</b>	<b>1,458,067,565</b>	<b>933,505,111</b>
<b>Changes in working capital :</b>		
(Increase)/ Decrease in Current/Non Current Assets	(3,888,252,992)	1,900,950,204
Increase/ (Decrease) in Current/Non Current Liabilities	2,226,305,564	(74,594,673)
<b>Cash (used in)/ generated from operations</b>	<b>(203,879,863)</b>	<b>2,759,860,642</b>
Net income tax(paid) / refunds	(461,826,519)	(617,996,318)
<b>Net cash generated (used in)/from operating activities (A)</b>	<b>(665,706,382)</b>	<b>2,141,864,324</b>
<b>B. Cash flows from Investing activities</b>		
Purchase of Investments	(105,994,092,160)	(170,357,081,740)
Sale of Investments	106,709,189,232	160,270,294,137
Sale of Subsidiary	111,450	-
Interest Received	68,395,179	111,400,781
Dividend Received	116,837	294,538,607
Purchase of fixed assets (includes intangible assets)	(221,373,132)	(96,984,268)
Sale of fixed assets (includes intangible assets)	2,100,000	-
Fixed Deposit placed	(640,000,000)	-
Inter Corporate Deposit given	(2,819,402,062)	(8,346,414,884)
Inter Corporate Deposit repaid	2,819,424,519	8,459,846,583
<b>Net cash used in Investing activities (B)</b>	<b>(75,530,137)</b>	<b>(9,664,400,784)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from Issuance of Share Capital	8,010,212	30,680,076
Securities Premium on issue of shares	1,002,128,450	9,000,074,309
Short Term Borrowings Taken	43,694,224,000	5,923,209,100
Short Term Borrowings-Repayment	(40,629,286,499)	(6,895,128,527)
Long Term Borrowings-Repayment	(504,809,038)	955,659
Interest Paid	(269,062,101)	(92,038,009)
Dividend Paid (including Dividend Distribution Tax)	(534,089,404)	(387,512,456)
<b>Net cash generated from financing activities (C)</b>	<b>2,767,115,620</b>	<b>7,580,240,152</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>2,025,879,101</b>	<b>57,703,693</b>
Opening Cash and Cash Equivalents (as per Note 18)	893,002,904	835,299,211
<b>Closing Cash and Cash Equivalents (as per Note 18)</b>	<b>2,918,882,005</b>	<b>893,002,904</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
Cash and Cash Equivalents as per AS 3 Cash Flow Statements	2,918,882,005	893,002,904
Add: In Fixed Deposits with original maturity more than 3 months		
- In Deposit account	10,000,000	10,000,000
- In Deposit account as collateral with Exchange	265,000,000	-
- In Deposit account under lien	375,000,000	-
Cash and Cash Equivalents (Refer Note 18)	3,568,882,005	903,002,904
See accompanying notes forming part of the financial statements		

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors



Pallavi A. Gorakshakar  
Partner

*Karan Bhagat*

Karan Bhagat  
Managing Director  
(DIN: 03247753)

*Mihir Nanavati*

Mihir Nanavati  
Chief Financial Officer

*R. Venkataraman*

R. Venkataraman  
Director  
(DIN: 00011919)

*Ashutosh Naik*

Ashutosh Naik  
Company Secretary



Place : Mumbai  
Date : May 03, 2017

## IIFL WEALTH MANAGEMENT LIMITED

Notes forming part of the financial statements for the year ended on March 31, 2017

### Note 1. Corporate Information:

IIFL Wealth Management Limited ("IIFLW", the "Company") is a public limited company incorporated under the Companies Act, 1956. IIFLW is registered with SEBI as Portfolio Manager. It provides Portfolio Management Services to the high net worth clients (HNI segment). It acts as wealth managers, financial consultants, management consultants, advisors and provides counselling services, financial services and facilities of every description and to mobilize funds and assets of various companies, mutual fund, individual Investors, firms, associations and other corporate bodies, private and institutional investors. During the financial year the Company has obtained Stock Broking licence from SEBI.

### Note 2. Significant Accounting Policies:

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

The financial statements of the Company 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 as prescribed under section 133 of Companies Act, 2013 (Act). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 2.3 Fixed Assets and Depreciation:

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 the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹5,000 has been depreciated in full in the year of purchase. Lease hold land is depreciated on a straight line basis over the lease hold period.

Estimated useful life of the assets is as under:

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

\* 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 these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

# Furniture and fixtures includes leasehold improvements which is depreciated on a straight line basis over the period of lease.



**2.4 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 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.

**2.5 Cash and cash equivalents:**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**2.6 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

**2.7 Provisions, Contingent Liabilities and Contingent Assets:**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of 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.

**2.8 Impairment of assets**

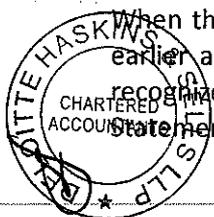
The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and
- (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.



**2.9 Taxation:**

Tax expense comprises current and deferred tax.

**Income Tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

**Deferred Tax**

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 for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, 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. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arises.

**Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**2.10 Revenue Recognition:**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- Investment/Fund Management fees are accounted on accrual basis as follows:  
In case of percentage based fees, in accordance with the Portfolio Management Agreement entered with the respective clients, on a quarterly basis.
- Distribution Fee/Commission is recognized on accrual basis in accordance with the terms agreed with the counter party
- Broking Income is recognized on accrual basis in accordance with the terms agreed with the respective clients based on daily trades.

**2.11 Other Income Recognition:**

- Interest Income is recognized on accrual basis
- Dividend income is recognized when the right to receive payment is established.
- Profit or loss on sale of Investments is recognized on the date of trade

**2.12 Transaction and Translation of foreign currency items :**

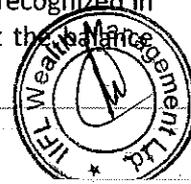
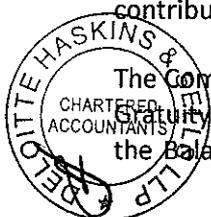
Foreign currency transactions are recorded in the reporting currency at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognized in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

**2.13 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 and 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



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

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.

**2.14 Deferred Employee Stock Compensation:**

The stock options granted by the Company are accounted for as per the accounting treatment prescribed under the guidance note on Accounting for Stock Options issued by The Institute of Chartered Accountant of India, whereby the intrinsic value of the options are recognised as deferred employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on a straight line basis over vesting period of the options.

**2.15 Operating Leases:**

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

**2.16 Earnings Per Share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The Company has not issued any financial Instrument that entitles or may entitle its holder to acquire equity shares in future.

The diluted earnings per share for equity shareholders have been computed by dividing the Net Profit after Tax or loss by the weighted average number of shares after giving dilutive effect of all potential Equity shares.

**2.17 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**2.18 Borrowing Costs**

Borrowing costs include interest and amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

**2.19 Operating Cycle**

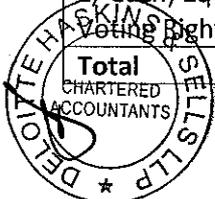
Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**Note 3. Share Capital:**

(a) The Authorised, Issued, Subscribed and fully paid up share capital comprises of equity shares having a par value of ₹ 2/- as follows

(Amount in ₹)

Authorised :	As at March 31,2017	As at March 31,2016
85,000,000 Equity Shares of ₹ 2/ each with Voting Rights (Previous Year 85,000,000 Equity Shares of ₹ 2/ each)	170,000,000	170,000,000
<b>Issued, Subscribed and Paid Up:</b>		
77,963,764 (Previous Year 73,958,658 equity shares of ₹ 2/ each) Equity Shares of ₹ 2/ each fully paidup with Voting Rights	155,927,528	147,917,316
<b>Total</b>	<b>155,927,528</b>	<b>147,917,316</b>



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

**(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:**

(Amount in ₹)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	73,958,658	147,917,316	58,618,620	117,237,240
Add: Issued during the year	4,005,106	8,010,212	15,340,038	30,680,076
Less: Shares bought back	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>77,963,764</b>	<b>155,927,528</b>	<b>73,958,658</b>	<b>147,917,316</b>

**(c) Terms / Rights attached to Equity shares:**

The Company has only one class of shares referred to as equity shares having a par value of ₹2/-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. The company declares and pays dividend in Indian Rupees. During the year ended March 31, 2017, the amount of per share interim dividend recognised as distribution to equity shareholders was ₹6/- (Previous Year ₹6/-).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(d) Details of shares held by holding Company:**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	% holding	Numbers	% holding
IIFL Holdings Limited and its nominees	45,000,000	57.72%	45,000,000	60.84%

**(e) Details of shareholders holding more than 5% shares in the Company:**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	% holding	Numbers	% holding
IIFL Holdings Limited	45,000,000	57.72%	45,000,000	60.84%
General Atlantic Singapore Fund Pte Ltd	18,053,050	23.16%	17,257,531	23.33%
Karan Bhagat	4,810,526	6.17%	2,585,526	3.50%

**(f) Shares reserved for issue under options**

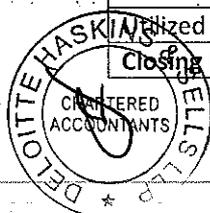
For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note. 33

(g) 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, 2017	As at March 31, 2016
<b>Securities Premium Account</b>		
Opening Balance	9,209,532,495	209,458,186
Premium on shares issued during the year	1,002,128,450	9,006,954,444
Utilized During The Year*	-	(6,880,135)
<b>Closing Balance</b>	<b>10,211,660,945</b>	<b>9,209,532,495</b>



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Debenture Redemption Reserve</b>		
Opening Balance	44,855,442	5,952,381
Addition During The Year**	17,644,558	38,903,061
Transferred to General Reserve	(62,500,000)	-
<b>Closing Balance</b>	-	<b>44,855,442</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening Balance	1,920,284,623	1,312,636,232
Addition: Profit during the Year	864,383,882	1,034,063,908
<b>Less: Appropriations</b>		
Interim Dividend Paid	(443,751,949)	(351,711,720)
Dividend Distribution Tax	(90,337,456)	(35,800,736)
General Reserve	-	-
Debenture Redemption Reserve	(17,644,558)	(38,903,061)
<b>Closing Balance</b>	<b>2,232,934,542</b>	<b>1,920,284,623</b>
<b>General Reserve</b>		
Opening Balance	71,000,000	71,000,000
Addition During The Year	62,500,000	-
Utilized During The Year	-	-
<b>Closing Balance</b>	<b>133,500,000</b>	<b>71,000,000</b>
<b>Total</b>	<b>12,578,095,487</b>	<b>11,245,672,560</b>

\* During previous year, Securities premium account has been utilized to pay Share issue expenses as per Section 52 of the Companies Act, 2013, to the extent balance is available for utilisation in the securities premium account.

\*\*Pursuant to Section 71 of Companies Act, 2013 read with Rule 18(7) of The Companies (Share Capital and Debentures) Rules, 2014, the Company is required to create debenture redemption reserve of a value equivalent to 25% of the debentures issued. Accordingly, ₹17,644,558/- (P.Y ₹38,903,061/-) has been transferred to debenture redemption reserve account till the date of buy back of the debentures during the year. On buy back of the debentures, balance in Debenture redemption reserve has been fully transferred to General reserve during the year.

**Note 5. Long-term borrowings:**

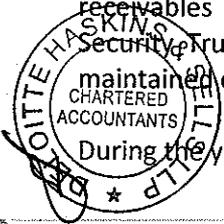
(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
<b>Secured Loans</b>		
Non Convertible Debentures, 500 units of Face Value ₹1,000,000/- Each Redeemable on April 25, 2018 @ ₹1,409,856/- with effective IRR of 11.25% (Refer Note 5.1)	-	500,000,000
Vehicle Loan (Refer Note 5.2)	11,030,111	16,337,468
<b>Total</b>	<b>11,030,111</b>	<b>516,337,468</b>

**Note**

5.1 The above Debentures were secured by way of first pari passu charge over the current assets in the form of receivables and inventory. The Company had appointed Milestone Trusteeship Services Private Limited as a Security Trustee. The Security Trustee is responsible for ensuring that the security cover as required is being maintained during the tenure of the loan.

During the year the Company has bought back the entire outstanding debentures.



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

5.2 The above loan is secured against hypothecation of fixed asset (Vehicles), repayable in equated monthly installments over a period of five years. The rate of interest of loan ranges from 9% to 10% and is repayable between December 2019 to March 2020.

**Note 6. Other Long-term liabilities:**

Particulars	(Amount in ₹)	
	As at March 31,2017	As at March 31,2016
Interest accrued but not due on NCDs	-	73,537,088
<b>Total</b>	-	<b>73,537,088</b>

**Note 7. Short Term Borrowings:**

Particulars	(Amount in ₹)	
	As at March 31,2017	As at March 31,2016
Unsecured Borrowings		
Commercial Paper	4,000,000,000	900,000,000
Less: Unexpired Discount *	(38,102,818)	(12,271,875)
<b>Total</b>	<b>3,961,897,182</b>	<b>887,728,125</b>

\* Unexpired discount on Commercial Paper is net of ₹ 17,997,181 (Previous Year - ₹ 8,765,625) towards discount accrued but not due.

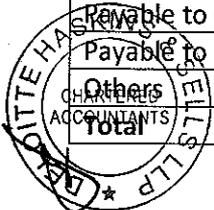
**Note 8. Trade Payables:**

Particulars	(Amount in ₹)	
	As at March 31,2017	As at March 31,2016
Total outstanding dues of micro enterprises and small enterprises-- Refer note below	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Sundry creditors for Expenses	23,606,117	1,595,637
- Payable to Group companies (Refer Note no 35)	17,060,406	-
- Accrued Salaries and Benefits	1,864,665	15,880,842
- Provision for Expenses	77,017,985	131,788,107
<b>Total</b>	<b>119,549,173</b>	<b>149,264,586</b>

Trade payable includes ₹ Nil (previous year - ₹ Nil) payable to "suppliers" referred under the Micro, Small and Medium Enterprises Development Act, 2006 (the "Act"). No Interest has been paid/is payable by the Company during the year to "Suppliers" referred under the said 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. This has been relied upon by the auditors.

**Note 9. Other Current Liabilities:**

Particulars	(Amount in ₹)	
	As at March 31,2017	As at March 31,2016
Current maturities of Long term debt (Refer Note 5.2)	5,307,357	4,809,038
Income received in advance	4,324,420	-
Statutory Liabilities Payable	134,315,219	28,208,605
Advances against expenses	5,000,000	-
Payable to Exchange for trade settlement	47,797,715	-
Payable to Clients for trade settlement	2,293,283,287	-
Payable to Employees	5,209,453	-
Others	443,501	11,228
<b>Total</b>	<b>2,495,680,952</b>	<b>33,028,871</b>



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

**Note 10. Short Term Provisions:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provision for employee benefits:		
- Provision for Leave Encashment	27,306,624	14,819,114
- Provision for Gratuity (Refer note 23)	33,108,902	5,337,688
- Bonus Payable	222,034,217	427,912,378
(b) Others:		
- Provision for Tax (Net of Advance Tax and TDS- ₹ 1,054,614,388) (Previous Year- ₹590,322,542)	5,325,690	2,208,334
<b>Total</b>	<b>287,775,433</b>	<b>450,277,514</b>

**Note 11. Tangible Assets:**

(Amount in ₹)

Particulars	Furniture Fixture	Vehicles **	Office Equipment	Air Conditioner	Computers	Electrical Equipment	TOTAL
Gross Block as on April 01, 2016	53,657,273	29,402,721	7,971,481	2,768,086	39,941,543	9,171,189	142,912,293
Additions	108,970,352	-	4,919,363	994,058	62,342,042	1,668,281	178,894,096
Deductions/ Adjustments during the year	(17,080,772)	-	(1,819,005)	(1,160,856)	(2,425,327)	(1,948,435)	(24,434,395)
As at March 31, 2017	145,546,853	29,402,721	11,071,839	2,601,288	99,858,258	8,891,035	297,371,994
Depreciation							
Upto April 01, 2016	20,077,343	6,895,223	4,278,236	1,939,045	18,582,005	4,764,374	56,536,226
Depreciation for the year	26,878,951	5,880,544	1,609,270	419,591	26,505,329	1,418,282	62,711,967
Deductions/Adjustments during the year	(14,361,946)	-	(1,601,382)	(1,137,231)	(2,411,942)	(1,916,709)	(21,429,210)
Upto March 31, 2017	32,594,348	12,775,767	4,286,124	1,221,405	42,675,392	4,265,947	97,818,983
<b>Net Block as at March 31, 2017</b>	<b>112,952,505</b>	<b>16,626,954</b>	<b>6,785,715</b>	<b>1,379,883</b>	<b>57,182,866</b>	<b>4,625,088</b>	<b>199,553,011</b>
<b>Net Block as at March 31, 2016</b>	<b>33,579,930</b>	<b>22,507,498</b>	<b>3,693,245</b>	<b>829,041</b>	<b>21,359,538</b>	<b>4,406,815</b>	<b>86,376,067</b>

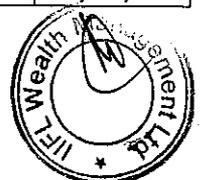
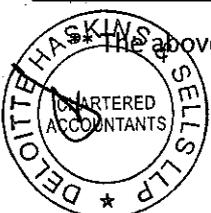
\*\* The above fixed asset (Vehicles) are hypothecated against Term Loan

**Tangible Assets (Previous Year):**

(Amount in ₹)

Particulars	Furniture Fixture	Vehicles **	Office Equipment	Air Conditioner	Computers	Electrical Equipment	TOTAL
Gross Block as on April 01, 2015	30,540,123	23,318,586	4,171,212	2,148,291	19,234,182	4,550,345	83,962,739
Additions	23,117,150	6,084,135	3,800,269	619,795	20,707,361	4,620,844	58,949,554
Deductions/ Adjustments during the year	-	-	-	-	-	-	-
As at March 31, 2016	53,657,273	29,402,721	7,971,481	2,768,086	39,941,543	9,171,189	142,912,293
Depreciation							
Upto April 01, 2015	13,991,332	1,059,851	3,066,533	1,604,202	14,280,651	3,310,141	37,312,710
Depreciation for the year	6,086,011	5,835,372	1,211,703	334,843	4,301,354	1,454,232	19,223,516
Deductions/Adjustments during the year	-	-	-	-	-	-	-
Upto March 31, 2016	20,077,343	6,895,223	4,278,236	1,939,045	18,582,005	4,764,373	56,536,227
<b>Net Block as at March 31, 2016</b>	<b>33,579,930</b>	<b>22,507,498</b>	<b>3,693,245</b>	<b>829,041</b>	<b>21,359,538</b>	<b>4,406,815</b>	<b>86,376,067</b>
<b>Net Block as at March 31, 2015</b>	<b>16,548,791</b>	<b>22,258,735</b>	<b>1,104,679</b>	<b>544,089</b>	<b>4,953,531</b>	<b>1,240,203</b>	<b>46,650,028</b>

\*\* The above fixed asset (Vehicles) are hypothecated against Term Loan



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

**Note 12. Intangible Assets (other than internally generated):**

(Amount in ₹)

Particulars	Amount
Software/Intangible assets	
Gross Block as at April 01, 2016	47,762,594
Additions	23,824,283
Deductions / Adjustments during the year	-
As at March 31, 2017	71,586,877
Amortisation	
As at April 1, 2016	15,321,936
Amortisation for the year	21,897,050
Deductions / Adjustments during the year	
Up to March 31, 2017	37,218,986
<b>Net Block as at March 31, 2017</b>	<b>34,367,891</b>
<b>Net Block as at March 31, 2016</b>	<b>32,440,658</b>

**Intangible Assets (other than internally generated) (Previous Year):**

(Amount in ₹)

Particulars	Amount
Software/Intangible assets	
Gross Block as at April 01, 2015	22,377,641
Additions	25,384,953
Deductions / Adjustments during the year	-
As at March 31, 2016	47,762,594
Amortisation	
As at April 1, 2015	5,115,580
Amortisation for the year	10,206,356
Deductions / Adjustments during the year	
Up to March 31, 2016	15,321,936
<b>Net Block as at March 31, 2016</b>	<b>32,440,658</b>
<b>Net Block as at March 31, 2015</b>	<b>17,262,061</b>

Note: Capital Work in Progress ₹ 32,395,104/- (Previous Year ₹ 15,419,110/-) pertain to Assets not yet capitalized.

