



**PRIVATE WEALTH MANAGEMENT  
DISCLOSURE DOCUMENT**

(As per the requirement of Fifth Schedule of Regulation 14 of Securities and Exchange Board of India (Portfolio Managers) Regulation 1993.)

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

This document supersedes the Disclosure Document dated May 5, 2015 filed with SEBI on May 12, 2015.

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

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

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

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

The name, phone no., e-mail address of the Principal Officer so designated by the Portfolio Manager is:

|                                      |  |
|--------------------------------------|--|
| <b>Name of the Principal Officer</b> | <b>Mr. Yatin Shah</b>                                |
| Phone                                | (+91 - 22) 39585641                                  |
| Email                                | <a href="mailto:yatin@iiflw.com">yatin@iiflw.com</a> |
| Website                              | <a href="http://www.iiflw.com">www.iiflw.com</a>     |

Date: November 5, 2015

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## **1. Disclaimer:**

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

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

## **2. Definitions:**

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

- a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- b) "Board" means the Securities and Exchange Board of India.
- c) "Client" or "Investor" means any person who registers with the Portfolio Manager and enters into an Agreement with the Portfolio Manager for availing the services of Portfolio Management.
- d) "Custodian" means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.
- e) "Depository" means a body corporate as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).
- f) "Depository Account" means any account of the Client or for the Client with an entity registered as a depository participant as per the relevant regulations in which the securities comprising part of the portfolio of the client are kept by the portfolio manager.
- g) "Disclosure Document" means this disclosure document dated November 5, 2015 for offering Portfolio Management Services.
- h) "Financial year" means the year starting from 1st April and ending on 31st March the following year.
- i) "Funds" means the moneys placed by the Client with the Portfolio Manager and any accretions thereto.
- j) "Funds managed" means the market value of the Portfolio of the Client as on date.
- k) "Initial Corpus" means the value of the funds and the market value of readily realizable investments brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager.
- l) "PMS / Portfolio Management Services Agreement" includes contract entered between the portfolio manager and the client for the management of funds or securities of the client.
- m) "Portfolio" means the total holdings of all investments, securities and funds belonging to the client.
- n) "Portfolio Manager" means IIFL Wealth Management Ltd, a company incorporated under the Companies Act, 1956 and having its registered office at IIFL house, 4th Floor, Sun Infotech

Park, Road no. 16, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane, Mumbai- 400 604.

- o) “Principal Officer” means a person who has been designated as Principal Officer by the Portfolio Manager as required under the SEBI (Portfolio Managers) Regulations, 1993 and he will be responsible for the activities of Portfolio Manager.
- p) “Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 including rules, guidelines or circulars issued in relation thereto from time to time
- q) “SEBI” means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
- r) “Securities” as per Securities Contracts (Regulation) Act, 1956

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

### **3. Description:**

#### **(i) History, Present Business and Background of the Portfolio Manager:**

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

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

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

associations, institutions, corporate and body corporates and to pass on the benefits of such investments as interest, dividend, bonus, etc. and provide complete range of financial services.

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

IIFL Wealth Management Ltd is also a sponsor to IIFL Mutual Fund.

**(ii) Promoters of the Portfolio Manager, Directors and their background.**

**(a) Promoters of IIFL Wealth Management Limited**

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

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

**1) Mr. Nirmal Jain (Chairman & Director)**

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

**2) Mr. R. Venkataraman (Director)**

R Venkataraman, co-promoter and Executive Director of India Infoline Ltd., is a B. Tech (Electronics and Electrical Communications Engineering, IIT Kharagpur) and an MBA (IIM Bangalore). He joined India Infoline board in July 1999. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of USA and with BZW and Taib Capital Corporation Limited. He was also Assistant Vice President with G E Capital Services India Limited in their private equity division, possessing a varied experience of more than 16 years in the financial services sector.

**3) Mr. Karan Bhagat (Managing Director)**

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

**4) Mr. Yatin Shah (Whole Time Director)**

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

**5) Mr. Nilesh Vikamsey (Independent Director)**

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

**6) Mr. Amit Shah (Additional Director)**

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

**7) Ms. Geeta Mathur (Independent Director)**

Mrs. Geeta Mathur is a Chartered Accountant, specialising in the area of project, corporate and structured finance, treasury, investor relations and strategic planning. She started her

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

**(iii) Details of Group Companies:**

**Subsidiaries of IIFL Wealth Management Ltd. as on March 31, 2015 are as follows:**

| <b>Sr. No.</b> | <b>Name of the subsidiary</b>                              | <b>Business Activity</b>  | <b>Regulator</b>                         |
|----------------|--|---|--|
| 1              | India Infoline Trustee Company Limited                     | Trustee company to Mutual Fund  | MCA and SEBI                             |
| 2              | India Infoline Asset Management Company Limited            | Asset Management Company to Mutual Fund and Alternative Investment Funds (AIF)  | MCA and SEBI                             |
| 3              | IIFL Investment Adviser & Trustee Services Limited         | Trustee Services & Investment Adviser   | MCA & SEBI                               |
| 4              | IIFL Distribution Services Private Limited                 | Distribution  | MCA                                      |
| 5              | IIFL Alternate Asset Advisors Limited                      | Investment Manager  | MCA & SEBI                               |
| 6              | India Alternatives Investment Advisors Private Limited     | Investment Manager to Venture Capital Fund  | MCA & SEBI                               |
| 7              | IIFL Private Wealth (Mauritius) Ltd – Located at Mauritius | Distribution and advisory services for financial products and CIS License Manager & Category I Global Business License. | Financial Services Commission, Mauritius |
| 8              | IIFL Private Wealth (Suisse)                               | Advisory & Financial  | Registrar of Companies                   |

| <b>Sr. No.</b> | <b>Name of the subsidiary</b>   | <b>Business Activity</b>   | <b>Regulator</b>  |
|----------------|---|--|---|
|                | SA. – Located at Switzerland  | Services and External Asset Manager  |   |
| 9.             | IIFL Inc. – Located at USA  | Distribution and advisory services for financial products and FII                      | Securities and Exchange Commission, USA and SEBI                |
| 10             | IIFL (Asia) Pte. Ltd. – Located at Singapore  | Investment holding company only, for IIFL Securities Pte Ltd and IIFL Capital Pte Ltd. | ROC, Singapore  |
| 11             | IIFL Private Wealth Hong Kong Ltd. - Located at Hong Kong                             | Distribution and advisory services for financial products                              | Securities and Futures Commission                               |
| 12             | IIFL Private Wealth Management (Dubai) Ltd. – Located at Dubai                        | Arranging Credit and Deals in Investments. Advising on Financial Products or Credit    | Dubai Financial Services Authority                              |
| 13             | IIFL Capital Pte. Ltd formerly known as IIFL Wealth Pte. Ltd. – Located at Singapore* | Fund Management  | Monetary Authority of Singapore                                 |
| 14             | IIFL Securities Pte. Ltd – Located at Singapore*                                      | Distribution and Advisory services for financial products                              | Monetary Authority of Singapore; and Singapore Exchange Limited |



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

| <b>Sr. No.</b> | <b>Name of the subsidiary</b>   | <b>Business Activity</b>   | <b>Regulator</b>   |
|----------------|---|--|--|
| 1              | India Infoline Commodities Limited  | Commodity broking  | MCA, National Commodity & Derivatives Exchange Limited and Multi Commodities Exchange                          |
| 2              | India Infoline Finance Ltd.   | NBFC   | MCA and RBI  |
| 3              | India Infoline Housing Finance Limited #  | Housing Finance Company  | MCA and NHB  |
| 4              | India Infoline Ltd. (Formerly known as India Infoline Distribution Company Limited) | Stock Broker, Depository Participant., Distribution of financial products & Investment Adviser | MCA & SEBI   |
| 5              | India Infoline Insurance Brokers Limited  | Insurance Broker   | MCA and IRDA   |
| 6              | India Infoline Media and Research Services Limited                                  | Media and Research   | MCA  |
| 7              | IIFL Capital Limited  | Stock Broker   | MCA, BSE, NSE and SEBI   |
| 8              | IIFL Realty Limited   | Realty   | MCA  |
| 9              | India Infoline Insurance Services Limited   | Corporate Agent  | MCA and IRDA   |
| 10             | India Infoline Commodities DMCC – Located at Dubai                                  | Gold and Commodity exchange, Broking member and Gold and Commodity exchange                    | Dubai Gold and Commodities Exchange, Dubai and Dubai Multi Commodities Centre, Dubai.<br><br>Presently Company |

| <b>Sr. No.</b> | <b>Name of the subsidiary</b>       | <b>Business Activity</b>                                  | <b>Regulator</b>             |
|----------------|-------------------------------------|---|------------------------------|
|                |                                     |   | under Liquidation            |
| 11             | IIFL Wealth (UK) Ltd –Located at UK | Distribution and advisory services for financial products | Financial Services Authority |
| 12             | IIFL Capital Inc. – Located at USA  | Registered Broker Dealer                                  | FINRA                        |
| 13             | India Infoline Foundation           | Company with Charitable objects                           | MCA                          |
| 14             | IIFL Asset Reconstruction Limited   | Securitization of financial asset                         | MCA                          |
| 15             | IIFL Properties Private Limited     | Real Estate   | MCA                          |

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

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

**The top ten group companies of the Portfolio Manager on turnover basis as per the audited financial statements (FY 2014-15) of IIFL Holdings Ltd. are as below**

1. India Infoline Finance Limited
2. India Infoline Limited
3. IIFL Wealth Management Limited
4. India Infoline Housing Finance Limited
5. IIFL Holdings Limited
6. IIFL Realty Limited
7. India Infoline Insurance Brokers Limited
8. IIFL Private Wealth (Mauritius) Limited
9. India Infoline Media and Research Services Limited
10. India Infoline Asset Management Company Limited

**(iv) Details of the services being offered:**

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

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

Presently following portfolio strategies are being offered to the Investors.

