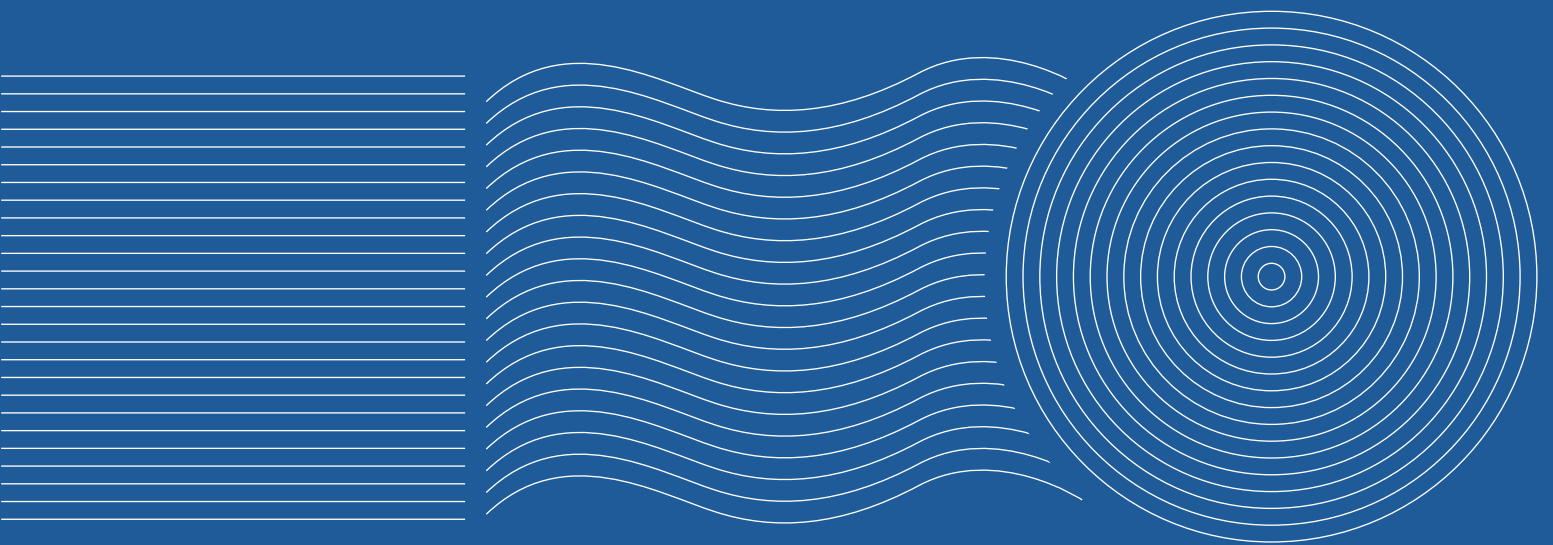


**Fast.  
Flexible.  
Focused.**



**2015-16**

21<sup>st</sup> Annual Report  
IIFL Holdings Limited

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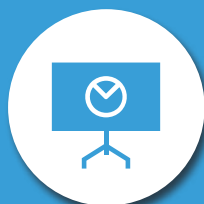
## Corporate Overview



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### Income

**₹39,957 million**

(from ₹ 35,637 million in FY2014-15, growth of 12%)

### Net Profit

**₹5,112 million**

(from ₹ 4,473 million in FY2014-15, growth of 14%)

### ROE

**18.7%**

### EBITDA

**₹25,887 million**

(from ₹ 22,168 million in FY2014-15, growth of 17%)

### Networth

**₹29,200 million**

### EPS

**₹16.33**

**Finding solutions for the unpredictable financial world can never be simple or certain in any way.**

**A world governed by the highs and lows of global economic performance; uncertain technological trajectories; ever-changing customer aspirations; and encompassing policy initiatives needs solutions that can keep pace with its dynamism.**

Download IIFL Markets App



**Operating in such a landscape is exciting as well as challenging. It demands acting with speed and flexibility when the opportunity arises or when one spots a potential risk on the horizon. It also calls for consistent approach to deliver on customer expectations, and leverage synergies across diverse businesses.**

We have been able to evaluate fickle market conditions and with our diversified product suite, tap into aspirations of customers. We have built a strong foundation with a varied portfolio, broad capabilities, a disciplined approach to capital, and a resilient value creation model for shareholders. Today, our brand enjoys the support and trust of global investors and millions of customers.

Through our investment and financing solutions, we help our customers to look forward to a well-planned future with confidence.

We drive shareholder value by focusing on high-growth markets, with a robust risk management architecture and governance framework.

We rely on smart technologies to deepen integration across businesses, improve our customer proposition further, and achieve even greater benefits of scale.

We are a preferred brand because of our honest approach in providing investment advice, our transparency

and integrity in transactions, and our ability to devise innovative solutions with the help of technology.

At IIFL, we have espoused these tenets ever since our inception, to make the most of the opportunities in a dynamic industry landscape. The result is an encouraging financial and operational performance.

Being fast, flexible, and focused has huge payoffs.

# About IIFL Group

**From an entrepreneurial start-up in 1995, we have steadily grown to emerge as one of India's leading financial services group. Ever since our inception, our strategy has been to align our capabilities and market insights to the country's rapidly changing business environment. Our growth trajectory has only served to reinforce our focus on our domain of financial services.**

IIFL Holdings Ltd (Bloomberg Code: IIFL IN, NSE: IIFL, BSE: 532636) is a diversified financial services group offering financing, asset and wealth management, financial advisory and broking, financial products distribution, investment banking, institutional equities, project financing and advisory services through its various subsidiaries.



## Vision

To be the most respected financial services company in India.

- Not necessarily the largest or most profitable



## Values

### Fairness

Fairness in our transactions with all stakeholders including employees, customers, and vendors, bereft of fear or favour.

### Integrity

Integrity and honesty of the utmost nature, in letter, in spirit, and in all our dealings with people, internal or external.

### Transparency

Transparency in all our dealings with stakeholders, media, investors, and the public at large.

We have come this far solely based on our core values serving as a moral compass in all our dealings. Fairness, Integrity and Transparency - FIT is the driving force behind all that we do here at IIFL. We only work with people who fit into our professional ethos. Our constant endeavour is to deliver befittingly on all fronts to all our stakeholders. We are resolute in the observance of these values and will let go of any growth opportunities that deem unfit.

**3,000,000+**  
Customers

**~ ₹800 billion**  
Wealth assets under advice

**~ ₹200 billion**  
Loan assets under management

**~12,000**  
Employees

**500+**  
Stocks under research

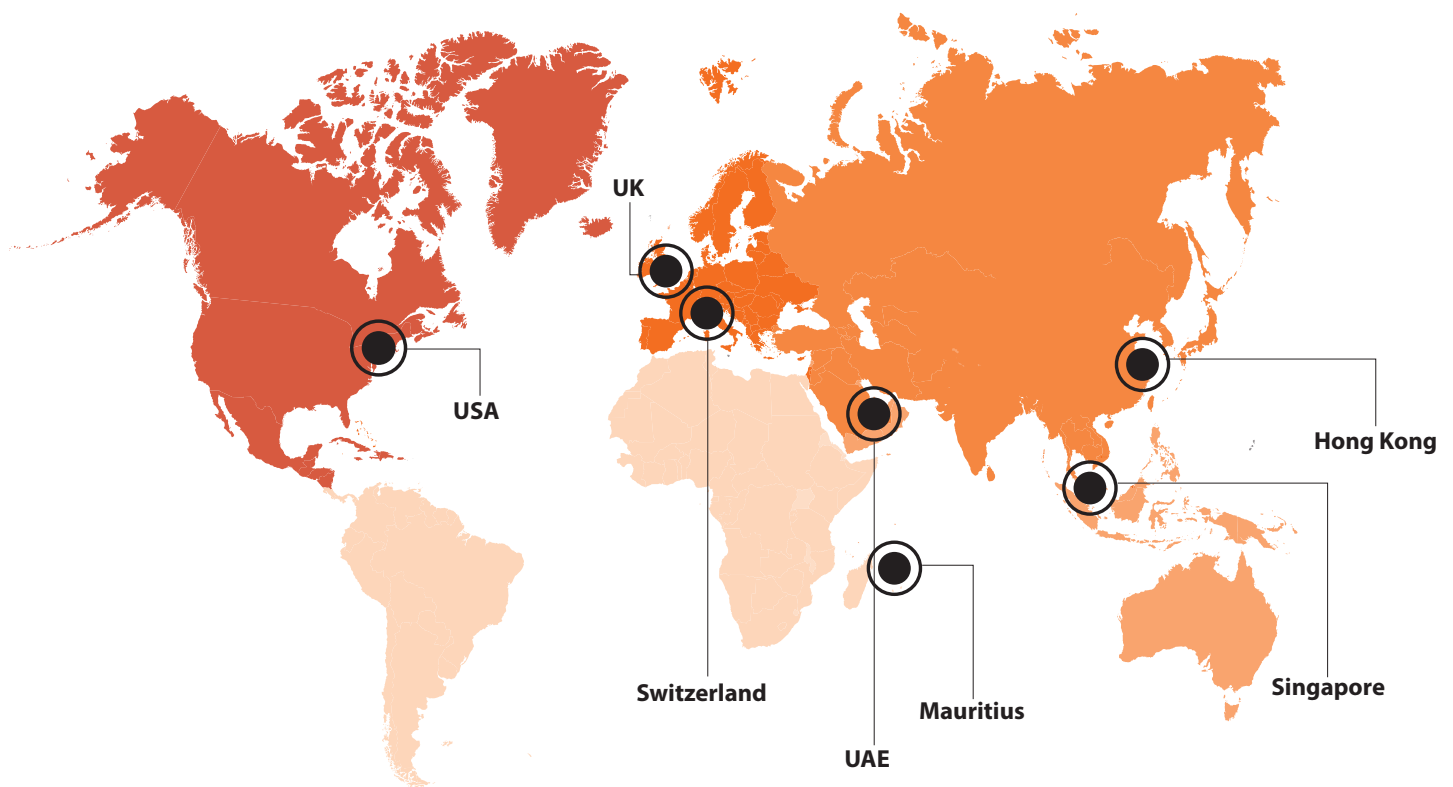
**300**  
World's top institutional  
investors rely on our research

**Global Presence**  
US, UK, Singapore, Hong Kong,  
Switzerland, Mauritius and UAE

**~2,500**  
Locations in India

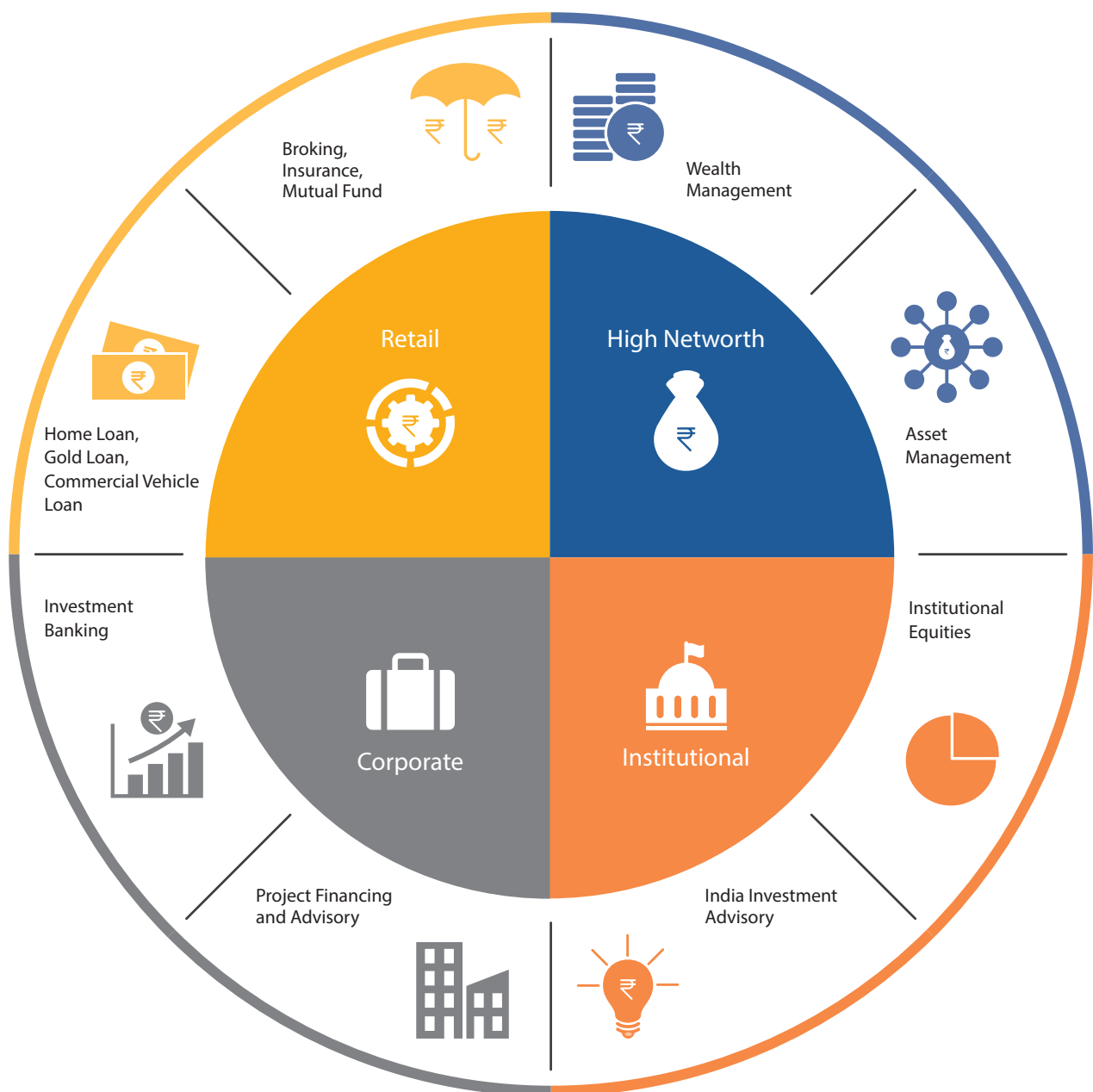
**1,000+**  
Branches

## International Subsidiaries' Locations



# IIFL Group's Business Landscape

## Service offerings across customer segments



Charts depicts only key businesses and subsidiaries of IIFL Holdings Limited and not all the businesses and subsidiaries

## Financing

### NBFC

- A diversified financing company, offering home and property loan, gold loan, commercial vehicle finance, medical equipment finance, loan against securities, and SME business loan
- Assets Under Management of ₹ 195 billion as on March 31, 2016
- Aggregate loan book of ₹ 178 billion and income of ₹ 12 billion as on March 31, 2016

### Housing Finance Company

- Offers affordable financing solutions and retail home loan
- Focuses on priority sector customers for home loan and loan against property

## Wealth Management

### Wealth Management

- One of the largest and fastest growing wealth management companies in India
- Offers advisory, wealth structuring solutions, asset management, and onshore and offshore distribution services
- Assets under advice, management and distribution of close to ₹ 800 billion as on March 31, 2016
- Presence across major countries and Indian cities through a network of 22 offices

- Largest AIF platform in the country across debt, equity, and real estate

### Wealth NBFC

- IIFL Wealth Finance focuses on capital-market-related lending to its high networth clientele
- During the year, IIFL Wealth Finance commenced its lending business and total loans as on March 31, 2016 were about ₹ 1 billion

### Asset Management Company

- Wholly owned subsidiary of IIFL Wealth
- Investment manager of IIFL Mutual Fund and Alternative Investment Funds (AIFs)

## Agency

### Financial Advisory and Broking

- Leading broking house offering equity, commodities, currency broking in retail and institutional segment
- Well-known for quality research
- IIFL Markets (mobile trading platform) is the best rated and highest downloaded app among peer group on Google Play Store with more than 500,000 downloads

### Financial Product Distribution

- Among India's top six mutual fund distributors
- Leading non-bank distributor for life insurance in the country
- Online interface and mobile applications, to comprehend, compare, and buy products from different insurance and mutual fund companies

### Institutional Research and Investment Banking

- Pedigreed institutional equities team
- Premier broker for FIIs, DIIs, private equity funds, banks, mutual funds, and insurance companies
- Investment Banking has a stellar track record of executing transactions. During the year, IIFL completed 10 transactions - the largest number of transactions executed by IIFL in a single fiscal year

# Our Strategy to Deliver

**At IIFL, our strategy is to emerge as one of the most preferred brands in the financial services space and deliver sustainable returns to all stakeholders. We focus on long-term growth by building enduring relationships with our customers, contributing to community upliftment, and attracting the best talent in the industry.**

## The Strengths WE CHERISH



### WE UNDERSTAND INDIA

In the past two decades, IIFL has built a deeply entrenched network catering to retail customers in nearly 2,500 business locations across India. We deliver a broad array of financial services through our network of branches, sub-brokers and franchisees, which are complemented by our call centres, online and mobile channels. Our reach in 26 states across India brings us closer to our customers enabling us to address their needs quickly and efficiently.

### RETAIL FOCUS

At IIFL, we serve more than three million satisfied customers across various businesses. Our deep understanding of retail segment and strong geographical footprint has given us the flexibility to expand and reach out to different segments of the society. In our lending business, through our extensive network of over 1,000 branches, we cater to the financing needs of salaried and self-

employed individuals and small businesses. The average ticket size in our retail home loan business is less than ₹ 2.5 million. Our mobile app, IIFL Markets, works even on a 2G connection and is accessed by 500,000 investors from over 1,500+ locations across India.

### INNOVATION IN A DIGITAL LANDSCAPE

Digital disruption has increased choice and reduced loyalty among customers. At IIFL, we use digital and data analytics to innovate, customise and deliver products to our customers in most efficient and suitable manner. IIFL was a pioneer in the retail equity broking industry with its launch of 5paisa trading platform, which offered the lowest brokerage in the industry and freedom from traditional ways of transacting. On the lending side, the use of eKYC and access to online information on customers' credit scores, bank statements, income-tax documents, spending patterns, social engagements and

so on are resulting in faster turnaround-time and stronger credit appraisal, monitoring and recovery of loans.

### OWNERSHIP MINDSET

We are committed to bringing the best out of our people. Our large base of nearly 12,000 employees helps us deliver more to our customers, shareholders, and wide fraternity of stakeholders. We invest in sharpening the capabilities of our employees through continuous training and encourage a vibrant culture of entrepreneurship, openness, learning, and sharing.

### DE-RISKED BUSINESS MODEL WITH MULTIPLE REVENUE STREAMS

Our multiple products and services across various business segments provide a diversified revenue pool and cushion against headwinds in any particular segment. The lending business itself comprises multiple products covering almost all forms of secured lending.



# Strategic Priorities

## FOR FY2016-17

### ENHANCE INVESTMENTS IN TECHNOLOGY AND DIGITIZATION

Our solutions are backed by an agile and integrated technology platform. As the pace of change in digital communications continues to drive increased expectations for proficiency and quality from end-users, we are persistently evolving our technology platforms. We are committed to harnessing the latest technology, most suited to our needs, to expand our reach, improve customer experience and achieve greater operational efficiencies.

### OPTIMISE COST OF OPERATIONS

Our aim is to reduce operational cost as a percentage of top-line steadily, simplify our product offerings and processes, and improve our operations by streamlining administration and automation of processes. We will continue to optimise our businesses through effective utilisation of our resources and infrastructure.

### MAXIMISE CUSTOMER SATISFACTION

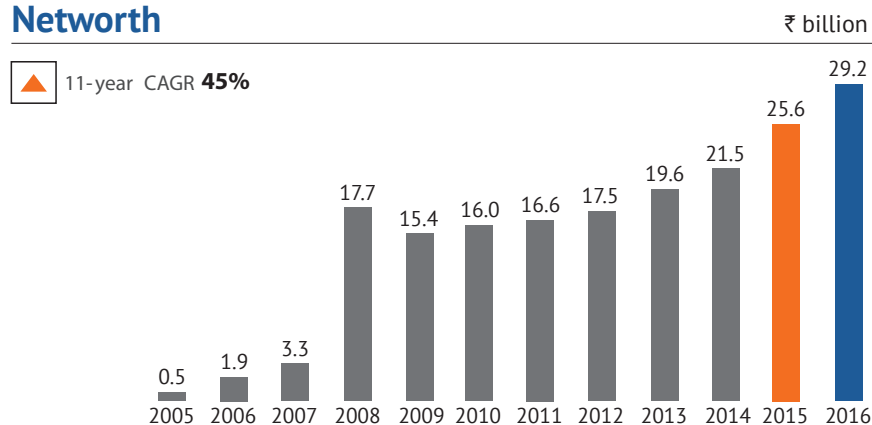
We strive to develop suitable financial solutions on mobile and web, besides traditional delivery channels by understanding the needs of our customers. The result is pertinent solutions that enhance return and reduce costs for our customers. Our investments in best-in-class technology platforms will drive productivity and deliver quality through a convenient and responsive interface.