**Note 13. Non Current Investments (At cost):**

(Amount in ₹)

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Unquoted: Trade Investments:</b>						
<b>Investment in equity shares of Group Company</b>						
India Infoline Limited	₹10	20	1,500	₹10	20	1,500
<b>Sub Total</b>			<b>1,500</b>			<b>1,500</b>
<b>Investment in equity shares of Subsidiary companies</b>						
IIFL Distribution Services Ltd	₹100	5,120	153,354,384	₹100	5,120	153,354,384
IIFL Investment Advisers and Trustee Services Ltd.	₹10	35,225,000	354,000,000	₹10	35,225,000	354,000,000
IIFL Alternate Asset Advisors Ltd.	₹10	50,000	9,149,236	₹10	50,000	9,149,236
IIFL Asset Management Company Ltd.	₹10	32,100,000	525,000,000	₹10	32,100,000	525,000,000
IIFL Trustee, Ltd.	₹10	500,000	5,000,000	₹10	500,000	5,000,000
India Alternatives Investment Advisors (Pvt) Ltd. (Refer Note no 22)	-	-	-	₹10	7,100	60,357,100

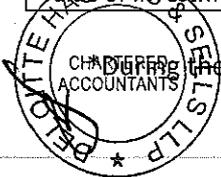


**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
IIFL Wealth Finance Limited*	₹10	262,449,733	9,636,300,000	₹10	252,116,400	9,016,300,000
IIFL Private Wealth (Suisse) SA	CHK 1000	100	3,395,378	CHK 1000	100	3,395,378
IIFL Asia Pte. Ltd.	S\$ 1	14,000,000	264,500,000	S\$ 1	14,000,000	264,500,000
IIFL Private Wealth Management Dubai Ltd.	AED 3.67	918,442	42,500,000	AED 3.67	918,442	42,500,000
IIFL Private Wealth Hongkong Ltd.	HK\$ 1	6,476,324	43,800,000	HK\$ 1	6,476,324	43,800,000
IIFL Inc. (USA)	\$0.01	140	54,143,161	\$0.01	140	54,143,161
IIFL Asset Management (Mauritius) Limited (Formerly known as IIFL Private Wealth (Mauritius) Ltd.)	\$1.00	69,975	37,945,763	\$1.00	69,975	37,945,763
<b>Sub Total</b>			<b>11,129,087,922</b>			<b>10,569,445,022</b>
<b>Investment in preference shares of Subsidiary companies</b>						
India Alternatives Investment Advisors Pvt. Ltd (Refer Note no 22)	-	-	-	₹10	4,046	34,997,900
<b>Sub Total</b>			-			<b>34,997,900</b>
<b>Unquoted: Non Trade Investments:</b>						
<b>Investment in equity shares</b>						
India Alternatives Investment Advisors Pvt. Ltd. (Refer Note no 22)	₹10	1	8,501	-	-	-
Less: Provision for Diminution			(8,501)			
<b>Sub Total</b>			-			-
<b>Investment in Venture Capital Fund/Alternative Investments fund</b>						
India Alternatives Private Equity Fund	-	-	-	₹100	5,500	1,650,000
IIFL Real Estate Fund(Domestic) Class B @	₹10	58	580	₹10	58	580
Motilal Oswal Focused Growth Opportunities Fund	₹10	20,000	200,000	-	-	-
Sundaram Alternative Opportunities Fund Nano Cap Series 1	₹100,00 0	25.05	2,505,000	-	-	-
<b>Sub Total</b>			<b>2,705,580</b>			<b>1,650,580</b>
<b>Investments in Bonds &amp; Debentures</b>						
Arch Argo India Private Limited@	₹10,000	3,625	20,816,610	₹10,000	1,797	17,066,610
Less: Provision for Diminution			(20,816,610)			(17,066,610)
<b>Sub Total</b>			-			-
<b>Grand Total</b>			<b>11,131,795,002</b>			<b>10,606,095,002</b>
Aggregate cost of unquoted investments			11,131,795,002			10,606,094,422
Aggregate Provision for diminution in value of investments			20,825,111			17,066,610

In the previous year, the Company had acquired 100% stake of IIFL Wealth Finance Limited.



**IIFL WEALTH MANAGEMENT LIMITED**
**Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)**

@ During the year the Company has re-classified these investments from Current to Non-current based on the intent of holding them.

**Note 14. Deferred Tax (Liability)/ Asset (Net):**
**(Amount in ₹)**

Particulars	As at March 31,2017	As at March 31,2016
Provision for Gratuity	10,418,516	1,847,267
Long Term Capital Loss*	13,907,250	-
Provision for Referral fees	-	25,090,800
Depreciation	(592,656)	(692,420)
Provision for Doubtful Debts	2,649,018	1,741,043
<b>Total</b>	<b>26,382,128</b>	<b>27,986,690</b>

\*Based on the projections reviewed by the management, the company is confident in recovery of this DTA against future Tax Liability.

**Note 15. Long Term Loans and Advances:**
**(Amount in ₹)**

Particulars	As at March 31,2017	As at March 31,2016
<b>Unsecured, Considered good</b>		
Deposits Paid	48,661,275	32,153,910
Deposit with exchange	228,725,000	25,000
Other long term loans and advances	-	432,132
Prepaid Expense	6,028,464	7,184,996
<b>Sub Total</b>	<b>283,414,739</b>	<b>39,796,038</b>
<b>Secured, Considered Good</b>		
Advance Income Tax (Net of provision of tax of ₹533,298,006)		37,150,399
Previous year ₹ 1,125,828,882)	38,653,683	
<b>Total</b>	<b>322,068,422</b>	<b>76,946,437</b>

**Note 16. Current Investments (At lower of cost and market value, unless otherwise stated):**
**(Amount in ₹)**

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value in ₹	Quantity	Amount	Face Value in ₹	Quantity	Amount
<b>Quoted, Non Trade Investments</b>						
<b>Investment in Mutual funds</b>						
Franklin India Ultra Short Bond Fund-Super Institutional Plan (P.Y. NAV-₹20.3709)	-	-	-	10	499.56	10,000
Reliance Money Manager Fund Direct Plan Growth (P.Y. NAV-₹2099.6963)	-	-	-	1000	2.423	5,000
Sundaram Ultra Short term Fund-Direct Plan Growth (P.Y. NAV-₹20.9792)	-	-	-	10	242.567	5,000
IIFL Mutual Fund-Liquid Fund Direct Plan Growth (P.Y. NAV-₹ 1204.8678)	-	-	-	1000	166095.8	200,000,000
ICICI Prudential Liquid Fund-Direct Plan-Growth(NAV-₹ 240.7173, P.Y. ₹ 224.8328)	-	-	-	100	22.651	5,000
<b>Sub Total</b>						<b>200,025,000</b>
<b>Unquoted, Non Trade Investments</b>						
<b>Investment in Equity Shares</b>						
Shankara Building Products Limited	10	12,192	5,608,320	-	-	-
<b>Sub Total</b>			<b>5,608,320</b>			



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value in ₹	Quantity	Amount.	Face Value in ₹	Quantity	Amount
<b>Investments in Venture Capital Fund/ Alternate Investment Funds</b>						
IIFL Cash Opportunities Fund (P.Y. NAV- ₹10.6507)	-	-	-	10	88,361,602	937,136,641
Motilal Oswal Focused Growth Opportunities Fund (NAV-₹12.3818)	10	604,802	6,500,000	-	-	-
<b>Sub Total</b>			<b>6,500,000</b>			<b>937,136,641</b>
<b>Grand Total</b>			<b>12,108,320</b>			<b>1,137,161,641</b>
Aggregate Value of Quoted Investments			-			200,025,000
Aggregate Value of Unquoted Investments			12,108,320			937,136,641
Market Value of Quoted Investments			-			200,148,923

**Note:**

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

**Note 17. Trade Receivable:**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	211,479,012	103,900,872
Considered doubtful	7,654,352	2,530,752
Provision for doubtful receivables	(7,654,352)	(2,530,752)
Trade Receivables outstanding for a period less than six months from the date they were due for payment		
Considered good*	1,759,346,248	444,738,164
Considered doubtful	-	2,500,000
Provision for doubtful receivables	-	(2,500,000)
<b>Total</b>	<b>1,970,825,280</b>	<b>548,639,036</b>

\* includes related party transactions (refer note no 35)

**Note 18. Cash and Cash Equivalents:**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
<b>Cash and Cash equivalents (As per AS-3 Cash Flow Statement)</b>		
Cash In Hand	624,663	1,104,675
Cheques on Hand	-	40,928,601
Balances with Banks		
- In Current accounts	340,256,436	150,969,628
- In Client accounts	498,000,906	-
- In Deposit accounts (Original Maturity less than 3 months)	2,080,000,000	700,000,000
<b>Total Cash &amp; Cash Equivalents (a) (As per AS-3 Cash Flow Statement)</b>	<b>2,918,882,005</b>	<b>893,002,904</b>

**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Particulars	As at March 31,2017	As at March 31,2016
<b>Other Bank Balances:</b>		
- In Deposit account (Original Maturity from 3 to 12 Months)	10,000,000	10,000,000
- In Deposit account as collateral with Exchange (Original Maturity from 3 to 12 Months)	265,000,000	-
- In Deposit account under lien (Original Maturity from 3 to 12 Months)*	375,000,000	-
<b>Total Other Bank Balances (b)</b>	<b>650,000,000</b>	<b>10,000,000</b>
<b>Total (a+b)</b>	<b>3,568,882,005</b>	<b>903,002,904</b>

\*Fixed deposits amounting to ₹ 375,000,000/- are lien marked with banks to avail Bank guarantee facilities.

The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as required by MCA notification S.O. 3407(E), dated the 8th November, 2016 has been provided in the Table below:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above disclosure excludes foreign currency cash in hand held and transacted between 8, 2016 to December 30, 2016.

**Note 19. Short Term Loans and Advances:**

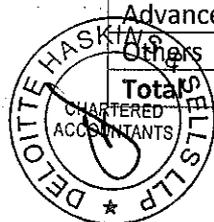
(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
<b>Unsecured, Considered good</b>		
Inter Corporate Deposits	16,156,673	16,179,130
Other Loans and Advances		
-Advances recoverable in cash or in kind or for value to be received	4,210,654	15,462,283
-Prepaid Expenses	45,438,783	9,959,307
-Deposit	7,149,012	5,466,056
-Service tax credit receivable	9,506,214	15,834,891
-Loans & advances to employees	7,189,421	221,075
- Others	106,530	6,431,417
<b>Total</b>	<b>89,757,287</b>	<b>69,554,159</b>

**Note 20. Other Current Assets:**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
Receivable from Exchange for trade settlement	795,410,218	-
Receivable from Clients for trade settlement	1,384,923,042	-
Interest accrued but not due on Fixed Deposits	20,543,796	141,824
Advances to Group/Holding Company (Refer Note no 35)	19,228,968	-
Others	36,632	-
<b>Total</b>	<b>2,220,142,656</b>	<b>141,824</b>



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

**Note 21. Revenue from Operations:**

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Distribution Fees	3,853,487,636	2,992,509,109
Commission & Brokerage Income	423,176,901	354,873,456
Investment / Fund Management Fees	39,241,454	32,704,272
Profit/ (Loss) from Trading Activities	-	(68,075,826)
<b>Total</b>	<b>4,315,905,991</b>	<b>3,312,011,011</b>

**Note 22. Other Income:**

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Interest Income		
- Current Investments	33,769,736	12,542,952
- Non - Current Investments	6,169,238	28,160,831
- Fixed Deposits	32,428,936	4,339,466
- Inter Corporate Deposits <sup>^</sup>	16,422,150	57,609,020
- Staff loan	7,091	3,730
Profit on sale of Current Investments	124,623,764	268,036,294
Profit on sale of Non -Current Investments	90,150,000	69,686,042
Loss on sale of shares of Subsidiary Company *	(95,235,049)	-
Dividend Income on Current Investments	116,837	116,060,312
Dividend Income from Subsidiary Company (Refer Note 35)	-	178,478,295
Miscellaneous Income	351,119	20,739
<b>Total</b>	<b>208,803,822</b>	<b>734,937,681</b>

<sup>^</sup> includes related party transactions (refer note no 35)

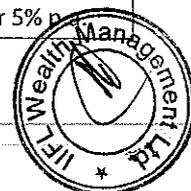
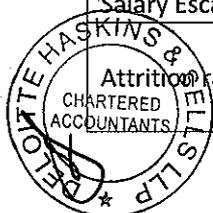
\* During the year the Company sold 7,099 equity shares and 4,046 preference shares of India Alternatives Investment Advisors Private Limited (India Alternatives) for an aggregate consideration of ₹ 111,450/-. The loss on account of sale of above shares amounted to ₹ 95,235,049/-. India Alternatives ceased to be subsidiary consequent to the sale of equity shares by the Company as on March 31, 2017.

**Note 23. Employee Benefit Expenses:**

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Salaries and Bonus	1,548,129,878	1,285,455,082
Contribution to Provident Fund and Other Funds**	38,004,159	26,031,343
Gratuity Expense*	25,904,665	18,458,541
Leave Encashment Expenses	14,608,679	5,414,923
Staff Welfare Expenses	13,814,272	9,052,078
<b>Total</b>	<b>1,640,461,654</b>	<b>1,344,411,967</b>

\*The Company is recognising and accruing the employee benefit as per Accounting Standard (AS) – 15 on "Employee Benefits" as specified u/s 133 of the Companies Act 2013, the disclosures of which are as under:

Assumptions	(Amount in ₹)	
	2016-2017	2015-2016
Discount rate	7.27%	7.86%
Salary Escalation	5.00%	5.00%
Attrition rate	For service 4 years and below 7.50% p.a. & thereafter 5% p.a.	For service 4 years and below 7.50% p.a. & thereafter 5% p.a.

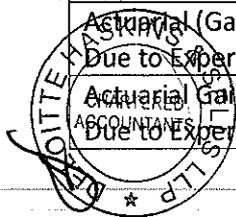


**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

<b>Change in Benefit Obligation</b>	<b>2016-2017</b>	<b>2015-2016</b>
Liability at the beginning of the year	56,144,939	36,269,744
Interest Cost	4,412,992	2,865,310
Current Service Cost	11,810,946	7,373,615
Liability transferred in	3,205,326	329,728
Liability transferred out	(1,338,777)	(83,136)
Benefit paid	(2,872,699)	-
Actuarial (gain)/ Loss on obligations	12,728,952	9,389,678
<b>Liability at the end of the year</b>	<b>84,091,679</b>	<b>56,144,939</b>
<b>Fair value of Plan Assets</b>	<b>2016-2017</b>	<b>2015-2016</b>
Fair Value of Plan Assets at the beginning of the year	50,807,251	39,437,189
Expected return on Plan Assets	3,993,450	3,115,538
Contributions by the employer	-	10,200,000
Benefits paid	(2,872,699)	-
Actuarial Gain/(Loss) on Plan Assets	(945,225)	(1,945,476)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>50,982,777</b>	<b>50,807,251</b>
<b>Amount Recognised in the Balance Sheet</b>	<b>2016-2017</b>	<b>2015-2016</b>
Liability at the end of the year	84,091,679	56,144,939
Fair Value of Plan Assets at the end of the year	50,982,777	50,807,251
Funded Status – Deficit	33,108,902	5,337,688
<b>Amount of liability Recognised in the Balance Sheet</b>	<b>33,108,902</b>	<b>5,337,688</b>
<b>Expenses Recognised in the Statement of Profit &amp; Loss Account</b>	<b>2016-2017</b>	<b>2015-2016</b>
Current Service cost	11,810,946	7,373,615
Interest Cost (net of expected return on plan assets)	419,542	(250,228)
Actuarial Gain or Loss	13,674,177	11,335,154
<b>Expenses Recognised in the Statement of Profit &amp; Loss Account</b>	<b>25,904,665</b>	<b>18,458,541</b>
<b>Balance Sheet Reconciliation</b>	<b>2016-2017</b>	<b>2015-2016</b>
Opening Net liability	5,337,688	(3,167,445)
Expense as above	25,904,665	18,458,541
Net Transfer In	3,205,326	329,728
Net Transfer Out	(1,338,777)	(83,136)
Employers contribution	-	(10,200,000)
<b>Liability Recognised in Balance sheet</b>	<b>33,108,902</b>	<b>5,337,688</b>

<b>Experience Adjustment</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>	<b>2013-2014</b>	<b>2012-2013</b>
Present Value of the Obligation	84,091,679	56,144,939	36,269,744	25,008,366	20,209,193
Fair Value of Plan Assets	50,982,777	50,807,251	39,437,189	13,272,375	12,254,917
(Surplus) or Deficit	33,108,902	5,337,688	(3,167,445)	11,735,991	7,954,276
Actuarial (Gains)/ Losses on Obligations - Due to Experience	7,643,444	18,527,869	5,775,369	2,955,562	865,856
Actuarial Gains/ (Losses) on Plan Assets - Due to Experience	(945,225)	1,170,062	(24,297)	49,761	(1,089,481)



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

**Note:** The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Estimated amount of payment in respect of Gratuity to the fund will be ₹33,108,902/- in F.Y 2017-2018 (Previous year ₹5,337,688/-)

Information of major categories of plan assets of gratuity fund are not available with the Company and hence not disclosed as per the requirement of AS 15.

**\*\*Defined Contribution Plans:**

The Company has recognised the following amounts as an expense and included in the Employee Benefit Expenses.

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Contribution to Provident and other Fund *	38,004,159	26,031,343

\*Contribution to Provident and Other fund includes contribution to other funds like Superannuation fund, etc pertaining to employees.

**Note 24. Other Expenses:**

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Advertisement Expenses	5,924,418	42,587,009
Exchange and Statutory Charges	1,190,874	500,756
Marketing and Commission Expenses	179,755,320	118,607,194
Direct Operating Expenses	192,177,673	307,715,799
Bank Charges	1,169,671	153,000
Communication Expenses	14,136,035	11,729,886
Donation	17,198,000	35,361,000
Electricity Expenses	10,383,758	9,522,706
Legal and Professional Charges	174,780,942	73,925,967
Corporate social responsibility(CSR) expenses (Refer Note-38)	24,012,000	12,755,000
Office Expenses	64,277,652	34,880,930
Miscellaneous Expenses	5,470,795	661,267
Postage and Courier Expenses	2,369,142	3,780,891
Printing and Stationery	8,819,750	9,505,733
Rent Expenses	190,887,493	105,949,684
Manpower Outsource expenses	81,320,580	83,359,137
Insurance charges	8,423,365	1,267,193
Rates and Taxes	39,425,789	3,285,062
Repairs and maintenance:		
- Computers	1,748,472	1,479,971
- Others	1,785,945	2,532,402
Remuneration to Auditors		
- Statutory Audit (net of service tax input credit)	500,000	300,000
- Other Services (net of service tax input credit)	1,800,000	1,150,000
- Swachh Bharat Cess	13,377	-
- Certification work and other matters (net of service tax input credit)	550,625	-
- Out of Pocket Expenses	170,720	30,282
Software Charges/Technology Cost	34,458,601	16,067,549
Commission & sitting fees to non-executive directors	2,287,925	2,065,600
(Profit)/Loss on Sale of Assets	905,186	-
Travelling and Conveyance	184,819,125	178,272,096
<b>Total</b>	<b>1,250,763,233</b>	<b>1,057,446,114</b>

The above costs are inclusive of Related party transactions (Refer Note 35)



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

**Note 25. Finance Charges:**

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Interest Expenses		
- Non convertible debentures	36,954,225	63,778,612
- Discount on Commercial papers	95,700,057	88,872,869
- Inter corporate deposits (Refer Note 35)	67,901,882	-
- Term loan	1,843,436	11,914,827
- Delayed payment of taxes	8,383,189	542,023
Bank Guarantee expenses	1,997,314	-
Other borrowing cost	359,655	15,938
<b>Total</b>	<b>213,139,758</b>	<b>165,124,269</b>

**Note 26. Depreciation:**

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Depreciation on Tangible Assets (Refer Note 11)	62,711,967	19,223,516
Amortisation of Intangible Assets (Refer Note 12)	21,897,050	10,206,356
<b>Total</b>	<b>84,609,017</b>	<b>29,429,872</b>

**Note 27. Provisions and Write off:**

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Provision for diminution in value of investments	3,750,000	14,673,378
Provision for Doubtful Debts	2,623,600	4,370,868
Others	(66,486)	-
<b>Total</b>	<b>6,307,114</b>	<b>19,044,246</b>

**Note 28. 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.

PARTICULARS		(Amount in ₹)	
		2016-2017	2015-2016
<b>BASIC EPS</b>			
Profit after tax as per Statement of Profit and Loss	A	864,383,882	1,034,063,910
Weighted Average Number of Shares Subscribed	B	73,980,604	58,860,782
Face Value of Equity Shares (₹) fully paid		2	2
Basic EPS (₹)	A/B	11.68	17.57
<b>DILUTED EPS</b>			
Profit after tax as per Statement of Profit and Loss	A	864,383,882	1,034,063,910
Weighted Average Number of Shares	C	73,980,604	58,860,782
Add : Potential Equity Shares on account of conversion of Employee Stock Option	D	7,885,716	7,557,525
Weighted Average Number of Shares Outstanding	E=C+D	81,866,320	66,418,307
Diluted EPS (₹)	A/E	10.56	15.57

**Note 29.** The Company Operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / 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 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.