Depending on the client specific objectives and suitability, the discretionary PMS portfolio consists of following investments / strategies

➤ **Investment in Customized Discretionary Portfolios:**

The Customized Discretionary portfolios are tailor-made to meet clients' specific objectives. The portfolios have client-specific investment objectives and risk control metrics. Investments may be made across equity and debt schemes and are customized to meet specific liquidity needs.

➤ **Investment in Distress Assets :**

It consisting of selective equity stocks picked according to underlying themes as selected by the Portfolio Manager. The basic thesis is to take exposure to undervalued companies suffering from negative sentiment with well defined valuation approach. The Aim is to adopt a Contrarian and Value style of investing to invest in stocks suffering from excessive pessimism and perceived fears about business outlook and the environment.

➤ **Investment in securities of Real Estate Companies :**

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

➤ **Investment in Growth oriented companies:**

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

➤ **Investment in Long Term Value Portfolio:**

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

➤ **Investment in Select Equity Portfolio:**

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

➤ **Investment in Select ETF Portfolio:**

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

➤ **Investment in Debt Portfolio:**

This Portfolio primarily is a growth oriented Portfolio in debt which will focus on a Universe of available debt and debt investments. The investments would include Government Securities, RBI bonds, PSU bonds, Tax Free Bonds , Corporate

Debentures, Bank Bonds , State Guaranteed bonds , money market instruments, commercial paper and Certificate of Deposits, liquid plus schemes and secured NCD's. This Portfolio is suitable to Investors who like to invest in the funds with low volatility and superior risk adjusted returns.

➤ **Investment in Pre-leased Rental Strategy:**

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

➤ **Investment in National Development Agenda Portfolio:**

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

➤ Equity Investment - upto 100%

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

**Notes:**

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

**B) Non-Discretionary service:**

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

Presently there are no clients under Non-discretionary services.

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

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

**Policy for Investment in Group Companies**

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

The Portfolio Manager may invest in shares, units of mutual funds, debt, deposits and other financial instruments issued by any of the group / associate companies of the Portfolio Manager to the extent permitted under the SEBI Regulations.

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

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

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

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

## 5. Details of Services offered by the Portfolio Manager:

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

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

### **Type of Securities where investments may be made by the Portfolio Manager under any of the above mentioned Services**

- i. shares, scrips, stocks, bonds, debentures, debentures stock or other marketable securities of a like nature in or of any incorporated company or other body corporate,
- ii. derivative
- iii. units or any other instrument issued by any collective investment scheme (iv) security receipt as defined in clause (zg) of section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- iv. Government securities
- v. units or any other such instrument issued to the investors under any scheme of mutual fund , alternative investment fund, venture capital fund;
- vi. Any certificate or instrument (by whatever name called), issued to any investor by any issuer being a special purposes distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be
- vii. such other instruments as may be declared by the Central Government to be securities
- viii. Rights or interest in securities.

The above mentioned securities are illustrative in nature. Investments can be made in various equity and equity related securities including convertible/non-convertible and/or cumulative/non-cumulative preference shares, convertible and/or cumulative/non-cumulative debentures, bonds and warrants carrying the right to obtain equity shares, units of mutual funds, units of Alternative investment funds, ETFs and other eligible modes of investment as may permitted by the Regulations from time to time. The Portfolio Manager may from time to time invest the idle cash balance in units of Liquid Schemes of Mutual Funds. Investments could also be made in listed, unlisted, convertible, non-convertible, secured, unsecured, rated or unrated or of any maturity, and acquired through secondary market purchases, RBI auctions, open market sales conducted by RBI etc., Initial Public Offers (IPOs), other public offers, bilateral offers, placements, rights, offers, negotiated deals, etc. The debt category will include all types of debt securities including but not limited to Securitised Debt, Pass Through Certificates, Debentures (fixed, floating, Variable Coupon,



and equity index /stocks /stocks basket linked), Bonds, Government securities issued or guaranteed by Central or State Government, non-convertible part of partially convertible securities, corporate debt of both public and private sector undertakings, securities issued by banks (both public and private sector) and development financial institutions, bank fixed deposits, commercial papers, certificate of deposit, trade bills, treasury bills and other money market instruments, units of mutual funds, units of SEBI registered Venture Capital Funds, floating rate debt securities and fixed income derivatives like interest rate swaps, forward rate agreements etc. as may be permitted by the Act, Rules and/or Regulations, guidelines and notifications in force from time to time.

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

## **6. Risk Factors:**

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

- (g) The debt investments and other fixed income securities may be subject to interest rate risk, liquidity risk, credit risk, and reinvestment risk. Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures.
- (h) Investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.
- (i) The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the client's portfolio to liquidity risks.
- (j) Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/ counter party.
- (k) Portfolio services using derivative/ futures and options are affected by risk different from those associated with stock and bonds. Such investments are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of derivatives and futures and options. Some of the risks relate to mis-pricing on the improper valuation of derivatives and futures and options and the inability to correlate the positions with underlying assets, rates and indices. Also, the derivatives and future and options market is nascent in India.
- (l) The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the Portfolio Services. All Portfolios under portfolio management are subject to change at any time at the discretion of the Portfolio Manager.
- (m) Performance of the Portfolios may be impacted as a result of specific investment restrictions provided by the client.

### **Specific Risk Factors**

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

➤ **Market Risk**

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

➤ **Market Trading Risks**

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

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

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

➤ **Regulatory Risk**

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

➤ **Asset Class Risk**

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

➤ **Performance Risk**

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

➤ **Interest Rate Risk**

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

➤ **Credit Risk**

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

➤ **Model Risk**

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

➤ **Investments in Derivative Instruments**

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

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

net assets and will comply with applicable SEBI Regulations. There may be a cost attached to buying derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. The possible lack of a liquid secondary market for a derivatives contract may result in inability to close the derivatives positions prior to their maturity date.

➤ **Illiquidity Risk**

The corporate debt market is relatively illiquid vis-a-vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Further, liquidity may occur only in specific lot sizes. Liquidity in a security can therefore suffer. Even though the Government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. Trading in specified debt securities on the Exchange may be halted because of market conditions or for reasons that in the view of the Exchange Authorities or SEBI, trading in the specified debt security is not advisable. There can be no assurance that the requirements of the securities market necessary to maintain the listing of specified debt security will continue to be met or will remain unchanged. In such a situation, the portfolio manager at his sole discretion will return the securities to the Client.

➤ **Zero Return Risk**

Returns on investments undertaken in structured securities would depend on occurrence /nonoccurrence of the specified event. Thus, returns may or may not accrue to an investor depending on the occurrence/non-occurrence of the specified event.

➤ **Redemption Risk**

The payoffs as envisaged in structured securities are such that the Client may lose a part/entire amount invested.

➤ **Risk of Real Estate investment**

Investment in securities of companies investing in real estate is subject to risk of fluctuations in real estate prices. Portfolio returns are dependent on real estate market. Investor could lose money if real estate prices go down at the time of maturity.

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

- a. Presently, secondary market for such securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investments to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.
- b. Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.
- c. The Structured Notes like the Index linked securities, in which funds are proposed to be invested in, are high risk instruments. A small movement in returns generated by the underlying index could have a large impact on their value and may also result in a loss.
- d. The Issuer of equity index linked securities or any of its Agents, from time to time may have long or short positions or make markets including in NIFTY indices, futures and options (hereinafter referred to as "Reference Assets") (and other similar assets), they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may be at variance with or asymmetrical to those on the securities, and they may engage in other public and private financial transactions (including the purchase of privately placed investments or securities or other assets). The foregoing activities of "The Issuer of index linked securities" or any of its Agents and related markets (such as the foreign exchange market) may affect the value of the securities. In particular, the value of the securities could be adversely impacted by a movement in the Reference Assets, or activities in related markets, including by any acts or inactions of "The Issuer of index linked securities" or any of its Agents;
- e. The equity Index linked securities, even after being listed, may not be marketable or may not have a market at all;
- f. The returns on the Structured securities, primarily are linked to the S&P CNX Nifty Index and/or any other equity benchmark as the Reference Asset, and even otherwise, may be lower than prevalent market interest rates or even be nil or negative depending entirely on the movement in the underlying index and futures values as also that over the life of the

securities (including the amount if any, payable on maturity, redemption, sale or disposition of the securities) the security holder may receive no income/return at all or negative income/return on the security, or less income/return than the security-holder may have expected, or obtained by investing elsewhere or in similar investments.