### STRENGTHEN BRAND VISIBILITY

Our customer-centricity has enabled brand IIFL to emerge as a symbol of dependability and trust. IIFL brand is well-known in small towns and cities across India. We plan to expand awareness through increased promotional and marketing efforts.

# Financial Performance

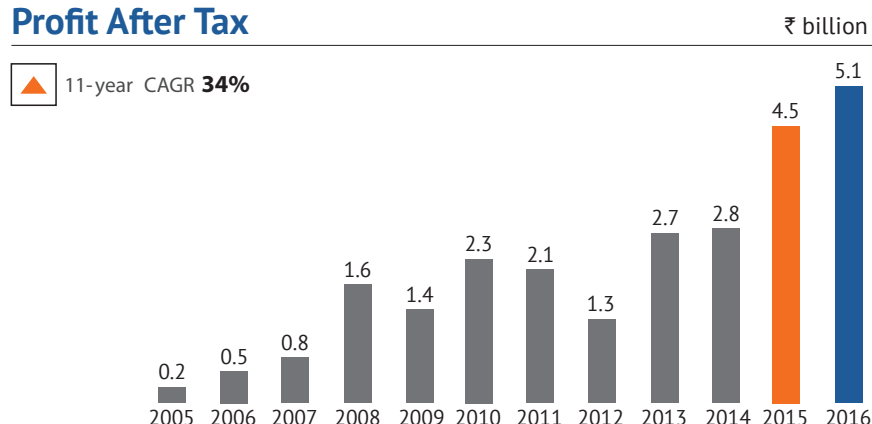
## Networth



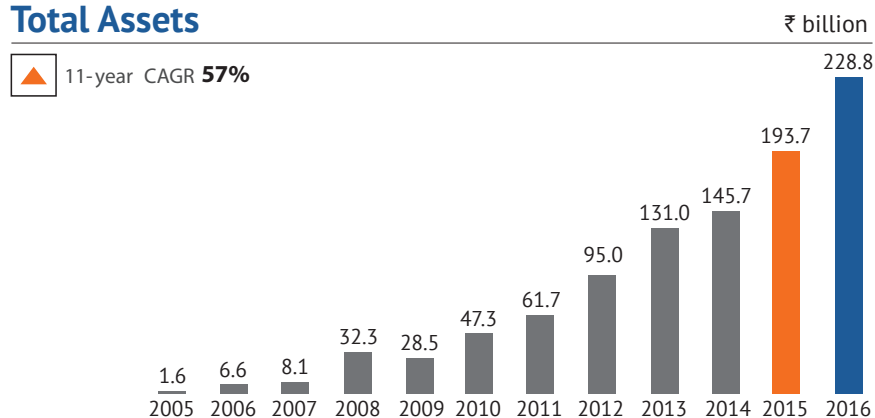
Total shareholder return of 31% CAGR to shareholders since listing

IIFL's consolidated income recorded 43% CAGR to ₹ 39,957 million and PAT recorded 34% CAGR to ₹ 5,112 million between 2005 and 2016

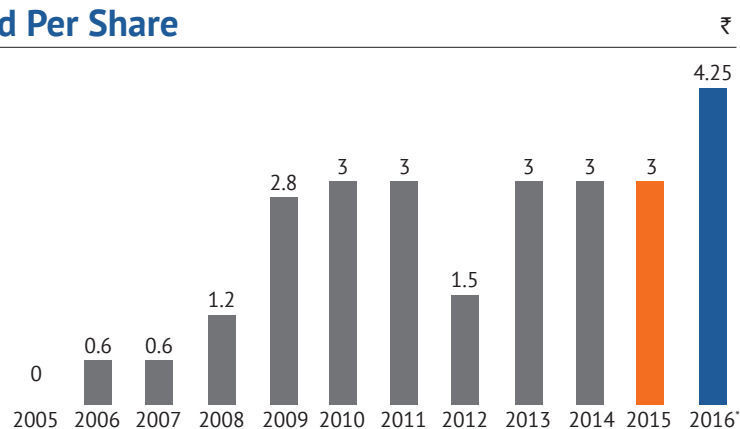
## Profit After Tax



## Total Assets



## Dividend Per Share

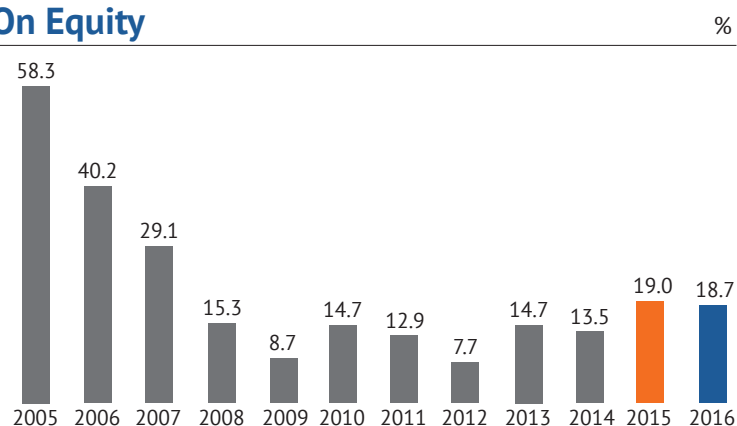


\*Includes special dividend of ₹ 1.25/share to commemorate a decade of listing

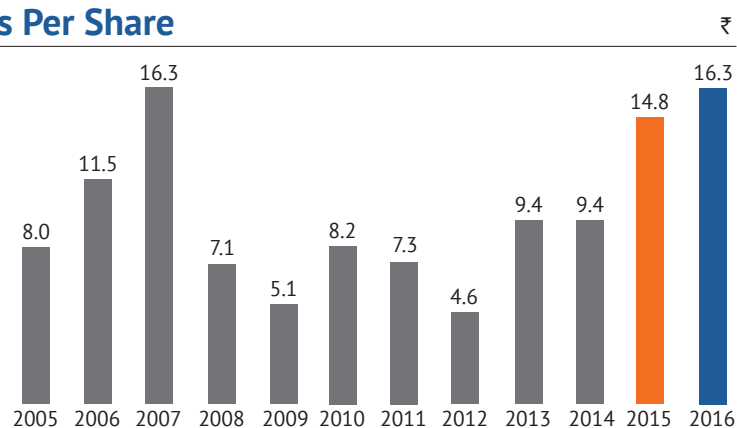
Declared an interim dividend of ₹4.25 per share, including a special dividend of ₹1.25 per share, to commemorate a decade of listing. The Company was listed on the National Stock Exchange and Bombay Stock Exchange on May 17, 2005.

ROE of 18.7% and ROA of 2.4%

## Return On Equity



## Earnings Per Share



# Fast, Flexible, Focused

## CHAIRMAN'S MESSAGE



We have come this far solely based on our core values serving as a moral compass in all our dealings. Fairness, Integrity and Transparency - FIT is the driving force behind all that we do here at IIFL.



Our team's experience and expertise, diversified product offerings, disciplined approach to capital, and robust risk governance have enabled us to win the trust of distinguished global investors.



A global environment, characterised by tightening compliance standards, is in fact our competitive advantage. We are well placed to reap the benefits of industry growth, with our presence in about 2,500 business locations in India.

### DEAR SHAREHOLDERS,

During FY2015-16, your Company's total income was ₹ 4,000 crores and profit after tax crossed ₹ 500 crores to touch a new peak. Your Company has delivered a total shareholders' return of over 31% CAGR since listing in 2005, and has an uninterrupted track record of rewarding shareholders. Your Company has steadily emerged as one of India's leading financial services group. Our team's experience and

expertise, diversified product offerings, disciplined approach to capital, and robust risk governance have enabled us to win the trust of distinguished global investors, millions of customers, and a wide fraternity of stakeholders.

Your Company's progress has been underpinned by a simple mantra – 'Fast, Flexible, Focused'. A decade ago, your Company's annual report theme

was 'Citius, Altius, Fortius', when we committed to deliver faster, higher and stronger performance. However, when we look ahead, it is clear 'what brought us here will not get us there.' We are passing through extraordinary times when every industry, including financial services, is digitally disrupted and reinventing itself. The definition of 'Fast, Flexible, Focused' itself has changed radically.

## HOW FAST IS FAST?

A few years ago, customer KYC and on-boarding process in seven days would be considered as fast for most financial products. Today, even seven minutes would be slow for many products. India has quietly leapfrogged ahead of many developed countries on the digital highway. Mr. Nandan Nilekani's Aadhaar project has literally been the foundation (means Aadhaar in Hindi) of a digital revolution in the country. The e-KYC along with e-signer enables instant account opening. As and when the government's Digital Locker project goes live, there will hardly be any need to handle or verify documents as the DigiLocker facility will enable digital storage of PAN, passport, tax/ bank statements and important certificates.

Small investors can trade anywhere, anytime with a swipe of a finger on their mobile. They can access news, expert views, information, and a real-time updated portfolio on their hand-held devices. There are robo advisors, helping investors with their asset allocation and wealth management at the lowest cost. Your Company is investing enormous resources to keep pace and be in sync with the new world.

## FLEXIBLE FLEXIBILITY

Millennials (those who started working after 2000) are far more discerning, impatient and demanding. They account for the dominant growing force among consumers and investors. They are mobile and social media savvy and their behaviour is quite different from the earlier generation. For instance, a courtesy call by your relationship manager, which would be treated as a gesture of warmth by the earlier generation, may be taken as an unwarranted intrusion on privacy by the new generation. As your Company's customers straddle both generations, our approach calls for 'flexible flexibility'.

One can digitally segregate every product and service not only for every individual customer, but also for the same customer at different times and in a different context. Also, digital and data analytics technology is advancing rapidly, presenting myriad opportunities to be flexible and innovative.

## FOCUS, NO HOCUS-POCUS!

When one tries to be fast as well as flexible, it is very easy to lose focus. Your Company is in the service industry and is steadfastly focused on the customer. We endeavour to deliver the best experience and the best value for money. We never lose sight of our core objective of optimizing returns for investors and costs for borrowers. As every customer's risk appetite is different, investment or borrowing solutions are different as well. It is our fiduciary responsibility to suggest financial products that suit a customer's requirements and risk profile. Your Company has remained focused on financial services through the last two decades and intends to continue to do so in the foreseeable future.

## Faith Makes a Difference

My colleagues and I are thankful to you our shareholders, or rather faith-holders, for your unflinching faith and confidence in the Company and its management. As you are aware, your Company enjoys the faith of over three million customers and more than ten thousand employees and their families. During the year under review, two of the most renowned global investors re-asserted their faith in your Company's management and business model. Fairfax invested US\$ 202 million by secondary purchase of shares of IIFL Holdings through an open offer. General Atlantic invested US\$ 134 million in IIFL's Wealth subsidiary.

At the same time, your Company has unwavering faith in the government as well as the society in which it operates. The same is well reciprocated. Your Company contributes close to ₹ 700 crores directly to

the exchequer by way of taxes and duties. Your Company spent close to ₹ 10 crores in FY2015-16 on social and community initiatives such as integrated rural development, promoting education, financial literacy, healthcare programmes, empowering women at the grassroots and creating sustainable livelihoods.

## Future priorities

Our agenda for growth is clearly defined: understand the financial needs of the empowered customer and address those requirements with a diversified services spectrum; leverage synergies across businesses and deepen integration; have a contemporary digital strategy that is scalable and sustainable with the help of best-in-class technology; and never compromise on core values namely fairness, integrity and transparency (FIT).

We believe that the financial services industry in India is poised for rapid growth, supported by accelerating economic prosperity and reforms. A global environment, characterised by tightening compliance standards, is in fact our competitive advantage. We are well placed to reap the benefits of industry growth, with our presence in about 2,500 business locations in India, and operations (duly registered and licensed) in seven major global financial centres.

To sum it up, the future is promising. And we are ready for it — fast, flexible and focused.

Yours sincerely,

**Mr. Nirmal Jain**  
Chairman,  
IIFL Holdings Ltd

# Our Best Days Are Yet To Come

MANAGING DIRECTOR'S MESSAGE



"Every company's greatest assets are its customers, because without customers there is no company."

– Michael LeBoeuf



In a business like ours, the impact of digitalization is much more pronounced. The customer of the future wants on-demand products and anytime-anywhere services, which are highly personalized with a plethora of options and an easy-to-use interface.



During the year, we invested in best-in-class technologies to drive productivity and create quality by ensuring a responsive and convenient customer experience.

## DEAR SHAREHOLDERS,

In my last year's message, I had discussed how we have scaled our businesses to leadership positions over the past decade. As we enter the next lap of our journey, it is pertinent to look back and see how the entire canvas in the financial services space is changing dramatically and how a combination of forces has created a new generation of well-informed, assertive, and globally integrated customers.

The financial services space in India is in the midst of a paradigm shift. India's economic progress, focus on inclusive growth, and rapid adoption of mobile technology have dynamically altered the delivery of bespoke financial services to customers. The Government of India's Digital India mission has provided the right impetus for growth. There is an overriding dynamism, as more policy initiatives are taking shape and disruptive

innovations are on the anvil. What is more encouraging is that the customer is adapting to these changes faster than perhaps most people would have envisaged.

## SHIFTING BALANCE

The balance of power between the customer and the manufacturer or the service provider has changed over the years and today's digital world empowers

customers like never before. In our own lives, we have seen how customer behaviour has undergone a sea change. Most of us who are on the other side of forty can remember the days when telephone connection was a prized possession. If you try to explain to the 'generation next' that there was a fixed telephone line, which had a waiting time, you will find that such a world does not exist for them. This is because of the shift in balance of power from a monopoly supplier to a highly competitive market.

### EXPLOSION OF CHOICES

It is difficult to imagine how people queue up to grab the next iPhone. Decades ago, such queues were for matinee releases starring Amitabh Bachchan. Previously, at your neighbourhood Irani Café, your choice would be limited to tea or coffee, or 'special chai' at best. Over a period, we see customers being offered fruit-infused, therapeutic versions of tea, and decaf, low-fat, soya, hazelnut flavoured versions of coffee.

Moreover, customers have become highly impatient. It is akin to evolution of cricket. Previously, we enjoyed five-day test matches. However, with the advent of one day cricket and T20s in recent times, test cricket has started taking a back seat in the pecking order of audience preference. In the 1990s, if a team scores 250 runs in a 50 over match, it was considered a defendable score. However, batsmen these days hit 250 runs in 20 overs and opponents chase it down in a canter. This represents the celerity of change.

Internet and mobile technology are affecting our lives like never before. The best example is what is happening in the virtual marketplace. You have a plethora of choices and manufacturers are willing to supply that to you at various price points.

Therefore, you can now choose your product and price point and get it from anywhere in the globe.

### EVOLVING BUYER BEHAVIOUR

According to Google consumer surveys, online reviews affect the purchasing decision of majority of users. Most customers trust networks and communities more than advertisements. Even without getting an opportunity to impress the customer, it is possible that the customer has already rejected you. Such trends have culminated into changes in customer behaviour and even brought about a change in the way feedback is collected. Previously, people used to fill feedback forms and customer surveys. But with time customers are increasingly using twitter/facebook/blogs to provide instant feedback.

In a business like ours, the impact of digitalization is much more pronounced. The customer of the future wants on-demand products and anytime-anywhere services, which are highly personalized with a plethora of options and an easy-to-use interface. Hence, at IIFL, we attach immense importance to the need to innovate and adopt new technologies so that the empowered and discerning customer remains at the centre of our growth and evolution.

### HUMAN TOUCH IS PRECIOUS

Ironically, despite unprecedented advances in the digital world, the human touch remains more valuable, as there is a huge need to touch the customer's heart through empathy, passion, and creativity. At the end of the day, when customers are on the internet, they want to talk to a person who can address their queries or concerns without hassles. Thus, we are adopting best-in-class technologies and are focused on fostering talent. The objective is to bring about

a transformation in terms of products, processes, and services after getting a sincere and deep understanding of our customers' needs. We conduct trainings and internal workshops to align our employees such that they know how to handle a customer in the digital era. Our IIFL Facebook page and Twitter handle are part of a series of steps we initiated to collect feedback and take customer interaction beyond the traditional brick-and-mortar channels.

### WAY FORWARD

During the year, we invested in best-in-class technologies to drive productivity and create quality by ensuring a responsive and convenient customer experience. We have launched the IIFL Markets App, which is the most downloaded and highest rated app among peers. Customers in our lending business will reap the significant benefits that ensue from our Consumer Vehicle and Gold Loan App.

Robust business fundamentals, encouraging financial performance, and sound governance mechanism have enabled us to emerge as a trusted partner for our customers.

At IIFL, we will continue to strengthen our capabilities and innovate in a fast, flexible, and focused manner, to win and retain the trust of our customers. The age of digital disruption is only the beginning; though we have taken rapid strides, our best days are yet to come.

Yours truly,

**Mr. R. Venkataraman**  
Managing Director,  
IIFL Holdings Ltd

Fast, flexible and focused approach

# Drives Business Integration



**At IIFL, we believe integration is critical while offering a diversified portfolio of services and catering to retail, affluent, and institutional clients. As an integrated group, we leverage the combined resources and expertise of our various business divisions, to provide bespoke services to help clients meet their financial and growth aspirations.**

**Over the years, we have evolved from a brokerage-driven business model to a leading diversified financial services player.**

**We have a well-diversified revenue stream; our NBFC business contributes to two-third of the bottom line; wealth contributes 25% and the capital market business contributes the rest.**

**This de-risks the revenue profile and provides a cushion against susceptibility of income to volatility of the equity markets.**

## Financing

- Diversified product portfolio across separate business verticals
- Pan-India presence with a talented employee base
- Rapidly expanding technological capabilities with emphasis on digitization
- Well defined credit processes and risk management strategy
- Decentralized operations management for fast processing and quick availability of loans
- Strong network with banks and financial institutions
- High quality assets

**US\$2.7 billion**

Retail focused loan book

**0.5%**

Net NPA

**1,000+**

Branches

## Wealth Management

- Fulfilling the needs of clients with a broad range of offerings including Wealth Management, Wealth Administration and Wealth Structuring Services
- Long-term relationship is at the very heart of our commitment to clients
- Comprehensive best-in-class product platform with expertise developed across asset classes / products
- Performance driven fee structures enabling choice of solutions that deliver superior risk-adjusted returns
- Product innovation is a strong driving force at IIFL Private Wealth

**US\$12 billion**

Total assets

Overseas offices in **New York, London, Geneva, Dubai, Mauritius, Singapore, Hong Kong**

**8,500+**

Families

## Agency

- Wide distribution network and ability to service investor needs
- Strong research capabilities with established track record of covering major sectors of the economy
- Research-driven technology platform
- Transparency and open architecture

**Leading broking and mutual fund distribution house**

**2,500**

Business locations

**500+**

Companies under research

Fast, flexible and focused approach

# Enhances Trust Quotient



**IIFL's strong business fundamentals, sound governance mechanism, and proven track record of value creation for decades have enabled it to emerge as a trusted partner for investors and customers. Our position as a leading financial services player has been further validated during FY2015-16 by the support of institutional investors, Fairfax Group and General Atlantic.**

Fairfax Group (FIH Mauritius Investments Ltd, along with HWIC Asia Fund (Class A Shares), Investments Ltd and FIH Private Investments Ltd) announced an open offer for acquisition of 26% of the post-offer equity share capital. The offer was successfully completed with a response of 21.85% of the paid up share capital of the Company, which enabled Fairfax Group to increase their stake in the Company. Fairfax Group's aggregate shareholding in IIFL Holdings Ltd stands at 35.7% as on March 31, 2016.

During the year, General Atlantic made strategic investment of ₹ 9,038 million in IIFL Wealth through fresh issue of equity shares and additionally ₹ 1,591 million for acquisition of shares from IIFL Wealth employees. As a leading investor with deep expertise in financial services, General Atlantic is well aligned with IIFL's mission, which will help in taking IIFL Wealth to the next level through expanded products and services.



## Rewarding relationships

Through equities, F&O, mutual funds, IPOs, AIFs, home loans, and many more, we partner with customers at every step of their key financial decisions. Our relationship with customers is strengthened by rich market insight, transparency, and hassle-free, technology-driven solutions. Our relationship with customers goes beyond financial transactions into a mutually rewarding association for life.