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

**Note 30. Capital and Other Commitments**

At the balance sheet date, the total outstanding commitments of capital expenditure amounts to ₹ 89,542,493/- (Previous year ₹ 64,609,238/-)

**Note 31. Contingent Liabilities at Balance Sheet date**

Particulars	As at March 31, 2017	As at March 31, 2016
Bank Guarantees*	750,000,000	-

\*Fixed deposits amounting to ₹ 375,000,000/- are pledged against this

**Note 32.** There are no pending litigations by and on the Company as on the balance sheet date.

**Note 33.** The Company has implemented equity settled Employee Stock Options Scheme 2012 (ESOP Schemes) and Employee Stock Options Scheme 2015 and has outstanding options granted under the said schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of grants by the Remuneration and Compensation Committee and ESOP Schemes.

**(A) The details of various Employee Stock Option Schemes are as under:**

Particulars	ESOP 2012	ESOP 2015
No. of options granted	2,718,050 (A - 1,234,900; B - 758,550; C - 724,600)	7,865,945 (A - 69,65,945 & B - 9,00,000)
Grant Dates	A - March 28, 2012; B - August 29, 2013; Jun 03, 2014	A - July 02, 2015, B - November 10, 2016
Method of accounting	Intrinsic Value	Intrinsic Value
Vesting plan	Options granted would vest over a period of six years subject to minimum period of one year from the date of grant of options	Options granted would vest over a period of six years subject to minimum period of one year from the date of grant of options
Exercise period	Seven years from the date of grant	Seven years from the date of grant
Grant Price (₹ Per Share)	A - ₹10.00, B - ₹16.00 and C - ₹19.00	A - ₹ 282.00, B - ₹ 339.00
Fair Value on the date of Grant of Option (₹ Per Share)	₹ 11.80 - ₹ 18.96	₹ 274.00 - ₹319.00

**Movement of options granted:**

Particulars	ESOP 2012	ESOP 2015
Options outstanding at the beginning of the year	591,580	6,965,945
Granted during the year	-	900,000
Exercised during the year	449,185	3,555,921
Lapsed during the year	13,835	-
Options outstanding at the end of the year	128,510	4,310,024
Exercisable at the end of the year	194,835	1,214,766
Weighted average exercise price for the options exercised during the year	₹ 16.41	₹ 282.00
Range of exercise price for the options outstanding at the end of the year	₹ 10 to ₹ 19	₹ 282.00



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

**Fair Value Methodology:**

The fair value of options have been estimated on the date of grant using Black Scholes model.

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Grant Date	ESOP 2012	ESOP 2015
Risk free interest rate	8.38%-9.47%	7.87%-6.39%
Expected average life	3 years	3 years
Expected volatility of Share Price	Nil	Nil
Dividend yield	0%-38.45%	1.25%-1.64%
Fair value on the date of the grant (₹/option)	₹ 11.80-18.96	₹ 274-319

Had the compensation cost for the stock options granted been determined on fair value approach, the Company's net profit and earning per share would have been as per pro-forma amounts indicated below:

**(a) Pro-forma Profit after tax**

Particulars	Current year	Previous year
Net Profit as reported	864,383,882	1,034,063,908
Less:		
Stock-based compensation expenses determined under fair value method net of tax (Pro-forma) [Gross ₹ 76,812,440/- (Previous year ₹ 152,718,804/-)]	50,229,191	99,865,880
<b>Net Profit (Pro-forma)</b>	<b>814,154,691</b>	<b>934,198,028</b>

**(b) Pro-forma Profit after tax**

Particulars	Current year	Previous year
Basic earnings per share (as reported)	11.68	17.57
Basic earnings per share (pro-forma)	11.00	15.87
Diluted earnings per share (as reported)	10.56	15.57
Diluted earnings per share (pro-forma)	9.94	14.07



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

**Note 34. Segment Reporting:**

In the opinion of the management, there is only one reportable business segment of Distribution business as envisaged by AS 17 'Segment Reporting', as prescribed under Section 133 of the Act. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

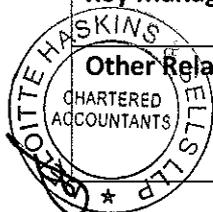
Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

**Note 35. Related Party Disclosures.**

Related party disclosures for the year ended March 31, 2017

**a) List of Related parties:**

Nature of relationship	Name of party
<b>Holding Company</b>	IIFL Holdings Limited
<b>Subsidiary Companies</b>	IIFL Distribution Services Limited IIFL Investment Advisers and Trustee Services Limited IIFL Alternate Asset Advisors Limited IIFL Asset Management Limited IIFL Trustee Limited India Alternatives Advisors Private Limited (upto March 31, 2017) IIFL Wealth Finance Limited IIFL (Asia) Pte Limited IIFL Inc IIFL Private Wealth Management (Dubai) Limited IIFL Asset Management (Mauritius) Ltd (Formerly IIFL Private Wealth (Mauritius) Limited) IIFL Private Wealth (Suisse) SA IIFL Private Wealth Hong Kong Limited IIFL Securities Pte Limited IIFL Capital Pte Limited
<b>Fellow Subsidiaries</b>	India Infoline Limited India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media and Research Services Limited India Infoline Commodities DMCC India Infoline Insurance Brokers Limited India Infoline Insurance Services Limited IIFL Facilities Ltd IIFL Capital Limited IIFL Wealth (UK) Limited IIFL Capital Inc. India Infoline Foundation IIFL Properties Private Limited
<b>Group Company</b>	India Infoline Housing Finance Limited IIFL Asset Reconstruction Limited
<b>Key Managerial Personnel</b>	Karan Bhagat -Managing Director Yatin Shah-Whole Time Director
<b>Other Related Parties</b>	Mr. Nirmal Jain Mr. R. Venkataraman Mr. Amit Shah



**IIFL WEALTH MANAGEMENT LIMITED**

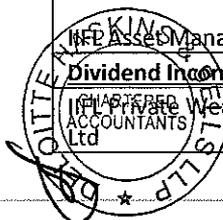
Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Nature of relationship	Name of party
	Mrs. Shilpa Bhagat Mrs. Ami Shah Mrs. Madhu Jain Mrs. Aditi Athavankar Mrs. Dhara Shah Orpheus Trading Pvt. Limited Ardent Impex Pvt. Limited Probability Sports LLP Naykia Realty Private Limited Kyrush Investments Yatin Investment

**b) Significant Transactions with Related Parties**

(Amount in ₹)

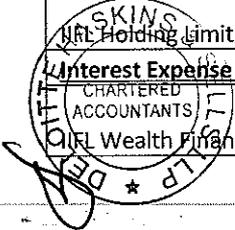
Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
<b>Investment</b>						
IIFL Investment Adviser and Trustee Services Limited	-	-	-	-	-	-
	-	(350,000,000)	-	-	-	(350,000,000)
India Alternatives Investment Advisors Pvt Limited	-	-	-	-	-	-
	-	(34,997,900)	-	-	-	(34,997,900)
	-	620,000,000	-	-	-	620,000,000
IIFL Wealth Finance Limited	-	(9,000,000,000)	-	-	-	(9,000,000,000)
<b>Share Capital Issued:</b>						
Karan Bhagat	-	-	-	-	4,800,000	4,800,000
	-	-	-	-	-	-
Yatin Shah	-	-	-	-	1,800,000	1,800,000
	-	-	-	-	-	-
<b>NCD Buy Back</b>						
	-	500,000,000	-	-	-	500,000,000
IIFL Wealth Finance Limited	-	-	-	-	-	-
<b>Purchase of Investments (Net)</b>						
IIFL Alternate Asset Advisers Limited	-	-	-	-	-	-
	-	(1,464,155,704)	-	-	-	(1,464,155,704)
	-	2,750,000,000	-	-	-	2,750,000,000
IIFL Wealth Finance Limited	-	-	-	-	-	-
	-	-	-	-	-	-
India Infoline Finance Limited	-	-	(850,059,498)	-	-	(850,059,498)
	-	-	-	-	-	-
IIFL Asset Management Limited	-	(75,000)	-	-	-	(75,000)
<b>Sale of Investments (Net)</b>						
	-	-	-	-	-	-
India Infoline Finance Limited	-	-	(67,527,412)	-	-	(67,527,412)
	-	-	-	-	-	-
IIFL Alternate Asset Advisers Limited	-	(1,794,887,757)	-	-	-	(1,794,887,757)
	-	-	-	-	-	-
India Infoline Media Research Services Ltd	-	-	(702,500,122)	-	-	(702,500,122)
<b>Commission Income</b>						
	-	-	-	-	-	-
IIFL Asset Management Limited	-	(120)	-	-	-	(120)
<b>Dividend Income</b>						
	-	-	-	-	-	-
IIFL Private Wealth (Mauritius) Ltd	-	(178,478,235)	-	-	-	(178,478,235)



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
India Infoline Limited	-	-	395	-	-	395
	-	-	(59)	-	-	(59)
<b>Brokerage – Authorised Person/ Brokerage- Fixed Deposit/ Arranger Fees Income/Management Fees Income</b>						
India Infoline Limited	-	-	367,653,027	-	-	367,653,027
	-	-	(354,873,456)	-	-	(354,873,456)
India Infoline Housing Finance Limited	-	-	-	-	-	-
	-	-	(8,940,000)	-	-	(8,940,000)
IIFL Facilities Services Ltd	-	-	-	-	-	-
	-	-	(2,724,000)	-	-	(2,724,000)
India Infoline Finance Limited	-	-	52,120,960	-	-	52,120,960
	-	-	(3,417,029)	-	-	(3,417,029)
IIFL Asset Management Limited	-	143,566,342	-	-	-	143,566,342
	-	(61,238,861)	-	-	-	(61,238,861)
India Alternatives Investment Advisors Pvt Limited	-	14,000,000	-	-	-	14,000,000
	-	-	-	-	-	-
<b>Interest Income on Inter Corporate Deposit</b>						
India Infoline Finance Limited	-	-	(7,271,858)	-	-	(7,271,858)
IIFL Alternate Asset Advisors Limited	-	756,399	-	-	-	756,399
	-	(39,166,861)	-	-	-	(39,166,861)
IIFL Investment Adviser and Trustee Services Limited	-	(5,291,787)	-	-	-	(5,291,787)
India Alternatives Investment Advisors Pvt Limited	-	(1,277,470)	-	-	-	(1,277,470)
	-	-	-	-	-	-
IIFL Trustee Limited	-	(49)	-	-	-	(49)
	-	-	-	-	-	-
IIFL Facility Services Limited	-	-	(45,082)	-	-	(45,082)
India Infoline Media & Research Services Ltd	-	-	(1,871,507)	-	-	(1,871,507)
	-	3,994,896	-	-	-	3,994,896
IIFL Asset Management Limited	-	-	-	-	-	-
	-	7,684,932	-	-	-	7,684,932
IIFL Wealth Finance Limited	-	-	-	-	-	-
<b>Interest Expense on Inter Corporate Deposit</b>						
IIFL Distribution Services Limited	-	1,730,877	-	-	-	1,730,877
	-	(505,790)	-	-	-	(505,790)
	-	10,032,212	-	-	-	10,032,212
IIFL Asset Management Limited	-	(8,201,323)	-	-	-	(8,201,323)
IIFL Investment Adviser and Trustee Services Limited	-	8,824,937	-	-	-	8,824,937
	-	-	-	-	-	-
India Infoline Finance Limited	-	-	472,603	-	-	472,603
	-	-	(775,137)	-	-	(775,137)
IIFL Wealth Finance Limited	-	34,705,227	-	-	-	34,705,227
	-	-	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	6,475,890	-	-	-	6,475,890
	-	-	-	-	-	-
IIFL Holding Limited	5,660,137	-	-	-	-	5,660,137
	-	-	-	-	-	-
<b>Interest Expense on NCD</b>						
IIFL Wealth Finance Limited	-	2,613,878	-	-	-	2,613,878
	-	-	-	-	-	-



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
<b>Corporate Social Responsibility Expenses</b>						
India Infoline Foundation Limited	-	-	-	7,262,000	-	7,262,000
	-	-	-	-	-	-
<b>Referral Fees - Expenses</b>						
India Infoline Finance Limited	-	-	10,253,269	-	-	10,253,269
	-	-	(226,068,796)	-	-	(226,068,796)
IIFL Facility Services Limited	-	-	-	-	-	-
	-	-	(15,000,000)	-	-	(15,000,000)
<b>Manpower Outsourcing Expenses</b>						
IIFL Distribution Services Limited	-	67,238,654	-	-	-	67,238,654
	-	(78,109,608)	-	-	-	(78,109,608)
<b>Rent Expenses</b>						
IIFL Facility Services Limited	-	-	135,730,251	-	-	135,730,251
	-	-	(90,653,958)	-	-	(90,653,958)
<b>Advisory Fee Expense</b>						
IIFL Investment Adviser and Trustee Services Limited	-	24,000,000	-	-	-	24,000,000
	-	(24,000,000)	-	-	-	(24,000,000)
<b>Guest House Expense</b>						
IIFL Properties Private Limited	-	-	290,000	-	-	290,000
	-	-	(155,000)	-	-	(155,000)
<b>Remuneration</b>						
Karan Bhagat	-	-	-	-	40,128,096	40,128,096
	-	-	-	-	(37,856,355)	(37,856,355)
Yatin Shah	-	-	-	-	31,531,068	31,531,068
	-	-	-	-	(29,671,057)	(29,671,057)
<b>Dividend Paid</b>						
IIFL Holdings Limited	270,000,000	-	-	-	-	270,000,000
	(270,000,000)	-	-	-	-	(270,000,000)
Karan Bhagat	-	-	-	-	14,463,156	14,463,156
	-	-	-	-	(17,763,156)	(17,763,156)
Yatin Shah	-	-	-	-	14,463,156	14,463,156
	-	-	-	-	(17,763,156)	(17,763,156)
Amit Shah	-	-	-	-	10,910,526	10,910,526
	-	-	-	-	(14,210,526)	(14,210,526)
<b>Other funds received</b>						
India Infoline Limited	-	-	4,190,967	-	-	4,190,967
	-	-	(226,456)	-	-	(226,456)
IIFL Investment Adviser and Trustee Services Limited	-	2,422,429	-	-	-	2,422,429
	-	(720,875)	-	-	-	(720,875)
IIFL Alternate Asset Advisors Limited	-	346,216	-	-	-	346,216
	-	(2,544,815)	-	-	-	(2,544,815)
IIFL Distribution Services Limited	-	5,442,513	-	-	-	5,442,513
	-	(5,708,758)	-	-	-	(5,708,758)
India Alternatives Investment Advisors Pvt Ltd	-	823,669	-	-	-	823,669
	-	(715,798)	-	-	-	(715,798)
IIFL Asset Management Limited	-	403,988	-	-	-	403,988
	-	(1,750,623)	-	-	-	(1,750,623)
IIFL Finance Limited	-	2,221,942	-	-	-	2,221,942
	-	(16,030)	-	-	-	(16,030)



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

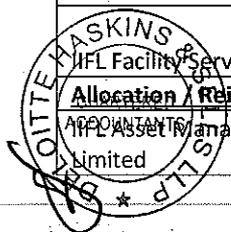
Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
<b>Other funds paid</b>						
India Infoline Limited	-	-	41,437	-	-	41,437
	-	-	(2,777,384)	-	-	(2,777,384)
IIFL Holdings Limited	(571,173)	-	-	-	-	(571,173)
India Infoline Finance Limited	-	-	(8,000)	-	-	(8,000)
IIFL Alternate Asset Advisors Limited	-	(821,856)	-	-	-	(821,856)
IIFL Asset Management Limited	-	1,586,967	-	-	-	1,586,967
IIFL Distribution Services Limited	-	(268,749)	-	-	-	(268,749)
IIFL Wealth Finance Limited	-	225,753	-	-	-	225,753
IIFL Investment Adviser and Trustee Services Limited	-	16,604	-	-	-	16,604
	-	-	-	-	-	-
<b>Inter Corporate Deposit Given</b>						
IIFL Investment Adviser and Trustee Services Limited	-	(358,610,000)	-	-	-	(358,610,000)
IIFL Alternate Asset Advisors Limited	-	572,100,000	-	-	-	572,100,000
	-	(4,782,752,884)	-	-	-	(4,782,752,884)
India Infoline Finance Limited	-	-	(2,750,000,000)	-	-	(2,750,000,000)
India Alternatives Investment Advisors Private Ltd	-	(35,000,000)	-	-	-	(35,000,000)
IIFL Trustee Limited	-	(52,000)	-	-	-	(52,000)
India Infoline Media & Research Services Ltd	-	-	(270,000,000)	-	-	(270,000,000)
IIFL Asset Management Limited	-	457,116,307	-	-	-	457,116,307
IIFL Wealth Finance Limited	-	1,750,000,000	-	-	-	1,750,000,000
IIFL Facility Services Limited	-	-	(150,000,000)	-	-	(150,000,000)
	-	-	-	-	-	-
<b>Inter Corporate Deposit Received back</b>						
IIFL Investment Adviser and Trustee Services Limited	-	(378,786,717)	-	-	-	(378,786,717)
IIFL Alternate Asset Advisors Limited	-	572,100,000	-	-	-	572,100,000
	-	(4,818,207,884)	-	-	-	(4,818,207,884)
India Alternatives Investment Advisors Private Ltd	-	(92,799,982)	-	-	-	(92,799,982)
IIFL Trustee Limited	-	(52,000)	-	-	-	(52,000)
India Infoline Media & Research Services Ltd	-	-	(270,000,000)	-	-	(270,000,000)
IIFL Facility Services Limited	-	-	(150,000,000)	-	-	(150,000,000)
India Infoline Finance Limited	-	-	(2,750,000,000)	-	-	(2,750,000,000)



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
IIFL Asset Management Limited	-	457,116,307	-	-	-	457,116,307
	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	1,750,000,000	-	-	-	1,750,000,000
	-	-	-	-	-	-
<b>Inter Corporate Deposit taken</b>						
IIFL Distribution Services Limited	-	119,500,000	-	-	-	119,500,000
	-	-	-	-	-	-
IIFL Asset Management Limited	-	2,545,000,000	-	-	-	2,545,000,000
	-	(7,500,000)	-	-	-	(7,500,000)
India Infoline Finance Limited	-	-	250,000,000	-	-	250,000,000
	-	-	(490,000,000)	-	-	(490,000,000)
IIFL Alternate Asset Advisors Limited	-	635,000,000	-	-	-	635,000,000
	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	9,612,500,000	-	-	-	9,612,500,000
	-	-	-	-	-	-
IIFL Investment Adviser and Trustee Services Limited	-	332,000,000	-	-	-	332,000,000
	-	-	-	-	-	-
IIFL Holdings Limited	330,000,000	-	-	-	-	330,000,000
	-	-	-	-	-	-
<b>Inter Corporate Deposit Repaid</b>						
IIFL Distribution Services Limited	-	119,500,000	-	-	-	119,500,000
	-	(20,218,418)	-	-	-	(20,218,418)
IIFL Asset Management Limited	-	2,545,000,000	-	-	-	2,545,000,000
	-	(341,704,000)	-	-	-	(341,704,000)
India Infoline Commodities Limited	-	-	-	-	-	-
	-	-	-	-	-	-
IIFL Holdings Limited	330,000,000	-	-	-	-	330,000,000
	-	-	-	-	-	-
India Infoline Finance Limited	-	-	250,000,000	-	-	250,000,000
	-	-	(490,000,000)	-	-	(490,000,000)
IIFL Alternate Asset Advisors Limited	-	635,000,000	-	-	-	635,000,000
	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	9,612,500,000	-	-	-	9,612,500,000
	-	-	-	-	-	-
IIFL Investment Adviser and Trustee Services Limited	-	332,000,000	-	-	-	332,000,000
	-	-	-	-	-	-
<b>Allocation / Reimbursement of expenses Paid</b>						
India Infoline Limited	-	-	77,556,355	-	-	77,556,355
	-	-	(62,948,456)	-	-	(62,948,456)
IIFL Holdings Limited	21,068,067	-	-	-	-	21,068,067
	-	-	-	-	-	-
India Alternatives Investment Advisors Private Ltd	-	68,800,000	-	-	-	68,800,000
	-	-	-	-	-	-
5 Paise Capital Limited	-	-	-	49,714	-	49,714
	-	-	-	-	-	-
IIFL Distribution Services Ltd	-	1,008,045	-	-	-	1,008,045
	-	-	-	-	-	-
IIFL Facility Services Limited	-	-	10,187	-	-	10,187
	-	-	-	-	-	-
<b>Allocation / Reimbursement of expenses Received</b>						
IIFL Asset Management Company Limited	-	31,277,959	-	-	-	31,277,959
	-	(36,288,134)	-	-	-	(36,288,134)