- g. The return on investment in securities would depend on the prevailing market conditions, both domestically as well as internationally. The returns mentioned in the term sheets are indicative and may or may not accrue to an investor accordingly.
- h. In equity index linked securities, in the event of any discretions to be exercised, in relation to method and manner of any of the computations including due to any disruptions in any of the financial markets or if for any other reason, the calculations cannot be made as per the method and manner originally stipulated or referred to or implied, such alternative methods or approach shall be used as deemed fit by the issuer and may include the use of estimates and approximations. All such computations shall be valid and binding on the investor, and no liability there for will attach to the issuer of equity index linked securities / AMC;
- i. There is a risk of receiving lower than expected or negligible returns or returns lower than the initial investment amount in respect of such equity index linked securities over the life and/or part thereof or upon maturity, of the securities.
- j. At any time during the life of such securities, the value of the securities may be substantially less than its redemption value. Further, the price of the securities may go down in case the credit rating of the Company or issuer goes down.
- k. The securities and the return and/or maturity proceeds hereon, are not guaranteed or insured in any manner by the Issuer of equity index linked securities.
- l. The Issuer of equity index linked securities or any person acting on behalf of the Issuer of equity index linked securities, may have an interest/position as regards the Portfolio Manager and/or may have an existing banking relationship, financial, advisory or other relationship with them and/or may be in negotiation/discussion with them as to transactions of any kind.
- m. The Issuer of equity index linked securities or any of its Agents, have the legal ability to invest in the units offered herein and such investment does not contravene any provision of any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the investor, and/or its assets.

**7. Client Representation:**

As on September 30, 2015

(Amounts in Crores)

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

As on March 31, 2015

(Amounts in Crores)

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



As on March 31, 2014

(Amounts in Crores)

| Category of clients        | No. of Accounts | Funds managed (Rs. Crores) In Discretionary Services | Funds managed (Rs. Crores) In Non Discretionary Services |
|----------------------------|-----------------|--|--|
| Associates/group companies | 0               | 0  | 0  |
| <b><u>Others</u></b>       |                 |  |  |
| Individual                 | 1656            | 242.70   | 3339.74  |
| Corporate                  | 430             | 230.21   | 1260.33  |
| <b>Total</b>               | <b>2086</b>     | <b>472.91</b>  | <b>4600.07</b>   |

As on March 31, 2013

(Amounts in Crores)

| Category of clients        | No. of Accounts | Funds managed (Rs. Crores) In Discretionary Services | Funds managed (Rs. Crores) In Non Discretionary Services |
|----------------------------|-----------------|--|--|
| Associates/group companies | 0               | 0  | 0  |
| <b><u>Others</u></b>       |                 |  |  |
| Individual                 | 1637            | 228.09   | 2527.34  |
| Corporate                  | 429             | 323.44   | 817.28   |
| <b>Total</b>               | <b>2066</b>     | <b>551.53</b>  | <b>3344.62</b>   |

**(ii) Disclosure in respect of transactions with related parties as per audited Balance sheet as on March 31, 2015:**

| <b>Nature of relationship</b>   | <b>Name of party</b>  |
|---------------------------------|---|
| <b>Holding Company</b>          | IIFL Holdings Limited (Formerly India Infoline Limited)   |
| <b>Subsidiary Companies</b>     | <p>IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited)</p> <p>IIFL Investment Advisers and Trustee Services Limited (Formerly IIFL Trustee Services Limited)</p> <p>IIFL Alternate Asset Advisors Limited</p> <p>India Infoline Asset Management Company Limited</p> <p>India Infoline Trustee Company Limited</p> <p>India Alternatives Advisors Private Limited</p> <p>IIFL (Asia) Pte Limited</p> <p>IIFL Inc</p> <p>IIFL Private Wealth Management (Dubai) Limited</p> <p>IIFL Private Wealth (Mauritius) Limited</p> <p>IIFL Private Wealth (Suisse) SA</p> <p>IIFL Private Wealth Hong Kong Limited</p> <p>IIFL Securities Pte Limited</p> <p>IIFL Capital Pte Limited</p>                 |
| <b>Fellow Subsidiaries</b>      | <p>India Infoline Limited (Formerly India Infoline Distribution Co. Limited)</p> <p>India Infoline Commodities Limited</p> <p>India Infoline Finance Limited</p> <p>India Infoline Media and Research Services Limited</p> <p>India Infoline Housing Finance Limited (in group companies last report)</p> <p>India Infoline Commodities DMCC</p> <p>India Infoline Insurance Brokers Limited</p> <p>India Infoline Insurance Services Limited</p> <p>IIFL Realty Limited</p> <p>IIFL Capital Limited</p> <p>IIFL Wealth (UK) Limited</p> <p>IIFL Capital Inc</p> <p>India Infoline Foundation</p> <p>IIFL Properties Private Limited (Formerly Ultra Sign &amp; Display Private Limited)</p> <p>IIFL Asset Reconstruction Limited</p> |
| <b>Key Managerial Personnel</b> | <p>Karan Bhagat</p> <p>Yatin Shah</p> <p>Amit Shah</p>  |

| Nature of relationship       | Name of party   |
|------------------------------|---|
| <b>Other Related Parties</b> | Nirmal Jain<br>R. Venkataraman<br>Orpheus Trading Pvt. Limited<br>Ardent Impex Pvt. Limited |

(\* ) IIFL Securities Ceylon (Pvt.) Limited was related party upto 30<sup>th</sup> December 2013

(\*\* ) IIFL Capital Ceylon Limited was related party upto 20<sup>th</sup> March 2014

**(a) Significant Transactions with Related Parties as per Balance Sheet dated March 31, 2015:**

**(Amount in Rs.)**

| Nature of Transaction   | Holding Company | Subsidiary  | Fellow Subsidiaries | Group Companies | Key Managerial Personnel | Total                |
|---|-----------------|-------------|---------------------|-----------------|--------------------------|----------------------|
| <b><u>Investment</u></b>  |                 |             |                     |                 |                          |                      |
| IIFL Holdings Limited (Formerly India Infoline Limited)                                     | 446,284,302     | -           | -                   | -               | -                        | <b>446,284,302</b>   |
|   | (197,150,736)   | -           | -                   | -               | -                        | <b>(197,150,736)</b> |
| India Infoline Asset Management Company Ltd   | -               | 340,000,000 | -                   | -               | -                        | <b>340,000,000</b>   |
|   | -               | -           | -                   | -               | -                        | -                    |
| IIFL Investment Adviser & Trustee Services Limited (Formerly IIFL Trustee Services Limited) | -               | -           | -                   | -               | -                        | -                    |
|   | -               | (3,500,000) | -                   | -               | -                        | <b>(3,500,000)</b>   |
| India Infoline Trustee Company Limited  | -               | -           | -                   | -               | -                        | -                    |
|   | -               | (2,000,000) | -                   | -               | -                        | <b>(2,000,000)</b>   |
| <b><u>Share Capital Issued:</u></b>   |                 |             |                     |                 |                          |                      |
| Karan Bhagat  | -               | -           | -                   | -               | -                        | -                    |
|   | -               | -           | -                   | -               | (7,368,421)              | <b>(7,368,421)</b>   |
| Yatin Shah  | -               | -           | -                   | -               | -                        | -                    |
|   | -               | -           | -                   | -               | (4,728,416)              | <b>(4,728,416)</b>   |