## Disciplined approach to delivery

In the business of lending, our focus is on high-growth and dispersed risk-retail lending where we can take advantage of our geographic footprint to reach out to retail customers. Several new initiatives have been launched in the year, digitizing customer interactions across multiple touch points. These include multiple cashless disbursement capabilities, online repayment functionalities, tablet-based collections, and credit-analytics-based instant decision engine for online applications.

IIFL Wealth is one of the fastest growing wealth management companies in India. 'Alignment of Interest' that helps us sit on the same side of the table as clients and 'Innovation' such as fixed fee structures, independent fixed-income trading platform and pioneering first-in-class products have propelled our growth and helped us gain market share. We combine disciplined investment process with technology platform that provides access to major asset classes with varied investment approaches and customized portfolios.

IIFL is a leading online and offline broking and advisory services provider to retail and institutional clients in the cash and derivatives segments. The customers enjoy the advantage of state-of-the-art trading technologies that provide advanced tools and research analytics. Customers can customize their trading experience using our mobile application easily, proficiently, and securely.



## Strong Corporate Governance and Management

IIFL is built on a solid foundation of entrepreneurial energy, professional integrity, and personal commitment. We operate our business with the highest ethical standards and remain committed to achieving sustainable and profitable growth.

Our Board has independent directors, highly respected for their professional integrity as well as rich financial and banking experience.



## Knowledge quotient

The award-winning research team of IIFL provides unparalleled research coverage on 500+ companies, arguably the widest in the industry. IIFL is possibly the only one among the big brokerages to publish 'Call Success' reports for its recommendations based on fundamental research. This is in sync with the Company's stated goal of enhancing client servicing and transparency.

Our research is available online and on the Mobile App for our clients. Importantly, the research view is tracked on an ongoing basis and modified by the team, if required. This dynamism allows investors (existing and prospective) to take an informed decision before buying or selling a stock. The 'Ask Analyst' is an option through which traders can directly ask questions to IIFL's research team through the Trader Terminal. Furthermore, IIFL offers well-structured, all-inclusive financial plans to act as a guide for investments through proper risk profiling and asset allocation.

Fast, flexible and focused approach

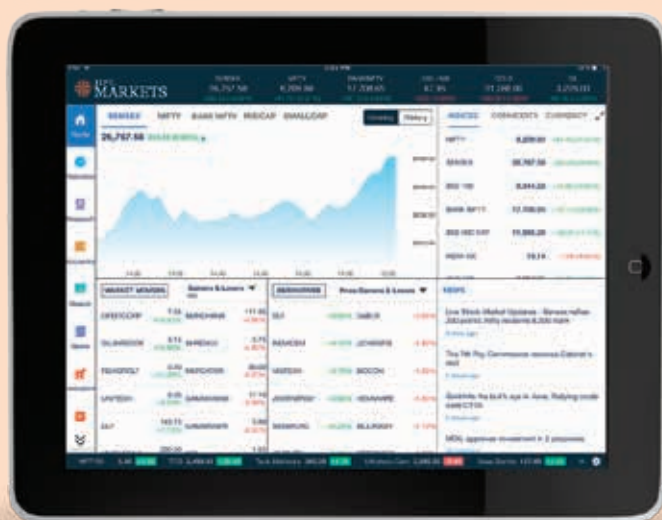
# Sharpens Technology Edge



**Technology is our ally in the creation of consistent business value. The proliferation of digital distribution and communication channels has increased the speed and convenience with which customers transact with us. We are making significant investments to make more technology-enabled functions and processes. Such an approach reduces operational costs, creates a highly scalable growth model, and provides superior experience to customers.**

During the year, the Company continued to invest in adapting best technologies and practices for digitization of its various business processes to drive productivity and superior customer experience. We take advantage of cloud services and follow the hybrid cloud model to improve uptimes, cost efficiency, agility, and manage costs. Besides this, managing technology risk and information security is a business priority for IIFL and we have successfully completed upgradation of our ISO 27001 to the latest 2013 framework.

With the support of advanced technology, we aim to provide suitable financial products and services at an affordable cost in a fair and transparent manner. During the year under review, we effectively rolled out multiple process automation initiatives. These initiatives enhanced operational efficiency, reduced turnaround time, and bolstered process compliance.



## IIFL MARKETS

- 'IIFL Markets', a native B2C mobile application, turns a smartphone into a powerful trading and market monitoring platform. Users can access real-time price quotes from Cash, F&O, Commodity, Currency segment plus Buy / Sell equities, commodities, currencies and mutual funds
- Available on Android, iOS, Windows and iPad, the app has crossed 500,000 downloads within a year of its launch, creating a new record
- Achieved the distinction of the best rated stock trading market app with a rating of 4.4 on Google Play Store
- With the growth of 2G/3G/4G network the mobile app has helped reduce information asymmetry of financial and commodity markets beyond Tier 1 cities. The app streams live market feeds and works on 2G network connection. Thus, it is accessed by investors from 160 countries worldwide and from 1,500+ locations across India
- Additionally, company news, research, key ratios, P&L, widgets with real-time data are available to all on the app

## TT EDGE PLATFORM

- TT Edge is a next generation trading terminal with ease of navigation, lightning fast speed, and superior charting and analytics capabilities

- It enables investors to take smarter and informed decisions through real-time position build-up, company news, IIFL views, and alerts
- Features
  - Ability to track option pricing, spurts in volatility, and real-time news to develop personal F&O strategy
  - Real-time position build-up, market pulse, sentiment analysis, technical analysis, and automated event alerts
  - Critical analysis of a company's financial health and peer comparison on various parameters
  - Portfolio analytics and performance review

## CUSTOMER SERVICE

- Paperless, secure and instant account opening for broking and loan prospects
- Data analytics being developed to satisfy each customers' need differently
- 'Single Click' response feature integrated with CRM to send accurate responses to clients along with attachments in a fraction of seconds
- Algorithms-based sample calling for trade verification and early warning system for fraud detection
- Missed Call Services initiated where clients can get an instant response for their key requirements

## MUTUAL FUND APP

- Mutual fund app allows users to buy/sell and monitor mutual fund investments, anytime, anywhere-
- User can invest through lump-sum and SIP mode, view performance, get the latest news, and gain from expert advice of fund managers
- Tie-ups with all leading fund houses in the country

## DIGITIZATION IN FINANCING

- Loan App for Customers
  - One-stop solution for EMI payments, interest certificate, loan status, and grievance support
- Initiated e-KYC, e-Sign, and Aadhaar integration for Customer on-boarding
- Disbursal through IMPS/NEFT/RTGS and pre-paid cards
- Tablet-based Solutions for Collection Process
  - Allows collection on a tablet
  - Immediate confirmation to customer via SMS/email

# Strong Governance Framework

**At IIFL Holdings, the audit function closely monitors and evaluates internal controls to provide an independent, objective and reasonable analysis of the adequacy and effectiveness of the system.**

**Our internal audit is conducted on the basis of the Annual Audit plan approved by the Audit Committee. The scope of internal audit covers all business aspects, including front-end and back-end operations, systems and processes, and emphasizes on periodic checks of process controls. It also reviews the measures undertaken to monitor potential risks, leakages, or frauds.**

We have invested in ensuring that our internal audit and control systems are adequate and commensurate with the nature of our business and the size of our operations.

## Internal Financial Controls

The Company has in place adequate internal controls with reference to financial statements and operations and these controls are operating effectively. The Internal Auditors tested the design and effectiveness of key controls and no material weaknesses were observed in their examination. Further, the Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting is adequate and such controls are operating effectively.

## Risk Management

At IIFL, risk management is a critical element of business operations, and is integrated seamlessly across operations. The objective of IIFL's risk management process is to optimize the risk-return equation and ensure meticulous compliance with all extant laws, rules, and regulations, applicable for all its business activities.

IIFL takes a holistic view of risk management and undertakes an enterprise-wide risk management approach under the Enterprise Risk Management (ERM) Framework. IIFL believes that ERM provides a sound foundation to ensure that the Group's risk-taking activities are in line with

the business strategy; and the risk appetite approved by the Board.

IIFL has put in place a robust risk governance structure at the parent company level and in each of the operating entities. IIFL adopts the 'three lines-of-defence' (3 LOD) model wherein management control at the business entity level is the first line of defence in risk management; the various risk control and compliance oversight functions established by management are the second line of defence and an independent internal audit/assurance function is the third. Each of these three 'lines' plays a distinct role within IIFL's wider governance framework.

# Review of Operations

## Financing

**India Infoline Finance Ltd., with a diversified product portfolio and an experienced team caters to promising segments and addresses growing capital needs across under-served markets.**

The Company has established an appropriate credit selection process and underwriting procedures that consider both the adequacy and quality of collateral, profile, and cash flow of the borrower. It also has well defined

collection processes. The business is supported by robust risk management and audit systems. As a result, India Infoline Finance Ltd. has consistently maintained high quality of its loan assets and NPAs are at a low level.

### KEY HIGHLIGHTS FY2015-16

- Loan book for FY2015-16 stood at ₹ 178 billion, a growth of 21% y-o-y. This was driven by retail mortgages and Commercial Vehicle (CV) finance
  - Retail mortgage loans grew 89% y-o-y and now constitute 41% of the loan book
  - CV loans grew 93% y-o-y and constitute 10% of our loan book
- Total CAGR was 17.71%, including Tier I capital of 11.66%
- Emphasis on digitization, vintage of branches, cost rationalization has led to decline in cost-to-income ratio
- Steadily improving return ratios with a ROA of 1.8% and ROE of 16.9%
- Gross NPAs and net NPA ratios stood at 1.44% and 0.54%, respectively as on March 31, 2016
- Total provision coverage (including standard asset provision) as a percentage of Gross NPA at 89.7%

### ROAD AHEAD

#### MAINTAIN STRONG ASSET QUALITY AND EARNINGS GROWTH

- NBFC business has maintained high-quality loan assets through meticulous evaluation of the customer base. There is a comprehensive risk assessment process and a thorough risk remediation procedure. The Company aims to maintain its focus on steady earnings growth through conservative risk management techniques

#### LEVERAGE EXISTING NETWORK WITH SELECTIVE EXPANSION

- The objective is to increase the share of the business in under-served Tier II and Tier III segments through analytics led targeted lending and cross-sell. Our extensive branch network gives us the human interface which is combined with digital platform to tap opportunities in retail lending space

#### STRENGTHEN THE IT PLATFORM

- Technology continues to be a strategic enabler for business growth, cost optimization and process innovation

#### THRUST ON RETAIL HOME LOANS

- IIFL believes that government's 'Housing for All' mission will drive the demand for affordable housing. India Infoline Housing Finance Ltd, a wholly owned subsidiary of India Infoline Finance Ltd, has increased its focus on retail home loan segment. Its added emphasis is on affordable housing, offering loans under Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme to the society's targeted sections

# Review of Operations

## Wealth Management

**IIFL Wealth Management Ltd offers advisory and wealth structuring solutions, broking and distribution services, asset management and credit solutions. The Company takes a holistic approach towards managing a client's portfolio which includes not only advice on financial investments, but also, on the overall structuring of the investment keeping in mind the specific needs and objectives of each client. Succession planning through use of wills and trusts, creating investment mandates, multi-advisor management and reporting through unique wealth administration platform are few of the many USP's.**

### KEY HIGHLIGHTS FY2015-16

- Total assets under advice, distribution, and management grew 12% y-o-y to ₹ 794 billion
- PAT was up 52% y-o-y to ₹ 1,694 million
- Strategic investment by General Atlantic, acquiring 21.6% stake in the Company on a fully diluted basis
- Acquired new NBFC, IIFL Wealth Finance Ltd and infused ₹ 9 billion of capital
- Enhanced client engagement through launch of the advisory proposition and direct code offerings

### ROAD AHEAD

- Continue to increase footprint across international and domestic locations
- Increase existing client wallet share and provide a larger pool of clients access to innovative investment ideas at competitive fee structures
- Continue to invest in technology to increase employee efficiency, improve delivery of products and offer best-in-class services to clients
- Focus on capital-market-related lending through our newly acquired NBFC

## Agency

**IIFL is a leading online and offline broking and advisory services provider for cash and derivative segments to retail and institutional clients. Over the years, IIFL has created a brand, characterized by informed research, systemic uptime, transaction speed, cutting-edge technology, extensive footprint, high service standards, and competitive brokerage. Although we will continue to invest in technology, our focus on our award-winning research and unbiased advice remains the key differentiator for our business.**

IIFL is also one of the largest distributors of financial products such as Life Insurance, Mutual Funds, NCDs, Tax-free bonds, IPOs and so on, through our wide distribution network and business associates. ICICI Prudential, Reliance, Bharti AXA, Future Generali, Aegon Religare, HDFC Standard Life Insurance are some of the key partners in insurance.

### KEY HIGHLIGHTS FY2015-16

- IIFL Markets continues to be the highest rated mobile trading app on Android and iOS. Since February 2015, the app had 500,000 downloads on Google Play Store and more than 13,500 users have accorded it a rating of 4.4 out of 5, the best among the peer group
- FY2015-16 has been a defining year for investment banking with 10 completed transactions - IPOs, QIPs, NCD placements, and pre-IPO placements and so on, enabling mobilization/ placement of around ₹ 32,756 million
- The increasing use of internet and mobile communication has given consumers access to extensive information and ability to buy/sell in a

fast and convenient manner. During the year, the Company forayed into online solutions and mobile applications in the area of mutual fund and insurance. With our mobile apps, retail investors can compare products, gain access to in-depth information across manufacturers at a click of a button thereby, aiding informed decision-making

### ROAD AHEAD

- IIFL has been investing in infrastructure and manpower to be a one-stop investment shop with advisory support, to help the investors match their risk appetite with return expectations. We will continue to build a culture of advisory and financial planning with client's profitability being the primary focus

# Empowerment at the Grassroots

**As a responsible corporate citizen, we undertake numerous initiatives that empower the underprivileged sections of society and help uplift the communities we work with.**



Gram Vardhan (village adoption programme) in Jawhar, Maharashtra

## KEY FOCUS AREAS

- Integrated Rural Development
- Drought relief and Water conservation
- Education & Financial Literacy
- Health
- Economic Empowerment of Women
- Sustainable Livelihood

## IIFL FOUNDATION

IIFL Group's CSR arm, IIFL Foundation aims to alleviate poverty and facilitate economic development through focused and need-based programmes. What started as a financial literacy programme has now blossomed into a holistic intervention. IIFL Foundation has always followed a bottom-up approach. The foundation's core activities are in Maharashtra and it is conducting programmes in Rajasthan too. During the year, Dr. Sarika Kulkarni, CEO of IIFL Foundation, was honoured as '100 Most Impactful CSR Leaders Award (Global Listing)' at the World CSR Day.

## KEY PROJECTS

### TRIBAL DEVELOPMENT

IIFL Group has adopted 32 tribal locations in three villages (Walvanda, Shiroshi and Kasatwadi) of Jawhar Taluka in Palghar district, Maharashtra under IIFL's flagship programme 'Gram Vardhan Yojana'. This entails working on various social parameters, which include building check dams and other rainwater harvesting structures, to ensure year-long water supply and support agri-based livelihoods.

Furthermore, we focus on income generation and skill development programmes for women, vocational training for tribal boys and community sanitation units for hamlets. Our sanitation units aim to achieve Open Defecation Free tribal areas, contributing to the government's Swachh Bharat initiative.

### CHECK DAMS AND OTHER RAINWATER-HARVESTING STRUCTURES

IIFL Foundation has vowed to make the tribal areas of Jawhar taluka drought free. In FY2015-16, we constructed two big check dams and over 50 other rainwater-harvesting structures. Consequently, the groundwater table rose substantially in these areas. Therefore, during FY2015-16, over 40 farmers did not have to migrate, and are cultivating flowers and vegetables throughout the year.

### WOMEN EMPOWERMENT PROGRAMMES

Over and above training, skilling, and supporting 1,000 tribal women to start micro enterprises, we have also supported a 'Women's Development Centre' in Kankroli, Rajsamand district, one of the most backward areas in Rajasthan. IIFL Foundation will be conducting several skill-training and income-generation programmes for women. A nursing school for underprivileged girls was also supported in Ponda, Goa. This school will train 250 young girls and support them with sustainable employment opportunities.

### EDUCATION AND FINANCIAL LITERACY

Financial literacy is one of the flagship programmes of IIFL Group. Under our Financial Literacy Agenda for Mass Empowerment Initiative (FLAME) initiative, we have been undertaking several programmes for people from different walks of life. In FY2015-16 the focus was on financial literacy in rural areas and over 150,000 people from Maharashtra's tribal belt undertook this programme.



Supporting micro enterprises for women &lt;



IIFL employees at work in Jawhar &lt;



Drought relief and water conservation through check dam construction in Jawhar &lt;

### FINANCIAL SERVICES HACKATHON

In association with the Centre for Innovation and Incubation (CIIE) at IIM Ahmedabad, we hosted a one-of-its-kind financial services business-plan competition. The top three ideas would be incubated at IIM Ahmedabad.

### HEALTHCARE INTERVENTIONS

We have undertaken various projects to provide healthcare services to the rural poor. Among various measures, free health check-up camps were conducted in rural areas (Pandharpur, Maharashtra; Barsana, UP; and Jawhar, Maharashtra). Over 200,000 people were checked and screened at these camps and over 15,000 eye surgeries were performed. We have also supported a cancer screening camp for rural Karnataka, where over 100,000 people were checked.

**32**

**Tribal locations adopted in Jawhar Taluka, Palghar**

**50**

**Constructed rainwater-harvesting structures**

**1,000**

**Tribal women supported to start micro enterprises**

# Advisory Board

**IIFL's Advisory Board comprises stalwarts with extensive experience and domain expertise, providing independent and informed perspective and oversight to Management, while guiding the Group's strategic focus.**



## Mr. Ashok Jha

Retired IAS, Former Finance Secretary, Government of India

Mr. Ashok Jha, an IAS officer, has had a stint of 38 years in civil services and held crucial positions in State and Central Government establishments. For about two years, Mr. Jha served in the Finance Ministry of the Government of India, first as Secretary, Economic Affairs, and later with additional responsibility as Finance Secretary. He was India's alternate Governor in the World Bank and the Asian Development Bank. Mr. Jha served as the Secretary, Department of Industrial Policy and Promotion and Chairman of Foreign Investment Promotion Board (FIPB) in his capacity as Secretary, Economic Affairs. He was also Advisor, International Affairs, FICCI. After retiring, Mr. Jha was President, Hyundai Motors, India. He is currently an Independent Director on the Boards of some companies.



## Mr. Keki Dadiseth

Former Chairman of HUL

Mr. Keki Dadiseth, a Fellow member of the Institute of Chartered Accountants of England & Wales, had joined Hindustan Lever Ltd in 1973 and became Chairman of HUL in 1996. He was appointed as Director on the Board and Executive Committee of Unilever PLC and Unilever NV in May 2000. In India, he is on the Boards of The Indian Hotels, Britannia Industries, Piramal Enterprises, Siemens, Godrej Properties, ICICI Prudential Life Insurance, ICICI Prudential Asset Management Trust. He is the Chairman of the Convening Board of Marsh & McLennan Cos in India, and Non-Executive Chairman of Omnicom India. He is also on the Advisory Board of Accenture Services and PriceWaterhouse Coopers, and a Senior Advisor to the World Gold Council, India.



## Mr. Keki Mistry

Vice Chairman and CEO of HDFC Ltd

Mr. Keki M. Mistry is a Fellow of The Institute of Chartered Accountants of India. Mr. Mistry joined the Corporation in 1981. He was appointed as Executive Director in 1993, as Deputy Managing Director in 1999, and as Managing Director in 2000. He was re-designated as the Vice Chairman and Managing Director in October 2007 and as Vice Chairman and Chief Executive Officer from January 2010. Besides being on the board of several HDFC group companies, Mr. Mistry is a director on the board of other public limited companies such as HCL Technologies, Sun Pharmaceutical Industries, Greatship (India), Torrent Power, and GRUH Finance. He is also on the board of CDC Group, London.



### Mr. Sat Pal Khattar

Singapore-based prominent lawyer and investor

Mr. Khattar, a prominent lawyer, is a Singapore-based Indian community leader and businessman. He was founder of Khattar Wong & Partners, one of Singapore's largest law firms, and is the Chairman of Khattar Holdings, a private family investment firm. Among the various positions held by him, Mr. Khattar was Chairman of the Board of Trustees of Singapore Business Federation, a member of the President Council for Minority Rights, a life trustee of the Singapore Indian Development Association (SINDA), and Co-Chairman of the Singapore-India Partnership Foundation. He received the prestigious Padma Shri award from Government of India in 2011.