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
IIFL Investment Adviser and Trustee Services Limited	-	11,536,758	-	-	-	11,536,758
	-	(8,660,443)	-	-	-	(8,660,443)
IIFL Alternate Asset Advisors Limited	-	-	-	-	-	-
	-	(9,860,443)	-	-	-	(9,860,443)
IIFL Distribution Services Limited	-	6,255,592	-	-	-	6,255,592
	-	(10,116,446)	-	-	-	(10,116,446)
IIFL Wealth Finance Limited	-	24,758,528	-	-	-	24,758,528
	-	(2,273,976)	-	-	-	(2,273,976)
India Alternatives Investment Advisors Pvt Ltd	-	4,779,266	-	-	-	4,779,266
	-	(5,152,854)	-	-	-	(5,152,854)

**c) Amount due to / from Related Parties (Closing Balances):**

(Amount in ₹)

Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiaries	Group Companies	Key Management Personnel	Total
<b>Sundry payables</b>						
IIFL Distribution Services Limited	-	8,327,760	-	-	-	10,073,199
	-	-	-	-	-	-
IIFL Investment Adviser and Trustee Services Limited	-	1,300,560	-	-	-	1,300,560
	-	-	-	-	-	-
India Infoline Limited	-	-	7,432,085	-	-	7,432,085
	-	-	-	-	-	-
<b>Other receivables</b>						
IIFL Alternate Asset Advisors Limited	-	42,011	-	-	-	42,011
	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	10,483,231	-	-	-	10,483,231
	-	-	-	-	-	-
IIFL Asset Management Limited	-	8,703,726	-	-	-	8,703,726
	-	-	-	-	-	-
<b>Trade Receivables</b>						
IIFL Asset Management Limited	-	38,998,746	-	-	-	38,998,746
	-	-	-	-	-	-
India Infoline Limited	-	-	15,694,772	-	-	15,694,772
	-	-	(28,379,697)	-	-	(28,379,697)
India Infoline Finance Limited	-	-	1,883,129	-	-	1,883,129
	-	-	-	-	-	-

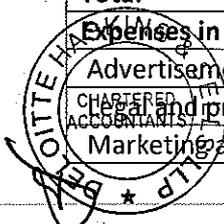
**Note :**

- I Figures in bracket represents previous year figures.
- II Related parties are identified and certified by the management.

**Note 36. Earnings and Expenses in Foreign Currency:**

(Amount in ₹)

Particulars	2016-2017	2015-2016
<b>Earnings in Foreign Currency</b>		
Dividend Income	-	178,478,294
<b>Total</b>	-	178,478,294
<b>Expenses in Foreign Currency</b>		
Advertisement Expense	1,328,060	503,750
Legal and professional Charges	6,406,199	1,543,523
Marketing and commission Expense	12,549,302	9,266,581



**IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

Particulars	2016-2017	2015-2016
Office Expense	2,382,194	1,084,732
Travelling and Conveyance Expense	1,308,826	1,559,851
<b>Total</b>	<b>23,974,582</b>	<b>13,958,437</b>

**Note 37.** The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same have been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2017, are as under:

(Amount in ₹)

Minimum Lease Rentals	As At March 31, 2017	As At March 31, 2016
Up to one year	274,618,072	168,536,085
One to five years	266,720,146	299,041,263
Over five years	-	582,558

**Note 38. Corporate Social Responsibility**

During the financial year 2016-17, the Company has spent ₹ 24,012,000/- (Previous Year ₹ 12,755,000/-) as against ₹ 23,508,541/- (Previous Year ₹ 14,144,591/-) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility (CSR). The Company was focused on implementing the projects identified by the CSR Committee and had successfully completed most of the projects.

**Note 39. Details of Inter Corporate Deposits**

During the year, the Company has placed Inter Corporate Deposits the details of which are mentioned in Note No. 34 and in table below.

Particulars	ICD given	ICD received back	ICD Outstanding
	1,449,543	3,300,000	14,328,673
Fineworthy Software Solutions Ltd	(45,096,926)	(46,882,190)	(16,179,130)
	38,736,212	36,908,212	1,828,000
IIFL Wealth Employee Benefit Trust	-	-	-

The period of ICD's is generally up to 1 year renewable thereafter, placed on arm's length basis at prevailing market interest rates (ranging from 9.5% to 11% p.a.), for the purpose of meeting working capital and business requirements.

**Note 40.** Previous figures 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  
Managing Director  
(DIN: 03247753)

Yatin Shah  
Executive Director  
(DIN: 03231090)

Mihir Nanavati  
Chief Financial Officer

Ashutosh Naik  
Company Secretary



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF IIFL WEALTH MANAGEMENT LIMITED**

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

We have audited the accompanying consolidated financial statements of IIFL WEALTH MANAGEMENT LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditor's Responsibility**

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

We conducted our audit 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 consolidated financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### **Other Matters**

We did not audit the financial statements of 8 subsidiaries whose financial statements reflect total assets of Rs.1,340,995,630 as at 31 March 2017, total revenues of Rs.1,122,328,930 and net cash outflow amounting to Rs.206,693,056 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

All of the above subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters



with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India, is disqualified as on 31 March 2017 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and the subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company and subsidiary companies incorporated in India.
  - (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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. There were no pending litigations which would impact the consolidated financial position of the Group.
    - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.



**Deloitte  
Haskins & Sells LLP**

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.
- iv. The Holding Company and its subsidiary companies incorporated in India did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016.

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

  
(Pallavi A. Gorakshakar)  
(Partner)  
(Membership No. 105035)

Place: Mumbai  
Date: 3 May 2017



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph '1 (f)' under 'Report on Other Legal and Regulatory Requirements' section 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")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of IIFL Wealth Management Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". 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 the respective 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 internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India 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 for Holding Company and its subsidiaries, which are companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.



### **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 and, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, 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, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No.117366W/W-100018)

(Pallavi A. Gorakshakar)

(Partner)

(Membership No. 105035)

Place: Mumbai  
Date: 3 May 2017



**IIFL WEALTH MANAGEMENT LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017**

(Amount in ₹)

Particulars	Note No.	As at Mar 31, 2017	As at Mar 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	155,927,528	147,917,316
(b) Reserves and Surplus	4	15,085,688,254	12,144,718,225
(c) Money received against share warrants		-	87,000
<b>Sub total</b>		<b>15,241,615,782</b>	<b>12,292,722,542</b>
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non Current Liabilities</b>			
(a) Long-term borrowings	5	19,829,630,112	516,337,468
(b) Deferred Tax Liability		-	-
(c) Other Long-term liabilities	6	366,902,349	73,837,088
(d) Long-term provisions	7	67,098,853	16,535,424
<b>Sub total</b>		<b>20,263,631,314</b>	<b>606,709,980</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	8	33,970,947,169	910,048,367
(b) Trade payables	9		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		252,710,615	249,409,676
(c) Other current liabilities	10	5,389,361,206	65,487,978
(d) Short-term provisions	11	885,486,970	571,215,475
<b>Sub total</b>		<b>40,498,505,960</b>	<b>1,796,161,496</b>
<b>TOTAL</b>		<b>76,003,753,056</b>	<b>14,695,594,018</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible Assets	12	202,849,343	91,156,294
(ii) Intangible Assets	13	38,534,913	34,342,763
(iii) Capital Work-In-Progress		32,395,104	15,419,110
(iv) Goodwill on Consolidation	39	288,315,277	339,596,353
(v) Intangible Assets under Development		3,250,866	-
<b>Sub total</b>		<b>565,345,503</b>	<b>480,514,520</b>
<b>(b) Non-current Investments</b>			
(c) Deferred Tax Asset	14	1,723,097,250	396,210,341
(d) Long-term Loans & Advances	15	132,965,996	51,036,662
(e) Other Non-current Assets	16	13,030,649,276	125,788,753
(f) Other Non-current Assets	17	56,606,330	-
<b>Sub total</b>		<b>14,943,318,852</b>	<b>573,035,756</b>
<b>(2) Current assets</b>			
(a) Current investments	18	17,619,434,549	9,462,039,270
(b) Inventories		-	-
(c) Trade receivables	19	3,246,454,597	867,662,526
(d) Cash and cash equivalents	20	12,751,001,215	2,199,936,617
(e) Short-term loans & advances	21	23,674,958,522	1,103,876,785
(f) Other current assets	22	3,203,239,818	8,528,544
<b>Sub total</b>		<b>60,495,088,701</b>	<b>13,642,043,742</b>
<b>TOTAL</b>		<b>76,003,753,056</b>	<b>14,695,594,018</b>
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

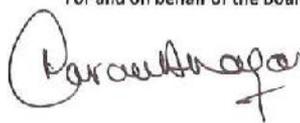
  
Pallavi A. Gorakshakar

Partner



Place : Mumbai  
Dated: May 03, 2017

For and on behalf of the Board of Directors

  
Karan Bhagat

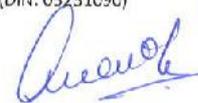
Managing Director  
(DIN: 03247753)

  
Mihir Manavati

Chief Financial Officer

  
Yatir Shah

Executive Director  
(DIN: 03231090)

  
Ashutosh Naik

Company Secretary



IIFL WEALTH MANAGEMENT LIMITED  
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	Note No	2016-2017	2015-2016
<b>INCOME :</b>			
Revenue from Operations	23	10,403,637,615	5,394,472,723
Other Income	24	424,948,585	514,260,718
<b>Total Revenue</b>		<b>10,828,586,200</b>	<b>5,908,733,441</b>
<b>EXPENSES :</b>			
Employee Benefit Expenses	25	2,564,386,210	1,801,980,960
Other expenses	26	1,754,609,699	1,559,629,716
Finance Charges	27	2,489,829,222	209,315,983
Depreciation & Amortisation	28	89,070,938	33,566,817
Provision & Write off	29	300,809,160	40,688,589
<b>Total Expenditure</b>		<b>7,198,705,229</b>	<b>3,645,182,065</b>
<b>Profit before tax</b>		<b>3,629,880,971</b>	<b>2,263,551,376</b>
<b>Tax expenses :</b>			
Current tax		1,210,549,496	466,133,493
Deferred tax expenses	15	(82,137,358)	82,466,912
MAT Credit entitlement		(178,635)	(2,015,385)
Short / (excess) provision for income tax		(3,045,287)	23,117,436
<b>Total Tax Expenses</b>		<b>1,125,188,216</b>	<b>569,702,456</b>
<b>Profit for the year</b>		<b>2,504,692,755</b>	<b>1,693,848,920</b>
Earning Per Share- Basic	30	33.86	28.78
Earning Per Share- Diluted	30	30.59	25.50
Face Value Per Share		2.00	2.00
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

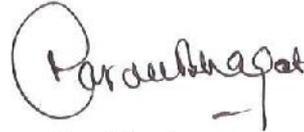
For Deloitte Haskins & Sells LLP  
Chartered Accountants



Pallavi A. Gorakshakar  
Partner

Place : Mumbai  
Dated : May 03, 2017

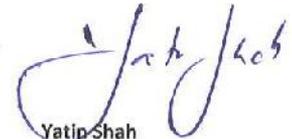
For and on behalf of the Board of Directors



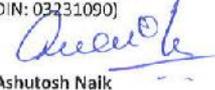
Karan Bhagat  
Managing Director  
(DIN: 03247753)



Mihir Nanavati  
Chief Financial Officer



Yatip Shah  
Executive Director  
(DIN: 03231090)



Ashutosh Nalk  
Company Secretary



**IIFL WEALTH MANAGEMENT LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

(Amount in ₹)

Particulars	2016-2017	2015-2016
<b>A. Cash flows from operating activities</b>		
Net profit before taxation and extraordinary item	3,629,880,971	2,263,551,376
Adjustments for:		
Depreciation	89,070,938	33,566,817
Provisions for Gratuity	34,081,627	24,647,532
Provisions for Leave Encashment	15,394,115	6,545,802
Provision for Doubtful debts	2,625,401	6,941,083
Provision for Diminution in Investment	160,614,647	30,724,316
Provision for Mark to Market on Derivative	12,321,120	
Provision on standard Assets	125,247,992	3,023,190
Interest Income	(3,411,892,645)	(82,126,251)
Interest expenses	2,480,595,069	208,291,110
Loss on Sale of Fixed Assets	905,186	-
Dividend Income from Investments	(8,232,388)	(116,285,158)
Profit on sale of current investments	(1,205,490,553)	(283,342,779)
Profit on sale of non-current investments	(93,703,082)	(62,438,131)
Loss on Sale of Subsidiary	35,868,630	-
Interest received	2,310,453,085	22,213,569
<b>Operating profit before working capital changes</b>	<b>4,177,740,113</b>	<b>2,055,312,476</b>
<b>Changes in working Capital :</b>		
(Increase)/ Decrease in Current/Non Current Assets	(4,070,631,481)	1,900,532,220
Increase/ (Decrease) in Current/Non Current Liabilities	1,617,923,264	(31,749,776)
<b>Cash generated from operations</b>	<b>1,725,031,896</b>	<b>3,924,094,920</b>
(Increase)/ Decrease in Long Term Loans and Advances	(12,631,195,131)	-
(Increase)/ Decrease in Short Term Loans and Advances	(22,524,864,153)	(1,007,729,227)
<b>Cash (used in)/generated from operating activities</b>	<b>(33,431,027,388)</b>	<b>2,916,365,693</b>
Net income tax(paid) / refunds	(1,073,044,445)	(760,654,933)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(34,504,071,833)</b>	<b>2,155,710,760</b>
<b>B. Cash flows from investing activities</b>		
Purchase of Investments	(1,094,150,413,530)	(206,647,158,231)
Sale of Investments	1,085,811,005,769	197,583,972,227
Sale of Subsidiary	111,450	-
Dividend Income	8,232,388	116,285,218
Interest Received	108,392,185	61,563,497
Fixed Deposit placed	(3,125,000,000)	(10,000,000)
Loans given	-	-
Purchase of fixed assets (includes intangible assets)	(228,795,057)	(98,471,176)
Sale of fixed assets (includes intangible assets)	2,575,373	-
<b>Net cash used in Investing activities (B)</b>	<b>(11,573,891,422)</b>	<b>(8,993,808,465)</b>
<b>C. Cash flows from financing activities</b>		
Issuance of Share Capital	8,010,212	30,680,076
Securities Premium Including share warrants	1,002,128,430	8,990,724,308
Issuance of share warrants	(87,000)	87,000
Goodwill	-	(6,218,752)
Short Term Borrowings - Borrowed	22,460,200,001	6,711,193,111
Short Term Borrowings - Repaid	(504,809,038)	(7,300,220,598)
Long Term Borrowings - Borrowed (Net CP)	33,083,219,044	5,357,000
Long Term Borrowings - Repaid	(22,320,242)	(4,401,341)
Interest Paid	(1,988,224,209)	(144,512,498)
Dividend Paid (Including Dividend Distribution Tax)	(534,089,404)	(387,441,283)
<b>Net cash generated from financing activities (C)</b>	<b>53,504,027,794</b>	<b>7,895,247,023</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>7,426,064,539</b>	<b>1,057,149,318</b>
Opening Cash & cash equivalents	2,179,936,676	1,122,787,299
<b>Closing Cash &amp; cash equivalents</b>	<b>9,606,001,215</b>	<b>2,179,936,617</b>
<b>Reconciliation of Cash &amp; cash equivalents with the Balance Sheet:</b>		
Cash and Cash Equivalents as per AS 3 Cash Flow Statements	9,606,001,215	2,179,936,617
Add: In Fixed deposits with maturity more than 3 months	3,145,000,000	20,000,000
Cash & cash equivalents (as per Note 20)	12,751,001,215	2,199,936,617
See accompanying notes forming part of the consolidated financial statements		

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Pallavi A. Gorakshakar  
Partner

For and on behalf of Board of Directors

Karan Bhagat  
Managing Director  
(DIN: 03247753)

Yatin Shah  
Executive Director  
(DIN: 03231090)

Mihir Nanavati  
Chief Financial Officer

Ashutosh Naik  
Company Secretary

Place : Mumbai  
Dated : May 03, 2017



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017**

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**Note 1. Corporate Information:**

IIFL Wealth Management Limited Consolidated consists of IIFL Wealth Management Limited (Holding Company) and its subsidiaries namely: IIFL Distribution Services Limited, IIFL Investment Advisers and Trustee Services Limited, IIFL Alternate Asset Advisors Limited, IIFL Asset Management Limited, IIFL Trustee Limited, India Alternative Investment Advisors Pvt. Ltd (upto March 31, 2017), IIFL Wealth Finance Ltd, IIFL Private Wealth (Suisse) SA, IIFL (Asia) Pte. Ltd, IIFL Securities Pte. Ltd, IIFL Capital Pte. Ltd, IIFL Private Wealth Management (Dubai) Ltd, IIFL Private Wealth Hongkong Ltd, IIFL Inc. and IIFL Asset Management (Mauritius) Limited (Formerly known as IIFL Private Wealth (Mauritius) Ltd) (referred to as "the Group"). It provides the Portfolio Management Services to the High Networth clients (HNI segment). It acts as wealth managers, financial consultants, management consultants, advisors and provides counselling services, financial services and facilities of every description and to mobilize funds and assets of various companies, mutual fund, individual investors, firms, associations, corporate, private and institutional investors.

**Note 2. Significant Accounting Policies:**

**2.1 Basis of Consolidation:**

**i. Basis of Preparation of financial statements:**

The individual Balance Sheet as at March 31, 2017 and Statement of Profit and Loss for the year ended March 31, 2017 of IIFL Wealth Management Limited ('the Company') and its subsidiaries ('companies and / or subsidiaries'), collectively referred to as 'Group', have been consolidated as per principles of consolidation enunciated in Accounting Standard (AS) 21- 'Consolidated Financial Statements'. The financial statements have been prepared under historical cost convention on an accrual basis.

**ii. Principles of Consolidation:**

- a) The financial statements of the group companies of IIFL Wealth Management Limited have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards as prescribed under section 133 of Companies Act, 2013 (Act), the provisions of the Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The effects of all inter-group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the group.
- b) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2017.
- c) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- d) The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements. Goodwill/Capital reserve has been netted off and disclosed in the consolidated financial statements.
- e) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

- f) In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

iii. The list of subsidiaries that have been consolidated are given in Note 39.

**2.2 Use of Estimates:**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**2.3 Fixed Assets and Depreciation:**

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 for the month in which assets are sold. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹ 5,000 has been depreciated in full in the year of purchase. Lease hold land is depreciated on a straight line basis over the lease hold period.

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

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

\* 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 these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

# Furniture and fixtures includes leasehold improvements which is depreciated on a straight line basis over the period of lease.

**2.4 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 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.



## 2.5 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 2.6 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

## 2.7 Provisions, Contingent Liabilities and Contingent Assets:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of 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.

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 as applicable to company from time to time.

Contingent provision against standard assets is made at 0.35% of the outstanding standard assets in accordance with the RBI guidelines

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.

## 2.8 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and
- (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

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recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

**2.9 Taxation:**

Tax expense comprises current and deferred tax.