| Nature of Transaction   | Holding Company | Subsidiary    | Fellow Subsidiaries | Group Companies | Key Managerial Personnel | Total                |
|---|-----------------|---------------|---------------------|-----------------|--------------------------|----------------------|
| <b><u>Purchase of inventories (Net)</u></b>   |                 |               |                     |                 |                          |                      |
| IIFL Distribution Services Ltd<br>(Formerly IIFL Distribution Services Private Limited) | -               | -             | -                   | -               | -                        | -                    |
|   | -               | (166,209,033) | -                   | -               | -                        | <b>(166,209,033)</b> |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                   | -               | -             | 53,856,244          | -               | -                        | <b>53,856,244</b>    |
|   | -               | -             | (664,357,476)       | -               | -                        | <b>(664,357,476)</b> |
| India Infoline Finance Limited  | -               | -             | 3,941,213,060       | -               | -                        | <b>3,941,213,060</b> |
|   | -               | -             | -                   | -               | -                        | -                    |
| <b><u>Sale of inventories (Net)</u></b>   |                 |               |                     |                 |                          |                      |
| India Infoline Finance Limited  | -               | -             | 1,162,764,065       | -               | 78,655,000               | <b>1,241,419,065</b> |
|   | -               | -             | -                   | -               | -                        | -                    |
| India Infoline Housing Finance Ltd  | -               | -             | 50,245,053          | -               | -                        | <b>50,245,053</b>    |
|   | -               | -             | -                   | -               | -                        | -                    |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                   | -               | -             | -                   | -               | -                        | -                    |
|   | -               | -             | (300,181,811)       | -               | -                        | <b>(300,181,811)</b> |
| <b><u>Commission Income</u></b>   |                 |               |                     |                 |                          |                      |
| India Infoline Finance Limited  | -               | -             | -                   | -               | -                        | -                    |
|   | -               | -             | (545,000)           | -               | -                        | <b>(545,000)</b>     |
| India Infoline Asset Management Company Ltd   | -               | 540           | -                   | -               | -                        | <b>540</b>           |
|   | -               | (364,214)     | -                   | -               | -                        | <b>(364,214)</b>     |

| <b><u>Brokerage - Authorised Person/ Brokerage - Fixed Deposit/ Arranger Fees Income/ Management Fees Income</u></b> |   |              |               |   |   |                      |
|--|---|--------------|---------------|---|---|----------------------|
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)  | - | -            | 338,277,799   | - | - | <b>338,277,799</b>   |
|  | - | -            | (177,568,804) | - | - | <b>(177,568,804)</b> |
| IIFL Alternate Asset Advisors Limited  | - | -            | -             | - | - | -                    |
|  | - | (23,617,102) | -             | - | - | <b>(23,617,102)</b>  |
| IIFL Realty Limited  | - | -            | 960,970       | - | - | <b>960,970</b>       |
|  | - | -            | (3,640,100)   | - | - | <b>(3,640,100)</b>   |
| India Infoline Finance Limited   | - | -            | -             | - | - | -                    |
|  | - | -            | (50,290,796)  | - | - | <b>(50,290,796)</b>  |
| India Infoline Asset Management Company Ltd  | - | 72,565,216   | -             | - | - | <b>72,565,216</b>    |
|  | - | -            | -             | - | - | -                    |
| <b><u>Interest Income on ICD</u></b>   |   |              |               |   |   |                      |
| India Infoline Finance Limited   | - | -            | 4,297,254     | - | - | <b>4,297,254</b>     |
|  | - | -            | (11,096)      | - | - | <b>(11,096)</b>      |
| IIFL Alternate Asset Advisors Limited  | - | 5,214,949    | -             | - | - | <b>5,214,949</b>     |
|  | - | (1,608,478)  | -             | - | - | <b>(1,608,478)</b>   |
| IIFL Investment Adviser & Trustee Services Limited (Formerly IIFL Trustee Services Limited)                          | - | 1,567,796    | -             | - | - | <b>1,567,796</b>     |
|  | - | (213,480)    | -             | - | - | <b>(213,480)</b>     |
| India Alternatives Investment Advisors Pvt. Limited  | - | 2,709,146    | -             | - | - | <b>2,709,146</b>     |
|  | - | -            | -             | - | - | -                    |

| <b><u>Interest Expense on ICD</u></b>   |           |              |              |   |   |                     |
|---|-----------|--------------|--------------|---|---|---------------------|
| IIFL Distribution Services Ltd<br>(Formerly IIFL Distribution Services Private Limited) | -         | 3,454,463    | -            | - | - | <b>3,454,463</b>    |
|   | -         | (2,925,102)  | -            | - | - | <b>(2,925,102)</b>  |
| India Infoline Asset Management Company Ltd   | -         | 16,573,044   | -            | - | - | <b>16,573,044</b>   |
|   | -         | (173,338)    | -            | - | - | <b>(173,338)</b>    |
| India Infoline Commodities Limited  | -         | -            | 105,205      | - | - | <b>105,205</b>      |
|   | -         | -            | (276,164)    | - | - | <b>(276,164)</b>    |
| India Infoline Finance Limited  | -         | -            | 7,736,204    | - | - | <b>7,736,204</b>    |
|   | -         | -            | (50,900,637) | - | - | <b>(50,900,637)</b> |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                   | -         | -            | 2,032,192    | - | - | <b>2,032,192</b>    |
|   | -         | -            | (95,892)     | - | - | <b>(95,892)</b>     |
| IIFL Holdings Limited (Formerly India Infoline Limited)                                 | 1,561,644 | -            | -            | - | - | <b>1,561,644</b>    |
|   | -         | -            | -            | - | - | <b>-</b>            |
| <b><u>Referral Fees – Expenses</u></b>  |           |              |              |   |   |                     |
| India Infoline Finance Limited  | -         | -            | 42,580,367   | - | - | <b>42,580,367</b>   |
|   | -         | -            | (69,568,934) | - | - | <b>(69,568,934)</b> |
| <b><u>Arranger Fees - Expenses</u></b>  |           |              |              |   |   |                     |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                   | -         | -            | -            | - | - | <b>-</b>            |
|   | -         | -            | (56,635,100) | - | - | <b>(56,635,100)</b> |
| <b><u>Manpower Outsourcing Expenses</u></b>   |           |              |              |   |   |                     |
| IIFL Distribution Services Ltd<br>(Formerly IIFL Distribution Services Private Limited) | -         | 67,584,803   | -            | - | - | <b>67,584,803</b>   |
|   | -         | (48,119,378) | -            | - | - | <b>(48,119,378)</b> |
| <b><u>Rent Expenses</u></b>   |           |              |              |   |   |                     |
| IIFL Realty Limited   | -         | -            | 61,859,948   | - | - | <b>61,859,948</b>   |
|   | -         | -            | (14,596,114) | - | - | <b>(14,596,114)</b> |

| <b>Remuneration</b>   |               |           |          |   |              |                      |
|---|---------------|-----------|----------|---|--------------|----------------------|
|   |               |           |          |   | 42,497,000   | <b>42,497,000</b>    |
| Karan Bhagat  |               |           |          |   | (25,875,000) | <b>(25,875,000)</b>  |
|   |               |           |          |   | 36,158,000   | <b>36,158,000</b>    |
| Yatin Shah  |               |           |          |   | (20,700,000) | <b>(20,700,000)</b>  |
| <b>Dividend Paid</b>  |               |           |          |   |              |                      |
| IIFL Holdings Limited (Formerly India Infoline Limited)                                     | 202,500,000   | -         | -        | - | -            | <b>202,500,000</b>   |
|   | (180,330,000) | -         | -        | - | -            | <b>(180,330,000)</b> |
|   | -             | -         | -        | - | 13,322,367   | <b>13,322,367</b>    |
| Karan Bhagat  | -             | -         | -        | - | (10,921,052) | <b>(10,921,052)</b>  |
|   | -             | -         | -        | - | 13,322,367   | <b>13,322,367</b>    |
| Yatin Shah  | -             | -         | -        | - | (10,921,052) | <b>(10,921,052)</b>  |
|   | -             | -         | -        | - | 10,657,895   | <b>10,657,895</b>    |
| Amit Shah   | -             | -         | -        | - | -            | <b>-</b>             |
| <b>Other funds received</b>   |               |           |          |   |              |                      |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                       | -             | -         | 1,800    | - | -            | <b>1800</b>          |
|   | -             | -         | -        | - | -            | <b>-</b>             |
|   | -             | -         | -        | - | -            | <b>-</b>             |
| IIFL Realty Limited   | -             | -         | (64,887) | - | -            | <b>(64,887)</b>      |
|   | -             | 308,280   | -        | - | -            | <b>308,280</b>       |
| IIFL Investment Adviser & Trustee Services Limited (Formerly IIFL Trustee Services Limited) | -             | (33,000)  | -        | - | -            | <b>(33,000)</b>      |
|   | -             | -         | -        | - | -            | <b>-</b>             |
| IIFL Alternate Asset Advisors Limited   | -             | (56,200)  | -        | - | -            | <b>(56,200)</b>      |
|   | -             | 8,279,967 | -        | - | -            | <b>8,279,967</b>     |
| IIFL Distribution Services Ltd (Formerly IIFL Distribution Services Private Limited)        | -             | (160,002) | -        | - | -            | <b>(160,002)</b>     |
|   | -             | 342,617   | -        | - | -            | <b>342,617</b>       |
| India Alternatives Investment Advisors Pvt. Ltd   | -             | -         | -        | - | -            | <b>-</b>             |
|   | -             | 818,574   | -        | - | -            | <b>818,574</b>       |
| India Infoline Asset Management   | -             | -         | -        | - | -            | <b>-</b>             |