### Mr. Somasekhar Sundaresan

Eminent Lawyer, Partner, M/s J. Sagar Associates

Mr. Somasekhar Sundaresan is an eminent Corporate Lawyer who heads the Securities Law practice of M/s J. Sagar Associates, Advocates and Solicitors. He has extensive experience in advising clients in the areas of Securities Laws, M&A, and Foreign Investment in India, including strategic Foreign Direct Investment, Portfolio Investments and Private Equity Investments. Mr. Somasekhar is a permanent invitee to the executive committee of FICCI and is an active member of its Capital Markets Committee.



### Mr. S. Venkatachalam

Career banker, ex-Citibank, Chairman, Oracle India

Mr. S. Venkatachalam is the Chairman of the Board of Directors of Oracle Financial Services Software. He has served Citibank N. A. for nearly 30 years, holding several senior positions during his stint. He is currently on the Board of Equifax Credit Information Services and Canara Robeco Asset Management Company and he is an advisor to Karvy Financial Services. He has previously served as an advisor to Fullerton India Credit Corporation and was on the Board of State Bank of India as an Independent Director. A Chartered Accountant by profession, he has rich experience in the field of banking, finance, administration, compliance, taxation, and labour laws.

# Board of Directors



**Mr. Nirmal Jain**  
Chairman

Mr. Nirmal Jain is Founder and Chairman of IIFL Holdings Limited. He is a PGDM from IIM, Ahmedabad, a rank holding Chartered Accountant and a Cost Accountant. He started his career in 1989 with Hindustan Lever Limited and founded Probity Research and Services (later renamed as India Infoline Limited) in 1995; one of the first independent equity research companies in India. He was instrumental in steering the Group's foray into various businesses that have grown significant over the years in terms of net-worth and profitability. Under his leadership, IIFL Group has emerged a dominant and diversified player in the financial services space over the past 21 years.



**Mr. R. Venkataraman**  
Managing Director

Mr. R. Venkataraman, Co-Promoter and Managing Director of IIFL Holdings Limited is a B.Tech from IIT, Kharagpur and MBA from IIM, Bangalore. He joined the Company's Board in July 1999. He has been contributing immensely into the establishment of various businesses over the past 17 years. He previously held senior managerial positions at ICICI Limited, including ICICI Securities, its investment banking joint venture with JP Morgan, and Barclays BZW. He worked as Assistant Vice President with GE Capital Services India in its private equity division. He has a varied experience of more than 25 years in the financial services sector.



**Mr. A. K. Purwar**  
Independent Director

Mr. Purwar was Chairman of State Bank of India, the largest Bank in the country from November 2002 to May 2006. He is currently Chairman of ILFS Renewable Energy, one of the largest renewable energy companies in the country. He also works as an Independent Director in leading companies across diverse sectors such as power, solar energy, telecom, steel, engineering consultancy, pharmaceuticals, and financial services. He also acts as Advisor to Mizuho Securities, Japan. He has held important positions like Managing Director of State Bank of Patiala in his illustrious career and was associated in setting up of SBI Life. He was also Chairman of Indian Bank Association during 2005-2006.



**Mr. Chandran Ratnaswami**  
Non-Executive Director

Mr. Chandran Ratnaswami is a Non-Executive Director of the Company. He is the Managing Director of Hamblin Watsa Investment Counsel, a wholly owned investment management company of Fairfax Financial Holdings. He was recently appointed as Director and CEO of Fairfax India Holdings Corporation. He serves on the Boards of ICICI Lombard General Insurance, Thomas Cook (India), Fairbridge Capital in India, Zoomer Media, Fairfax India Holdings Corporation in Canada, First Capital Insurance, Singapore, Thai Reinsurance, Thailand, and Union Assurance General, Sri Lanka. He holds a Bachelor's degree in Civil Engineering from IIT Madras and an MBA from the University of Toronto, Canada.



**Ms. Geeta Mathur**  
Independent Director

Ms. Geeta Mathur is a Chartered Accountant and graduate from Shriram College of Commerce, Delhi University. She specializes in 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 project, corporate and structured finance, and represented ICICI on the Board of reputed companies such as Eicher Motors, Siel Ltd. She then worked in various capacities in large organizations such as IBM and Emaar MGF. She is currently on the Board of several large listed companies including Motherson Sumi, NIIT and RSWM.



**Mr. Kranti Sinha**  
Independent Director

Mr. Kranti Sinha completed his masters from Agra University and started his career as a Class 1 Officer with Life Insurance Corporation of India (LIC). He served as Director and Chief Executive of LIC Housing Finance from August 1998 to December 2002 and concurrently as Managing Director of LICHFL Care Homes (a wholly owned subsidiary of LIC Housing Finance). He retired from the permanent cadre of the Executive Director of LIC. He also served as Deputy President of the Governing Council of Insurance Institute of India and as a member of Governing Council of National Insurance Academy, Pune, apart from various other such bodies.



**Mr. Nilesh Vikamsey**  
Independent Director

Mr. Nilesh Vikamsey is a Senior Partner at M/s Khimji Kunverji & Co., Chartered Accountants, a member firm of HLB International. He is Vice President of the Institute of Chartered Accountant of India (ICAI) and Chairman of Federal Bank. He is also on the Board of a number of companies such as SBI Life Insurance, Thomas Cook (India), Navneet Education, and SOTC Travel Services. He was Chairman of SEBI's Qualified Audit Report Committee (QARC) and member of Committee on Disclosures and Accounting Standards (SCODA), LLP Committee of Ministry of Corporate Affairs (MCA), and Chairman of Education and CPD Committee of South Asian Federation of Accountants (SAFA).



**Dr. S. Narayan**  
Independent Director

Dr. S. Narayan, a retired IAS Officer, was an eminent public administrator for nearly four decades (1965 to 2004). He retired as Economic Advisor to the Prime Minister of India. Mr. Narayan has rich experience in implementation of economic policies and monitoring of the special economic agenda of the Cabinet on behalf of the Prime Minister's Office as well as initiatives for modernising the capital markets. Dr. Narayan holds M.Sc., MBM, M Phil, and Ph.D. degrees. He is a director on the Board of several leading public limited companies. He is a Senior Research Fellow at the Institute of South Asian Studies, National University of Singapore since 2005.

# Awards and Recognition



IIFL Wealth Management team receiving Euromoney 2016 Awards



Best Customer Service in Financial Sector

India's Most Trusted Financial Service Brand (Non-Bank) by the Brand Trust Report India Study, 2016. **This is an intensive survey covering 20,000 brands across the country**

**www.indiaonline.com won Best Website in the Banking & Investment** category from Website of The Year India, 2015

**Best Customer Service in Financial Sector** by World Quality Congress - service quality awards

**Best Private Banking Services** Overall, India by the Euromoney Private Banking and Wealth Management Survey, 2016

**Most accurate** predictor of Sensex closing levels in 2015 by Bloomberg Poll

IIFL's Budget 2015-16 campaign **#BolIndiaBol won in the Most innovative use of social media** category at the IPRCCA 2015

**Best Wealth Management Advisory Firm** India 2015 by the International Finance Magazine (IFM) Awards, 2015

**Best Private Bank For Innovation In Technology** India 2015 by the International Finance Magazine (IFM) Awards, 2015

**Best Domestic Private Bank** in India - Overall by Asiamoney Private Banking Poll, 2015

**Best Domestic Private Bank** in India >\$25 million by Asiamoney Private Banking Poll, 2015

**Best Wealth Management Firm** - India by the APAC Insider Investment Awards

**Best Domestic Private Bank** - India by the Asian Private Banker Awards of Distinction

**Best Family Office Services**, India by the Euromoney Private Banking and Wealth Management Survey, 2016

**Best Research and Asset Allocation Advice**, India by the Euromoney Private Banking and Wealth Management Survey, 2016

**Best Net-worth-specific services**, India, by the Euromoney Private Banking and Wealth Management Survey, 2016

**Outstanding Private Bank** - South Asia (Highly Commended), 2015 by Private Banker International (PBI) Global Wealth Awards, 2015

**Best Online Wealth Management Experience**, by The Asset Triple A Digital Enterprise Awards

**Mumbai Hot 50 Brands** award in the B2C category by Mumbai Brand Summit

Dr. Sarika Kulkarni, CEO of IIFL Foundation, was presented with the prestigious **100 Most Impactful CSR Leaders Award (Global Listing)** at World CSR Day

Mr. Arun Malkani, Chief Marketing Officer, recipient of **Most Talented Marketing Professional** (Financial Services Sector) by the World Marketing Congress and CMO Council

# Events and Brand Initiatives



Mr. Nandan Nilekani on 'The coming great disruption'



Ms. Ireena Vittal on 'The Indian Consumer: Rural vs. Urban'



Mr. S.K. Gupta on 'Electronic Payments in India: Evolution and the Revolution'

## IIFL'S ENTERPRISING INDIA GLOBAL INVESTORS' CONFERENCE

IIFL's Seventh Enterprising India Conference concluded on February 19, 2016. More than 100 companies and 600 investors participated in the three-day event that had across-the-board presence of all sectors. Given the backdrop of technological innovations emerging as disruptive forces across businesses, the theme for 2016 Conference was 'Excelling in the Digital Age'. A distinguished panel of 24 experts provided expert opinions and insights into trends. Coming right before the budget, IIFL's Enterprising India Conference set the tone to jump-start the year with timely, accurate, and granular insights.

## INDIA ALTERNATIVES INVESTOR CONFERENCE

India Alternatives, a private equity fund sponsored by IIFL Wealth, held its investor conference in March 2016 at Mumbai with an illustrious panel of speakers.

## INVESTOR MEETS FOR ANALYST - CLIENT INTERACTIONS

IIFL maintains its equity research dissemination by conducting various conferences on monthly and weekly basis, to educate the customers on current trends in the Indian capital market and world economy.

## CONNECTING INVESTORS AND CORPORATES

Continuing with our endeavor to bridge the information gap and facilitate more efficient investment decision-making, we organised management roadshows through the year.

## EXPRESS ADDAS

IIFL Wealth associated with The Indian Express to put together Express Adda, a series of freewheeling dialogues on contemporary issues with newsmakers. The event was held in New Delhi and Mumbai.

## BRAND INITIATIVES

- Extended visibility of the brand and products through print advertisements, television commercials, hoardings, radio, and cable TV
- Launched a television commercial for IIFL Markets on leading business channels and a print campaign in leading newspapers and magazines
- Localised campaigns for gold loans in identified markets across outdoor, radio and cable TV
- Participated in grassroot level events, festivals, and activities for gold loans, home loans, healthcare equipment finance and broking
- Successfully conducted 153 investor meets in partnership with leading media houses/partners across India
- Carried out online marketing campaigns and enhanced social media presence for broking services

# Directors' Report

Dear Shareholders,

Your Directors present the Twenty First Annual Report of IIFL Holdings Limited ('your Company') together with the Audited Financial Statements for the financial year ended March 31, 2016.

## 1. FINANCIAL RESULTS

A summary of the financial performance of your Company and its major subsidiaries/associates, for the financial year ended March 31, 2016 is as under:

| Name of Company                                        | (₹ in Million) |                  |
|--------------------------------------------------------|----------------|------------------|
|                                                        | Revenue        | Profit after tax |
| Consolidated                                           | 39,956.70      | 5,548.08         |
| IIFL Holdings Limited                                  | 2,114.10       | 1,719.81         |
| India Infoline Finance Limited                         | 22,073.41      | 2,717.32         |
| IIFL Wealth Management Limited                         | 4,046.95       | 1,034.06         |
| India Infoline Housing Finance Limited                 | 5,695.97       | 720.59           |
| India Infoline Limited                                 | 4,819.16       | 468.03           |
| India Infoline Insurance Brokers Limited               | 571.68         | (27.30)          |
| India Infoline Commodities Limited                     | 239.03         | 34.13            |
| IIFL Wealth Finance Limited                            | 73.93          | 17.41            |
| IIFL Asset Management Limited                          | 661.27         | 220.03           |
| IIFL Distribution Services Limited                     | 101.77         | 2.31             |
| IIFL Alternate Asset Advisers Limited                  | 290.77         | 85.42            |
| India Alternatives Investment Advisors Private Limited | 20.79          | (52.03)          |
| IIFL Facilities Services Limited                       | 1,309.22       | 28.20            |
| India Infoline Media and Research Services Limited     | 441.58         | (172.00)         |
| 5paise Capital Limited (Formerly IIFL Capital Limited) | (12.18)        | (54.98)          |
| IIFL Capital Inc.                                      | 101.57         | 7.15             |
| IIFL Private Wealth Management (Dubai) Limited         | 77.11          | 25.68            |
| IIFL Private Wealth (Mauritius) Limited                | 852.74         | 435.25           |
| IIFL Wealth (UK) Limited                               | 55.96          | 1.67             |
| IIFL Capital Pte. Limited                              | 255.77         | 104.95           |
| IIFL Securities Pte Limited                            | 95.26          | 13.66            |
| IIFL Private Wealth Hong Kong Limited                  | 19.88          | 4.04             |
| IIFL Investment Adviser And Trustee Services Limited   | 51.37          | 3.90             |
| Others                                                 | 49.25          | (96.61)          |
| Inter Company Adjustments                              | (4,049.66)     | (1,692.61)       |

### Consolidated Financial Results

A summary of the consolidated financial performance of your Company, for the financial year ended March 31, 2016, is as under:

| (₹ in Million)                                                  |                 |                 |
|-----------------------------------------------------------------|-----------------|-----------------|
| Particulars                                                     | 2015-2016       | 2014-2015       |
| Gross total income                                              | 39,956.70       | 35,636.85       |
| Profit before interest, depreciation and taxation               | 25,887.04       | 22,168.47       |
| Interest and financial charges                                  | 16,799.95       | 14,338.24       |
| Depreciation                                                    | 660.82          | 591.62          |
| Profit before tax                                               | 8,426.27        | 7,238.63        |
| Taxation - Current                                              | 2,915.53        | 2,823.48        |
| - Deferred                                                      | (79.11)         | (377.08)        |
| - Short or excess provision for income tax                      | 41.77           | 28.58           |
| <b>Net profit for the year</b>                                  | <b>5,548.08</b> | <b>4,763.65</b> |
| <b>Net profit before minority interest</b>                      | <b>5,548.08</b> | <b>4,763.65</b> |
| Less: Minority interest                                         | 436.32          | 290.39          |
| <b>Net profit after minority interest</b>                       | <b>5,111.76</b> | <b>4,473.24</b> |
| <b>Less: Appropriations</b>                                     |                 |                 |
| Dividend                                                        | 1,613.65        | 942.78          |
| Dividend Distribution Tax                                       | 286.88          | 168.56          |
| Transfer to Special Reserve                                     | 704.00          | 615.50          |
| Debenture Redemption Reserve                                    | 1,429.41        | 697.86          |
| Deferred tax Liability                                          | 5.02            | 9.79            |
| <b>Add: Adjustment arising out of Liquidation of Subsidiary</b> | <b>55.94</b>    | <b>-</b>        |
| <b>Add: Balance brought forward from the previous year</b>      | <b>5,474.37</b> | <b>3,435.61</b> |
| Balance to be carried forward                                   | 6,603.11        | 5,474.37        |

\* Previous periods figures have been regrouped / rearranged wherever necessary

### Standalone Financial Results

A summary of the standalone financial performance of your Company, for the financial year ended March 31, 2016, is as under:

| (₹ in Million)                                             |                 |                 |
|------------------------------------------------------------|-----------------|-----------------|
| Particulars                                                | 2015-2016       | 2014-2015       |
| Gross total income                                         | 2,114.10        | 1,100.45        |
| Profit before interest, depreciation and taxation          | 1,968.64        | 1,056.31        |
| Interest and financial charges                             | 63.45           | 43.29           |
| Depreciation                                               | 0.88            | 0.73            |
| Profit before tax                                          | 1,904.31        | 1,012.29        |
| Taxation - Current                                         | 159.63          | 9.31            |
| - Deferred                                                 | 24.87           | 15.51           |
| - Short or excess provision for income tax                 | -               | 5.25            |
| <b>Net profit for the year</b>                             | <b>1,719.81</b> | <b>982.22</b>   |
| <b>Less: Appropriations</b>                                |                 |                 |
| Interim Dividend                                           | 1,340.80        | 906.80          |
| Dividend Distribution Tax                                  | -               | 0.69            |
| Transfer to Debenture Redemption Reserve                   | 42.01           | 0.57            |
| <b>Add: Balance brought forward from the previous year</b> | <b>1,877.13</b> | <b>1,802.97</b> |
| Balance to be carried forward                              | 2,214.13        | 1,877.13        |

\* Previous periods figures have been regrouped / rearranged wherever necessary

## Directors' Report (contd.)

### 2. REVIEW OF BUSINESS AND OPERATIONS AND STATE OF YOUR COMPANY'S AFFAIRS

During the year, your Company's income, on a consolidated basis, increased to ₹ 39,957 million, up 12% year-on-year (y-o-y). Profit before tax increased to ₹ 8,426 million, up 16% y-o-y and Profit after tax before minority interest increased to ₹ 5,548 million, up 16% y-o-y.

The financing business continues to be a major contributor to the Group's income with 72% share. The retail home loan business has gained significantly and Loan book grew by 168% to ₹ 52,843 million as of March 31, 2016 as against ₹ 19,736 million in the previous year. The wealth management business witnessed a steady growth with assets under advice, distribution and management increased by 12% y-o-y to ₹ 794 billion as at March 31, 2016. The income from capital market activities, equity broking and related income stood at ₹ 4,397 million, down 2% y-o-y while, income from marketing and distribution of financial products such as mutual fund, life insurance etc. increased to ₹ 6,748 million from ₹ 5,827 million in the previous year, up 16% y-o-y.

There is no change in the nature of business of the Company. There were no significant or material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### 3. MACROECONOMIC OVERVIEW

India remains one of the fastest growing economies in the world. The outlook for global economy is not sanguine with considerable uncertainties regarding path of monetary policy in advanced economies, the extent of slowdown in China and the fallout from the possible exit of UK from the EU otherwise known as 'Brexit'.

The Indian economy has grown at a respected rate of just over 7% in the last two years despite two back to back droughts. However, with forecast of a above normal monsoon, GDP growth rate is likely to improve further in FY17 and is expected to cross 8% over the medium-term. Inflation has fallen from almost 10% three years back to 5% now and current account deficit too has fallen to just 1% of GDP. The new government has continued the path of fiscal consolidation and thus fiscal deficit is likely to fall to 3.5% of GDP this year. This has brought much needed stability on the external sector despite challenging global economic backdrop and allowed the RBI to cut interest rates, which will help revive investments in the economy.

Government's efforts at kick starting the investment cycle is showing some signs of improvement in sectors such as roads, railways and power. A number of indicators from two-wheeler sales to electricity generation to cement demand suggest that economic activity is picking up. Low capacity utilisation in many sectors will however keep industrial capex muted until there is

broad based recovery in domestic demand. The Union Budget struck a fine balance between maintaining fiscal prudence and stepping up public investments as well as supporting the under-stress rural economy. The recent passage of key reforms like Real Estate Development Bill, Insolvency and Bankruptcy Code, Aadhaar Bill and initiatives for ease of doing business etc would help in solving certain major implementation hurdles and orderly developments, thereby increasing efficiency. Make in India, Skill Development will also aid in creating the much needed jobs to absorb India's growing working age population.

### 4. DIVIDEND ON EQUITY SHARES

During 2015-16, your Company declared and paid an interim dividend of ₹ 4.25 per equity share (i.e. 212.5% of face value of ₹ 2/- per share) which includes a special dividend of ₹ 1.25 per share, to commemorate a decade of listing. This led to an outgo of ₹ 1,341 million owing to dividend (excluding dividend distribution tax). The same is considered as final. The total dividend paid during the financial year 2015-16 was ₹ 4.25/- per share.

### 5. KEY INITIATIVES/DEVELOPMENTS

#### i. Open offer by Fairfax Group

Fairfax Group belonging to the reputed global investor Mr. Prem Watsa of Canada, through its group company i.e. FIH Mauritius Investments Limited (FIH), Mauritius, announced an open offer for the acquisition of 83,128,852 equity shares of ₹ 2/- each from the equity shareholders of IIFL Holdings Limited constituting 26% of the post-offer equity share capital of the Company on July 14, 2015 under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Pursuant to this, FIH has successfully completed the open offer on November 30, 2015 and acquired 68,788,445 shares at a price of ₹ 195/- per share constituting 21.85% of the paid up Share Capital of the Company as on that date. The Promoters of the Company did not participate in the open offer.