**Income Tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

**Deferred Tax**

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 for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, 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. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arises.

**Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**2.10 Revenue Recognition:**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- Investment/Fund Management Fees are accounted on accrual basis as follows:  
In case of percentage based fees, in accordance with the Portfolio Management Agreement entered with the respective clients, on a quarterly basis.
- Distribution Fee/Arranger Fee/ Commission recognized on accrual basis in accordance with the terms agreed with the counter party.
- Manpower services/ Advisory/ Trustee fees are accounted on accrual basis.
- Interest income on loan is recognised on the time proportionate basis as per agreed terms.
- Interest income on loan recognised and remaining due for 120 days or more for all the loans is reversed after 120 days and is accounted as income when these are actually realised.
- Processing fees received from customers is recognised when there is no uncertainty of collection.

**2.11 Other Income Recognition:**

- Interest Income is recognized on accrual basis
- Dividend income is recognized when the right to receive payment is established.
- Profit on sale of investments is recognized on the date of trade

**2.12 Transaction and Translation of foreign currency items :**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognized in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if



any, are recognized in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

#### 2.13 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.

#### 2.14 Deferred Employee Stock Compensation:

The stock options granted by the Company are accounted for as per the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase) Guideline, 1999 and the guidance note on Accounting for Stock Options issued by The Institute of Chartered Accountant of India, whereby the intrinsic value of the options are recognised as deferred employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on a straight line basis over vesting period of the options.

#### 2.15 Scheme Related Expenses:

##### (a) Fund Expenses:

Expenses of schemes of IIFL Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 and expenses incurred directly on behalf of schemes of IIFL Mutual Fund are charged to the Statement of Profit and Loss Account.

##### (b) New Fund Offer Expenses:

**Open-ended fund:** - Expenses relating to new open-ended fund offers of IIFL Mutual Fund are charged to the Statement of Profit and Loss in the year in which they are incurred.

**Closed-ended fund:** - Expenses relating to new Closed-ended fund offers of IIFL Mutual Fund are amortized over the period of scheme tenor.

#### 2.16 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & loss in accordance with Accounting Standard 19 – Leases.

#### 2.17 Preliminary Expenses

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

#### 2.18 Earnings Per Share:

Basic earnings per share for equity shareholders have been calculated by dividing the Net Profit after Tax or loss by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share for equity shareholders have been computed by dividing the Net Profit after Tax or loss by the weighted average number of shares after giving dilutive effect of all potential Equity shares.



### 2.19 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

### 2.20 Borrowing cost

Borrowing costs include interest and amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

### 2.21 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.

2.22 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.

### 2.23 Derivative Policy:

Mark To Market (MTM) valuation of the embedded derivative portion of borrowings by way of Market Linked Bonds and outstanding position in Market Linked derivatives are recorded in accordance with principles enunciated in Accounting Standard 30 'Financial Instruments: Recognition and Measurement' and Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India. MTM Valuation is determined based on quotes available from exchange/ counter party/ rating agency.

### 2.24 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 2.25 Segment Reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.



CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED  
Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)

Note 3.Share Capital:

(a) The Authorised, Issued, Subscribed and fully paid up share capital comprises of equity shares having a par value of ₹ 2/- as follows:

Authorised :	As at March 31,2017	As at March 31,2016
85,000,000 Equity Shares of ₹ 2/ each with Voting Rights (Previous Year 85,000,000 Equity Shares of ₹ 2/ each)	170,000,000	170,000,000
<b>Issued, Subscribed and Paid Up:</b>		
77,963,764 (Previous Year 73,958,658 equity shares of ₹ 2/ each) Equity Shares of ₹ 2/ each fully paidup with Voting Rights	155,927,528	147,917,316
<b>Total</b>	<b>155,927,528</b>	<b>147,917,316</b>

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

Particulars	As at March 31,2017		As at March 31,2016	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	73,958,658	147,917,316	58,618,620	117,237,240
Add: Issued during the year	4,005,106	8,010,212	15,340,038	30,680,076
Less: Shares bought back	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>77,963,764</b>	<b>155,927,528</b>	<b>73,958,658</b>	<b>147,917,316</b>

(c) Terms/rights attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2/- 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. The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2017, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 6 (Previous Year ₹ 6).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Details of shares held by holding company:

Particulars	As at March 31,2016		As at March 31,2015	
	Numbers	% holding	Numbers	% holding
IIFL Holdings Limited	45,000,000	57.72%	45,000,000	60.84%

(e) Details of shareholders holding more than 5% shares in the company:

Particulars	As at March 31,2017		As at March 31,2016	
	Numbers	% holding	Numbers	% holding
IIFL Holdings Limited	45,000,000	57.72%	45,000,000	60.84%
General Atlantic Singapore Fund Pte Ltd	18,053,050	23.16%	17,257,531	23.33%
Karan Bhagat	4,810,526	6.17%	2,585,826	3.50%

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note. 36

(g) 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



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Note 4. Reserves and Surplus:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Securities Premium Account</b>		
Opening Balance	9,200,182,494	209,458,186
Premium on shares issued during the year	1,002,128,450	9,006,954,444
Utilized During The Year*	-	(16,230,136)
<b>Closing Balance</b>	<b>10,202,310,944</b>	<b>9,200,182,494</b>
<b>Debenture Redemption Reserve</b>		
Opening Balance	44,855,442	5,952,381
Addition During The Year**	17,644,558	38,903,061
Transferred to General Reserve	(62,500,000)	-
<b>Closing Balance</b>	<b>-</b>	<b>44,855,442</b>
<b>Special Reserve</b>		
Opening Balance	3,481,768	-
Addition During The Year	200,772,661	3,481,768
Utilised During The Year	-	-
<b>Closing Balance</b>	<b>204,254,429</b>	<b>3,481,768</b>
<b>Foreign Exchange Fluctuation Reserve</b>		
Opening Balance	40,795,056	(2,807,099)
Add / (Less) Effect of foreign exchange rate variations during the year	(31,761,772)	43,602,155
<b>Closing Balance</b>	<b>9,033,284</b>	<b>40,795,056</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening Balance	2,784,403,466	1,520,380,659
Addition: Profit during the Year	2,504,692,755	1,693,848,920
Less: <b>Appropriations</b>		
Interim Dividend Paid	(443,751,949)	(351,640,548)
Dividend Distribution Tax	(90,337,456)	(35,800,736)
Special Reserve	(200,772,661)	(3,481,768)
General Reserve	-	-
Debenture Redemption Reserve	(17,644,558)	(38,903,061)
<b>Closing Balance</b>	<b>4,536,589,597</b>	<b>2,784,403,466</b>
<b>General Reserve</b>		
Opening Balance:	71,000,000	71,000,000
Addition During The Year	62,500,000	-
Utilized During The Year	-	-
<b>Closing Balance</b>	<b>133,500,000</b>	<b>71,000,000</b>
<b>Total</b>	<b>15,085,688,254</b>	<b>12,144,718,226</b>

\*During previous year, Securities premium account has been utilized to pay Share issue expenses as per Section 52 of the Companies Act, 2013, to the extent balance is available for utilisation in the securities premium account.

\*\* Pursuant to Section 71 of Companies Act, 2013 read with Rule 18(7) of The Companies (Share Capital and Debentures) Rules, 2014, the Company is required to create debenture redemption reserve of a value equivalent to 25% of the debentures issued. Accordingly, ₹17,644,558/- (P.Y ₹38,903,061/-) has been transferred



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

to debenture redemption reserve account till the date of buy back of the debentures during the year. On buy back of the debentures, balance in Debenture redemption reserve has been fully transferred to General reserve during the year.

In respect of debentures issued by one subsidiary, there is no Debenture Redemption Reserve (DRR) created as the same is a Non-Banking Financial Company registered with Reserve Bank of India and is not required to create DRR for the privately placed debentures.

**Note 5. Long-term borrowings:**

Particulars	(Amount in ₹)	
	As at March 31, 2017	As at March 31, 2016
<b>Secured Loans</b>		
Non Convertible Debentures (Refer Note 5.1 & 5.4)	15,383,600,001	500,000,000
Vehicle Loan (Refer Note 5.2 & 5.4)	11,030,111	16,337,468
<b>Subtotal</b>	<b>15,394,630,112</b>	<b>516,337,468</b>
<b>Unsecured Loans</b>		
Perpetual Debt (Refer Note 5.3 & 5.4)	4,435,000,000	-
Subordinated Debt (Refer Note 5.3 & 5.4)		
<b>Total</b>	<b>19,829,630,112</b>	<b>516,337,468</b>

**Note**

**5.1** During the current year, one of the subsidiary of the company has issued secured debentures amounting to ₹ 15,383,600,001 (Previous year ₹ Nil). These debentures are secured by way first pari passu mortgage and charge over the subsidiary's identified immovable Property and first charge on present and future receivables to the extent equal to the principal and interest amount of the Debentures outstanding at any point of time.

During the previous year, Debentures issued by the Company were secured by way of first pari passu charge over the current assets in the form of receivables and inventory. The Company had appointed Milestone Trusteeship Services Private Limited as a Security Trustee. The Security Trustee was responsible for ensuring that the security cover as required, were being maintained during the tenure of the loan. During the year, the Company has bought back the entire outstanding debentures.

**5.2** The above loan is secured against hypothecation of fixed asset (Vehicles), repayable in equated monthly installments over a period of five years. The rate of interest of loan ranges from 9% to 10% and is repayable between December 2019 to March 2020.

**5.3** During the current year, one of the subsidiary of the company has issued Perpetual debentures amounting to ₹ 1,500,000,000 (Previous year Nil) and Subordinated debentures amounting to ₹ 2,935,000,000 (Previous Year Nil)

**5.4** Interest and repayment terms of long-term borrowings (including its current maturities):

Residual Maturity	As at March 31, 2017		As at March 31, 2016	
	Balance Outstanding	Interest Rate % *(p.a.)	Balance Outstanding	Interest Rate % (p.a.)
<b>Non- Convertible Debentures</b>				
Above 5 years	12,164,700,001	Market Linked	-	-
1-3 years	3,218,900,000	8.03% - 10.87% linked to underlying structures	500,000,000	Effective IRR of 11.25%
Less than 1 year	2,641,600,000	9% - 12%		-
<b>Vehicle Loan</b>				
3-5 years	-	-	5,172,800	9% to 10%
1-3 years	11,030,111	9% to 10%	11,164,668	9% to 10%



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Residual Maturity	As at March 31, 2017		As at March 31, 2016	
	Balance Outstanding	Interest Rate % *(p.a.)	Balance Outstanding	Interest Rate % (p.a.)
Less than 1 year	5,307,357	9% to 10%	4,809,038	9% to 10%
<b>Perpetual Debt</b>				
Above 5 years	1,500,000,000	10%	-	-
<b>Subordinated Debt</b>				
Above 5 years	2,935,000,000	9.1% - 11.42%	-	-

\* Interest rates in accordance with the provisions of the respective placement memorandums.

**Note 6. Other Long Term Liabilities:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Deposits – Trust Corpus	300,000	300,000
Interest accrued but not due on NCD	366,602,349	73,537,088
<b>Total</b>	<b>366,902,349</b>	<b>73,837,088</b>

**Note 7. Long Term Provisions:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits:		
- Provision for Gratuity (Refer Note 25)	22,889,670	16,535,424
Contingent Provision against Standard assets	44,209,183	-
<b>Total</b>	<b>67,098,853</b>	<b>16,535,424</b>

**Note 8. Short Term borrowings:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Commercial Paper	34,250,000,000	900,000,000
Less: Unexpired discount**	(279,052,831)	(12,271,875)
Book Overdraft *	-	22,320,242
<b>Total</b>	<b>33,970,947,169</b>	<b>910,048,367</b>

\*includes cheques in hand of ₹ NIL (P.Y ₹ 17,040,245/-)

\*\* Unexpired discount on commercial paper is net of ₹ 272,135,168/- (P.Y. ₹ 8,765,625) towards discount accrued but not due.

**Note 9: Trade Payables:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Total outstanding dues of micro enterprises and small enterprises– Refer note below	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Sundry creditors for Expenses	116,950,498	76,281,534
- Payable to Group companies (Refer Note no 38)	12,414,373	903,496
- Accrued Salaries and Benefits	2,440,203	20,335,911
- Provision for Expenses	120,905,541	151,888,735
<b>Total</b>	<b>252,710,615</b>	<b>249,409,676</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 the Company during the year to "Suppliers" referred under the said 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. This has been relied upon by the auditors.



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Note 10. Other Current Liabilities:**

(Amount in ₹)

Particulars	As at March 31,2017		As at March 31,2016
Current maturities of Long term debt - Secured (Refer Note 5.4)		2,646,907,357	4,809,038
Interest accrued but not due on NCD		199,305,599	-
Statutory Liabilities Payable		154,523,181	42,499,421
Advances against expenses		5,000,000	-
Income received in advance		21,408,387	18,168,291
Payable to Clients for trade settlement		2,293,283,287	-
Payable to customers		15,439,406	-
Option Premium Received	10,810,050		
Less: Option Premium Paid	(10,766,730)	43,320	-
Payable to Exchange for trade settlement		47,797,715	-
Payable to Employees		5,209,453	-
Others		443,501	11,228
<b>Total</b>		<b>5,389,361,206</b>	<b>65,487,978</b>

**Note 11. Short Term Provisions:**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
(a) Provision for employee benefits:		
- Provision for Leave Encashment	33,164,218	17,770,103
- Provision for Gratuity (Refer note 25)	34,122,370	6,394,990
- Bonus Payable	558,029,192	524,999,961
(b) Others:		
- Contingent Provision against standard assets	84,061,999	3,023,190
- Provision for Tax (Net of Advance Tax and TDS- ₹1,572,659,997) (Previous Year- ₹ 47,805,667)	176,109,191	19,027,231
<b>Total</b>	<b>885,486,970</b>	<b>571,215,475</b>

**Note 12. Tangible Assets:**

(Amount in ₹)

Particulars	Furniture Fixture	Vehicles **	Office Equipment	Air Conditioner	Computers	Electrical Equipment	Land / leasehold land	TOTAL
Gross Block as on April 01, 2016	76,079,358	29,402,721	10,541,503	2,768,086	61,688,500	9,171,188	-	189,651,356
Additions	109,195,884	-	4,999,765	994,058	62,736,409	1,668,281	998,000	180,592,397
Deductions/ Adjustments during the year	(18,514,074)	-	(2,303,483)	(1,160,856)	(3,727,813)	(1,948,435)	-	(27,654,661)
As at March 31, 2017	166,761,168	29,402,721	13,237,785	2,601,288	120,697,096	8,891,034	998,000	342,589,092
<b>Depreciation</b>								
Upto April 01, 2016	39,249,288	6,895,223	6,266,240	1,939,045	39,380,892	4,764,374	-	98,495,062
Depreciation for the year	28,855,115	5,880,544	1,810,657	419,591	27,034,599	1,418,283	-	65,418,789
Deductions/Adjustments during the year	(15,395,862)	-	(1,929,348)	(1,137,231)	(3,794,952)	(1,916,709)	-	(24,174,102)
Upto March 31, 2017	52,708,541	12,775,767	6,147,549	1,221,405	62,620,539	4,265,948	-	139,739,749
<b>Net Block as at March 31, 2017</b>	<b>114,052,627</b>	<b>16,626,954</b>	<b>7,090,236</b>	<b>1,379,883</b>	<b>58,076,557</b>	<b>4,625,086</b>	<b>998,000</b>	<b>202,849,343</b>
<b>Net Block as at March 31, 2016</b>	<b>36,830,070</b>	<b>22,507,498</b>	<b>4,275,263</b>	<b>829,041</b>	<b>22,307,608</b>	<b>4,406,814</b>	<b>-</b>	<b>91,156,294</b>



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Tangible Assets: (Previous Year)**

(Amount in ₹)

Particulars	Furniture Fixture	Vehicles **	Office Equipment	Air Conditioner	Computers	Electrical Equipment	TOTAL
Cost or valuation as at April 01, 2015	51,715,466	23,318,586	6,198,579	2,148,291	38,645,566	4,550,345	126,576,833
Additions	23,316,034	6,084,135	4,234,150	619,795	21,587,119	4,620,843	60,462,076
Adjustments/Reclassifications during the year	1,047,858	-	108,774	-	1,455,815	-	2,612,447
As at March 31, 2016	76,079,358	29,402,721	10,541,503	2,768,086	61,688,500	9,171,188	189,651,356
Depreciation							
Upto April 01, 2015	30,037,555	1,059,851	4,704,134	1,604,202	33,196,744	3,310,142	73,912,628
Depreciation	8,440,189	5,835,372	1,464,373	334,843	4,744,529	1,454,232	22,273,538
Deductions/Adjustments during the year	771,544	-	97,733	-	1,439,619	-	2,308,896
Upto March 31, 2016	39,249,288	6,895,223	6,266,240	1,939,045	39,380,892	4,764,374	98,495,062
<b>Net Block as at March 31, 2016</b>	<b>36,830,070</b>	<b>22,507,498</b>	<b>4,275,263</b>	<b>829,041</b>	<b>22,307,608</b>	<b>4,406,814</b>	<b>91,156,294</b>
<b>Net Block as at March 31, 2015</b>	<b>21,677,911</b>	<b>22,258,735</b>	<b>1,494,445</b>	<b>544,089</b>	<b>5,448,822</b>	<b>1,240,203</b>	<b>52,664,205</b>

\*\* The above fixed asset (Vehicles) are hypothecated against loans from financial institution.