|   |            |               |               |   |   |               |
|---|------------|---------------|---------------|---|---|---------------|
| Company Ltd   | -          | -             | -             | - | - | -             |
| <b><u>Other funds paid</u></b>  |            |               |               |   |   |               |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                       | -          | -             | 9,098         | - | - | 9,098         |
|   | -          | -             | (33,634,068)  | - | - | (33,634,068)  |
| IIFL Holdings Limited (Formerly India Infoline Limited)                                     | 16,326,712 | -             | -             | - | - | 16,326,712    |
|   | -          | -             | -             | - | - | -             |
| India Infoline Finance Limited  | -          | -             | (138,479)     | - | - | (138,479)     |
|   | -          | 99,314        | -             | - | - | 99,314        |
| IIFL Alternate Asset Advisors Limited   | -          | -             | -             | - | - | -             |
| India Infoline Asset Management Company Ltd   | -          | 47,835        | -             | - | - | 47,835        |
|   | -          | (61,552)      | -             | - | - | (61,552)      |
| IIFL Distribution Services Ltd (Formerly IIFL Distribution Services Private Limited)        | -          | 1,505,887     | -             | - | - | 1,505,887     |
|   | -          | -             | -             | - | - | -             |
| India Infoline Media & Research Services Ltd  | -          | -             | 3,048,945     | - | - | 3,048,945     |
|   | -          | -             | -             | - | - | -             |
| <b><u>ICD Given</u></b>   |            |               |               |   |   |               |
| IIFL Investment Adviser & Trustee Services Limited (Formerly IIFL Trustee Services Limited) | -          | 16,801,076    | -             | - | - | 16,801,076    |
|   | -          | (10,732,813)  | -             | - | - | (10,732,813)  |
|   | -          | 26,905,000    | -             | - | - | 26,905,000    |
| IIFL Alternate Asset Advisors Limited   | -          | (125,455,000) | -             | - | - | (125,455,000) |
|   | -          | -             | 1,467,581,000 | - | - | 1,467,581,000 |
| India Infoline Finance Limited  | -          | -             | -             | - | - | -             |



|   |               |               |                 |   |   |                        |
|---|---------------|---------------|-----------------|---|---|------------------------|
| India Alternatives Investment Advisors Private Ltd  | -             | 57,799,982    | -               | - | - | <b>57,799,982</b>      |
|   | -             | -             | -               | - | - | -                      |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                       | -             | -             | 250,000,000     | - | - | <b>250,000,000</b>     |
|   | -             | -             | -               | - | - | -                      |
| <b><u>ICD Received back</u></b>   |               |               |                 |   |   |                        |
| IIFL Investment Adviser & Trustee Services Limited (Formerly IIFL Trustee Services Limited) | -             | 1,600,000     | -               | - | - | <b>1,600,000</b>       |
|   | -             | (5,780,571)   | -               | - | - | <b>(5,780,571)</b>     |
| IIFL Alternate Asset Advisors Limited   | -             | 25,800,000    | -               | - | - | <b>25,800,000</b>      |
|   | -             | (91,799,050)  | -               | - | - | <b>(91,799,050)</b>    |
| India Infoline Finance Limited  | -             | -             | 1,467,581,000   | - | - | <b>1,467,581,000</b>   |
|   | -             | -             | -               | - | - | -                      |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                       | -             | -             | 250,000,000     | - | - | <b>250,000,000</b>     |
|   | -             | -             | -               | - | - | -                      |
| <b><u>ICD Taken</u></b>   |               |               |                 |   |   |                        |
| IIFL Distribution Services Ltd (Formerly IIFL Distribution Services Private Limited)        | -             | 15,500,000    | -               | - | - | <b>15,500,000</b>      |
|   | -             | (66,495,505)  | -               | - | - | <b>(66,495,505)</b>    |
| India Infoline Asset Management Company Ltd   | -             | 220,000,000   | -               | - | - | <b>220,000,000</b>     |
|   | -             | (130,000,000) | -               | - | - | <b>(130,000,000)</b>   |
| India Infoline Commodities Limited  | -             | -             | 50,000,000      | - | - | <b>50,000,000</b>      |
|   | -             | -             | (105,000,000)   | - | - | <b>(105,000,000)</b>   |
| India Infoline Finance Limited  | -             | -             | 2,543,419,000   | - | - | <b>2,543,419,000</b>   |
|   | -             | -             | (1,631,000,000) | - | - | <b>(1,631,000,000)</b> |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                       | -             | -             | 450,000,000     | - | - | <b>450,000,000</b>     |
|   | -             | -             | -               | - | - | -                      |
| IIFL Holdings Limited (Formerly India Infoline Limited)                                     | 1,000,000,000 | -             | -               | - | - | <b>1,000,000,000</b>   |
|   | -             | -             | -               | - | - | -                      |

| <b>ICD Repaid</b>   |               |              |                 |   |   |                        |
|---|---------------|--------------|-----------------|---|---|------------------------|
| IIFL Distribution Services Ltd<br>(Formerly IIFL Distribution Services Private Limited)     | -             | 31,415,000   | -               | - | - | <b>31,415,000</b>      |
|   | -             | (30,362,087) | -               | - | - | <b>(30,362,087)</b>    |
| India Infoline Asset Management Company Ltd   | -             | -            | -               | - | - | -                      |
|   | -             | (15,796,000) | -               | - | - | <b>(15,796,000)</b>    |
| India Infoline Commodities Limited  | -             | -            | 50,000,000      | - | - | <b>50,000,000</b>      |
|   | -             | -            | (105,000,000)   | - | - | <b>(105,000,000)</b>   |
| IIFL Holdings Limited (Formerly India Infoline Limited)                                     | 1,000,000,000 | -            | -               | - | - | <b>1,000,000,000</b>   |
|   | -             | -            | -               | - | - | -                      |
| India Infoline Finance Limited  | -             | -            | 2,543,419,000   | - | - | <b>2,543,419,000</b>   |
|   | -             | -            | (1,631,000,000) | - | - | <b>(1,631,000,000)</b> |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                       | -             | -            | 450,000,000     | - | - | <b>450,000,000</b>     |
|   | -             | -            | -               | - | - | -                      |
| <b>Allocation / Reimbursement of expenses Paid</b>  |               |              |                 |   |   |                        |
| India Infoline Limited (Formerly India Infoline Distribution Co. Ltd)                       | -             | -            | 61,593,630      | - | - | <b>61,593,630</b>      |
|   | -             | -            | (149,439,992)   | - | - | <b>(149,439,992)</b>   |
| <b>Allocation / Reimbursement of expenses Received</b>                                      |               |              |                 |   |   |                        |
| India Infoline Asset Management Company Ltd   | -             | 28,487,971   | -               | - | - | <b>28,487,971</b>      |
|   | -             | (5,236,182)  | -               | - | - | <b>(5,236,182)</b>     |
| IIFL Investment Adviser & Trustee Services Limited (Formerly IIFL Trustee Services Limited) | -             | 7,121,993    | -               | - | - | <b>7,121,993</b>       |
|   | -             | (1,955,866)  | -               | - | - | <b>(1,955,866)</b>     |
| IIFL Alternate Asset Advisors Limited   | -             | 668,433      | -               | - | - | <b>668,433</b>         |
|   | -             | (2,696,221)  | -               | - | - | <b>(2,696,221)</b>     |
| IIFL Distribution Services Ltd (Formerly IIFL Distribution Services Private Limited)        | -             | 7,121,993    | -               | - | - | <b>7,121,993</b>       |
|   | -             | (4,650,963)  | -               | - | - | <b>(4,650,963)</b>     |
| India Infoline Finance Limited  | -             | -            | -               | - | - | -                      |
|   | -             | -            | (2,578,375)     | - | - | <b>(2,578,375)</b>     |

|  |   |           |   |   |   |           |
|--|---|-----------|---|---|---|-----------|
| India Alternatives Investment Advisors Pvt Ltd | - | 4,246,735 | - | - | - | 4,246,735 |
|  | - | -         | - | - | - | -         |