Fairfax Group through FIH and HWIC Asia Fund (class A shares) holds 30.55% of the paid up share capital of the Company as on March 31, 2016. Also, Fairfax Group through United States Fire Insurance Company ("USFIC") and Odyssey Reinsurance Company ("ORC") have an economic interest in the underlying Equity shares, representing 5.15% of the total paid up equity capital of the Company as on March 31, 2016, through cash-settled offshore derivative instruments. Thus, Fairfax Group's aggregate shareholding in the Company stands at 35.70% as on March 31, 2016.

As mentioned in the Offer Letter, this investment by Fairfax Group is only as a financial investor without change of Control or Management of the Company. The Management and Control of the Company will continue with the existing Promoters.

## ii. Strategic Investment by General Atlantic in wealth management subsidiary

General Atlantic Singapore Fund Pte. Ltd (GA), a leading global growth equity firm, made a strategic investment in IIFL Wealth Management Limited ("IIFLW"), the wealth management subsidiary of the Company. GA invested ₹ 9,038 million in IIFLW, through fresh issue of equity shares and additionally ₹ 1,591 million for acquisition of shares from employees of IIFLW. Pursuant to this, GA holds a total stake of 21.61% in the equity of IIFLW, on fully diluted basis (assuming full conversion of outstanding ESOP's of IIFLW). GA's investment will help to support IIFLW's continued growth and platform expansion as the premier wealth management Company in India.

## iii. IIFL Wealth Finance Limited

IIFL Wealth Management Limited has acquired 100% equity and management of Chephis Capital Markets Limited, a Non Deposit Taking Non Systematically Important NBFC [ND -Non SI] in February, 2016 after obtaining necessary RBI and other approvals. The name of the Company was subsequently changed to IIFL Wealth Finance Limited (IIFLW Finance). IIFLW Finance will provide Loan against Securities facilities to IIFL Wealth clients. IIFLW has invested ₹ 9,000 million out of investments received from GA towards equity into IIFLW Finance. IIFLW Finance has commenced its lending business and the total loan asset(s) as on March 31, 2016 was about ₹ 1,000 million.

## iv. Investment Banking

The last financial year has been a defining year for investment banking. IIFL Holdings completed 10 transactions viz. IPOs, QIPs, NCD placements, pre IPO placements etc enabling mobilization/placement of around ₹ 32,756 million in 2015-16, the largest number of Investment Banking transactions executed by IIFL in its history in a single financial year.

Our efforts and investments into this business are beginning to pay off. Clients value us as their trusted advisor and have been delighted with IIFL's services.

## v. India Infoline Finance Limited

The Company acquired 1.13% of the Equity share Capital of M/s. India Infoline Finance Limited, the Non Banking Financial subsidiary of the Company, from M/s. Bennett Coleman & Company Ltd. Pursuant to the said acquisition, India Infoline Finance Limited and India Infoline Housing Finance Limited (subsidiary of India Infoline Finance Limited) have become 100% subsidiaries of the Company.

## vi. Asset Management

During the year, the name of India Infoline Asset Management Company Limited (IIFL AMC) was changed to IIFL Asset Management Limited.

Under IIFL Mutual Fund Platform, the assets under management have increased from ₹ 3,524 million to ₹ 4,923 million. During the year, the IIFL Dividend Opportunities Index Fund and IIFL Nifty ETF were merged with IIFL India Growth Fund.

Under IIFL's Alternative Investment Fund(s) platform (IIFL AIF), the following schemes were launched during the year:

- IIFL Best of Class Fund I (Category III) - focused on investment in equity and equity related securities of listed Indian companies.
- IIFL Cash Opportunities Fund (Category III) - with the objective of primarily investing in debt and quasi debt securities.
- IIFL Investment Opportunities Fund Series 1 (Category III) - investments focused on multiple asset classes including equity and equity linked instruments, private equity, fixed income instruments, debt and debt related instruments of Companies.
- IIFL Asset Revival Fund Series 2 (Category III) - focused on investments in securities with depressed valuations but having a high probability of benefitting from improving macro-economic scenario in the medium to long term.
- IIFL Seed Ventures Fund 1, (Category II) - with investment objective of primarily investing in private equity, alternative investment funds and venture capital funds, registered with SEBI, and securities of unlisted entities.
- IIFL Real Estate Fund Domestic Series III (Category II) - focused on investing in equity, debt and Equity Linked Instruments involved in projects or ventures that have significant growth potential in the real estate sector in India.

The total assets managed by IIFL AMC under Mutual Fund, AIF and Portfolio Management Services have increased to ₹ 57,371 million as on March 31, 2016 vis-à-vis ₹ 22,056 million as on March 31, 2015.

## vii. Corporate Social Responsibility

During the financial year, your Company deployed 1.92% of its average net profits (computed as per the relevant provisions of Companies Act 2013) of the preceding three years on CSR projects. At the group level, besides the Company, eight subsidiary companies came under the purview of the provisions for CSR for the year. During the fiscal year 2015-16, the group made a total deployment of ₹ 98.19 million into CSR activities.

## Directors' Report (contd.)

All CSR efforts are directed towards identifying and undertaking projects that hold potential and promise to create long-term social impact, to empower marginalized communities and enhance their quality of life. In alignment with this objective, in financial year 2015-16, the Company undertook a number of projects in the core areas of water management, livelihoods, healthcare, education and financial literacy.

Drought relief, water conservation and building rainwater harvesting structures were key focus areas of CSR in 2015-16. While IIFL built two check dams and over 50 different rainwater harvesting structures this year with a long-term objective, many efforts were undertaken to create a base for expanding this activity to a much bigger scale in years to come. IIFL has vowed to make the tribal areas of Jawhar and Mokhada drought free and it took concrete steps towards that direction in this financial year.

IIFL's CSR has gained the necessary momentum to implement large scale projects, which will have substantial sustainable impact. The capabilities, systems and processes needed to take up big activities in an organised manner are also in place. Going forward, the Company will broaden the scope of CSR projects not only vertically but also horizontally to create a much bigger and wider impact.

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

### viii. Investor Conference

#### **IIFL's Enterprising India Global Investors' Conference**

IIFL's Seventh Enterprising India Conference concluded on 19 February, 2016. More than 100 companies and 600 investors participated in the three-day event that had across-the-board presence of all sectors. Given the backdrop of technological innovations emerging as disruptive forces across businesses, the theme for 2016 Conference was "Excelling in the Digital Age". A distinguished panel of 24 experts provided expert opinions and insights into trends. Coming right before the budget, IIFL's Enterprising India Conference set the tone to jump-start the year with timely, accurate, and granular insights.

#### **Express Addas**

IIFL Private Wealth has associated with The Indian Express to put together Express Adda, a series of freewheeling dialogues on contemporary issues with newsmakers in an informal setting. The event was held in New Delhi and Mumbai.

#### **Seed Venture Funds Conclave**

Enhanced by the power of technology, the last couple of years have witnessed India becoming one of the start-up hubs that are poised to re-define business. IIFL Wealth Management hosted Power Start-Ups, a series of conclaves in Mumbai, Delhi, Jaipur, Bangalore, Chennai, Kolkata and Pune. Start-up stalwarts along with our own in-house experts spoke at length about various facets and trends emerging from the milieu.

#### **India Alternatives Investor Conference**

India Alternatives, a private equity fund sponsored by IIFL Private Wealth, held its investor conference in March 2016 at Mumbai with an illustrious panel of speakers and well attended by investors.

### ix. Awards and Recognitions

The following awards were conferred in FY16

1. 'India's Most Trusted Financial Service Brand (Non-Bank)' by the Brand Trust Report India Study, 2016. This is an intensive survey covering 20,000 brands across the country.
2. www.indiaonline.com won Best Website in the Banking & Investment category from Website of The Year India 2015.
3. 'Best Customer Service in Financial Sector' by 'World Quality Congress - service quality awards'.
4. 'Mumbai Hot 50 brands award in the B2C category' by Mumbai Brand Summit.
5. 'Most accurate predictor of Sensex closing levels in 2015' by Bloomberg Poll.
6. IIFL's Budget 2015-16 campaign #BolIndiaBol won in the 'Most innovative use of social media' category at the IPRCCA 2015
7. Dr. Sarika Kulkarni, CEO of IIFL Foundation, was presented with the prestigious '100 Most Impactful CSR Leaders Award (Global Listing)' at World CSR Day
8. 'Outstanding Private Bank - South Asia (Highly Commended), 2015' by Private Banker International (PBI) Global Wealth Awards, 2015.
9. 'Best Wealth Management Advisory Firm India 2015' by the International Finance Magazine (IFM) Awards, 2015.
10. 'Best Private Bank for Innovation In Technology India 2015' by the International Finance Magazine (IFM) Awards, 2015.
11. 'Best Domestic Private Bank in India - Overall' by Asiamoney Private Banking Poll, 2015.
12. 'Best Domestic Private Bank in India >\$25 million' by Asiamoney Private Banking Poll, 2015.
13. 'Best Wealth Management Firm - India' by the APAC Insider Investment Awards.
14. 'Best Domestic Private Bank-India' by the Asian Private Banker Awards of Distinction.

15. Best Online Wealth Management Experience, by The Asset Triple A Digital Enterprise Awards.
16. Best Private Banking Services Overall, India by the Euromoney Private Banking and Wealth Management Survey, 2016.
17. Best Research and Asset Allocation Advice, India by the Euromoney Private Banking and Wealth Management Survey, 2016.
18. Best Net-worth-specific services, India, by the Euromoney Private Banking and Wealth Management Survey, 2016.
19. Best Family Office Services, India by the Euromoney Private Banking and Wealth Management Survey, 2016.
20. Mr. Arun Malkani, Chief Marketing Officer, was a recipient of the Most Talented Marketing Professional (Financial Services Sector) award by the World Marketing Congress and CMO Council.

## 6. SHARE CAPITAL

During the period under review, the total share capital of the Company has increased from ₹ 620,467,896/- to ₹ 633,073,706/- pursuant to allotment of 6,302,905 equity shares of ₹ 2/- each under Employee Stock Option Scheme(s) of the Company to the eligible employees.

## 7. EMPLOYEES STOCK OPTION SCHEMES (ESOS)

The Company granted 900,000 stock options to employees during the year under its Employee Stock Option Scheme 2008. The details of such grant and other particulars regarding Employee Stock Options are attached as "Annexure - II".

During the year under review, 611,000 stock options under ESOS 2007 and 461,500 stock options under ESOS 2008 granted to employees have lapsed and the same have been added back to the pool which can be used for further grant.

## 8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of investments made, loans given, guarantees given and securities provided along with the purpose for which the loan or guarantee or security was proposed to be utilized by the recipient are given in the standalone financial statement (please refer to Note 09, 14 and 26 to the standalone financial statement).

## 9. SUBSIDIARY COMPANIES

As on March 31, 2016, the Company had 31 (Thirty One) subsidiaries (including step down subsidiaries) / Associates located in India and overseas. During the year, IIFL Wealth Management Limited, a subsidiary of the Company, acquired 100% stake in IIFL Wealth Finance Limited (formerly known as Chephis Capital Markets Limited). The Company has also acquired 1.13% of the Equity share Capital of M/s. India Infoline Finance Limited, the Non Banking Financial subsidiary of the Company, from M/s. Bennett Coleman & Company Ltd. Pursuant to the said acquisition, India Infoline Finance Limited and India Infoline

Housing Finance Limited (subsidiary of India Infoline Finance Limited) have become 100% subsidiaries of the Company.

As per Section 134 and 136 of the Companies Act, 2013 read with applicable Rules, the Board of Directors had at their meeting held on May 05, 2016 approved attaching the consolidated financials of all the subsidiaries of the Company along with the Company's financial statements. Copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of each of the subsidiary companies are not attached to the accounts of the Company for the financial year 2015-16. The Company will make these documents/details available upon request by any member of the Company. These documents/details will also be available for inspection by any member of the Company at its registered office and at the registered offices of the concerned subsidiaries. The Annual Report of all the subsidiaries will be uploaded on the website of the Company. As required by Companies Act, 2013 and Accounting Standard - 21 (AS 21) issued by the Institute of Chartered Accountants of India, the Company's consolidated financial statements included in this Annual Report incorporates the accounts of its subsidiaries. A report on the performance and financial position of each of the subsidiaries, associates and joint ventures companies as per the Companies Act, 2013 is provided as Annexure A of the Consolidated financial statement and hence not repeated here for the sake of brevity.

Pursuant to regulation 16 and 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, India Infoline Finance Limited was the Material Subsidiary of the Company for the financial year 2015-16.

For the financial year 2016-17, the following are the Material Subsidiaries of the Company:

- i. India Infoline Finance Limited
- ii. IIFL Wealth Management Limited
- iii. IIFL Wealth Finance Limited

The policy on determining the material subsidiary is available on the website of the Company at [www.indiaonline.com](http://www.indiaonline.com).

## 10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report forms part of this report.

## 11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### a. Change in Directors

The Board comprises of Mr. Nirmal Jain and Mr. R. Venkataraman as Executive Directors of the Company in their capacity of Chairman and Managing Director respectively. Mr. Nilesh Vikamsey, Mr. A. K. Purwar, Mr. Kranti Sinha, Dr S. Narayan and Ms Geeta Mathur are Independent

## Directors' Report (contd.)

Directors and Mr. Chandran Ratnaswami is a non-executive Director of the Company. Mr. Sunil Kaul, Non Executive Director of the Company, resigned with effect from January 20, 2016.

In accordance with Section 152 of the Companies Act, 2013 ("Act") read with Article 137 of the Articles of Association of the Company, Mr. Nirmal Jain, Mr. R. Venkataraman and Mr. Chandran Ratnaswami are liable to retire by rotation at the ensuing Annual General Meeting. Being eligible, they offer themselves for reappointment. The Board recommends the same for shareholders' approval.

- **Meetings of the Board of Directors**

The Board met 5 (Five) times during the year to discuss and approve various matters including financials, appointment of auditor, declaration of dividend, appointment of Key Management Personnel (KMP), review of audit reports and other board businesses. For further details please refer to the report on Corporate Governance.

- **Committees of the Board**

In accordance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board constituted the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Risk Management Committee

- **Audit Committee**

The Audit Committee comprises of Mr Nilesh Vikamsey, Mr Kranti Sinha, Ms. Geeta Mathur and Mr R. Venkataraman. The role, terms of reference and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee met 5 (five) times during the year under review and discussed on financials, audit reports and appointment of auditors. During the period under review, the Board of Directors of the Company accepted all the recommendations of the Audit Committee.

The terms of reference of Audit Committee and other details thereof has been provided in the Corporate Governance Report.

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of three Independent Directors with

Mr Kranti Sinha as the Chairman of the Committee, Mr Nilesh Vikamsey and Mr A K Purwar as members of the Committee.

The role, terms of reference and powers of the Nomination and Remuneration Committee are in conformity with the requirements of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same has been provided in the Corporate Governance Report.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a Nomination and Remuneration policy in compliance with the aforesaid provisions for selection and appointment of Directors, KMP, senior management personnel of the Company. The said policy is stated in the Corporate Governance Report of the Company.

- **Corporate Social Responsibility Committee**

As per the provision of Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility (CSR) Committee, comprises of Mr Nilesh Vikamsey, Mr Nirmal Jain and Mr R. Venkataraman. The Committee has approved CSR Policy of the Company. The group has set-up India Infoline Foundation (generally referred as "IIFL Foundation") a Section 8 Company under the Companies Act, 2013, which will act as the principal arm to undertake CSR initiatives on behalf of the IIFL Group. The policy on corporate social responsibility is available on the website [www.indiaonline.com](http://www.indiaonline.com). The Annual Report on Corporate Social responsibility is attached as **"Annexure - I"**.

- **Stakeholders Relationship Committee**

In compliance with the provision of section 178 of the Companies Act, 2013, the Company has renamed the Share Transfer and Investor Grievance Committee as the "Stakeholders' Relationship Committee".

The role, terms of reference of the Stakeholders Relationship Committee are in conformity with the requirements of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same has been provided in the Corporate Governance Report.

The Stakeholders Relationship Committee comprises of Ms. Geeta Mathur, Independent Director as the Chairperson, Mr Nirmal Jain and Mr R. Venkataraman, Executive Directors as the Members. During the financial year 2015-2016, the Company received 31 complaints from investors under SEBI's SCORES portal. All complaints were redressed to the satisfaction of the investors. No complaints were pending either at the beginning or at the end of the year.

- **Risk Management Committee**

In compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, the Company has constituted a Risk Management Committee. The objective of the Committee is to oversee the risk management governance structure, define and review the framework for identification, assessment, monitoring, mitigation and reporting of risks.

The Risk Management Committee comprises of Mr. A. K. Purwar, Independent Director, Mr Nilesh Vikamsey, Independent Director and Mr Nirmal Jain, Executive Director.

- **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors has carried out an annual performance evaluation of its own performance, the Directors individually including Independent Directors. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

In compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors held a meeting on March 31, 2016, and they, inter alia:

- Reviewed the performance of Non-Independent Directors and the Board as a whole
- Reviewed the performance of the Chairperson of the Company
- Assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board, which is necessary for the Board to effectively and reasonably perform their duties

The Independent Directors expressed their satisfaction with overall functioning and implementations of their suggestions.

- **Declaration by Independent Directors**

The Company has received necessary declaration from each Independent Director under section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independent laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**b. Key Managerial Personnel**

As per the definition of Key Managerial Personnel as contained in section 2(51) of the Companies Act, 2013, the "Key Managerial Personnel" in relation to the Company are:

- Chief Executive Officer or Managing Director
- Whole-time Director
- Company Secretary
- Chief Financial Officer
- And, such other officer as may be prescribed

During the period, Mr. Nirmal Jain (DIN: 00010535) was appointed as the Whole Time Director designated as the Executive Chairman of the Company for a term of five years with effect from April 23, 2015 and Mr. R Venkataraman (DIN: 00011919) was appointed as the Whole Time Director designated as the Managing Director of the Company for a term of five years with effect from April 23, 2015.

Mr. Prabodh Agrawal was appointed as the Chief Financial Officer of the Company with effect from January 29, 2016 in place of Mr. Parag Shah who continue as the Chief Financial Officer of a Subsidiary of the Company.

Mr Gajendra Thakur was appointed as the Company Secretary of the Company with effect from June 09, 2015 in place of Mr. Ashutosh Naik who continue as the Company Secretary of a Subsidiary of the Company.

The Remuneration and other details of the Key Managerial Personnel for the year ended March 31, 2016 are mentioned in the Extract to the Annual Return in Form MGT-9, which is attached as "**Annexure - III**" and forms a part of this report of the Directors.

## 12. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledge the responsibility for ensuring compliances with the provisions of section 134(3) (c) read with Section 134(5) of the Companies Act, 2013, Clause 49 (III) (D) (4) (a) of the Listing Agreement with Stock Exchanges (applicable up to November 30, 2015) and provisions

## Directors' Report (contd.)

of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and based on the information provided by the management, your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### 13. RISK MANAGEMENT

Your Directors have in place Risk Management Committee to assist the Board in (a) overseeing and approving the company's enterprise wide risk management framework; and (b) overseeing that all the risks that the organisation faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed. There is an adequate risk management infrastructure in place capable of addressing those risks.

The Company's management monitors and reports principal risks and uncertainties that can affect its ability to achieve its, strategic objectives. The Company's management systems, organisational structures, policy, processes, standards and code of conduct together form risk management governance system of the Company.

The Company has in place a Risk Management Policy and introduced several process improvements to internal controls systems and processes to drive a common integrated view of risks and optimal and mitigation responses. This integration is enabled through suitable co-ordination across group wide Risk Management, Internal Control and Internal Audit methodologies and processes.

### 14. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal controls with reference to financial statements and operations and the same are operating effectively. The Internal Auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Further, Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively.

### 15. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company has put in place a policy for Related Party Transactions (RPT Policy), which has been approved by the Board of Directors. The policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/Shareholders, reporting and disclosure requirements in compliance with Companies Act, 2013, Listing Agreement with Stock Exchanges (applicable up to November 30, 2015) and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All contracts executed by the Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. All such Related Party Transactions were placed before the Audit Committee for approval, wherever applicable.

During the year, the Company has not entered into any contract / arrangement / transaction with related parties, which could be considered material in accordance with Regulation 23 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and the policy of the Company on materiality of related party transactions. The policy for determining 'material' subsidiaries and the policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website [www.indiaonline.com](http://www.indiaonline.com). You may refer to Note no. 31 to the financial statement, which contains related party disclosures. Since all related party transactions entered into by the Company were on an arm's length basis and in the ordinary course of business and the Company had not entered into any material related party contracts, Form AOC-2 disclosure is not required to be provided.