**Note 13. Intangible Assets other than internally generated:**

(Amount in ₹)

Particulars	Total
Software/Intangible assets	
Gross Block as at April 01, 2016	51,098,551
Additions	27,844,283
Deductions / Adjustments during the year	(75,197)
As at March 31, 2017	78,867,637
Amortisation	
As at April 1, 2016	16,755,788
Amortisation for the year	23,652,133
Deductions / Adjustments during the year	(75,197)
Up to March 31, 2017	40,332,724
<b>Net Block as at March 31, 2017</b>	<b>38,534,913</b>
<b>Net Block as at March 31, 2016</b>	<b>34,342,763</b>

**Intangible Assets other than internally generated: (Previous Year)**

(Amount in ₹)

Particulars	Total
Software/Intangible assets	
Gross Block as at April 01, 2015	25,713,598
Additions	25,384,953
Deductions / Adjustments during the year	-
As at March 31, 2016	51,098,551
Amortisation	
As at April 1, 2015	5,462,508
Amortisation for the year	11,293,280
Deductions / Adjustments during the year	-
Up to March 31, 2016	16,755,788
<b>Net Block as at March 31, 2016</b>	<b>34,342,763</b>
<b>Net Block as at March 31, 2015</b>	<b>20,251,090</b>

**Note:** Capital Work in Progress ₹ 32,395,104 /- P.Y ₹ 15,419,110/- pertains to assets not yet capitalized.



CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED  
Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)

Note 14. Non Current Investments (At cost):

(Amount in ₹)

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value in ₹	Quantity	Amount	Face Value in ₹	Quantity	Amount
<b>Unquoted: Trade Investments:</b>						
<b>Investment in equity shares of Group Company</b>						
India Infoline Limited	10	20	1,500	10	20	1,500
<b>Sub Total</b>			<b>1,500</b>			<b>1,500</b>
<b>Unquoted: Non Trade Investments:</b>						
<b>Investment in equity shares</b>						
India Alternatives Investment Advisors Pvt. Ltd. (Refer Note 24)	10	1	8,501	-	-	-
Less: Provision for Diminution			(8,501)	-	-	-
MF Utilities India Pvt. Ltd	1	500,000	500,000	1	500,000	500,000
Fineworthy Software Solutions Ltd.	10	10,000	100,000	10	10,000	100,000
<b>Sub Total</b>			<b>600,000</b>			<b>600,000</b>
<b>Investment in Venture capital fund</b>						
India Alternatives Private Equity Fund	-	-	-	100	5,500	1,650,000
<b>Sub Total</b>			<b>-</b>			<b>1,650,000</b>
<b>Investment in Alternative Investments fund</b>						
IIFL Real Estate Fund (Domestic) Series 1 - Class B (NAV- ₹ 10.0000, P.Y. ₹ 10.0000)	10	288	2,880	10	288	2,880
Motilal Oswal Focused Growth Opportunities Fund - Class C (NAV - ₹ 12.1977)	10	20,000	200,000	-	-	-
Sundaram Alternative Opportunities Fund Nano Cap Series 1 - Class E (NAV - ₹ 100,000)	100,000	25.05	2,505,000	-	-	-
IIFL Income Opportunities Fund Series – Special Situation– Class B Units (NAV- ₹ 9.6750, P.Y. ₹ 11.1491)	7.46	1,684.61	12,575	10	2,477.36	25,000
IIFL National Development Agenda Fund – Class C Units (NAV- ₹ 12.4633, P.Y. ₹ 10.7723)	8.47	9,466.56	85,000	10	9,466.56	100,000
IIFL Investment Opportunities Fund- Spl. Series 1 (NAV- ₹ 10.4847, P.Y. ₹ 10.0718)	10	2,500	25,000	10	5,000,000	50,000,000
IIFL Investment Opportunities Fund- Spl. Series 1 Class S (NAV- ₹ 11.3352, P.Y. ₹ 10.0718)	10	7,635,711	80,000,000	10	2,978,614	30,000,000
IIFL Cash Opportunities Fund - Class A (NAV- ₹ 11.3851, P.Y. ₹ 10)	10	9,326,357	100,000,000	-	-	-
IIFL Cash Opportunities Fund - Class C (NAV- ₹ 11.3851, P.Y. ₹ 10)	10	1000	10,000	10	1,000	10,000
IIFL Real Estate Fund (Domestic) Series 2 - Class B (NAV- ₹ 10.0000, P.Y. NIL)	10	2,370	23,700	-	-	-
IIFL Real Estate Fund (Domestic) Series 3 - Class S (NAV- ₹ 10.6376, P.Y. ₹ 10)	10	25,000,000	250,000,000	10	25,000,000	250,000,000
IIFL Real Estate Fund (Domestic) Series 4 - Class D (NAV- ₹ 10.4699, P.Y. NIL)	10	2,500	25,000	-	-	-
IIFL Real Estate Fund (Domestic) Series 4 - Class S (NAV- ₹ 10.0000, P.Y. NIL)	10	10,000,000	100,000,000	-	-	-
IIFL Best of Class Fund - Series I - Class C Units (NAV- ₹ 11.4394, P.Y. NIL)	10	2,500	25,000	-	-	-
IIFL Best of Class Fund - Series I - Class S (NAV- ₹ 11.6781, P.Y. NIL)	10	5,000,000	49,679,997	-	-	-
IIFL Best of Class Fund - Series II - Class Cs Units (NAV- ₹ 10.7596, P.Y. NIL)	10	2,500	25,000	-	-	-



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value in ₹	Quantity	Amount	Face Value in ₹	Quantity	Amount
IIFL Best of Class Fund - Series II - Class S (NAV- ₹ 12.8327, P.Y. NIL)	10	5,000,000	49,384,239	-	-	-
IIFL Seed Venture Fund- Class C Units (NAV- ₹ 11.3046, P.Y. ₹10)	10	2,500	25,000	10	37,500,000	37,500,000
IIFL Seed Venture Fund- Class S (NAV- ₹ 14.5103, P.Y. NIL)	10	6,242,543	67,500,000	-	-	-
IIFL Asset Revival Fund Series 2- Class C Units (NAV- ₹ 11.0426, P.Y. NIL)	10	2,500	25,000	-	-	-
IIFL Asset Revival Fund Series 2- Class S (NAV- ₹ 13.1915, P.Y. NIL)	10	10,000,000	100,000,000	-	-	-
IIFL Asset Revival Fund Series 3- Class C Units (NAV - ₹ 10.9736, P.Y. NIL)	10	2,500	25,000	-	-	-
IIFL Asset Revival Fund Series 3- Class S (NAV- ₹ 12.1916, P.Y. NIL)	10	4,714,192	50,000,000	-	-	-
IIFL Yield Enhancer Fund- Class D Units (NAV- ₹ 9.8371, P.Y. NIL)	10	2,500	25,000	-	-	-
IIFL Yield Enhancer Fund- Class S (NAV- ₹ 10.224, P.Y. NIL)	10	12,500,000	125,000,000	-	-	-
IIFL Phoenix Cash Opportunities Fund- Class C (NAV- ₹ 10.239, P.Y. NIL)	10	1,002,500	10,025,000	-	-	-
Blume Ventures Fund (NAV ₹ 20,755, P.Y. ₹ 20,755)	10,000	1,488	16,863,494	10,000	1,488	14,875,000
IIFL Focused Equity Strategy Fund - Class S1 (NAV- ₹ 11.2892, P.Y. NIL)	10	833,333	8,333,333	-	-	-
IIFL Focused Equity Strategy Fund - Class S2 (NAV- ₹ 12.1451, P.Y. NIL)	10	833,333	8,333,333	-	-	-
IIFL Focused Equity Strategy Fund - Class S3 (NAV- ₹ 10.7403, P.Y. NIL)	10	833,333	8,333,334	-	-	-
IIFL Income Opportunities Series Debt Advantage - Class S (NAV- ₹ 10.2633, P.Y. NIL)	10	4,956,271	50,000,000	-	-	-
IIFL Select Series I - Class S (NAV- ₹ 10.9935, P.Y. NIL)	10	1,676,041	17,000,000	-	-	-
IIFL Select Equity Fund - Class S (NAV- ₹ 10.0000, P.Y. NIL)	10	2,000,000	20,000,000	-	-	-
IIFL Special Opportunities Fund - Class S (NAV- ₹ 10.0102, P.Y. NIL)	10	1,250,000	12,500,000	-	-	-
IIFL Income Opportunities Series Regular Income - Class S (NAV- ₹ 10.0074, P.Y. NIL)	10	3,695,652	36,956,522	-	-	-
Global Dynamic Opportunities Fund - Cell 74	100	51,000	330,636,338	-	-	-
IIFL Re Organize India Equity Fund (NAV- ₹ 10.0281, P.Y. NIL)	10	25,00,000	25,000,000	-	-	-
<b>Sub Total</b>			<b>1,518,584,745</b>			<b>382,512,880</b>
<b>Investments in NCDs</b>						
19% DEBENTURES OF ARCH ARGO INDUSTRIES PVT. LTD.	10,000	7,221	36,917,610	10,000	2,936	23,167,610
Less: Provision for Diminution			-36,917,610			-23,167,610
Reliance Capital Limited RCL MLD SERIES B/367-A 28-NOV-19	100,000	137	13,700,000	-	-	-
Reliance Capital Limited SR-B/359A TYPE III BR NCD 21OT19 FVRS1LAC	100,000	629	62,900,000	-	-	-
Reliance Capital Limited SR-B/359A TYPE IV BR NCD 24OT19 FVRS1LAC	100,000	704	70,400,000	-	-	-
Reliance Capital Limited SR-B/364A TYPE I BR NCD 04NV19 FVRS1LAC	100,000	336	33,600,000	-	-	-



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value in ₹	Quantity	Amount	Face Value in ₹	Quantity	Amount
RELIANCE CAPITAL LIMITED RCL MLD SERIES B/369-A TYPE II 02-DEC-19	100,000	60	6,000,000	-	-	-
<b>Sub Total</b>			<b>186,600,000</b>			<b>-</b>
<b>Quoted: Non Trade Investment:</b>						
<b>Investments in Mutual Funds</b>						
IIFL Mutual Fund Dynamic Bond Fund-Direct Plan-Growth (NAV- ₹ 13.21, P.Y.₹ 12.3137)	10	563,625	6,115,327	10	563,625	6,115,327
IIFL India Growth Fund – Direct Plan- Growth (NAV- ₹ 13.5651, P.Y.₹ 10.3330)	10	533,063	5,330,634	10	533,063	5,330,634
IIFL Liquid Fund – Direct Plan - Growth (NAV – ₹1287.1548)	1000	4,769	5,865,044	-	-	-
<b>Sub Total</b>			<b>17,311,005</b>			<b>11,445,961</b>
<b>Grand Total</b>			<b>1,723,097,250</b>			<b>396,210,341</b>
Aggregate Value of Quoted Investments			17,311,005			11,445,962
Aggregate Value of Unquoted Investments			1,705,786,245			384,764,380
Market Value of Quoted Investments			20,814,980			12,448,449
Aggregate Provision for diminution in value of Investments			36,917,610			17,066,610

**Note 15. Deferred Tax Liability/Asset:**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
Depreciation	245,801	227,976
Gratuity	15,512,460	5,672,718
Provision for doubtful debts	2,649,018	1,741,043
Provision for Standard assets	36,993,409	999,557
Preliminary Expenses	-	1,717
Short term/Long Term Capital losses/ Business Loss	77,565,308	17,302,851
Provision for Referral fees	-	25,090,800
<b>Total</b>	<b>132,965,996</b>	<b>51,036,662</b>

**Note 16. Long-term loans and advances:**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
<b>Loans</b>		
- Secured, considered good	12,278,953,753	-
- Unsecured, considered good	357,081,996	861,271
<b>Others</b>		
<b>Unsecured, Considered good</b>		
- Deposits Paid	65,058,232	45,338,390
- Deposit with exchange	228,725,000	25,000
- Prepaid Expense	6,213,032	7,185,717
- Advance to Vendors	13,640	575,585
<b>Sub Total</b>	<b>12,936,045,653</b>	<b>53,985,963</b>
Advance Income Tax (Net of provision of tax of ₹750,830,963) (Previous year ₹ 1,263,102,777)	93,122,700	69,787,405
MAT credit	1,480,923	2,015,385
<b>Total</b>	<b>13,030,649,276</b>	<b>125,788,753</b>



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Note 17. Other Non-Current Assets :**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
Receivable on Market linked products	56,606,330	-
<b>Total</b>	<b>56,606,330</b>	<b>-</b>

**Note 18. Current Investments (At lower of cost and market value, unless otherwise stated):**

(Amount in ₹)

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value in ₹	Quantity	Amount	Face Value in ₹	Quantity	Amount
<b>Quoted, Non Trade Investments</b>						
<b>Investment in Mutual funds</b>						
Franklin India Ultra Short Bond Fund-Super Institutional Plan (P.Y. NAV-₹20.3709)	-	-	-	10	500	10,000
Reliance Money Manager Fund Direct Plan Growth (P.Y. NAV-₹2,099.6963)	-	-	-	1000	2	5,000
Sundaram Ultra Short term Fund-Direct Plan Growth (P.Y. NAV-₹20.9792)	-	-	-	10	243	5,000
IIFL Mutual Fund-Liquid Fund Direct Plan Growth (NAV-₹ 1,284.9729 P.Y.₹ 1,204.8678)	1,000	8	10,000	1000	503,042	605,818,167
ICICI Prudential Liquid Fund-Direct Plan-Growth(NAV- P.Y. ₹ 224.8328)	-	-	-	100	23	5,000
ICICI Prudential Flexible Income Fund (NAV-₹ 311.6753)	100	8,030	2,500,000	-	-	-
IIFL India Growth Fund -Regular Plan - Growth (NAV- ₹ 13.2428, P.Y.₹10.333)	10	278,028	3,013,403	10	278,028	3,013,403
HDFC Liquid Fund - Growth Option (NAV- ₹ 3,208.9181, P.Y.NIL) *	1000	8,806	27,998,366	-	-	-
IIFL India Growth Fund - Regular Plan - Growth Option (NAV- ₹ 13.2428, P.Y.NIL)	10	38,378,812	500,000,000	-	-	-
IIFL Dynamic Bond Fund - Regular Plan - Growth Option (NAV- ₹ 12.9627, P.Y.NIL)	10	3,107,375	40,000,000	-	0	0
HDFC Floating rate Income Fund Short Term Plan (NAV- NIL, P.Y ₹ 26.1002 )	-	-	-	10	38,313,883	1,000,000,000
HDFC Charity Fund For Cancer Cure - Debt Plan - Regular Option - 50% Dividend Payout Option (NAV- ₹ 10.0265, P.Y.NIL)	10	1,000,000	10,000,000	-	-	-
JPMORGAN FMP SR 38 GR 29AP19(NAV-₹11.999)	-	-	-	10	100,000	1,094,020
RELIANCE MF XXVI SR 21 GR 30MY17(NAV-₹11.9569)	-	-	-	10	100,000	1,112,630
HDFC MF DBTFD FR CNCR CR14(NAV- ₹10.3525)	-	-	-	10	500,000	5,504,699
Less: Provision for Diminution	-	-	-	-	-	(487,285)
<b>Sub Total</b>			<b>583,521,769</b>			<b>1,616,080,634</b>
<b>Unquoted, Non Trade Investments</b>						
<b>Investment in Equity Shares</b>						
Shankara Building Products Limited	10	48,769	22,433,740	-	-	-
<b>Sub Total</b>			<b>22,433,740</b>			<b>-</b>
<b>Investments in Others (Venture Capital Funds/Alternate Investment Funds)</b>						
IIFL Cash Opportunities Fund (NAV- ₹ 11.3851, P.Y.₹10.6507)	10	375,197,826	4,271,664,771	10	725,875,823	7,692,364,211
Motilal Oswal Focused Growth Opportunities Fund - Class B (NAV-₹12.3818)	10	604,802	6,500,000	-	-	-



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value in ₹	Quantity	Amount	Face Value in ₹	Quantity	Amount
IIFL Income Opportunities Fund (NAV- ₹ 0.6567, P.Y.NIL)	10	57,057,309	41,762,398	-	-	-
IIFL Income Opportunities Fund Series – Special Situation– Class B (NAV- ₹ 9.6751, P.Y. ₹ 11.1491)	10	932,923	8,133,504	-	-	-
IIFL Income Opportunities Series Debt Advantage - Class S (NAV- ₹ 10.2633, P.Y.NIL)	10	41,224,092	420,213,655	-	-	-
IIFL Real Estate Fund(Domestic) Series 1 - Class A (NAV- ₹ 16.0223, P.Y.NIL)	10	136,067	2,181,195	-	-	-
IIFL Real Estate Fund(Domestic) Series 1 - Class C (NAV- ₹ 16.0223, P.Y.NIL)	10	2,025,000	32,461,358	-	-	-
IIFL Real Estate Fund(Domestic) Series 3 - Class B (NAV- ₹ 10.6369, P.Y.NIL)	10	970,964	10,377,279	-	-	-
IIFL Real Estate Fund(Domestic) Series 3 - Class C (NAV- ₹ 9.2645, P.Y.NIL)	10	3,680,000	35,536,288	-	-	-
IIFL Seed Venture Fund- Class B (NAV- ₹ 14.5103, P.Y.NIL)	10	7,206,866	89,748,507	-	-	-
Malabar Value Fund (NAV- ₹ 108.088, P.Y.NIL)	100	386,786	40,000,000	-	-	-
IIFL Income Opportunities Series Regular Income - Class A3 (NAV- ₹ 10.0074, P.Y.NIL)	10	196,304,348	1,963,043,478	-	-	-
AIF CAT-III IIFL National Development Agenda Fund(NAV- P.Y. ₹10.7699)	-	-	-	10	5,902,354	64,317,949
AIF CAT-III IIFL Best of Class Fund 1(NAV P.Y. ₹ 10)	-	-	-	10	5,000,000	49,679,997
AIF CAT-III IIFL Best of Class Fund 2(NAV P.Y. ₹ 10)	-	-	-	10	5,000,000	49,384,239
Global Dynamic Opportunities Fund	100	31,800	206,161,137	-	-	-
Less: Provision for Diminution in value of investments	-	-	-	-	-	(9,787,760)
<b>Sub Total</b>			<b>7,127,783,570</b>			<b>7,845,958,636</b>
<b>Quoted, Non Trade, Investments</b>						
<b>Investment in NCD</b>						
ECL FINANCE LTD B9C603 OPTION C 10-APRIL-17 (NAV- ₹ 109338.00, P.Y. NIL)	100,000	100	10,931,300	-	-	-
CORPORATION BANK SR-II 10.28 LOA PERPETUAL FVRS10LAC (NAV- ₹ 972399.49, P.Y.NIL)	1,000,000	1,500	1,500,000,000	-	-	-
BANK OF INDIA SR-I 11 BD PERPETUAL FVRS10LAC (NAV- ₹ 1052621.08, P.Y.NIL)	1,000,000	1,336	1,406,434,286	-	-	-
ALLAHABAD BANK SR-I 11.15 LOA PERPETUAL FVRS10LAC (NAV- ₹ 999,912.28, P.Y.NIL)	1,000,000	275	275,000,000	-	-	-
ANDHRA BANK SR-III 10.99 LOA PERPETUAL FVRS10LAC (NAV- ₹ 1026443.18, P.Y.NIL)	1,000,000	1,385	1,440,802,600	-	-	-
BANK OF INDIA SR-III 11.5 BD PERPETUAL FVRS10LAC (NAV- ₹ 1,074,580.75, P.Y.NIL)	1,000,000	12	12,955,546	-	-	-
IDBI BANK LIMITED SR-II 10.75 BD PERPETUAL FVRS10LAC (NAV- ₹ 984,553.11, P.Y.NIL)	1,000,000	1,417	1,468,926,172	-	-	-
ORIENTAL BANK OF COMMERCE SR-2 10.95 BD PERPETUAL FVRS10LAC (NAV- ₹ 1,034,034, P.Y.NIL)	1,000,000	1,400	1,457,226,000	-	-	-
PUNJAB NATIONAL BANK SR-VII 9.15 LOA PERPETUAL FVRS10LAC (NAV- ₹ 998,173.49, P.Y.NIL)	1,000,000	500	487,084,000	-	-	-



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Particulars	As at March 31 2017			As at March 31 2016		
	Face Value in ₹	Quantity	Amount	Face Value in ₹	Quantity	Amount
STATE BANK OF INDIA SR-1 9 BD PERPETUAL FVRS10LAC (NAV- ₹ 1012858.48, P.Y.NIL)	1,000,000	203	210,144,987	-	-	-
STATE BANK OF INDIA SR-III 8.39 BD PERPETUAL FVRS10LAC (NAV- ₹ 990987.51, P.Y.NIL)	1,000,000	730	721,425,080	-	-	-
SYNDICATE BANK SR-I 11.25 LOA PERPETUAL FVRS10LAC (NAV- ₹ 1047039.23, P.Y.NIL)	1,000,000	20	21,339,180	-	-	-
SYNDICATE BANK SR-III 11.25 LOA PERPETUAL FVRS10LAC (NAV- ₹ 1045406.78, P.Y.NIL)	1,000,000	683	726,659,486	-	-	-
VIJAYA BANK SR-IV 10.49 LOA PERPETUAL FVRS10LAC (NAV- ₹ 981792, P.Y.NIL)	1,000,000	300	303,995,100	-	-	-
Less : Provision for Diminution	-	-	(157,228,267)			
<b>Sub Total</b>			<b>9,885,695,470</b>			<b>-</b>
<b>Grand Total</b>			<b>17,619,434,549</b>			<b>9,462,039,270</b>
Aggregate Value of Quoted Investments			10,469,217,239			1,616,080,634
Aggregate Value of Unquoted Investments			7,150,217,310			7,845,958,636
Market Value of Quoted Investments			10,695,828,944			1,491,525,896

\* Placed as collateral against Derivative

**Note:**

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

**Note 19. Trade Receivables:**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	212,695,770	119,961,148
- Considered doubtful	7,654,352	5,177,760
- Provision for doubtful receivables	(7,654,352)	(5,177,760)
Trade Receivables outstanding for a period less than six months from the date they were due for payment		
- Considered good	3,033,758,827	747,701,378
- Considered doubtful	-	2,500,000
- Provision for doubtful receivables	-	(2,500,000)
<b>Total</b>	<b>3,246,454,597</b>	<b>867,662,526</b>

**Note 20. Cash and cash equivalents:**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
<b>Cash and Cash equivalents (As per AS-3 Cash Flow Statement)</b>		
Cash In Hand	659,983	1,171,674
Cheques on Hand	8,430,297	95,175,679
Balances with Banks		
- In Current accounts	6,181,940,855	1,176,498,823
- In Client accounts	498,000,906	-
- In Deposit accounts (Original Maturity less than 3 months)	2,916,969,174	907,090,441
<b>Total Cash &amp; Cash Equivalents (a) (As per AS-3 Cash Flow Statement)</b>	<b>9,606,001,215</b>	<b>2,179,936,617</b>
<b>Other Bank Balances:</b>		
In Deposit account (Original Maturity - 3 to 12 Months)	15,000,000	20,000,000



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Particulars	As at March 31,2017	As at March 31,2016
- In Deposit account as collateral with Exchange (Original Maturity from 3 to 12 Months)	265,000,000	-
- In Deposit account under lien (Original Maturity from 3 to 12 Months)*	2,865,000,000	-
<b>Total Other Bank Balances (b)</b>	<b>3,145,000,000</b>	<b>20,000,000</b>
<b>Total (a+b)</b>	<b>12,751,001,215</b>	<b>2,199,936,617</b>

\*Fixed deposits amounting to ₹ 375,000,000/- are lien marked with banks to avail Bank guarantee facilities and fixed deposits amounting to ₹ 2,490,000,000/- are under lien for Overdraft facility.