**(b) Amount due to / from related parties (Closing Balances**

**(Amount in Rs.)**

| Nature of Transaction   | Holding Company | Subsidiary    | Fellow Subsidiaries | Group Companies | Key Management Personnel | Total         |
|---|-----------------|---------------|---------------------|-----------------|--------------------------|---------------|
| <b><u>ICD Taken:</u></b>  |                 |               |                     |                 |                          |               |
| IIFL Distribution Services Ltd (Formerly IIFL Distribution Services Private Limited)        | -               | 25,960,027    | -                   | -               | -                        | 25,960,027    |
|   | -               | (38,766,010)  | -                   | -               | -                        | (38,766,010)  |
| India Infoline Asset Management Company Ltd   | -               | 349,275,744   | -                   | -               | -                        | 349,275,744   |
|   | -               | (114,360,004) | -                   | -               | -                        | (114,360,004) |
| <b><u>Sundry Payables:</u></b>  |                 |               |                     |                 |                          |               |
| India Infoline Commodities DMCC Limited   | -               | -             | 538,082             | -               | -                        | 538,082       |
|   | -               | -             | (518,368)           | -               | -                        | (518,368)     |
| IIFL Securities Pte Limited   | -               | -             | -                   | (22,137,673)    | -                        | (22,137,673)  |
| IIFL Realty Limited   | -               | -             | -                   | -               | -                        | -             |
|   | -               | -             | (5,682,913)         | -               | -                        | (5,682,913)   |
| <b><u>ICD Given:</u></b>  |                 |               |                     |                 |                          |               |
| IIFL Alternate Asset Advisors Limited   | -               | 40,281,463    | -                   | -               | -                        | 40,281,463    |
|   | -               | (34,483,007)  | -                   | -               | -                        | (34,483,007)  |
| India Alternatives Investment Advisors Pvt. Ltd.  | -               | 60,238,213    | -                   | -               | -                        | 60,238,213    |
|   | -               | -             | -                   | -               | -                        | -             |
| IIFL Investment Adviser & Trustee Services Limited (Formerly IIFL Trustee Services Limited) | -               | 21,756,466    | -                   | -               | -                        | 21,756,466    |
|   | -               | (5,144,374)   | -                   | -               | -                        | (5,144,374)   |

| <b><u>Sundry Receivables:</u></b>  |   |   |              |   |   |                     |
|--|---|---|--------------|---|---|---------------------|
|  | - | - | 1,556,530    | - | - | <b>1,556,530</b>    |
| IIFL Capital Limited   | - | - | -            | - | - | -                   |
|  | - | - | 430,687      | - | - | <b>430,687</b>      |
| India Infoline Commodities Limited                                       | - | - | -            | - | - | -                   |
|  | - | - | 75,039,052   | - | - | <b>75,039,052</b>   |
| India Infoline Limited (Formerly<br>India Infoline Distribution Co. Ltd) | - | - | (10,672,495) | - | - | <b>(10,672,495)</b> |

**Note :** 1. Figures in bracket represents previous year figures.  
2. Related parties are identified and certified by the management.

**8. Financial Performance of Portfolio Manager based on Audited Statement for the year ended March 31, 2015:**

**Financial Highlight of IIFL Wealth Management Ltd. (Based on Standalone Balance Sheet)**

| <b>Particulars</b>             | <b>Amt ( in Rs. Lakh)</b> |
|--------------------------------|---------------------------|
| Revenue from Operations        | 36701.53                  |
| Profit Before Tax              | 14780.56                  |
| Less: Tax Expenses             | 4863.05                   |
| <b>Profit/(Loss) after tax</b> | <b>9917.51</b>            |

**9. Portfolio Management Performance: -**

Refer Annexure B

**10. Nature of costs and expenses for clients:**

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

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

**Manner of payment:**

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

## **11. Taxation:**

### **(i) General**

In view of the individual nature of tax consequences, each Client is advised to consult his or her tax advisor with respect to the specific tax consequences to him/her of participation in any of the investments. The following provisions are as per the existing Income tax Act, 1961("the Act"). The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the client's tax obligations.

### **(ii) Tax deduction at source**

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

### **(iii) Advance tax installment obligations**

It will be the responsibility of the Client to meet the advance tax obligation installments payable on the due dates under the Income tax Act, 1961.

### **(iv) Capital Gains:**

Investments in shares, units of equity MF's and other listed securities held for more than 12 months would qualify for treatment as long capital gains. Investments in unlisted, debt mutual funds and other securities held for more than 36 months would qualify for treatment as long capital gains. Investments held for less than 12 months would be classified as short-term capital gains. Total income including capital gains is chargeable to tax and surcharge as per the relevant rates in the Income Tax Act, 1961. Long term capital gains on equity MFs and shares which are traded through stock exchanges are exempt from income tax.

### **(v) Interest on Securities**

Income by way of interest on securities is taxable at the slab rates applicable to the assessee under the head "Income from other sources".

**(vi) Securities Transaction Tax ('STT')**

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

| Sr. No. | Nature of Transaction  | Rate of STT                                     | 'Value' on which STT is payable            |
|---------|--|---|--|
| 1.      | Delivery based sale of units of equity oriented fund entered into on a recognised stock exchange | Seller to pay 0.001%                            | Price at which units are sold              |
| 2.      | Sale of units of an equity oriented fund to a mutual fund  | Seller to pay 0.001%                            | Price at which units are sold              |
| 3.      | Non-delivery based transaction in equity shares / units of equity oriented fund                  | Seller to pay 0.025 %                           | Price at which shares / units are sold     |
| 4.      | Derivatives: Futures   | Seller to pay 0.01%                             | Futures: Price at which futures are traded |
| 5.      | Derivatives: Options   | Seller to pay 0.017%                            | Payable on Option Premium                  |
|         |  | Where Option is exercised – Buyer to pay 0.125% | Payable on Settlement Price                |
| 6.      | Sale of unlisted equity shares under an offer for sale   | Seller to pay 0.2%                              | Price at which shares are sold             |
| 7.      | Equity Shares  | 0.1%  | Price at which shares are sold             |

These are subject to change as per provisions of Income Tax Act and circular issued thereunder

**Notes:**

- i. The tax incidence to investors could vary materially based on the characterization of income (i.e. capital gains versus business profits) accruing to them.
- ii. Tax rates in India may change from time to time. Any changes may adversely affect the taxation of the Investors.
- iii. In view of the particularized nature of tax consequences, each investor is advised to consult its own tax advisor with respect to the specific tax consequences of investing in securities.

- iv. The provisions of the proposed Direct Tax Code Bill, 2013, have not been considered in the above tax overview.
- v. General Anti Avoidance Rules ('GAAR') may be invoked by the Indian income-tax authorities if arrangement(s) are found to be impermissible avoidance arrangements. As per the amendment by the Finance Act, 2013, the GAAR provisions will come into effect from the financial year commencing 1 April, 2015.

## **vii) Special Provisions for Non-Resident Investors**

### **a) Exchange Rate Fluctuation:**

As per the first proviso to section 48 of the Income Tax Act when a non-resident sells shares or debentures of an Indian company, the capital gain thereon shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the sale consideration to the same currency that was initially utilized to purchase the shares or debentures, calculating the gain thereon and re-converting the gain into Indian Rupees for the purpose of taxation. The benefit of adjusting the cost of acquisition with the cost inflation index is not available in this case.

### **b) Benefit of Double Taxation Avoidance Agreement**

As per the provisions of Section 90(2) of the Income Tax Act, the provisions of the Double Taxation Avoidance Agreement ("DTAA") or the Income Tax Act, whichever are more beneficial to the assessee shall apply. Accordingly, if the Investor is a resident of a treaty country, the provisions of the DTAA or of the Income Tax Act, whichever are more beneficial to the Investor, shall apply. iii. Chapter XIIA benefits The provisions of Chapter XIIA of the Income Tax Act provide for beneficial tax treatment for investment income of Non-resident Indians, from investment in specified assets purchased in convertible foreign exchange. Specified assets inter alia include: a. Shares in an Indian Company b. Debentures issued by an Indian Company (other than a private company) c. Deposits with an Indian company which is not a private company. d. Any security of central Government. e. Any other notified Assets (No asset has been notified as yet) Investment Income (other than dividends declared by an Indian company) [as defined] is taxable at 20% (as increased by the applicable surcharge and education cess and Secondary and Higher Education Cess) and specified long-term capital gains are chargeable to tax at 10% (as increased by the applicable surcharge and education cess and secondary and higher education cess ). The Investor has the option to be governed either by the provisions of Chapter XIIA or the normal provisions of the Income Tax Act.

## **12. Accounting Policy / Valuations:**

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

- a. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange ("**NSE**"). If the Securities are not traded on the NSE on the



valuation day, the closing price of the Security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the securities that are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of mutual funds shall be valued at the repurchase price of the previous day or at the last available repurchase price declared for the relevant Scheme on the date of the report.

- b. Unlisted Securities/investments will be valued at cost till the same are priced at Fair Market Value. Such fair value may be determined by an agency appointed by the Portfolio Manager, on periodic basis (once in a year).
- c. Realized gains/ losses is be calculated by applying the first in/first out principle. The Portfolio Manager may adopt any specific norms or methodology for valuation of investments or accounting the same as may be permitted by relevant Regulatory authorities.
- d. For derivatives and futures and options, unrealized gains and losses is calculated by marking to market the open positions.
- e. Unrealized gains/ losses are the differences between the current market values/NAV and the historical cost of the securities.
- f. Dividends on shares will be accounted on ex-dividend date and dividends on units in mutual funds will be accounted on receipt of information from the mutual fund house and interest, stock lending fees earned etc., will be accounted on accrual basis. The interest on debt instruments will be accounted on accrual basis.
- g. In respect of all interest-bearing investments, income must be accrued on a day to day basis as it is earned. Therefore when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase will not be treated as a cost of purchase but will be debited to Interest
- h. Bonus shares will be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements will be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- i. The cost of investments acquired or purchased will include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered will be reduced from the cost of the investment.
- j. The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case to case basis.
- k. Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted

based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities Transaction Tax, Demat charges and Custodian fees on purchase/ sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.

