

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

We have audited the accompanying financial statements of **IIFL WEALTH FINANCE LIMITED** (the "Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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



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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in



accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016.
2. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the CARO 2016.

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

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

MUMBAI, 3 May 2017
PG/SB-2017



Report on Internal Financial Controls Over Financial Reporting

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **IIFL WEALTH FINANCE LIMITED** (the "Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

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

MUMBAI, 3 May 2017
PG/SB-2017



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered transfer deed provided to us, we report that, the title deed, comprising the immovable property of land which is freehold, is held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO 2016 is not applicable.



- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, income-tax, service tax, value added tax, cess and other material statutory dues applicable to it to the appropriate authorities. According to the information and explanations given to us, excise duty, sales tax, custom duty, and employees' state insurance dues are not applicable to the Company.
 - (b) There were no undisputed amounts payable in respect of provident fund, income-tax, service tax, value added tax, cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Service Tax and Value Added Tax as on 31 March 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.



- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Pallavi A. Gorakshakar
(Partner)

(Membership No. 105035)

MUMBAI, 3 May 2017
PG/SB-2017



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

(Amount in ₹)

Particulars	Note No.	As at Mar 31,2017	As at Mar 31,2016
EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	2,624,497,330	2,521,164,000
(b) Reserves and Surplus	4	8,018,119,165	6,497,589,211
(c) Money received against share warrants		-	-
Sub total		10,642,616,495	9,018,753,211
(2) Non Current Liabilities			
(a) Long-term borrowings	5	19,818,600,001	-
(b) Deferred Tax Liability		-	-
(c) Other Long-term liabilities	6	366,602,349	-
(d) Long-term provisions	7	44,852,240	-
Sub total		20,230,054,590	-
(3) Current liabilities			
(a) Short-term borrowings	8	30,009,049,987	-
(b) Trade payables	9		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		23,394,013	715,000
(c) Other current liabilities	10	2,856,808,554	53,528
(d) Short-term provisions	11	468,040,324	4,119,713
Sub total		33,357,292,878	4,888,241
TOTAL		64,229,963,963	9,023,641,452
ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	1,074,435	-
(ii) Intangible assets	13	3,351,836	-
(iii) Capitalwork-in-progress		-	-
(iv) Intangible assets under development		1,572,106	-
Sub total		5,998,377	-
(b) Non-current investments	14	1,388,916,085	280,000,000
(c) Deferred Tax Assets	15	82,300,850	999,557
(d) Long-term loans & advances	16	12,631,395,481	-
(e) Other non-current assets	17	56,606,330	-
Sub total		14,159,218,746	280,999,557
(2) Current assets			
(a) Current investments	18	17,398,733,268	7,192,102,352
(b) Inventories		-	-
(c) Trade receivables	19	857,159,289	-
(d) Cash and Cash Equivalents	20	7,266,647,948	541,023,984
(e) Short-term loans & advances	21	23,546,210,618	1,007,898,903
(f) Other current assets	22	995,995,717	1,616,656
Sub total		50,064,746,840	8,742,641,895
TOTAL		64,229,963,963	9,023,641,452
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants


Pallavi A. Gorakshakar
Partner

For and on behalf of Board of Directors


Himanshu Jain
Whole Time Director
and Chief Executive Officer
(DIN: 02052409)


Yatin Shah
Non-executive Director
(DIN: 03231090)



Place : Mumbai
Date : May 03, 2017


Mihir Nanavati
Chief Financial Officer


Manoj Gujran
Company Secretary



IIFL WEALTH FINANCE LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	Note No.	2016-2017	2015-2016
INCOME :			
Income From Operations	23	4,614,718,982	73,877,587
Other Income	24	-	52,546
Total Revenue		4,614,718,982	73,930,133
EXPENSES :			
Employee benefit expenses	25	284,140,746	-
Other Expenses	26	89,978,364	30,889,731
Finance Charges	27	2,360,272,304	-
Depreciation and Amortisation	12-13	672,129	-
Provision & Write off	28	304,797,424	4,955,174
Total expenses		3,039,860,967	35,844,905
Profit before tax		1,574,858,015	38,085,228
Tax expenses/(benefits) :			
Current tax		652,296,724	21,850,312
Deferred tax expenses		(81,301,293)	(1,062,122)
Short / (excess) provision for income tax		(720)	(111,804)
Net Tax Expenses/ (benefits)		570,994,711	20,676,386
Profit for the year		1,003,863,304	17,408,842
Earnings Per Share - Basic (Rs.)	29	3.93	0.98
Earnings Per Share - Diluted (Rs.)	29	3.93	0.98
Face Value Per Share (Rs.)		10.00	10.00
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors



Pallavi A. Gorakshakar
Partner



Himanshu Jain
Whole Time Director
and Chief Executive Officer
(DIN: 02052409)



Yatin Shah
Non-executive Director

(DIN: 03231090)



Mihir Nanavati
Chief Financial Officer



Manoj Gujran
Company Secretary

Place : Mumbai
Date : May 03, 2017



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

(Amount in ₹)

Particulars	2016-2017	2015-2016
A. Cash flows from operating activities		
Net profit before taxation	1,574,858,016	38,085,228
Adjustments for:		
Depreciation	672,129	-
Provisions for Gratuity	493,784	-
Provisions for Leave Encashment	410,597	-
Provision for Doubtful debts	-	4,955,174
Provision for Diminution in Investment	167,228,312	-
Provision for Mark to Market on Option Contract	12,321,120	-
Interest Expenses	2,360,272,304	-
Contingent Provision against standard assets	125,247,992	-
Interest Income on Investments	(784,197,939)	-
Interest Income on Loans	(2,584,626,760)	-
Dividend Income	(8,016,269)	(120,149)
Profit on sale of Investments	(961,561,818)	(7,989,321)
Interest Received	2,376,347,066	-
Interest Paid	(1,540,226,370)	-
Dividend Received	6,147,900	120,149
Operating profit before working capital changes	745,370,064	35,051,081
Adjustments for :		
(Increase)/ Decrease in Current/Non Current Assets	(927,446,590)	(1,138,337)
Increase/ (Decrease) in Current/Non Current Liabilities	246,992,567	3,113,909
Cash generated from operations	64,916,041	37,026,653
Net income tax(paid) / refunds	(490,460,773)	(20,677,685)
Cash generated from/ (used in) operating activities	(425,544,732)	16,348,968
(Increase)/ Decrease in Long Term Loans and Advances	(12,631,195,131)	-
(Increase)/ Decrease in Short Term Loans and Advances	(22,524,864,153)	(1,007,729,227)
Net cash used in operating activities (A)	(35,581,604,016)	(991,380,259)
B. Cash flows from investing activities		
Fixed Deposits other than those considered as Cash & Cash Equivalents		
- Fixed Deposits placed	(22,694,955,543)	(10,000,000)
- Fixed Deposits matured	20,209,955,543	-
Purchase of Investments	(942,104,591,568)	(31,650,346,888)
Sale of Investments	931,583,378,072	24,190,849,655
Purchase of fixed assets (includes intangible assets)	(6,670,506)	320,762
Net cash used in investing activities (B)	(13,012,884,002)	(7,469,176,471)
C. Cash flows from financing activities		
Proceeds from Issuance of Share Capital	103,333,330	2,513,888,890
Securities Premium on issue of shares	516,666,650	6,477,111,125
Proceeds from Issuance of Non Convertible Debentures	22,460,200,001	-
Net Proceeds from Issuance of Commercial Paper	29,754,912,001	-
Net cash generated from financing activities (C)	52,835,111,982	8,991,000,015
Net increase in cash and cash equivalents (A+B+C)	4,240,623,964	530,443,285
Opening Cash and Cash Equivalents (Refer Note 20)	531,023,984	580,699
Closing Cash and Cash Equivalents (Refer Note 20)	4,771,647,948	531,023,984
Reconciliation of Cash and Cash Equivalents with the Balance Sheet		
Cash and Cash Equivalents as per AS 3 Cash Flow Statements	4,771,647,948	531,023,984
Add: Fixed Deposits other than those considered as Cash & Cash Equivalents	2,495,000,000	10,000,000
Cash and Cash Equivalents (Refer Note 20)	7,266,647,948	541,023,984
See accompanying notes forming part of the standalone financial statements		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors


Pallavi A. Gorakshakar
Partner


Himanshu Jain
Whole Time Director
and Chief Executive Officer
(DIN: 02052409)


Yatin Shah
Non-executive Director
(DIN: 03231090)



Place : Mumbai
Date : May 03, 2017


Mihir Nanavati
Chief Financial Officer


Manoj Gujran
Company Secretary