The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as required by MCA notification S.O. 3407(E), dated the 8th November, 2016 has been provided in the Table below:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above disclosure excludes foreign currency cash in hand held and transacted between 8, 2016 to December 30, 2016.

**Note 21. Short-term Loans and Advances:**

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
<b>Loans</b>		
-Secured, considered good	21,197,880,280	1,007,729,227
-Unsecured considered good	2,334,713,100	-
<b>Inter Corporate Deposits (ICD)(Related Party) (Refer Note 38)</b>		
- Unsecured, Considered good	32,156,673	16,179,130
<b>Other Loans and Advances (Unsecured, Considered good)</b>		
-Advances recoverable in cash or in kind or for value to be received	9,767,313	15,693,340
-Prepaid Expenses	60,962,182	30,671,567
-Deposit	7,399,012	5,466,056
-Service tax credit receivable	15,072,689	20,233,274
-Loans & advances to employees	9,419,392	630,412
-Others	7,587,881	7,273,779
<b>Total</b>	<b>23,674,958,522</b>	<b>1,103,876,785</b>

**Note 22. Other current assets:**

(Amount in ₹)

Particulars	2016-2017	2016-2016
Interest accrued but not due on Investments	450,008,649	65,656
Interest accrued and due on Investments	5,037,485	-
Interest accrued and due on Loans	485,120,605	1,551,000
Advances to Group/Holding Company (Refer Note 38)	4,466,093	4,603,156
Receivable from Exchange for trade settlement	795,410,218	-
Receivable from Client for trade settlement	1,384,923,042	-
Interest accrued but not due on Fixed Deposits	54,639,666	208,030
Income accrued on AIFs	21,794,437	-
Others	1,839,623	2,100,702
<b>Total</b>	<b>3,203,239,818</b>	<b>8,528,544</b>



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Note 23. Revenue from Operations:**

(Amount in ₹)

Particulars	2016-2017		2015-2016	
	Distribution Fees		3,912,817,760	
Commission Income		543,348,129		507,403,745
Investment / Fund Management Fees		1,304,843,688		1,325,038,048
Distribution Income form AIF/VCF		269,562,030		281,456,245
Advisory Fees		54,416,898		46,016,172
Trustee Fess		15,732,147		7,993,776
Referral Fees		-		1,050,000
Dividend Income		8,105,019		1,887,896
<b>Profit/ (Loss) from</b>				
Trading Activities		-		85,015,781
Sale of Current Investments	974,497,649		5,317,827	
Sale of Non-Current Investments	-	974,497,649	906,341	91,239,949
<b>Profit/ (Loss) from Commodity Trading</b>				
Sale of traded goods	87,060,990		264,944,185	
Less: Purchase of traded goods	(87,279,150)	(218,160)	(265,097,238)	(153,053)
<b>Interest Income on</b>				
Loans	2,584,626,760		3,043,637	
Current Investments	565,356,266		20,713,637	
Long Term Investments	21,450,803		-	
Inter-Corporate Deposits	952,328		-	
Fixed Deposits	107,865,383		72,951	
Commercial Paper	2,769,420	3,283,020,960	-	23,830,225
Processing Fees		35,376,099		
Other Income		2,135,396		2,166,616
<b>Total</b>		<b>10,403,637,615</b>		<b>5,394,472,723</b>

**Note 24. Other Income:**

(Amount in ₹)

Particulars	2016-2017		2015-2016	
	<b>Profit/ (Loss) from</b>			
- Sale of Current Investments		230,993,724		277,118,611
- Sale of Non Current Investments		93,702,261		62,438,131
- Sale of shares of subsidiary		(35,868,630)		-
<b>Interest Income</b>				
- Current Investments		76,637,241		13,627,675
- Non - Current Investments		6,169,238		28,160,831
- Fixed Deposits		40,955,267		4,341,886
- Inter Corporate Deposits (Refer Note no 35)		3,985,923		11,872,853
- Staff loan		431,672		147,893
- Income tax refund		676,056		107,806
- Others		16,288		37,083
Dividend Income on Investments		127,369		116,285,158
Miscellaneous income		7,122,176		122,791
<b>Total</b>		<b>424,948,585</b>		<b>514,260,718</b>



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

\* During the year the Company sold 7,099 equity shares and 4,046 preference shares of India Alternatives Investment Advisors Private Limited (India Alternatives) for an aggregate consideration of ₹ 111,450/-. The loss on account of sale of above shares amounted to ₹ 35,868,630/-. India Alternatives ceased to be subsidiary consequent to the sale of equity shares by the Company as on March 31, 2017.

**Note 25. Employee Benefit Expenses:**

(Amount in ₹)

Particulars	2016-2017	2015-2016
Salaries and Bonus	2,439,797,093	1,726,221,630
Contribution to Provident Fund and Other Funds**	54,580,853	33,387,504
Gratuity Expense*	34,183,469	24,647,532
Leave Encashment Expenses	18,761,812	11,178,492
Staff Welfare Expenses	17,062,983	6,545,802
<b>Total</b>	<b>2,564,386,210</b>	<b>1,801,980,960</b>

\*The Company is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on "Employee Benefits" the disclosures of which are as under:

Assumptions	2016-2017	2015-2016
Discount rate	7.27%	7.90%
Salary Escalation	5.00%	5.00%
Attrition rate	For service 4 years and below 7.50% p.a. & thereafter 5% p.a.	For service 4 years and below 7.50% p.a. & thereafter 5% p.a.
<b>Change in Benefit Obligation</b>	<b>2016-2017</b>	<b>2015-2016</b>
Liability at the beginning of the year	73,737,664	46,686,038
Interest Cost	5,498,711	3,506,819
Current Service Cost	15,056,109	11,042,030
Expenses on Transfer in	757,898	-
Liability transferred in	5,159,781	3,451,985
Liability transferred out	(4,459,536)	(1,477,497)
Benefit paid	(3,581,829)	(922,151)
Actuarial (gain)/ Loss on obligations	15,918,976	11,268,745
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency,	(92,957)	181,695
<b>Liability at the end of the year</b>	<b>107,994,817</b>	<b>73,737,664</b>
<b>Fair value of Plan Assets</b>	<b>2016-2017</b>	<b>2015-2016</b>
Fair Value of Plan Assets at the beginning of the year	50,807,251	39,437,189
Expected return on Plan Assets	3,993,450	3,115,538
Contributions by the employer	-	10,200,000
Benefits paid	(2,872,699)	-
Actuarial Gain/(Loss) on Plan Assets	(945,225)	(1,945,476)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>50,982,777</b>	<b>50,807,251</b>
<b>Amount Recognised in the Balance Sheet</b>	<b>2016-2017</b>	<b>2015-2016</b>
Liability at the end of the year	107,994,817	73,737,664
Fair Value of Plan Assets at the end of the year	50,982,777	50,807,251
Funded Status - Deficit	57,012,040	22,930,413
<b>Amount of Liability Recognised in the Balance Sheet</b>	<b>57,012,040</b>	<b>22,930,413</b>



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Expenses Recognised in the Statement of Profit & Loss Account	2016-2017	2015-2016
Current Service cost	15,056,109	11,042,030
Interest Cost (net of expected return on plan assets)	1,505,261	391,281
Expenses on Transfer in	757,898	-
Actuarial Gain or Loss	16,864,201	13,214,221
<b>Expenses Recognised in the Statement of Profit &amp; Loss Account</b>	<b>34,183,469</b>	<b>24,647,532</b>
Balance Sheet Reconciliation	2016-2017	2015-2016
Opening Net liability	22,930,413	7,248,849
Expense as above	34,183,469	24,647,532
Net Transfer In	5,159,781	3,451,985
Net Transfer Out	(4,459,536)	(1,477,497)
Benefit Paid Directly by the Employer	(709,130)	(922,151)
Employers contribution	-	(10,200,000)
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency,	(92,957)	181,695
Actuarial (gain)/ Loss on obligations	-	-
<b>Liability/(Asset) Recognised in Balance sheet</b>	<b>57,012,040</b>	<b>22,930,413</b>

Experience Adjustment	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Present Value of the Obligation	107,994,817	69,939,286	44,355,142	31,317,799	21,538,785
Fair Value of Plan Assets	(50,982,777)	(50,807,251)	(39,437,189)	(13,272,375)	(12,254,917)
Deficit	57,012,040	19,132,035	4,917,953	18,045,424	9,283,868
Actuarial (Gains)/ Losses on Obligations - Due to Experience	9,740,728	22,211,537	7,224,094	2,779,710	907,879
Actuarial Gains/ (Losses) on Plan Assets - Due to Experience	(945,225)	1,170,062	(24,297)	49,761	(1,089,481)

**Note:** The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Estimated amount of payment in respect of Gratuity to the fund will be ₹33,108,902/- in F.Y 2017-2018 (Previous year ₹5,337,688/-)

Information of major categories of plan assets of gratuity fund are not available with the Company and hence not disclosed as per the requirement of AS 15.

**\*\*Defined Contribution Plans:**

The Company has recognised the following amounts as an expense and included in the Employee Benefit Expenses.

Particulars	2016-2017	2015-2016
Contribution to provident and other fund *	54,580,853	33,387,504

\*Contribution to Provident and Other fund includes contribution to other funds like Superannuation fund, etc pertaining to employees.

**Note 26. Other Expenses:**

Particulars	2016-2017	2015-2016
Advertisement Expenses	6,300,711	43,961,856
Exchange and Statutory Charges	6,361,893	4,878,380



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Particulars	2016-2017	2015-2016
Marketing and Commission Expenses	319,794,990	293,906,644
Direct Operating Expenses	303,979,004	450,621,517
Bank Charges	2,267,973	1,606,917
Communication Expenses	32,923,933	21,188,419
Donation	17,383,625	36,125,304
Electricity Expenses	20,905,426	13,940,613
Legal and Professional Charges	233,486,537	144,181,166
Corporate social responsibility(CSR) expenses (Refer Note-38)	28,722,700	13,655,000
Office Expenses	70,591,491	42,148,796
Miscellaneous Expenses	5,757,649	11,205,113
Postage and Courier Expenses	5,283,388	5,031,186
Printing and Stationery	17,310,752	14,460,218
Manpower Outsource expenses	14,636,948	4,927,573
Rent Expenses	262,118,184	178,506,829
Insurance charges	14,837,963	6,900,190
Rates and Taxes	48,026,895	3,888,778
Repairs and maintenance:		
- Computers	2,482,674	1,548,332
- Others	2,361,045	3,148,013
Remuneration to Auditors		
- Statutory Audit	7,186,328	5,399,917
- Other services (net of service tax input credit)	2,400,000	1,150,000
- Swachh Bharat Cess	30,127	-
- Certification work and other matters	691,325	-
- Out of Pocket Expenses	392,261	112,498
Software Charges	73,186,647	26,490,570
Subscription & Business promotion	727,486	277,020
Commission & sitting fees to non executive directors	9,868,024	11,868,340
(Profit)/Loss on Sale of Assets	905,186	-
Travelling and Conveyance	243,688,534	218,500,527
<b>Total</b>	<b>1,754,609,699</b>	<b>1,559,629,716</b>

The above costs are inclusive of Related party transactions (Refer Note 37)

**Note 27. Finance Charges:**

Particulars	(Amount in ₹)	
	2016-2017	2016-2016
Interest Expenses		
- Non convertible debentures*	543,919,030	63,778,612
- Commercial papers	1,873,814,644	88,872,869
- Inter corporate deposits (Refer note no 35)	10,036,848	43,806,869
- Term loan & others	1,843,436	11,914,827
- Delayed payment of taxes	9,062,516	926,868
- Others	1,125,811	-
Bank Guarantee expenses	1,997,314	-
Other borrowing cost	48,029,623	15,938
<b>Total</b>	<b>2,489,829,222</b>	<b>209,315,983</b>

\*includes net MTM of ₹ 127,642,790/- on market linked products (P.Y. NIL)



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Note 28. Depreciation & Amortisation:**

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Depreciation on Tangible Assets (Refer Note – 12)	65,418,805	22,273,537
Amortisation of Intangible Assets (Refer Note – 13)	23,652,133	11,293,280
<b>Total</b>	<b>89,070,938</b>	<b>33,566,817</b>

**Note 29. Provisions and Write off:**

Particulars	(Amount in ₹)	
	2016-2017	2015-2016
Provision for diminution in value of investments	160,614,647	30,724,316
Mark to Market on Option Contracts (Net)	12,321,120	-
Contingent Provision against Standard assets	125,247,992	3,023,190
Provision for Doubtful Debts	2,625,401	6,941,083
<b>Total</b>	<b>300,809,160</b>	<b>40,688,589</b>

**Note 30. Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share'.**

PARTICULARS		2016-2017	2015-2016
<b>BASIC</b>			
Profit after tax as per Statement of Profit and Loss	A	2,504,692,755	1,693,848,920
Weighted Average Number of Shares Subscribed	B	73,980,604	58,860,782
Face Value of Equity Shares (in ₹) fully paid		2	2
Basic EPS (₹)	A/B	33.86	28.78
<b>DILUTED</b>			
Profit after tax as per Statement of Profit and Loss	A	2,504,692,755	1,693,848,920
Weighted Number of Shares Subscribed	C	73,980,604	58,860,782
Add: Potential Equity Shares on account of conversion of Employee Stock Option	D	7,885,716	7,557,525
Weighted Average Number of Shares Outstanding	E=C+D	81,866,320	66,418,307
Diluted EPS (₹)	A/E	30.59	25.50

**Note 31.** The Group 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 group were identified and recovered 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.

**Note 32. Capital and Other Commitments**

At the balance sheet date, the total outstanding commitments of capital expenditure amounts to ₹ 1,225,498,127/- (Previous year ₹ 64,609,238/-)

**Note 33. Contingent Liabilities at Balance Sheet date**

Particulars	As at March 31, 2017	As at March 31, 2016
Bank Guarantees*	750,000,000	-

\*Fixed deposits amounting to ₹ 375,000,000/- are pledged against this.

**Note 34.** There are no pending litigations by and on the Company as on the balance sheet date.



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Note 35. Undisbursed Sanctioned Loans:**

As on the balance sheet date there were undisbursed sanctioned loans of ₹ 23,711,333,970/- (Previous Year ₹ Nil). These sanctioned amounts are cancellable at the option of the subsidiary company.

**Note 36.** The Company has implemented equity settled Employee Stock Options Scheme 2012 (ESOP Schemes) and Employee Stock Options Scheme 2015 and has outstanding options granted under the said schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of grants by the Remuneration and Compensation Committee and ESOP Schemes.

**(A) The details of various Employee Stock Option Schemes are as under:**

Particulars	ESOP 2012	ESOP 2015
No. of options granted	2,718,050 (A – 1,234,900; B – 758,550; C – 724,600)	7,865,945 (A - 69,65,945 & B - 9,00,000)
Grant Dates	A - March 28, 2012; B - August 29, 2013; Jun 03, 2014	A - July 02, 2015, B - November 10, 2016
Method of accounting	Intrinsic Value	Intrinsic Value
Vesting plan	Options granted would vest over a period of six years subject to minimum period of one year from the date of grant of options	Options granted would vest over a period of six years subject to minimum period of one year from the date of grant of options
Exercise period	Seven years from the date of grant	Seven years from the date of grant
Grant Price (₹ Per Share)	A - ₹ 10.00, B - ₹ 16.00 and C - ₹ 19.00	A - ₹ 282.00, B - ₹ 339.00
Fair Value on the date of Grant of Option (₹ Per Share)	₹ 11.80 - ₹ 18.96	₹ 274.00 - ₹319.00

**(B) Movement of options granted:**

Particulars	ESOP 2012	ESOP 2015
Options outstanding at the beginning of the year	591,580	6,965,945
Granted during the year	-	900,000
Exercised during the year	449,185	3,555,921
Lapsed during the year	13,835	-
Options outstanding at the end of the year	128,510	4,310,024
Exercisable at the end of the year	194,835	1,214,766
Weighted average exercise price for the options exercised during the year	₹ 16.41	₹ 282.00
Range of exercise price for the options outstanding at the end of the year	₹ 10 to ₹ 19	₹ 282.00



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Fair Value Methodology:**

The fair value of options have been estimated on the date of grant using Black Scholes model.

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Grant Date	ESOP 2012	ESOP 2015
Risk free interest rate	8.38%-9.47%	7.87%-6.39%
Expected average life	3 years	3 years
Expected volatility of Share Price	Nil	Nil
Dividend yield	0%-38.45%	1.25%-1.64%
Fair value on the date of the grant	₹ 11.80-18.96	₹ 274-319

Had the compensation cost for the stock options granted been determined on fair value approach, the Company's net profit and earning per share would have been as per pro-forma amounts indicated below:

Particulars	Current year	Previous year
Net Profit as reported	2,504,692,754	1,693,848,920
Less:		
Stock-based compensation expenses determined under fair value method net of tax (Pro-forma) [Gross ₹ 76,812,440/- (Previous year ₹ 152,718,804/-)]	50,229,191	99,865,880
<b>Net Profit (Pro-forma)</b>	<b>2,454,463,563</b>	<b>1,593,983,040</b>

Basic earnings per share (as reported)	33.86	28.78
Basic earnings per share (pro-forma)	33.18	27.08
Diluted earnings per share (as reported)	30.59	25.50
Diluted earnings per share (pro-forma)	29.98	24.00



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Note 37. Details of Inter Corporate Deposits**

During the year, the Company has placed Inter Corporate Deposits the details of which are mentioned in Note No. 38 and in table below.

Particulars	ICD given	ICD received back	ICD Outstanding
	1,449,543	3,300,000	14,328,673
Fineworthy Software Solutions Ltd	(45,096,926)	(46,882,190)	(16,179,130)
	38,736,212	36,908,212	1,828,000
IIFL Wealth Employee Benefit Trust	-	-	-

The period of ICD's is generally up to 1 year renewable thereafter, placed on arm's length basis at prevailing market interest rates (ranging from 9.5% to 11% p.a.), for the purpose of meeting working capital and business requirements.

**Note 38. Related Party Disclosures:**

Related party disclosures for the year ended March 31, 2017.