- I. In case of Portfolio products other than Pre IPO Opportunities Portfolio Product, Portfolio received from the Clients in the form of securities will be accounted at previous day's closing price on NSE. Where the Client withdraws Portfolio in the form of securities, the same will be accounted on the date of withdrawal at the previous closing price. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, previous day's closing price on BSE will be used for aforesaid accounting purpose.

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

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

### **13. Investor Services:**

#### **a. Contact Information**

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

Name: Ms. Japhia Walker  
Email: [clientservicing@iiflw.com](mailto:clientservicing@iiflw.com)  
Address: IIFL Wealth Management Ltd., 7th Floor, IIFL Centre, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, India,  
Tel: +91 22 3958 5600

The official mentioned above will ensure prompt Investor services. The Portfolio Manager will ensure that this official is vested with the necessary authority, independence and the wherewithal to handle Investor complaints.

You may register your grievances/complaints on SEBI Complaints Redress System (<http://scores.gov.in/>)

#### **b. Grievance Redressal and dispute settlement mechanism**

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

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/ or their respective representatives shall be settled in accordance with and

subject to the provisions of The Arbitration and Conciliation Act, 1996, or any statutory requirement, modification or re-enactment thereof. Such Arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit.

#### **14. Additional Disclosures:**

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

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

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

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

#### **15. General:**

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

**16. Signatures:**

| Name of Director | Signature |
|------------------|-----------|
| Karan Bhagat     | Sd/-      |
| Yatin Shah       | Sd/-      |

Date: November 5, 2015

Place: Mumbai

a) **PAST AND COMPLETED- Fully Exonerated/Proceedings dropped by Regulators/Orders fully complied with by India Infoline Limited (IIFL):**

| Sr. No. | Particulars   | Regulatory Authority | Subject Matter/Allegations   | Orders/Findings   | Corrective Measures implemented/Present Status   |
|---------|---|----------------------|--|---|--|
| 1       | SEBI Enquiry Notice in 2001   | SEBI                 | Client dealings in the scrip of Cyberspace Infosys Limited during the year 2000 & 2001.  | As per Enquiry Officer report, IIFL was totally exonerated from all charges.  | Exonerated   |
| 2       | SEBI adjudication proceedings notice dated September 08, 2008 under Depository Act. | SEBI                 | Allegations of non-compliance of provisions of SEBI (DP) Regulations and Depositories Act.   | Preferred consent proceedings. Consent Order passed by SEBI on June 05, 2009 and the proceedings were dropped by SEBI.    | Clarified on factual inaccuracies. No further clarification was required by SEBI – Proceedings dropped             |
| 3       | SEBI adjudication Notice dated November 28, 2008                                    | SEBI                 | Clients dealing in GHCL Shares. Allegations of violation of provisions of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to securities Market) Regulations, 2003. | All charges against IIFL were rejected vide SEBI Order dated June 15, 2009  | Proceedings dropped  |
| 4       | SEBI adjudication Notice dated August 27, 2009                                      | SEBI                 | Allegations of non-compliance of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992  | Preferred consent proceedings. Consent Order was passed by SEBI on May 18, 2010 and the proceedings were dropped by SEBI. | Submitted the compliance and corrective measures to SEBI vide letter dated November 27, 2009. Proceedings dropped. |
| 5       | SEBI adjudication Notice dated November 27, 2009                                    | SEBI                 | Clients dealing in GHCL Shares. Allegations of violation of provisions of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to securities Market) Regulations, 2003. | Reply submitted to SEBI. SEBI vide Order dated April 03, 2012 and dropped the proceedings.                                | Stopped Trading with GHCL group of clients. Proceedings dropped.   |

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

**b) REGULATORS ORDERS FOR COMPLIANCE – Fully Complied by IIFL:**

| Sr. No. | Particulars  | Regulatory Authority | Subject Matter/Allegations  | Orders/Findings                          | Corrective Measures implemented/Present Status  |
|---------|--|----------------------|---|--|---|
| 1       | SEBI Order dated September 28, 2005 and June 16, 2006 in the matter of IFSL              | SEBI                 | No violation against IIFL was observed. However advised not to deal for 3 clients pending investigation.  | No Show Cause Notice received from SEBI. | As per SEBI advice trading for these clients was stopped with immediate effect and complied.  |
| 2       | SEBI Order dated October 5, 2005 and June 20, 2006 in the matter of M/s Ind Tra Deco Ltd | SEBI                 | No violation against IIFL was observed. However advised not to deal in the scrip and pending investigation.   | No Show Cause Notice received from SEBI. | As per SEBI advice trading in the scrip was stopped w.e.f. 6/10/2005 and complied.  |
| 3       | SEBI Order dated March 21, 2006 in the matter of Shri. Lalit Dua.                        | SEBI                 | Lalit Dua was an independent research analyst, whose reports were published in our website. SEBI has advised not to publish any reports of Shri Lalit Dua and pending investigation.            | No Show Cause Notice received from SEBI. | As per SEBI advice stopped publishing reports with immediate effect i.e. 22/3/06 and complied.  |
| 4       | SEBI letter dated July 13, 2010  | SEBI                 | Parabolic Drugs Limited wherein SEBI advised us to gear up at our back office system and ensure efficient control to minimize PAN mismatches while making data entry in IPO biddings in future. | No Show Cause Notice received from SEBI. | We ensured compliance to avoid recurrence of such mismatches and the same was confirmed to SEBI vide our replies dated July 30, 2010 and August 27, 2010. |
| 5       | NSE Bill dated March 31, 2015  | SEBI                 | National Stock Exchange has levied penalty of Rs.60.10 lakhs in March 2015 on India Infoline Ltd. due to errors in client codes while executing transactions.                                   | Penalty levied                           | The same has been duly complied with.   |

| Sr. No. | Particulars                                    | Regulatory Authority | Subject Matter/Allegations  | Orders/Findings   | Corrective Measures implemented/Present Status   |
|---------|--|----------------------|---|---|--|
| 6       | SEBI letter dated June 18, 2008                | SEBI                 | Osian LPG Bottling Limited wherein SEBI had advised us to be careful and to ensure that the shares are sold/purchased by the client or credited to respective client's account directly instead of through our Beneficiary account. | No Show Cause Notice received from SEBI.  | Complied with the same and rectified our system and confirmed to SEBI vide letter dated July 25, 2008.                             |
| 7       | SEBI letter dated February 09, 2011            | SEBI                 | Pertaining to non bidding of applications in Coal India Ltd. IPO, SEBI advised us not to act as syndicate member in IPO till resolution of such matters and further advise.   | Resolution status submitted to SEBI and SEBI had withdrawn their restrictions vide its letter dated March 11, 2011. | As per SEBI advice, we had resolved the issues and confirmed to SEBI.  |
| 8       | Administrative warning dated December 07, 2010 | SEBI                 | SEBI inspection was carried out in 2010. SEBI recommended improvement in system and rectification of deficiencies found during Inspection.  | No Show Cause Notice received from SEBI.  | Complied with the same and rectified our system and confirmed to SEBI vide letters dated February 21& 23, 2011 and March 03, 2011. |



**c) PROCEEDINGS –India Infoline Insurance Brokers Limited (IIBL) - Completed:**

| Sr. No. | Particulars                           | Regulatory Authority | Subject Matter/Allegations  | Orders/Findings   | Corrective Measures implemented/Present Status  |
|---------|---------------------------------------|----------------------|---|---|---|
| 1       | Show Cause Notice dated July 02, 2013 | IRDA                 | Observations of inspection on insurance broking business during the period November 2009 to March 2012. | Observations of non-compliance with the provisions of Insurance Brokers Regulations. Detailed Reply to the Notice on the compliances submitted to IRDA vide letter dated July 11, 2013. Proceedings pending | Observations were complied with/rectified/implemented. IRDA levied a penalty of Rs. 35 Lakhs and proceedings are completed. IIBL has paid the penalty and the matter is closed. |