### 16. EXTRACT OF ANNUAL RETURN

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

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

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

## 18. SECRETARIAL AUDIT

The Board had appointed M/s. Nilesh Shah & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of the Company for the year 2015-16. The Auditor had conducted the audit and their report thereon was placed before the Board. The report of the Secretarial Auditor is annexed herewith as "**Annexure - IV**". There are no qualifications or observations in the Report.

## 19. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The additional information on energy conservation, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014, is appended as "**Annexure - V**" to and forms part of this Report.

## 20. WHISTLE BLOWER POLICY/VIGIL MECHANISM

In Compliance of the Companies Act, 2013 and Regulations 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for Directors, Employees and Stakeholders to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

## 21. PREVENTION OF SEXUAL HARASSMENT

Your Company recognizes its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has put in place a Policy on prevention of Sexual Harassment of Women at workplace.

Your Directors further state that during the fiscal year 2015-16, there were no complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The following is reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a) Number of complaints received in the year : Nil
- b) Number of complaints disposed off during the year : Nil
- c) Number of cases pending more than ninety days: Nil
- d) Number of workshops or awareness programme against sexual harassment carried out: Five
- e) Nature of action taken by the employer or district officer: Not applicable

## 22. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in "**Annexure - VI**".

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid Rules, forms part of this report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

## 23. STATUTORY AUDITORS

M/s. Sharp & Tannan Associates, Chartered Accountants, Mumbai (Firm Registration Number: 109983W), retire at the ensuing Annual General Meeting holding office as such till the conclusion of the ensuing Annual General Meeting (AGM) and being eligible have offered themselves for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed there under, the Board proposes reappointment of M/s. Sharp & Tannan Associates as Statutory Auditors of the Company from conclusion of this AGM till the conclusion of the next AGM. M/s. Sharp & Tannan Associates have furnished a certificate to the effect that the proposed re-appointment, if made, will be in accordance with the provisions of Section 139 and 141 of the Companies Act, 2013. The Auditors' Report for the financial year 2015-16 does not contain any qualification, reservation or adverse remarks.

## 24. FEMA COMPLIANCE

During the year, the Company received the FIPB approval vide its letter no. F No. 96(2016)/19(2015) dated November 20, 2015 for increasing the foreign investments limit from 50.16% to 80% of equity by FII/FDI and the Company is in compliance with the conditions mentioned therein.

Pursuant to RBI Master circular No. 15/2015-16 dated July 01, 2015, the Statutory auditor of the Company has certified confirming compliances with regards to Regulations on downstream investments and other FEMA provisions.

## 25. CORPORATE GOVERNANCE

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Statutory auditor confirming compliance forms an integral part of this Report.

## 26. GENERAL

Your Directors state that during the financial year 2015-16:

1. The Company did not accept/renew any deposits within the meaning of Section 73 of the Companies Act, 2013

## Directors' Report (contd.)

and the rules made there under and as such, no amount of principal or interest was outstanding as on the balance-sheet date.

2. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
3. The Company has not issued any sweat equity shares during the year.
4. There are no significant and material orders passed against the Company by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operations.

### 27. APPRECIATION

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the government, regulators, stock exchanges, other statutory bodies and Company's bankers for the assistance, cooperation and encouragement extended to the Company.

Your Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. Our employees are instrumental in the Company to scale new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as shareholders is also greatly valued. Your Directors look forward to your continuing support.

**For and on behalf of the Board**

**Nirmal Jain**

Chairman

DIN: 00010535

Date: May 05, 2016

Place: Mumbai

## Annexure – I to Directors' Report

### The Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2015]

#### 1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS

As a socially responsible corporate citizen, the IIFL Group is committed to the core values of collective progress and welfare. IIFL Holdings Limited aims to undertake initiatives that create sustainable growth and empowers under privileged sections of society. The areas of focus of CSR for IIFL Group are as follows:

- Integrated Rural Development, Drought Relief & Water Conservation.
- Education & Financial Literacy
- Health
- Economic Empowerment of Women
- Sustainability

The IIFL Group has established the India Infoline Foundation (generally referred as 'IIFL Foundation') to manage CSR projects on behalf of the companies. The CSR Policy adopted by IIFL Holdings Limited can be accessed at: [www.indiaonline.com](http://www.indiaonline.com).

#### 2. THE COMPOSITION OF THE CSR COMMITTEE

The CSR Committee of your company comprises Mr. Nirmal Jain, Mr. Nilesh Vikamsey and Mr. R Venkataraman

#### 3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS

Average Net Profit as per Section 135 of the Companies Act 2013 was calculated to be ₹ 116,988,247/-

#### 4. PRESCRIBED CSR EXPENDITURE (TWO PER CENT OF THE AMOUNT AS IN ITEM 3 ABOVE)

The recommended CSR expenditure for IIFL Holdings Limited as per Section 135 for the financial year 2015-16 was ₹ 2,339,765/-

#### 5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

(a) Total amount spent for the financial year: During the financial year 2015-16, IIFL Holdings Limited spent a total of ₹ 2,250,000/- on carrying out CSR projects as part of the Section 135 obligation.

(b) Amount unspent, if any: ₹ 89,765/-

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

| S. No | CSR Project or activity identified                                                                           | Sector in which the project is covered | Projects or Programs                            | Amount Outlay (budget) on Project or Programs (INR) | Amount spent on the projects or programs (₹) |           | Cumulative expenditure up to the reporting period (₹) | Amount Spent: Direct or through implementing agency (₹) |
|-------|--------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------|-----------------------------------------------------|----------------------------------------------|-----------|-------------------------------------------------------|---------------------------------------------------------|
|       |                                                                                                              |                                        | 1. Local area or other<br>2. Specified Location |                                                     | 1. Direct Expenditure<br>2. Overhead         |           |                                                       |                                                         |
| 1     | Supporting relief and rehabilitation of hospitals and schools in the flood affected areas of Jammu & Kashmir | Disaster Relief & Rehabilitation       | Jammu & Kashmir                                 | 1,500,000                                           | Direct-1,500,000                             | 1,500,000 | 1,500,000                                             | Through AmeriCares India Foundation                     |
| 2     | Supporting promotion of culture                                                                              | Promotion & Preservation of Culture    | Chennai, Tamil Nadu                             | 100,000                                             | Direct-100,000                               | 100,000   | 100,000                                               | Through Metthur Mali                                    |
| 3     | Supporting Consumer Research & Awareness Creation                                                            | Promoting Consumer Education           | Bangalore, Karnataka                            | 500,000                                             | Direct-500,000                               | 500,000   | 500,000                                               | Through People's Research on India's Consumer Education |
| 4     | Supporting activities of IIFL Foundation to educate the street children                                      | Promotion of Education                 | Mumbai, Maharashtra                             | 50,000                                              | Direct- 50,000                               | 50,000    | 50,000                                                | Through IIFL Foundation                                 |
| 5     | Supporting IIFL Foundation to work with street girls on health & hygiene                                     | Promotion of Health & Hygiene          | Mumbai, Maharashtra                             | 100,000                                             | Direct - 100,000                             | 100,000   | 100,000                                               | Through IIFL Foundation                                 |

Apart from the above-mentioned projects, IIFL through its Group of Companies has undertaken several other high impact CSR projects during the financial year 2015-16. Some of these have been briefly discussed in point no. 6.

## Annexure – I to Directors' Report

### 6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PER CENT OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT

IIFL has been engaged in several community and social welfare projects and programmes. Based on evaluation of particular project/programme and finalisation by its CSR Committee, the Company has been contributing towards implementation of such project and programmes.

Accordingly, during the financial year 2015-16, the Company had successfully deployed 1.92% of its average net profits of the preceding three years on CSR projects based on the actual implementation of the projects. The Company is committed to CSR spend through implementation of various ongoing projects and new projects. It will enhance the scope of its CSR projects and will make concerted efforts to deploy the prescribed amount in the coming years.

In order to ensure that CSR projects undertaken are selected, implemented and monitored in a strategic and systematic manner, such that the impact can be sustainable, the company's efforts for the financial year 2015-16 included establishing systems and processes. Towards this end, the Company has been working on the followings projects:

#### i. Tribal development through holistic long-term interventions:

IIFL Group has adopted 32 Tribal hamlets in three villages of Walvanda, Shiroshi & Kasatwadi of Jawhar Taluka in Palghar District under IIFL's flagship program "Gram Vardhan Yojana". This entails working on all social parameters, which include building check dams and other rainwater harvesting structures to ensure yearlong supply of water, agri based livelihoods, income generation skill development & programs for women, vocational training for tribal boys, community sanitation units for the hamlets as well as overhauling the entire health & education infrastructure in these villages. In the first year of Gram Vardhan Yojana, due to the different interventions over 30 families instead of migrating to Mumbai are growing vegetables and fruits and are able to earn a decent & honorable livelihood. Our sanitation units are also contributing to creating "Open Defecation Free" tribal areas, which is also contributing to the Swachh Bharat initiative of the Government of India. These and other programs are contributing to strengthening the rural economy and thereby starting a virtuous cycle of transformation, growth & prosperity.

#### ii. Building Check dams and other rainwater harvesting structures in drought prone Jawhar:

IIFL Foundation has vowed to make the tribal areas of Jawhar taluka, Palghar

District of Maharashtra drought free. Water scarcity in Jawhar is stark and not only is access to drinking water a challenge and women have to travel large distances to fetch water but lack of water throughout the year has also resulted in large scale migration of farmers after the paddy season. In 2015-16, IIFL constructed two big check dams and over 50 other rain water harvesting structures. The impact was immediate and direct as not only the ground water table rose substantially in these areas but importantly over 40 farmers did not have to migrate for the first time in their life and are growing flowers and vegetables throughout the year. This is positively affecting the rural local economy sustainably making the change visible. IIFL has vowed to make Jawhar drought free and will take big steps in this direction in coming years.

iii. **Women Empowerment Programs:** IIFL Group believes that there is no tool for development more effective than the empowerment of women. Over and above training, skilling and supporting women to start micro enterprises, IIFL Group also supported a "Women's Development Centre" in Kankroli, Rajsamand District, which is one of the most backward areas in Rajasthan. Going forward, IIFL Foundation will be conducting several skill training & income generation programs for the women, which will not only help them to break the vicious circle of poverty but also importantly enhance their status in the community. A nursing school for underprivileged girls was also supported in Ponda, Goa. This school would train 250 young girls and support them with sustainable employment opportunities. With a starting average salary of ₹ 78,000/- pa, these girls and their family's destiny would definitely change for good.

iv. **Education & Financial Literacy:** Financial Literacy is one of the flagship programs of IIFL Group and under its FLAME (Financial Literacy Agenda for Mass Empowerment Initiative) has been undertaking several programs for people from all walks of life. In 2015-16 the focus was Financial Literacy for the rural areas and over 1,50,000 people from the tribal belt of Maharashtra underwent this program in this financial year. Over and above, this IIFL Group conducted several programs in various other states of India.

v. **Financial Services Hackathon:** IIFL being one of the leading companies in the financial services space has a moral obligation of supporting not only financial literacy programs but importantly start ups that can propel large scale financial inclusion. IIFL in association with the CIE (Centre for Innovation & Incubation) at IIMA hosted a one of its kind financial services business plan competition of which the top three ideas would be incubated at IIMA.

**vi. Health Interventions:** The IIFL Group of Companies has undertaken various projects to provide the rural poor access to healthcare services. Amongst various measures, free health check-up camps were conducted in rural areas of Pandharpur, Maharashtra, Barsana, UP and Jawhar, Maharashtra. Over two lakh people were checked and screened in these camps while over 15,000 eye surgeries were performed. IIFL also supported a Cancer screening camp for the rural poor in Karnataka where over 1,00,000 people got themselves checked.

Going forward, IIFL Holdings Limited will assign high priority to undertaking CSR projects that focus on generating sustainable rural livelihoods by spreading financial literacy.

## 7. RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE

Through this report, the Company seeks to communicate its commitment towards CSR to the stakeholders. The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The Board of the company and the CSR

Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All projects reported have been selected based on careful evaluation of the extent to which they create sustainable positive outcomes for marginalized segments of society. The company has adopted measures to ensure that these projects are implemented in an effective and efficient manner so that they are able to deliver maximum potential impact. In line with the requirements of the Section 135, the company has also established a monitoring mechanism to track the progress of its CSR projects.

### For IIFL Holdings Limited

#### Nirmal Jain

Chairman  
DIN: 00010535

#### R. Venkataraman

Managing Director  
DIN: 00011919

Date: May 05, 2016  
Place: Mumbai

## Annexure – II to Directors' Report

### Disclosure in the Directors' Report as per SEBI Guidelines/Regulations and Companies Act, 2013

| Particulars                                                    | ESOP 2007                                                                                                                                                                                                                                                                                                                                            | ESOP 2008  |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| a Options outstanding as at the beginning of the year          | 2,299,755                                                                                                                                                                                                                                                                                                                                            | 11,345,650 |
| b Options granted during the year                              | -                                                                                                                                                                                                                                                                                                                                                    | 900,000    |
| c Pricing Formula                                              | The Exercise Price may be decided by the compensation committee in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines/ SEBI (Share Based Employee Benefits) Regulations, 2014 and any amendments thereto, subject to a maximum discount of 35% to the market price. |            |
| d Options Vested**                                             | 1,000,000                                                                                                                                                                                                                                                                                                                                            | 2,187,500  |
| e Options Exercised**                                          | 1,688,755                                                                                                                                                                                                                                                                                                                                            | 7,114,150  |
| f Total no. of shares arising as result of exercise of Options | 1,688,755                                                                                                                                                                                                                                                                                                                                            | 7,114,150  |
| g Options lapsed *                                             | 611,000                                                                                                                                                                                                                                                                                                                                              | 461,500    |
| h Variation in terms of Options                                | None                                                                                                                                                                                                                                                                                                                                                 | None       |
| i Money realised by exercise of Options (In Million)           | 118.21                                                                                                                                                                                                                                                                                                                                               | 261.07     |
| j Total number of options in force**                           | -                                                                                                                                                                                                                                                                                                                                                    | 4,670,000  |

\*\*The number of options have been reported as on 31-03-2016

\* Lapsed Options includes options cancelled/lapsed.

|                                                                                                                                                                                              | ESOP 2008     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| k Employee wise details of options granted to:                                                                                                                                               |               |
| - Senior Management (Including Key Managerial Personnel)                                                                                                                                     | NIL           |
| - any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year                                                               | NIL           |
| - identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant | Nil           |
| l Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'                                                      |               |
| m Pro Forma Adjusted Net Income and Earning Per Share                                                                                                                                        |               |
| Particulars                                                                                                                                                                                  | ₹             |
| Net Income                                                                                                                                                                                   |               |
| As Reported                                                                                                                                                                                  | 1,719,813,288 |
| Add: Intrinsic Value Compensation Cost                                                                                                                                                       | -             |
| Less: Fair Value Compensation Cost                                                                                                                                                           | -             |
| Adjusted Pro Forma Net Income                                                                                                                                                                | 1,719,813,288 |
| Earning Per Share: Basic                                                                                                                                                                     |               |
| As Reported                                                                                                                                                                                  | 5.49          |
| Adjusted Pro Forma                                                                                                                                                                           | 5.49          |
| Earning Per Share: Diluted                                                                                                                                                                   |               |
| As Reported                                                                                                                                                                                  | 5.46          |
| Adjusted Pro Forma                                                                                                                                                                           | 5.46          |

| n   | Weighted average exercise price of Options granted during the year whose | ESOP 2008 |
|-----|--------------------------------------------------------------------------|-----------|
| (a) | Exercise price equals market price                                       | 180.00    |
| (b) | Exercise price is greater than market price                              | N.A.      |
| (c) | Exercise price is less than market price                                 | N.A.      |

|     | Weighted average fair value of options granted during the year whose |       |
|-----|----------------------------------------------------------------------|-------|
| (a) | Exercise price equals market price                                   | 73.42 |
| (b) | Exercise price is greater than market price                          | N.A.  |
| (c) | Exercise price is less than market price                             | N.A.  |

|   |                                                                                              |                                                                                                                                                                                                                                                                                   |
|---|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| o | Description of method and significant assumptions used to estimate the fair value of options | The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same has been detailed below: |
|---|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| Weighted average values for options granted during the year |              |
|-------------------------------------------------------------|--------------|
| Variables                                                   | ESOP 2008    |
| Stock Price                                                 | 180.00       |
| Expected Volatility                                         | 45.45%       |
| Riskfree interest Rate                                      | 7.91%        |
| Exercise Price                                              | 180.00       |
| Time To Maturity                                            | 5.50         |
| Dividend yield                                              | 3.11%        |
|                                                             | <b>73.42</b> |

Stock Price: Closing price on NSE as on the date of grant has been considered for valuing the grants.

Volatility: We have considered the historical volatility of the stock till the date of grant to calculate the fair value.

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: The Exercise Price may be decided by the compensation committee in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines / SEBI (Share Based Employee Benefits) Regulations, 2014 and any amendments thereto, subject to a maximum discount of 35% to the market price.

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the maximum period after which the options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant.

#### For and on behalf of the Board

#### Nirmal Jain

Chairman  
DIN: 00010535

Date: May 05, 2016  
Place: Mumbai

## Annexure – III to Directors' Report

### Form No. MGT-9

#### Extract of Annual Return

as on the financial year ended on March 31, 2016

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

### I. REGISTRATION AND OTHER DETAILS

|                                                                                |                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i) CIN:                                                                        | L74999MH1995PLC093797                                                                                                                                                                                                                      |
| ii) Registration Date                                                          | 18/10/1995                                                                                                                                                                                                                                 |
| iii) Name of the Company                                                       | IIFL Holdings Limited                                                                                                                                                                                                                      |
| iv) Category / Sub-Category of the Company                                     | Public Company Limited by shares                                                                                                                                                                                                           |
| v) Address of the Registered office and contact details                        | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23,<br>Thane Industrial Area, Wagle Estate, Thane-400604<br>Tel No.: 022-42499000<br>Fax No.: 022- 25806654                                                                         |
| vi) Whether listed company                                                     | Yes                                                                                                                                                                                                                                        |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited<br>C-13, Pannalal Silk Mills Compound,<br>LBS Marg, Bhandup (W), Mumbai - 400 078<br>Tel: +91 22 2596 3838<br>Fax: +91 22 2594 6969<br>E-mail : mumbai@linkintime.co.in<br>Website: www.linkintime.co.in |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Name and Description of main products/ services                                  | NIC Code of the Product/ service | % to total turnover of the Company |
|----------------------------------------------------------------------------------|----------------------------------|------------------------------------|
| Financial Services activities - Merchant Banking, Investment Advisory and others | 6619-66190                       | 100%                               |