**a) List of Related parties:**

Nature of relationship	Name of party
<b>Holding Company</b>	IIFL Holdings Limited
<b>Fellow Subsidiaries</b>	India Infoline Limited India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media and Research Services Limited India Infoline Commodities DMCC India Infoline Insurance Brokers Limited India Infoline Insurance Services Limited IIFL Facilities Services Limited IIFL Capital Limited IIFL Wealth (UK) Limited IIFL Capital Inc India Infoline Foundation IIFL Properties Private Limited
<b>Group Company</b>	India Infoline Housing Finance Limited IIFL Asset Reconstruction Limited
<b>Key Management Personnel</b>	Karan Bhagat -Managing Director Yatin Shah-Whole Time Director
<b>Other related parties</b>	Mr. Nirmal Jain Mr. R. Venkataraman Mr. Amit Shah  Mrs. Shilpa Bhagat Mrs. Ami Shah Mrs. Madhu Jain Mrs. Aditi Athavankar Mrs. Dhara Shah  Orpheus Trading Pvt. Limited Ardent Impex Pvt. Limited Probability Sports LLP Naykia Realty Private Limited Kyrush Investments Yatin Investment



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**b) Significant Transactions with Related Parties**

(Amount in ₹)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other Related Parties	Key Managerial Personnel	Total
<b>Share Capital Issued:</b>					
Karan Bhagat	-	-	-	4,800,000	4,800,000
Yatin Shah	-	-	-	1,800,000	1,800,000
<b>Purchase of inventories/Investment (Net)</b>					
India Infoline Finance Limited	-	(850,059,498)	-	-	(850,059,498)
India Infoline Media Research Services Ltd	-	(64,317,949)	-	-	(64,317,949)
<b>Sale of inventories (Net)</b>					
India Infoline Media Research Services Ltd	-	(702,500,122)	-	-	(702,500,122)
<b>Dividend Income</b>					
India Infoline Limited	-	395	-	-	395
India Infoline Finance Limited	-	(59)	-	-	(59)
India Infoline Finance Limited	-	(1,534,247)	-	-	(1,534,247)
<b>Arranger Fees Income/ Marketing Support Income/ Referral Fee/ Brokerage - Authorised Person</b>					
India Infoline Limited	-	381,604,735	-	-	381,604,735
IIFL Facilities Services Limited	-	(383,389,194)	-	-	(383,389,194)
India Infoline Finance Limited	-	52,120,959	-	-	52,120,959
India Infoline Commodities Limited	-	(11,450)	-	-	(11,450)
India Infoline Housing Finance Limited	-	(8,940,000)	-	-	(8,940,000)
<b>Interest Income on ICD</b>					
India Infoline Limited	-	150,685	-	-	150,685
5 Paisa Capital Limited	-	801,644	-	-	801,644
India Infoline Finance Limited	-	(7,353,825)	-	-	(7,353,825)
IIFL Facilities Services Limited	-	(45,082)	-	-	(45,082)
India Infoline Media Research Services Ltd	-	(1,871,507)	-	-	(1,871,507)
<b>Interest Income on CP</b>					
IIFL Facilities Services Limited	-	(1,084,724)	-	-	(1,084,724)
<b>Interest Income on Investment</b>					
India Infoline Finance Limited	-	637,792	-	-	637,792
India Infoline Housing Finance Limited	-	197,836	-	-	197,836
<b>Interest Income on Loan</b>					
Yatin Investments	-	-	2,827,342	-	2,827,342



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other Related Parties	Key Managerial Personnel	Total
<b>Interest Expense on ICD</b>					
India Infoline Finance Limited	-	3,924,658	-	-	3,924,658
	-	(49,753,058)	-	-	(49,753,058)
IIFL Holdings Limited	5,660,137 (2,684,240)	-	-	-	5,660,137 (2,684,240)
IIFL Facilities Services Limited	-	452,055	-	-	452,055
	-	(851,869)	-	-	(851,869)
<b>Brokerage &amp; Commission Expenses</b>					
India Infoline Limited	-	468,408	-	-	468,408
	-	(35,615)	-	-	(35,615)
<b>Marketing Support Expenditure/ Incentive Fees</b>					
IIFL Wealth (UK) Ltd	-	45,105,621	-	-	45,105,621
	-	(40,237,539)	-	-	(40,237,539)
<b>Referral Fees - Expenses</b>					
India Infoline Finance Limited	-	10,253,267	-	-	10,253,267
	-	(226,068,796)	-	-	(226,068,796)
IIFL Realty Limited	-	-	-	-	-
	-	(15,000,000)	-	-	(15,000,000)
<b>Research Fees - Expenses</b>					
IIFL Facilities Services Limited	-	-	-	-	-
	-	(20,773,993)	-	-	(20,773,993)
<b>Guest House - Expenses</b>					
IIFL Properties Private Limited	-	1,015,000	-	-	1,015,000
	-	(155,000)	-	-	(155,000)
<b>Corporate Social Responsibility Expenses (CSR)</b>					
India Infoline Foundation Limited	-	11,772,700	-	-	11,772,700
	-	-	-	-	-
<b>Rent Expenses</b>					
IIFL Facilities Services Limited	-	166,680,027	-	-	166,680,027
	-	(100,970,550)	-	-	(100,970,550)
<b>Remuneration</b>					
Karan Bhagat	-	-	-	40,128,096	40,128,096
	-	-	-	(37,856,355)	(37,856,355)
Yatin Shah	-	-	-	31,531,068	31,531,068
	-	-	-	(29,671,057)	(29,671,057)
<b>Dividend Paid</b>					
IIFL Holdings Limited	270,000,000 (270,000,000)	-	-	-	270,000,000 (270,000,000)
Karan Bhagat	-	-	-	14,463,156	14,463,156
	-	-	-	(17,763,156)	(17,763,156)
Yatin Shah	-	-	-	14,463,156	14,463,156
	-	-	-	(17,763,156)	(17,763,156)
Amit Shah	-	-	-	10,910,526	10,910,526
	-	-	-	(14,210,526)	(14,210,526)
<b>Other funds received</b>					
IIFL Facilities Services Limited	-	84,073	-	-	84,073
	-	(3,734,654)	-	-	(3,734,654)
India Infoline Limited	-	4,909,496	-	-	4,909,496
	-	(1,171,928)	-	-	(1,171,928)
India Infoline Finance Limited	-	17,066	-	-	17,066
	-	-	-	-	-



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other Related Parties	Key Managerial Personnel	Total
	-	125,300	-	-	125,300
IIFL Holdings Limited	-	-	-	-	-
<b>Other funds paid</b>					
	-	75,781	-	-	75,781
India Infoline Limited	-	(3,306,380)	-	-	(3,306,380)
India Infoline Finance Limited	-	-	-	-	-
	-	(8,000)	-	-	(8,000)
IIFL Facilities Services Limited	-	-	-	-	-
	-	(2,018,467)	-	-	(2,018,467)
<b>Loan Given</b>					
	-	-	-	1,366,873,700	1,366,873,700
Yatin Investments	-	-	-	-	-
<b>Loan Received Back</b>					
	-	-	-	1,366,873,700	1,366,873,700
Yatin Investments	-	-	-	-	-
<b>ICD given</b>					
	-	500,000,000	-	-	500,000,000
India Infoline Limited	-	-	-	-	-
	-	200,000,000	-	-	200,000,000
5 Paisa Capital Limited	-	-	-	-	-
India Infoline Finance Limited	-	-	-	-	-
	-	(2,900,000,000)	-	-	(2,900,000,000)
IIFL Facilities Services Limited	-	-	-	-	-
	-	(150,000,000)	-	-	(150,000,000)
India Infoline Media & Research Services Ltd	-	-	-	-	-
	-	(270,000,000)	-	-	(270,000,000)
<b>ICD received back</b>					
	-	500,000,000	-	-	500,000,000
India Infoline Limited	-	-	-	-	-
	-	200,000,000	-	-	200,000,000
5 Paisa Capital Limited	-	-	-	-	-
India Infoline Finance Limited	-	-	-	-	-
	-	(2,900,000,000)	-	-	(2,900,000,000)
IIFL Facilities Services Limited	-	-	-	-	-
	-	(150,000,000)	-	-	(150,000,000)
India Infoline Media & Research Services Ltd	-	-	-	-	-
	-	(270,000,000)	-	-	(270,000,000)
<b>ICD taken</b>					
	330,000,000	-	-	-	330,000,000
IIFL Holdings Limited	(366,800,000)	-	-	-	(366,800,000)
India Infoline Finance Limited	-	1,750,000,000	-	-	1,750,000,000
	-	(5,324,000,000)	-	-	(5,324,000,000)
IIFL Facilities Services Limited	-	500,000,000	-	-	500,000,000
	-	(472,400,000)	-	-	(472,400,000)
<b>ICD repaid</b>					
	330,000,000	-	-	-	330,000,000
IIFL Holdings Limited	(366,800,000)	-	-	-	(366,800,000)
India Infoline Finance Limited	-	1,750,000,000	-	-	1,750,000,000
	-	(5,324,000,000)	-	-	(5,324,000,000)
IIFL Facilities Services Limited	-	500,000,000	-	-	500,000,000
	-	(472,400,000)	-	-	(472,400,000)
<b>Advances repaid/given</b>					
	-	-	-	-	-
India Infoline Limited	-	(4,477,046)	-	-	(4,477,046)



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other Related Parties	Key Managerial Personnel	Total
	-	-	-	-	-
IIFL Holdings Limited	-	(126,118)	-	-	(126,118)
<b>Allocation / Reimbursement of expenses Paid</b>					
	21,068,067	-	-	-	21,068,067
IIFL Holdings Limited	-	-	-	-	-
	-	79,645,686	-	-	79,645,686
India Infoline Limited	-	(64,191,882)	-	-	(64,191,882)
	-	1,711,292	-	-	1,711,292
IIFL Capital Inc.	-	(2,601,704)	-	-	(2,601,704)
	-	49,714	-	-	49,714
5 Paisa Capital Limited	-	-	-	-	-
	-	10,187	-	-	10,187
IIFL Facilities Services Limited	-	-	-	-	-
	-	29,760	-	-	29,760
India Infoline Commodities Limited	-	-	-	-	-
<b>Allocation / Reimbursement of expenses Received</b>					
	-	5,012,382	-	-	5,012,382
IIFL Capital Inc.	-	(6,086,051)	-	-	(6,086,051)

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

(Amount in ₹)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other Related Parties	Key Management Personnel	Total
<b>Sundry payables:</b>					
	-	-	-	-	-
IIFL Cap Inc. (US)	-	(903,496)	-	-	(903,496)
	-	7,432,085	-	-	7,432,085
India Infoline Limited	-	-	-	-	-
	-	6,223,733	-	-	6,223,733
IIFL Wealth (UK) Limited	-	(5,709,739)	-	-	(5,709,739)
	-	115,500	-	-	115,500
IIFL Properties Private Limited	-	-	-	-	-
<b>Sundry receivables:</b>					
	-	1,883,129	-	-	1,883,129
India Infoline Finance Limited	-	-	-	-	-
	-	47,104	-	-	47,104
IIFL Facilities Services Limited	-	-	-	-	-
	-	20,301,662	-	-	20,301,662
India Infoline Limited	-	(35,540,481)	-	-	(35,540,481)
<b>Loans &amp; Advances</b>					
	-	-	-	-	-
India Infoline Limited	-	(4,477,046)	-	-	(4,477,046)
	-	-	-	-	-
IIFL Holdings Limited	-	(126,118)	-	-	(126,118)

**Note:**

- I) Figures in bracket represents previous year figures.
- II) Related parties are identified and certified by the management.

**Note 39. Earnings and Expenses in Foreign Currency:**

(Amount in ₹)

Particulars	2016-2017	2015-2016
<b>Earnings in Foreign Currency</b>		
Advisory fees	1,665,073	-



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)

Particulars	2016-2017	2015-2016
Dividend income	-	178,478,294
<b>Sub Total</b>	<b>1,665,073</b>	<b>178,478,294</b>
<b>Expenses in Foreign Currency</b>		
Travelling Expense	1,308,826	302,626
Advertisement Expense	1,328,060	503,750
Legal and professional Charges	6,406,199	3,003,300
Marketing and commission Expense	13,020,721	9,266,581
Office Expense	2,382,194	1,084,732
<b>Sub Total</b>	<b>24,446,001</b>	<b>14,160,989</b>

**Note 40.** The summary of Consolidated Financial Statements represents consolidation of accounts of the Company with its following subsidiaries, as detailed below:

Subsidiary	Country of incorporation	Proportion of ownership interest	
		As on March 31, 2017	As on March 31, 2016
IIFL Distribution Services Limited	India	100%	100%
IIFL Investment Adviser and Trustee Services Limited	India	100%	100%
IIFL Alternate Asset Advisors Limited	India	100%	100%
IIFL Asset Management Limited	India	100%	100%
IIFL Trustee Limited	India	100%	100%
India Alternatives Investment Advisors Private Limited (Upto 31 <sup>st</sup> March, 2017)	India	71%	71%
IIFL Wealth Finance Limited	India	100%	100%
IIFL Asset Management (Mauritius) Limited (Formerly IIFL Private Wealth (Mauritius) Limited)	Mauritius	100%	100%
IIFL Private Wealth (Suisse) SA	Switzerland	100%	100%
IIFL Inc	New York	100%	100%
IIFL (Asia) Pte Limited	Singapore	100%	100%
IIFL Securities Pte. Limited	Singapore	100%	100%
IIFL Capital Pte. Limited	Singapore	100%	100%
IIFL Private Wealth Management (Dubai) Limited	Dubai	100%	100%
IIFL Private Wealth Hong Kong Limited	Hongkong	100%	100%

**Note 41. Goodwill on consolidation**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Goodwill	293,400,723	344,681,799
Capital Reserve	5,085,446	5,085,446
<b>Net</b>	<b>288,315,277</b>	<b>339,596,353</b>

**Note 42.** The financial position and results (after eliminations) of India Alternatives Investment Advisors Private Limited (IAIA) which ceased to be a subsidiary during the year ended March 31, 2017 and IIFL Wealth Finance Limited (Wealth Finance) which became subsidiary during the year ended March 31, 2016 are given below:

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Name of the subsidiary</b>	<b>IAIA</b>	<b>Wealth Finance</b>
<b>Liabilities</b>		



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

Particulars	As at March 31,2017	As at March 31,2016
Non-current liabilities	2,767,239	-
Current liabilities	24,691,535	4,888,241
<b>Total</b>	<b>27,458,774</b>	<b>4,888,241</b>
<b>Assets</b>		
Non-current assets	8,303,026	280,999,557
Current assets	3,950,253	8,742,641,895
<b>Total</b>	<b>12,253,279</b>	<b>9,023,641,452</b>
	<b>2016-17</b>	<b>2015-16</b>
Revenue for the period ended	22,709,048	71,990,579
Expenses for the period ended	60,650,205	33,642,266
<b>Profit / (Loss) before tax for the period ended</b>	<b>(37,941,157)</b>	<b>38,348,313</b>
<b>Profit / (Loss) after tax for the period ended</b>	<b>(37,941,157)</b>	<b>17,671,927</b>

**Note 43.** The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same has been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2017, are as under:

Minimum Lease Rentals	(Amount in ₹)	
	As At March 31,2017	As At March 31,2016
Up to one year	335,490,106	221,693,716
One to five years	325,176,870	396,868,658
Over five years	-	582,558

**Note 44. Corporate Social Responsibility**

During the financial year 2016-17, the Group has spent ₹ 28,722,700/- (P.Y. ₹ 13,655,000/-) as against ₹ 28,219,147/- (P.Y. ₹ 15,090,566/-) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility (CSR). The Company was focused on implementing the projects identified by the CSR Committee and had successfully completed most of the projects. The Company had substantially utilised the amount required to be spent on CSR projects and an amount of ₹ NIL (P.Y. ₹ 1,435,566/-) remain as unspent. The Company has many ongoing projects and plans to further increase the spend in the years to come through its impact driven projects.

**Note 45.** Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013  
(As on/for the year ended March 31, 2017)

Particulars	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>				
IIFL Wealth Management Limited	12.10%	1,844,650,992	39.04%	977,910,643
<b>Subsidiaries</b>				
<b>Indian</b>				
IIFL Wealth Finance Limited	69.81%	10,639,458,145	38.18%	956,381,450
IIFL Asset Management Limited	6.75%	1,028,642,804	12.68%	317,595,355



CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED

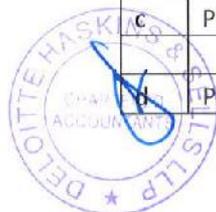
Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)

Particulars	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
IIFL Distribution Services Limited	0.18%	27,585,050	-5.67%	(142,040,284)
IIFL Alternate Asset Advisors Limited	1.02%	154,954,146	1.45%	36,381,931
IIFL Investment Adviser and Trustee Services Limited	2.24%	341,074,613	-0.95%	(23,738,793)
IIFL Trustee Limited	0.05%	6,881,322	0.15%	3,768,045
India Alternatives Investment Advisors Private Limited (Upto 31 <sup>st</sup> March, 2017)		-	-1.51%	(37,941,157)
<b>Foreign</b>				
IIFL Asset Management (Mauritius) Limited (Formerly IIFL Private Wealth (Mauritius) Limited)	4.68%	713,112,775	21.16%	530,075,644
IIFL Inc	0.31%	47,853,864	-0.98%	(24,429,346)
IIFL Private Wealth (Suisse) SA	0.05%	6,991,896	-0.02%	(508,760)
IIFL Private Wealth Management (Dubai) Limited	0.44%	66,976,675	-2.37%	(59,337,364)
IIFL Private Wealth Hong Kong Limited	0.39%	59,640,767	-0.65%	(16,160,054)
IIFL (Asia) Pte Limited	1.99%	303,792,733	-0.53%	(13,264,555)
<b>Total</b>	<b>100.00%</b>	<b>15,241,615,782</b>	<b>100.00%</b>	<b>2,504,692,755</b>

**Note 46. Segment Reporting:**

In the opinion of the management, there are three reportable business segments as envisaged by AS 17 'Segment Reporting', as prescribed by Companies (Accounting Standard) Rules, 2006 as given below.

		Distribution	Fund Management/ Advisory	Financing & Lending	Unallocated	Total
<b>I</b>	<b>Segment Revenue</b>					
a	External	5,090,628,443	1,216,918,490	4,521,039,267	-	10,828,586,200
		(4,944,996,652)	(891,746,210)	(71,990,579)	-	(5,908,733,441)
b	Inter Segment Revenue			-	-	-
				-	-	-
c	Total Revenue	5,090,628,443	1,216,918,490	4,521,039,267	-	10,828,586,200
		(4,944,996,652)	(891,746,210)	(71,990,579)	-	(5,908,733,441)
						-
<b>II</b>	<b>Results</b>					-
a	Segment Result	1,617,883,529	662,061,455	3,839,765,209	-	6,119,710,193
		(1,899,949,132)	(534,569,914)	(38,348,313)	-	(2,472,867,359)
b	Interest Expense	149,159,041	35,360	2,340,634,821	-	2,489,829,222
		(205,402,427)	(3,913,556)	-	-	(209,315,983)
c	Profit before Tax	1,468,724,488	662,026,095	1,499,130,388	-	3,629,880,971
		(1,694,546,705)	(530,656,358)	(38,348,313)	-	(2,263,551,376)
	Provision for Tax	477,220,049	76,810,652	571,157,515	-	1,125,188,216



**CONSOLIDATED FINANCIAL STATEMENTS OF IIFL WEALTH MANAGEMENT LIMITED**  
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

		Distribution	Fund Management/ Advisory	Financing & Lending	Unallocated	Total
		(450,675,071)	(98,350,999)	(20,676,386)	-	(569,702,456)
e	Net Profit after Tax	991,504,439	585,215,443	927,972,873	-	2,504,692,755
		(1,243,871,634)	(432,305,359)	(17,671,927)	-	(1,693,848,920)
						-
III	Segment Assets	9,493,172,579	1,794,118,666	64,141,516,384	574,945,427	76,003,753,056
		(4,525,816,441)	(684,699,878)	(9,022,641,895)	(462,435,804)	(14,695,594,018)
IV	Segment Liabilities	6,977,146,991	192,179,969	53,416,701,123	176,109,191	60,762,137,274
		(2,232,660,836)	(148,221,555)	(3,791,718)	(18,197,367)	(2,402,871,476)
V	Capital Expenditure	222,010,404	114,147	6,670,506	-	228,795,057
		(97,950,836)	(520,340)	-	-	(98,471,176)
VI	Depreciation	86,983,310	1,415,499	672,129	-	89,070,938
		(31,997,004)	(1,569,813)	-	-	(33,566,817)
VII	Non Cash Expenses	(4,313,371)	(21,642)	304,797,424	-	300,462,411
		(37,643,756)	-	(3,023,191)	-	(40,666,947)

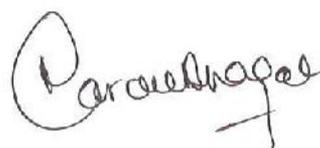
Secondary segmentation information based on geography is as per below:

	India	Mauritius	Others	Unallocated	Total
Segment Revenue	9,886,279,007	663,250,683	279,056,510	-	10,828,586,200
	(4,753,825,309)	(852,741,602)	(302,166,530)	-	(5,908,733,441)
Segment Assets	74,123,446,651	750,772,108	554,588,870	574,945,427	76,003,753,056
	(13,316,996,672)	(427,051,779)	(489,109,763)	(462,435,804)	(14,695,594,018)
Capital Expenditure	228,147,429	83,901	563,727	-	228,795,057
	(97,267,451)	(561,731)	(641,994)	-	(98,471,176)

Figures in bracket represents previous year figures.

**Note 47.** Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation.

For and on behalf of Board of Directors



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

  
**Yatin Shah**  
 Executive Director  
 (DIN: 03231090)



  
**Mihir Nanavati**  
 Chief Financial Office

  
**Ashutosh Naik**  
 Company Secretary

Place : Mumbai  
 Dated : May 03, 2017