**d) India Infoline Asset Management Company Limited:**

| S.No | Particulars                         | Regulatory Authority | Subject Matter/Allegations   | Orders/Findings   | Corrective Measures implemented/Present Status   |
|------|-------------------------------------|----------------------|--|---|--|
| 1.   | SEBI letter dated November 27, 2014 | SEBI                 | Inspection of Registrar and Share Transfer Agent for India Infoline Asset Management Company Limited | Advised to take due care and strengthen systems concerning certain errors / deficiencies / violations noticed in R&T activities | Necessary steps have been taken to avoid recurrence of said errors and systems have been strengthened. |
| 2    | SEBI letter dated February 25, 2015 | SEBI                 | Inspection of books of accounts and other records of IIFL Private Equity Fund                        | Advised for proper KYC maintenance and disclosures in PPM.  | The system has been strengthened and necessary disclosures have been made to investors                 |

e) **PROCEEDINGS – Pending against IIFL :**

| Sr. No. | Particulars                         | Regulatory Authority | Subject Matter/Allegations   | Orders/Findings   | Corrective Measures implemented/Present Status   |
|---------|-------------------------------------|----------------------|--|---|--|
| 1       | Enquiry Notice dated March 03, 2010 | SEBI                 | Three Clients dealing in the shares of Pyramid Saimira Theatre Ltd. in 2009 involving three transactions totaling trading value of Rs.110660/- and brokerage of Rs. 553/- only. Allegations of violation of provisions of SEBI (Stock Brokers and Sub brokers) Regulations, 1992 in the clients dealing. | Application for Consent filed with SEBI on June 29, 2010 was rejected by SEBI vide its letter dated October 05, 2012. | We have strengthened our system for monitoring SEBI/Exchange orders on daily basis and freezing of accounts immediately. Dedicated person in back office & compliance have been appointed and fully explained to the Enquiry Officer. Proceedings pending. |

## Performance of IIFL Wealth Management Limited as a Portfolio Manager in comparison to benchmark indices for active portfolios as on September 30, 2015

(All figures are in %)

| Portfolio Name                  | Particulars       | Date of Inception | HY Ended September 30, 2015 |           | FY 2014-2015 |           | FY 2013-2014 |           | FY 2012-2013 |           |
|---------------------------------|-------------------|-------------------|-----------------------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|
|                                 |                   |                   | Individual                  | Corporate | Individual   | Corporate | Individual   | Corporate | Individual   | Corporate |
| Distressed Asset Fund           | Portfolio Returns | 30-Mar-09         | -16.89%                     | NA        | 60.34%       | NA        | 19.31        | (29.82)   | 1.41         | NA        |
|                                 | NIFTY Index       |                   | -14.33%                     | NA        | 26.65%       | NA        | 17.58        | 17.59     | 9.63         | NA        |
| Growth Portfolio                | Portfolio Returns | 2-Dec-09          | NA                          | 0.00%     | NA           | 52.54%    | 15.10        | 21.36     | 2.45         | 0.06      |
|                                 | NIFTY Index       |                   | NA                          | -14.33%   | NA           | 37.79%    | 16.77        | 17.55     | 7.31         | 7.35      |
| LTV - Long Term Value Portfolio | Portfolio Returns | 17-Aug-09         | 0.00%                       | -18.08%   | 63.15%       | 56.39%    | 19.53        | 18.24     | (1.56)       | 0.01      |
|                                 | NIFTY Index       |                   | 0.00%                       | -13.98%   | 26.76%       | 29.67%    | 15.83        | 16.25     | 5.84         | 7.33      |
| Select Equity Portfolio         | Portfolio Returns | 3-Nov-10          | -28.14%                     | -9.08%    | 54.83%       | 58.54%    | 20.83        | 19.78     | 1.45         | 1.11      |
|                                 | NIFTY Index       |                   | -14.58%                     | -14.33%   | 27.73%       | 26.43%    | 16.26        | 17.18     | 6.80         | 7.40      |
| Select ETF portfolio            | Portfolio Returns | 7-Jan-10          | 0.00%                       | NA        | 40.93%       | NA        | 8.57         | NA        | 8.15         | 12.20     |
|                                 | NIFTY Index       |                   | -14.33%                     | NA        | 36.54%       | NA        | 16.97        | NA        | 11.02        | 13.87     |
| Pre-Leased/Rental Strategy-     | Portfolio Returns | 14-Aug-12         | -0.58%                      | 0.00%     | -0.01%       | -0.0014%  | 3.53         | 3.46      | 7.88         | 7.73      |
|                                 | S-IBEX            |                   | 9.39%                       | 9.65%     | 26.68%       | 26.47%    | 6.62         | 6.63      | 9.27         | 9.30      |
| Cutomize Equity PMS             | Portfolio         | 17-Aug-12         | 0.04%                       | 3.20%     | 29.12%       | 22.64%    | 14.68        | 253.84    | 10.68        | (2.70)    |
|                                 | NIFTY Index       |                   | -14.07%                     | -14.43%   | 24.45%       | 25.26%    | 16.72        | (30.98)   | 8.73         | 12.44     |
| Customised PMS#                 | Portfolio         | 31-Aug-14         | -0.24%                      | 1.84%     | 25.48%       | 25.66%    | NA           | NA        | NA           | NA        |
|                                 | Mi-Bex            |                   | NA                          | NA        | NA           | NA        | NA           | NA        | NA           | NA        |
|                                 | NIFTY Index       |                   | -14.48%                     | -14.66%   | 25.41%       | 21.96%    | NA           | NA        | NA           | NA        |
|                                 | SI-Bex            |                   | NA                          | NA        | NA           | NA        | NA           | NA        | NA           | NA        |
| CUSTOMIZED DEBT PMS#            | Portfolio         | 31-Aug-14         | -32.35%                     | NA        | 1.82%        | NA        | NA           | NA        | NA           | NA        |
|                                 | Mi Bex            |                   | NA                          | NA        | NA           | NA        | NA           | NA        | NA           | NA        |
|                                 | Si Bex            |                   | 9.60%                       | NA        | 9.76%        | NA        | NA           | NA        | NA           | NA        |
| Customize Realestate PMS#       | Portfolio         | 31-Aug-14         | 50.26%                      | 49.86%    | 14.21%       | 13.85%    | NA           | NA        | NA           | NA        |
|                                 | Mi Bex            |                   | NA                          | NA        | NA           | NA        | NA           | NA        | NA           | NA        |
|                                 | Si Bex            |                   | 8.30%                       | 0.00%     | 9.34%        | 9.32%     | NA           | NA        | NA           | NA        |
| IIFL NDA PMS                    | Portfolio         | 1-Apr-14          | -17.76%                     | -9.40%    | 49.04%       | 24.41%    | NA           | NA        | NA           | NA        |
|                                 | Nifty             |                   | -15.86%                     | -14.33%   | 13.39%       | 12.11%    | NA           | NA        | NA           | NA        |

- Returns are calculated based on inflows & outflows of funds in existing portfolios/products.

- Returns have been calculated after considering all expenses including performance fees.

- Returns have been calculated on the basis of XIRR method. However return of individual client's may vary depending on timing of activation, investment, corpus received and / or withdrawal.

- Mi-Bex is Medium Maturity gilt Index designed and constructed by ICICI Securities. Si-Bex is Short Maturity gilt Index designed and constructed by ICICI Securities

-# In the month of Aug 2014, discretionary portfolios reclassified and • Customised PMS, CUSTOMIZED PMS DEBT PMS, DPMS Customize Realestate PMS

**FORM C**

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

Dear Investor,

We confirm that:

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

**Mr. Abhijit Deshmukh**  
**Sanjay Rane & Associates.**  
**Chartered Accountants**  
Registration No: 129145  
403/C- Wing, Marathon NextGen Innova, Opp. Peninsula Corporate Park,  
Off Ganpatrao Kadam Marg, Lower Parel (West), Mumbai - 400013  
Tel. 022-49198585 Telefax: 022-49198521

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

**For IIFL Wealth Management Ltd.**

Sd/-

**(Yatin Shah)**

**Principal Officer**

Email: yatin@iiflw.com

Phone No: (+91-22) 3958 5641

Date: November 5, 2015

Place: Mumbai

# Sanjay Rane & Associates

## CHARTERED ACCOUNTANTS

23, Chanchal Smruti C.H.S. Ltd.,  
2nd Floor, 25, G. D. Ambekar Marg,  
Wadala, Mumbai - 400 031.

Phone : 43600200  
Telefax : 43600205  
Email : ssrane@vsnl.com  
Website : www.ssraneandco.com

## TO WHOMSOEVER IT MAY CONCERN

We, M/s. Sanjay Rane & Associates, Chartered Accountants, Mumbai have verified the books of accounts and other records of M/s. IIFL Wealth Management Limited ("The Company") and based on such verification and the information and explanations given to us by the company, hereby certify that the disclosures made in the Disclosure Documents as required by the Securities and Exchange Board (Portfolio Managers) Regulations 1993, along with Amendment Regulations, 2002 and annexed hereto are true, fair and adequate to enable the investors to make a well informed decision.

For Sanjay Rane & Associates  
Chartered Accountants



(CA Abhijeet Deshmukh)  
Partner  
Membership No.:-129145



Date: - November 05, 2015  
Place: Mumbai.