\* As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation

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

| Sr. No. | Name of the company                                    | Address of the company                                                                                                      | CIN/GLN               | Holding/ Subsidiary/ Associate | % of shares held* | Applicable section |
|---------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------|-------------------|--------------------|
| 1       | India Infoline Finance Limited                         | 12A-10, 13th Floor, Parinee Crescenzo, G Block, C-38&39, Bandra Kurla Complex, Bandra-East, Mumbai- 400051                  | U67120MH2004PLC147365 | Subsidiary                     | 100               | 2(87)              |
| 2       | India Infoline Housing Finance Limited                 | 12A-10, 13th Floor, Parinee Crescenzo, G Block, C-38&39, Bandra Kurla Complex, Bandra-East, Mumbai- 400051                  | U65993MH2006PLC166475 | Step-down subsidiary           | 100               | 2(87)              |
| 3       | India Infoline Limited                                 | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U99999MH1996PLC132983 | Subsidiary                     | 99.99             | 2(87)              |
| 4       | IIFL Wealth Management Limited                         | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U74140MH2008PLC177884 | Subsidiary                     | 60.84             | 2(87)              |
| 5       | India Alternatives Investment Advisors Private Limited | 6th Floor, IIFL Centre, Kamala City, SB Marg, Lower Parel, Mumbai-400013                                                    | U74140MH2010PTC198879 | Step-down subsidiary           | 43.20*            | 2(87)              |

| Sr. No. | Name of the company                                                                      | Address of the company                                                                                                      | CIN/GLN               | Holding/<br>Subsidiary/<br>Associate | % of<br>shares<br>held* | Applicable<br>section |
|---------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------------|-------------------------|-----------------------|
| 6       | IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited) | 6th Floor, IIFL Centre, Kamala City, SB Marg, Lower Parel, Mumbai-400013                                                    | U74900MH2010PLC201113 | Step-down subsidiary                 | 60.84                   | 2(87)                 |
| 7       | India Infoline Commodities Limited                                                       | 143 MGR Road, Perungudi, Chennai, Tamil Nadu, 600096.                                                                       | U51100TN2004PLC077573 | Subsidiary                           | 100.00                  | 2(87)                 |
| 8       | India Infoline Foundation                                                                | IIFL Centre, Kamala City, SB Marg, Lower Parel, Mumbai-400013                                                               | U80901MH2015NPL253380 | Subsidiary<br>[Section 8 Company]    | 100.00                  | 2(87)                 |
| 9       | India Infoline Insurance Brokers Limited                                                 | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U66010MH2005PLC154486 | Subsidiary                           | 100.00                  | 2(87)                 |
| 10      | India Infoline Insurance Services Limited                                                | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U74140MH2000PLC129816 | Subsidiary                           | 100.00                  | 2(87)                 |
| 11      | India Infoline Media and Research Services Limited                                       | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U93090MH2006PLC165592 | Subsidiary                           | 100.00                  | 2(87)                 |
| 12      | IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited)                   | 6th Floor, IIFL Centre, Kamala City, SB Marg, Lower Parel, Mumbai-400013                                                    | U74990MH2009PLC193063 | Step-down subsidiary                 | 60.84                   | 2(87)                 |
| 13      | IIFL Alternate Asset Advisors Limited                                                    | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U74120MH2011PLC219930 | Step-down subsidiary                 | 60.84                   | 2(87)                 |
| 14      | IIFL Asset Reconstruction Limited                                                        | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U74120MH2015PLC260200 | Subsidiary                           | 100.00                  | 2(87)                 |
| 15      | Spaisa Capital Limited (Formerly IIFL Capital Limited)                                   | 143 MGR Road, Perungudi, Chennai, Tamil Nadu, 600096.                                                                       | U67190TN2007PLC081895 | Subsidiary                           | 100.00                  | 2(87)                 |
| 16      | IIFL Distribution Services Limited                                                       | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U45201MH1995PLC228043 | Step-down subsidiary                 | 60.84                   | 2(87)                 |
| 17      | IIFL Investment Adviser and Trustee Services Limited                                     | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U74990MH2010PLC211334 | Step-down subsidiary                 | 60.84                   | 2(87)                 |
| 18      | IIFL Properties Private Limited (Formerly Ultra Sign and Display Private Limited)        | IIFL Centre, 8TH Floor, Kamala City, SB Marg, Lower Parel, Mumbai-400013                                                    | U28999MH1997PTC110615 | Step-down subsidiary                 | 100.00                  | 2(87)                 |
| 19      | IIFL Facilities Services Limited (Formerly IIFL Realty Limited)                          | IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604. | U70102MH2007PLC176401 | Subsidiary                           | 100.00                  | 2(87)                 |
| 20      | IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)                   | 6th Floor, IIFL Centre, Kamala City, SB Marg, Lower Parel, Mumbai-400013                                                    | U65990MH1994PLC080646 | Step-down subsidiary                 | 60.84                   | 2(87)                 |

| Sr. No. | Name of the company                            | Address of the company                                                           | CIN/GLN        | Holding/ Subsidiary/ Associate | % of shares held* | Applicable section |
|---------|------------------------------------------------|----------------------------------------------------------------------------------|----------------|--------------------------------|-------------------|--------------------|
| 21      | IIFL Private Wealth Hong Kong Limited          | Suite 2105, Level 21, The Center, 99 Queen's Road Central, Hong Kong             | Not Applicable | Step-down subsidiary           | 60.84             | 2(87)              |
| 22      | IIFL Private Wealth Management (Dubai) Limited | Level 8, Unit 8, Liberty House, P.O.Box 115064, Dubai, U.A.E.                    | Not Applicable | Step-down subsidiary           | 60.84             | 2(87)              |
| 23      | IIFL Inc                                       | Hippodrome, 1120 Avenue of The Americas Suite 1502, New York, NY - 10036         | Not Applicable | Step-down subsidiary           | 60.84             | 2(87)              |
| 24      | IIFL Wealth (UK) Limited                       | 45 King William Street, London, EC4R 9AN, UK                                     | Not Applicable | Subsidiary                     | 100.00            | 2(87)              |
| 25      | IIFL Private Wealth (Suisse) SA                | 3 rue de la Croix d'Or 1204 Geneva                                               | Not Applicable | Step-down subsidiary           | 60.84             | 2(87)              |
| 26      | IIFL Capital Inc.                              | 1114 Avenue of the Americas, 34th Floor, New York, NY - 100036                   | Not Applicable | Subsidiary                     | 100.00            | 2(87)              |
| 27      | IIFL Private Wealth (Mauritius) Ltd            | 5th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Republic of Mauritius | Not Applicable | Step-down subsidiary           | 60.84             | 2(87)              |
| 28      | IIFL (Asia) Pte. Limited                       | 6 Shenton Way, #18-08B OUE Downtown 2, Singapore 068809                          | Not Applicable | Step-down subsidiary           | 60.84             | 2(87)              |
| 29      | IIFL Capital Pte. Limited                      | 6 Shenton Way, #18-08B OUE Downtown 2, Singapore 068809                          | Not Applicable | Step-down subsidiary           | 60.84             | 2(87)              |
| 30      | IIFL Securities Pte. Limited                   | 6 Shenton Way, #18-08B OUE Downtown 2, Singapore 068809                          | Not Applicable | Step-down subsidiary           | 60.84             | 2(87)              |
| 31      | Meenakshi Towers LLP                           | 5C, EGA Trade Centre, 809, PH.Road Kilapuk, Chennai- 600010                      | Not Applicable | Associate                      | 50                | 2(6)               |

\* Representing aggregate percentage of equity shares held by the Company and / or its subsidiaries.

# IIFL Wealth Management Limited, a subsidiary of the Company, holds 71% of the paid up share capital of India Alternatives Investment Advisors Private Limited.

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

## i) Category-wise Share Holding

| Sr No | Category of Shareholders                                           | No. of Shares held at the beginning of the year<br>(As on April 01, 2015) |          |             |                   | No. of Shares held at the end of the year<br>(As on March 31, 2016) |          |            |                   | % Change during the year |
|-------|--------------------------------------------------------------------|---------------------------------------------------------------------------|----------|-------------|-------------------|---------------------------------------------------------------------|----------|------------|-------------------|--------------------------|
|       |                                                                    | Demat                                                                     | Physical | Total       | % of Total Shares | Demat                                                               | Physical | Total      | % of Total Shares |                          |
| (A)   | Shareholding of Promoter and Promoter Group                        |                                                                           |          |             |                   |                                                                     |          |            |                   |                          |
| [1]   | Indian                                                             |                                                                           |          |             |                   |                                                                     |          |            |                   |                          |
| (a)   | Individuals / Hindu Undivided Family                               | 88,361,432                                                                | 0        | 88,361,432  | 28.48             | 88,361,432                                                          | 0        | 88,361,432 | 27.92             | (0.56)                   |
| (b)   | Central Government / State Government(s)                           | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0.00              | 0.00                     |
| (c)   | Bodies Corp.                                                       | 4,000,000                                                                 | 0        | 4,000,000   | 1.29              | 4,000,000                                                           | 0        | 4,000,000  | 1.26              | (0.03)                   |
| (d)   | Financial Institutions / Banks                                     | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0.00              | 0.00                     |
| (e)   | Any Other (Specify)                                                | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0.00              | 0.00                     |
|       | Sub Total (A)(1)                                                   | 92,361,432                                                                | 0        | 92,361,432  | 29.77             | 92,361,432                                                          | 0        | 92,361,432 | 29.18             | (0.59)                   |
| [2]   | Foreign                                                            |                                                                           |          |             |                   |                                                                     |          |            |                   |                          |
| (a)   | NRI – Individuals                                                  | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0.00              | 0.00                     |
| (b)   | Other-Individuals                                                  | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0.00              | 0.00                     |
| (c)   | Bodies Corporate                                                   | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0.00              | 0.00                     |
| (d)   | Banks/ FI                                                          | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0.00              | 0.00                     |
| (e)   | Any Other (Specify)                                                | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0.00              | 0.00                     |
|       | Sub Total (A)(2)                                                   | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0.00              | 0.00                     |
| (A)   | Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2) | 92,361,432                                                                | 0        | 92,361,432  | 29.77             | 92,361,432                                                          | 0        | 92,361,432 | 29.18             | (0.59)                   |
| (B)   | Public Shareholding                                                |                                                                           |          |             |                   |                                                                     |          |            |                   |                          |
| [1]   | Institutions                                                       |                                                                           |          |             |                   |                                                                     |          |            |                   |                          |
| (a)   | Mutual Funds / UTI                                                 | 2,106,313                                                                 | 0        | 2,106,313   | 0.68              | 1,666,640                                                           | 0        | 1,666,640  | 0.53              | (0.15)                   |
| (b)   | Financial Institutions / Banks                                     | 37,366                                                                    | 0        | 37,366      | 0.01              | 6,169                                                               | 0        | 6,169      | 0                 | (0.01)                   |
| (c)   | Central Govt                                                       | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0                 | 0.00                     |
| (d)   | State Govt(s)                                                      | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0                 | 0.00                     |
| (e)   | Venture Capital Funds                                              | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0                 | 0.00                     |
| (f)   | Insurance Companies                                                | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0                 | 0.00                     |
| (g)   | Foreign Institutional Investors                                    | 122,090,621                                                               | 0        | 122,090,621 | 39.35             | 70,376,169                                                          | 0        | 70,376,169 | 22.23             | (17.12)                  |
| (h)   | Foreign Venture Capital Investors                                  | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0                 | 0.00                     |
| (i)   | Any Other (Specify)                                                | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0                 | 0.00                     |
|       | Sub-total (B)(1):-                                                 | 124,234,300                                                               | 0        | 124,234,300 | 40.05             | 72,048,978                                                          | 0        | 72,048,978 | 22.76             | (17.29)                  |
| [2]   | Non-Institutions                                                   |                                                                           |          |             |                   |                                                                     |          |            |                   |                          |
| a     | Bodies Corp.                                                       |                                                                           |          |             |                   |                                                                     |          |            |                   |                          |
| i)    | Indian                                                             | 12,163,259                                                                | 0        | 12,163,259  | 3.92              | 3,736,482                                                           | 0        | 3,736,482  | 1.18              | (2.74)                   |
| ii)   | Overseas                                                           | 0                                                                         | 0        | 0           | 0.00              | 0                                                                   | 0        | 0          | 0                 | 0.00                     |
| b)    | Individuals                                                        |                                                                           |          |             |                   |                                                                     |          |            |                   |                          |

| Sr No | Category of Shareholders                                                          | No. of Shares held at the beginning of the year<br>(As on April 01, 2015) |           |             |                   | No. of Shares held at the end of the year<br>(As on March 31, 2016) |          |             |                   | % Change during the year |
|-------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------|-------------|-------------------|---------------------------------------------------------------------|----------|-------------|-------------------|--------------------------|
|       |                                                                                   | Demat                                                                     | Physical  | Total       | % of Total Shares | Demat                                                               | Physical | Total       | % of Total Shares |                          |
|       | (i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.          | 8,458,524                                                                 | 183,305   | 8,641,829   | 2.79              | 9,241,291                                                           | 103,050  | 9,344,341   | 2.95              | 0.16                     |
|       | (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 30,788,033                                                                | 1,177,372 | 31,965,405  | 10.30             | 31,920,275                                                          | 0        | 31,920,275  | 10.08             | (0.22)                   |
| C     | Any Others                                                                        |                                                                           |           |             |                   |                                                                     |          |             |                   |                          |
|       | Employee Trusts                                                                   | 75,000                                                                    | 0         | 75,000      | 0.02              | 75,000                                                              | 0        | 75,000      | 0.02              | 0.00                     |
|       | Qualified Foreign Investors                                                       | 1,000,000                                                                 | 0         | 1,000,000   | 0.32              | 0                                                                   | 0        | 0           | 0.00              | (0.32)                   |
|       | NRI (Repatriable)                                                                 | 18,179,445                                                                | 225,000   | 18,404,445  | 5.93              | 16,410,714                                                          | 225,000  | 16,635,714  | 5.26              | (0.67)                   |
|       | NRI(Non Repatriable)                                                              | 6,597,493                                                                 | 0         | 6,597,493   | 2.13              | 6,529,932                                                           | 0        | 6,529,932   | 2.06              | (0.07)                   |
|       | Foreign Nationals                                                                 | 1,079,996                                                                 | 0         | 1,079,996   | 0.35              | 751,975                                                             | 0        | 751,975     | 0.24              | (0.11)                   |
|       | Clearing Member                                                                   | 656,145                                                                   | 0         | 656,145     | 0.21              | 87,857                                                              | 0        | 87,857      | 0.03              | (0.18)                   |
|       | Foreign Companies                                                                 | 800,000                                                                   | 0         | 800,000     | 0.26              | 68,788,445                                                          | 0        | 68,788,445  | 21.73             | 21.47                    |
|       | Foreign Portfolio Investor (Corporate)                                            | 12,254,644                                                                | 0         | 12,254,644  | 3.95              | 14,256,422                                                          | 0        | 14,256,422  | 4.50              | 0.55                     |
|       | Sub Total (B)(2)                                                                  | 92,052,539                                                                | 1,585,677 | 93,638,216  | 30.18             | 151,798,393                                                         | 328,050  | 152,126,443 | 48.06             | 17.88                    |
|       | Total Public Shareholding (B)=(B)(1)+(B)(2)                                       | 216,286,839                                                               | 1,585,677 | 217,872,516 | 70.23             | 223,847,371                                                         | 328,050  | 224,175,421 | 70.82             | 0.59                     |
| (C)   | Shares held by the Custodian for GDRs & ADRs                                      |                                                                           |           |             |                   |                                                                     |          |             |                   |                          |
| [1]   | Custodian/DR Holder                                                               | 0                                                                         | 0         | 0           | 0.00              | 0                                                                   | 0        | 0           | 0.00              | 0.00                     |
|       | Sub Total ( C )                                                                   | 0                                                                         | 0         | 0           | 0.00              | 0                                                                   | 0        | 0           | 0.00              | 0.00                     |
|       | Total (A)+(B)+(C)                                                                 | 308,648,271                                                               | 1,585,677 | 310,233,948 | 100               | 316,208,803                                                         | 328,050  | 316,536,853 | 100               | 0.00                     |

## ii) Shareholding of Promoters

| Shareholder's Name       | Share holding at the beginning of the year<br>(As on April 01, 2015) |                                  |                                                  | Share holding at the end of the year<br>(As on March 31, 2016) |                                  |                                                  | % change in share holding during the year |
|--------------------------|----------------------------------------------------------------------|----------------------------------|--------------------------------------------------|----------------------------------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------------|
|                          | No. of Shares                                                        | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                                                  | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |                                           |
| Nirmal Jain              | 51,252,000                                                           | 16.52                            | NA                                               | 51,252,000                                                     | 16.19                            | NA                                               | (0.33)                                    |
| Venkataraman Rajamani    | 19,909,432                                                           | 6.42                             | NA                                               | 19,909,432                                                     | 6.29                             | NA                                               | (0.13)                                    |
| Madhu N Jain             | 17,000,000                                                           | 5.48                             | NA                                               | 17,000,000                                                     | 5.37                             | NA                                               | (0.11)                                    |
| Ardent Impex Pvt Ltd     | 2,700,000                                                            | 0.87                             | NA                                               | 2,700,000                                                      | 0.85                             | NA                                               | (0.02)                                    |
| Orpheus Trading Pvt Ltd. | 1,300,000                                                            | 0.42                             | NA                                               | 1,300,000                                                      | 0.42                             | NA                                               | 0.00                                      |
| Aditi Athavankar         | 200,000                                                              | 0.06                             | NA                                               | 200,000                                                        | 0.06                             | NA                                               | 0.00                                      |
| <b>Total</b>             | <b>92,361,432</b>                                                    | <b>29.77</b>                     | <b>NA</b>                                        | <b>92,361,432</b>                                              | <b>29.18</b>                     | <b>NA</b>                                        | <b>(0.59)</b>                             |

**iii) Change in Promoters Shareholding**

| Particulars                                                                                                                                                                    | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|                                                                                                                                                                                | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| At the beginning of the year (April 01, 2015)                                                                                                                                  | 92,361,432                                | 29.77                            | 92,361,432                              | 29.77*                           |
| Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | N.A.                                      | N.A.                             | N.A.                                    | N.A.                             |
| At the end of the year (March 31, 2016)                                                                                                                                        | 92,361,432                                | 29.18 *                          | 92,361,432                              | 29.18*                           |

Note: - \*There is no change in total shareholdings of promoters between 01-04-2015 to 31-03-2016. The decrease in % of total shares of the Company from 29.77% to 29.18% is due to allotment of shares under ESOS Scheme to the employees/Directors at various dates during the year.

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

| Sr. No. | Name of shareholders                           | Shareholdings at the beginning of the year (As on April 01, 2015) |                                  | Change in Shareholdings (No. of shares) |           | Shareholdings at the end of the year (As on March 31, 2016) |                                   |
|---------|------------------------------------------------|-------------------------------------------------------------------|----------------------------------|-----------------------------------------|-----------|-------------------------------------------------------------|-----------------------------------|
|         |                                                | No. of shares                                                     | % of total shares of the Company | Increase                                | Decrease  | No. of shares                                               | % of total shares of the Company* |
| 1       | FIH Mauritius Investments Ltd                  | 0                                                                 | 0                                | 68,788,445                              | 0         | 68,788,445                                                  | 21.73                             |
| 2       | HWIC Asia Fund Class A Shares                  | 27,910,000                                                        | 9.00                             | 0                                       | 0         | 27,910,000                                                  | 8.82                              |
| 3       | Copthall Mauritius Investment Limited          | 16,305,530                                                        | 5.26                             | 0                                       | 0         | 16,305,530                                                  | 5.15                              |
| 4       | Bharat H Parajia                               | 15,721,778                                                        | 5.07                             | 0                                       | 235,000   | 15,486,778                                                  | 4.89                              |
| 5       | Bank Muscat S A O G A/C Bank Muscat India Fund | 12,598,222                                                        | 4.06                             | 0                                       | 0         | 12,598,222                                                  | 3.98                              |
| 6       | Sat Pal Khattar                                | 7,950,085                                                         | 2.56                             | 0                                       | 1,778,557 | 6,171,528                                                   | 1.95                              |
| 7       | Morgan Stanley Asia (Singapore) PTE.           | 5,925,652                                                         | 1.91                             | 0                                       | 1,427,926 | 4,497,726                                                   | 1.42                              |
| 8       | WF Asian Reconnaissance Fund Limited           | 0                                                                 | 0                                | 3,892,892                               | 0         | 3,892,892                                                   | 1.23                              |
| 9       | Ashish Dhawan                                  | 4,441,035                                                         | 1.43                             | 0                                       | 888,207   | 3,552,828                                                   | 1.12                              |
| 10      | Dimensional Emerging Markets Value Fund        | 0                                                                 | 0                                | 2,950,324                               | 0         | 2,950,324                                                   | 0.93                              |

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

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

| Sr. No. | Name of Directors and KMP | Shareholdings at the beginning of the year (As on April 01, 2015) |                                  | Change in Shareholdings (No. of shares) |          | Shareholdings at the end of the year (As on March 31, 2016) |                                  |
|---------|---------------------------|-------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------|-------------------------------------------------------------|----------------------------------|
|         |                           | No. of shares                                                     | % of total shares of the Company | Increase                                | Decrease | No. of shares                                               | % of total shares of the Company |
| 1.      | Mr. Nirmal Jain           | 51,252,000                                                        | 16.52                            | 0                                       | 0        | 51,252,000                                                  | 16.19*                           |
| 2.      | Mr. R. Venkataraman       | 19,909,432                                                        | 6.42                             | 0                                       | 0        | 19,909,432                                                  | 6.29*                            |
| 3.      | Mr. Nilesh Vikamsey       | 115,000                                                           | 0.04                             | 25,000                                  | 0        | 140,000                                                     | 0.04                             |
| 4.      | Mr. Kranti R Sinha        | 90,000                                                            | 0.03                             | 12,500                                  | 0        | 102,500                                                     | 0.03                             |
| 5.      | Mr. Arun Kumar Purwar     | 50,000                                                            | 0.02                             | 25,000                                  | 0        | 75,000                                                      | 0.02                             |
| 6.      | *Mr. Prabodh Agrawal      | 1,027,924                                                         | 0.33                             | 1,500,000                               | 159,840  | 2,368,084                                                   | 0.75                             |

\*The decrease in % of total shares is due to allotment of shares under ESOS Scheme to employees/Directors during the year.

# Mr. Prabodh Agrawal was appointed as Chief Financial Officer w.e.f January 29, 2016.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payments

(Amount in ₹)

| Particulars                                                       | Secured Loans<br>excluding Deposits | Unsecured<br>Loans | Deposit    | Total<br>Indebtedness |
|-------------------------------------------------------------------|-------------------------------------|--------------------|------------|-----------------------|
| <b>Indebtedness at the beginning of year</b>                      |                                     |                    |            |                       |
| (i) Principal amount                                              | 500,000,000                         | Nil                | Nil        | 500,000,000           |
| (ii) Int. due but not paid                                        | Nil                                 | Nil                | Nil        | Nil                   |
| (iii) Int. accrued but not due                                    | 770,547                             | Nil                | Nil        | 770,547               |
| <b>Total (i+ii+iii)</b>                                           | <b>500,770,547</b>                  | <b>Nil</b>         | <b>Nil</b> | <b>500,770,547</b>    |
| <b>Changes in Indebtedness during the year</b>                    |                                     |                    |            |                       |
| Addition                                                          | Nil                                 | Nil                | Nil        | Nil                   |
| Reduction                                                         | Nil                                 | Nil                | Nil        | Nil                   |
| <b>Net Change</b>                                                 | <b>Nil</b>                          | <b>Nil</b>         | <b>Nil</b> | <b>Nil</b>            |
| <b>Indebtedness at the end of the financial year (31.03.2016)</b> |                                     |                    |            |                       |
| (i) Principal amount                                              | 500,000,000                         | Nil                | Nil        | 500,000,000           |
| (ii) Int. due but not paid                                        | Nil                                 | Nil                | Nil        | Nil                   |
| (iii) Int. accrued but not due                                    | 63,789,159                          | Nil                | Nil        | 63,789,159            |
| <b>Total (i+ii+iii)</b>                                           | <b>563,789,159</b>                  | <b>Nil</b>         | <b>Nil</b> | <b>563,789,159</b>    |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Particulars of Remuneration                                                          | Name of MD/WTD/ Manager                                                                                              |                      | Total Amount (₹)  |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|
| Name of MD/WTD/Manager                                                               | *Mr. Nirmal Jain                                                                                                     | *Mr. R. Venkataraman |                   |
| <b>Gross salary</b>                                                                  |                                                                                                                      |                      |                   |
| (a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961 | 34,770,000                                                                                                           | 24,400,000           | 59,170,000        |
| (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                       | 0                                                                                                                    | 0                    | 0                 |
| (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961        | 0                                                                                                                    | 0                    | 0                 |
| Stock Option                                                                         | 0                                                                                                                    | 0                    | 0                 |
| Sweat Equity                                                                         | 0                                                                                                                    | 0                    | 0                 |
| <b>Commission</b>                                                                    |                                                                                                                      |                      |                   |
| - as % of profit                                                                     | 0                                                                                                                    | 0                    | 0                 |
| - others, specify                                                                    | 0                                                                                                                    | 0                    | 0                 |
| Others[Company's contribution towards PF, pension fund and NPS]                      | 21,600                                                                                                               | 321,600              | 343,200           |
| <b>Total (A)</b>                                                                     | <b>34,791,600</b>                                                                                                    | <b>24,721,600</b>    | <b>59,513,200</b> |
| Ceiling as per the Act                                                               | ₹ 190,431,076/- being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013. |                      |                   |

\* Entire Remuneration is paid by the subsidiaries of the Company i.e. India Infoline Finance Limited and India Infoline Limited to Mr. Nimal Jain and Mr. R. Venkataraman respectively.

**B. Remuneration to other directors**

| Particulars of Remuneration<br>Name of Director | Mr. A. K. Purwar                                                                                                             | Mr. Nilesh<br>Vikramsey | Mr. Kranti<br>Sinha | Dr. S Narayan    | Ms. Geeta<br>Mathur | Mr. Sunil<br>Kaul <sup>§</sup> | Mr. Chandran<br>Ratnaswami | Total<br>Amount (₹) |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|------------------|---------------------|--------------------------------|----------------------------|---------------------|
| <b>Independent Directors</b>                    |                                                                                                                              |                         |                     |                  |                     |                                |                            |                     |
| - Fees for attending board/ committee meetings  | 270,000                                                                                                                      | 360,000                 | 405,000             | 120,000          | 195,000             | N.A.                           | N.A.                       | 1,350,000           |
| - Commission                                    | 1,000,000                                                                                                                    | 1,000,000               | 1,000,000           | 1,000,000        | 1,000,000           | N.A.                           | N.A.                       | 5,000,000           |
| - Other                                         | Nil                                                                                                                          | Nil                     | Nil                 | Nil              | Nil                 | N.A.                           | N.A.                       | Nil                 |
| <b>Total (1)</b>                                | <b>1,270,000</b>                                                                                                             | <b>1,360,000</b>        | <b>1,405,000</b>    | <b>1,120,000</b> | <b>1,195,000</b>    | <b>N.A.</b>                    | <b>N.A.</b>                | <b>6,350,000</b>    |
| <b>Other Non-Executive Directors</b>            |                                                                                                                              |                         |                     |                  |                     |                                |                            |                     |
| - Fees for attending board/ committee meetings  | N.A.                                                                                                                         | N.A.                    | N.A.                | N.A.             | N.A.                | Nil                            | Nil                        | Nil                 |
| <b>Total (2)</b>                                | <b>N.A.</b>                                                                                                                  | <b>N.A.</b>             | <b>N.A.</b>         | <b>N.A.</b>      | <b>N.A.</b>         | <b>Nil</b>                     | <b>Nil</b>                 | <b>Nil</b>          |
| <b>Total (B)=(1+2)</b>                          | <b>1,270,000</b>                                                                                                             | <b>1,360,000</b>        | <b>1,405,000</b>    | <b>1,120,000</b> | <b>1,195,000</b>    | <b>Nil</b>                     | <b>Nil</b>                 | <b>6,350,000</b>    |
| <b>Total Managerial Remuneration</b>            | <b>₹ 209,474,183 /- being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013.</b> |                         |                     |                  |                     |                                |                            |                     |

\*Total Remuneration paid to Managing and Whole Time Directors and Commission paid to Non Executive Directors.

§ Mr. Sunil Kaul, Non-Executive Director resigned w.e.f. January 20, 2016

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

| Particulars of Remuneration                                                        | Name of the Key Managerial Persons                   |                                                 |                                             |                                           | Total<br>Amount (₹) |
|------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------|---------------------------------------------|-------------------------------------------|---------------------|
| Name of Key Management Personnel                                                   | @Mr. Prabodh<br>Agrawal (Chief<br>Financial Officer) | *Mr. Parag Shah<br>(Chief Financial<br>Officer) | #Mr. Gajendra Thakur<br>(Company Secretary) | ^Mr. Ashutosh Naik<br>(Company Secretary) |                     |
| Gross Salary                                                                       |                                                      |                                                 |                                             |                                           |                     |
| a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 3,626,653                                            | 3,058,537                                       | 2,869,824                                   | 492,458                                   | 10,047,472          |
| b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | --                                                   | --                                              | -                                           | 4,250                                     | 4,250               |
| c. Profits in lieu of salary under section 17(3) of the Income tax Act, 1961       | --                                                   | --                                              | --                                          | --                                        | --                  |
| * Stock Option                                                                     | --                                                   | --                                              | --                                          | --                                        | --                  |
| Sweat Equity                                                                       | --                                                   | --                                              | --                                          | --                                        | --                  |
| Commission                                                                         |                                                      |                                                 |                                             |                                           |                     |
| - as % of profit                                                                   | --                                                   | --                                              | --                                          | --                                        | --                  |
| Others, please specify [Company's contribution towards PF and pension fund]        | --                                                   | 172,728                                         | 45,600                                      | --                                        | 218,328             |
| <b>Total</b>                                                                       | <b>3,626,653</b>                                     | <b>3,231,265</b>                                | <b>2,915,424</b>                            | <b>496,708</b>                            | <b>10,270,050</b>   |

@ Mr. Prabodh Agrawal was appointed the Chief Financial Officer of the Company from January 29, 2016

\* Mr. Parag Shah relinquished as Chief Financial Officer of the Company w.e.f. January 29, 2016

# Mr. Gajendra Thakur was appointed as, Company Secretary w.e.f. June 09, 2015.

^ Mr. Ashutosh Naik was the Company Secretary of the Company from 01.04.2015 to 09.06.2015. He was also the Company Secretary of IIFL Wealth Management Limited, a Subsidiary of the Company and his entire remuneration was paid by the said Subsidiary.

& There were no options granted/ exercised by Key Managerial Persons after their appointment as such.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|-----------------------------------------------------------|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |                                                           |                              |                                    |
| Penalty                             |                              |                   |                                                           |                              |                                    |
| Punishment                          |                              |                   |                                                           |                              |                                    |
| Compounding                         |                              |                   |                                                           |                              |                                    |
| <b>B. DIRECTORS</b>                 |                              |                   |                                                           |                              |                                    |
| Penalty                             |                              |                   | NIL                                                       |                              |                                    |
| Punishment                          |                              |                   |                                                           |                              |                                    |
| Compounding                         |                              |                   |                                                           |                              |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |                                                           |                              |                                    |
| Penalty                             |                              |                   |                                                           |                              |                                    |
| Punishment                          |                              |                   |                                                           |                              |                                    |
| Compounding                         |                              |                   |                                                           |                              |                                    |

### For IIFL Holdings Limited

#### Nirmal Jain

Chairman

DIN: 00010535

Date: May 05, 2016

Place: Mumbai

## Annexure – IV to Directors' Report

### Form No. MR-3 Secretarial Audit Report

For the financial year ended March 31, 2016

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

To  
The Members,  
**IIFL Holdings Limited**  
IIFL House, Sun Infotech Park,  
Road No. 16V, Plot No. B-23,  
Thane Industrial Area,  
Wagle Estate, Thane – 400 604.

Dear Sir / Madam,

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

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We further report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended on 31st March, 2016, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made there under; (including the statutory Books maintained by Company in terms of Provisions of Companies Act, 1956 and in force, during our Audit Period).
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (up to May 14, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 w.e.f. May 15, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable);
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f. December 01, 2015.
- (vi) Considering activities, the Company is also subject to compliance of the following laws specifically applicable to the Company:
  - (a) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and;
  - (b) The Securities and Exchange Board of India (Investment Advisors) Regulations, 2013.

We have verified systems and mechanism which is in place and followed by the Company to ensure Compliance these specifically applicable Laws (in addition to the above mentioned Laws (i to v) and applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the same.

We have also examined compliance with the applicable clauses of

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013 w.e.f. 01st July, 2015; and
- (b) Listing Agreement(s) entered with Stock Exchanges (upto 30th November, 2015) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further Report that, during the year, it was not mandatory on the part of the Company to comply with the following Regulations / Guidelines:

- (a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have no observation of instances of non Compliance in respect of the same.

#### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

We also report that adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the representation made by the Company and its Officer, we herewith report that majority decision is carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of Acts, Laws and Regulations applicable to the Company, we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period under review, the Company has evidenced following specific event / action:

- FIH Mauritius Investments Limited (Acquirer) along with HWIC Asia Fund (Class A Shares), I Investments Limited and FIH Private Investments Limited as the persons acting in concert with the Acquirer made an open offer for the acquisition up to 8,31,28,852 Equity Shares from the Equity Shareholders of the Company. Pursuant to the said Open Offer, the acquirer has acquired 6,87,88,445 Equity Shares.

Note: This Report is to be read along with attached Letter provided as "Annexure - A".

#### **For Nilesh Shah & Associates**

##### **Nilesh Shah**

Company Secretaries  
FCS : 4554  
C.P. : 2631

Date: May 05, 2016  
Place: Mumbai

**'Annexure A'**

To  
The Members,  
**IIFL Holdings Limited**  
IIFL House, Sun Infotech Park,  
Road No. 16V, Plot No. B-23,  
Thane Industrial Area,  
Wagle Estate, Thane – 400 604.

Dear Sir / Madam,

**Sub : Our Report of even date is to be read along with this letter.**

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

**For Nilesh Shah & Associates**

**Nilesh Shah**

Company Secretaries  
FCS : 4554  
C.P. : 2631

Date: May 05, 2016  
Place: Mumbai

## Annexure – V to Directors' Report

**Information relating to conservation of energy, technology absorption and innovation and foreign exchange earnings/outgo forming part of the Directors' Report in terms Section 134(3) (m) of the Companies Act, 2013.**

### CONSERVATION OF ENERGY

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

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

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

### TECHNOLOGY

The Company has adopted best practices for digitization of its business processes and has embraced the principle for Social, Mobility, Analytics, and Cloud (SMAC) to offer superior customer experience. The company is actively evaluating and implementing open source operating systems, Bring Your Own Device (BYOD), and Google Apps for workplace to boost employee productivity, while reducing the operational costs for technology infrastructure. The company follows the hybrid cloud model to improve uptimes, cost efficiency, agility, and manage costs through usage of infrastructure as per business cycles and needs. The management of centralised and distributed technology infrastructure is outsourced to reputed vendors, enabling the internal technology team to focus on delivery of new products, services, and functionality to our customers anywhere, anytime, and on devices of their choice.

Managing Technology risk and Information Security is a business priority. The company has been certified with ISO 27001 covering broking services, demat services and software development. Furthermore, the company has implemented secure mobile access to control tablets/smart phones being distributed to sales/collection force to prevent misuse and data leakage. The company has also implemented alert based monitoring whereby, around 300 loan branches will be centrally monitored for any intrusions through central command centre, and our plan is to cover the remaining branches in the coming years. This will improve the physical security at the branches while reducing operating costs.

Further, IIFL group Companies have launched a number of customer facing apps for the broking clients as well as for NBFC clients. With a number of clients preferring to do transactions on their own (do-it-yourself), these apps help the company to create a highly scalable architecture. IIFL has chosen native android and IOS technologies (rather than hybrid or web based) thereby providing clients with best in class experience, especially on transactional apps. IIFL Markets now has over 500,000 downloads on Android, IOS, Windows, iPad etc. In addition account-opening process too has been simplified by integrating AADHAR and digital signatures. Customers now can open an account within a matter of minutes and without any physical form printing or physical signatures required. IIFL group has committed significant investments in terms of technology, systems and manpower in this initiative and continuously developing the same.

### FOREIGN EXCHANGE EARNINGS/OUTGO OF THE STANDALONE COMPANY

- a) The foreign exchange earnings: ₹ 280,769,752/-
- b) The foreign exchange expenditure: ₹ 1,575,359/-

### RESEARCH AND DEVELOPMENT (R & D)

The Company is engaged in finance and financial services and so there were no activities in the nature of research and development involved in the business. Being in financial services, we provide financial and equity research to the customers, which is not in the nature of research and development.

Amount of expenditure incurred on Research and Development:

| Particulars | March 31, 2016 | March 31, 2015 |
|-------------|----------------|----------------|
| Capital     | Nil            | Nil            |
| Revenue     | Nil            | Nil            |

### For IIFL Holdings Limited

#### Nirmal Jain

Chairman  
DIN: 00010535

Date: May 05, 2016  
Place: Mumbai

## Annexure – VI to Directors' Report

### The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

| Sr. No. | Requirement                                                                                                                                                                 | Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I       | The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year                                                           | Executive Chairman*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | 13.38x                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|         |                                                                                                                                                                             | Managing Director*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|         |                                                                                                                                                                             | 9.51x                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|         |                                                                                                                                                                             | Non Executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|         |                                                                                                                                                                             | Mr. Nilesh Vikamsey                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | 0.38x                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|         |                                                                                                                                                                             | Dr. S Narayan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|         |                                                                                                                                                                             | 0.38x                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| II      | The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year                                                                                | Ms. Geeta Mathur                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|         |                                                                                                                                                                             | 0.38x                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|         |                                                                                                                                                                             | Mr. Kranti Sinha                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|         |                                                                                                                                                                             | 0.38x                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|         |                                                                                                                                                                             | Mr. A. K. Purwar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|         |                                                                                                                                                                             | 0.38x                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|         |                                                                                                                                                                             | Mr. Chandran Ratnaswami                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|         |                                                                                                                                                                             | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | Executive Chairman                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|         |                                                                                                                                                                             | 25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | Managing Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|         |                                                                                                                                                                             | 25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | CFO <sup>s</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|         |                                                                                                                                                                             | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|         |                                                                                                                                                                             | CS <sup>s</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|         |                                                                                                                                                                             | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|         |                                                                                                                                                                             | Non Executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|         |                                                                                                                                                                             | Mr. Nilesh Vikamsey                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | Dr. S Narayan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|         |                                                                                                                                                                             | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | Ms. Geeta Mathur                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|         |                                                                                                                                                                             | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | Mr. Kranti Sinha                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|         |                                                                                                                                                                             | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| III     | The percentage increase in the median remuneration of employees in the financial year                                                                                       | Mr. A. K. Purwar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|         |                                                                                                                                                                             | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | Mr. Chandran Ratnaswami                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|         |                                                                                                                                                                             | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         |                                                                                                                                                                             | The median remuneration of the employees in the financial year was increased by 11.59%. The calculation of % increase in Median Remuneration is done based on comparable employees. For this the employees who were not eligible for any increment have been excluded.                                                                                                                                                                                                                                                |
|         |                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|         |                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|         |                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|         |                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| IV      | The number of permanent employees on the rolls of the Company                                                                                                               | The Company had 19 employees on the rolls as on March 31, 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| V       | The explanation on the relationship between average increase in remuneration and Company performance                                                                        | While recommending increase in remuneration, the Company takes into account various factors like financial performance of the Company and the group, comparison with peers, industry benchmarking and consideration towards cost of living adjustments and inflation.                                                                                                                                                                                                                                                 |
|         |                                                                                                                                                                             | Average increase in employee remuneration for the FY2015-16 is 19.10% (computed based on weighted average basis considering total cost to the company and accrued bonus). The calculation of average increase in employees' remuneration is done based on comparable employees. For this the Company has excluded employees who were not eligible for increment). The Company follows holistic performance review mechanism to ensure that the increase is commensurate with the performance of employee and company. |
| VI      | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company                                                                       | For the FY2015-16, KMPs were paid approx 4.03% of the standalone profit after tax for the year.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| VII     | Variations in the market capitalization of the Company                                                                                                                      | The market capitalisation as on March 31, 2016 was ₹ 65,317 million (₹ 55,299 million as on March 31, 2015)                                                                                                                                                                                                                                                                                                                                                                                                           |
|         | Price earnings ratio as at the closing date of the current FY and previous FY                                                                                               | Price Earnings ratio of the Company was 12.64 as at March 31, 2016 and was 12.08 as at March 31, 2015 considering the basic EPS of consolidated financial statements.                                                                                                                                                                                                                                                                                                                                                 |
|         | Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer. | The Company's stock price as at March 31, 2016 has increased by approximately 1258% to ₹ 206.35 per share having face value of ₹ 2/- each over the last public offering i.e. IPO in May 2005 at the price of ₹ 76/- per share having face value of ₹ 10/- each [Proportionately converted issue price to ₹ 15.2 per share having face value of ₹ 2/- each for calculation of percentage increase]                                                                                                                     |

|                                 |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------|---------------------------------|-------|--------------------------------|-------|------------------|-------|------------------|-------|-----------------|-------|
| VIII                            | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Not Applicable to the Company, as all the employees are under Managerial role.                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
| IX                              | Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company                                                                                                                                                                                                                                         | <div>The comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company is as under:</div> <table><tr><td>Particulars</td><td>% of standalone profit after tax for FY2015-16</td></tr><tr><td>Executive Chairman<sup>#</sup></td><td>2.02%</td></tr><tr><td>Managing Director<sup>#</sup></td><td>1.44%</td></tr><tr><td>CFO<sup>*</sup></td><td>0.21%</td></tr><tr><td>CFO<sup>@</sup></td><td>0.19%</td></tr><tr><td>CS<sup>^</sup></td><td>0.18%</td></tr></table> | Particulars | % of standalone profit after tax for FY2015-16 | Executive Chairman <sup>#</sup> | 2.02% | Managing Director <sup>#</sup> | 1.44% | CFO <sup>*</sup> | 0.21% | CFO <sup>@</sup> | 0.19% | CS <sup>^</sup> | 0.18% |
| Particulars                     | % of standalone profit after tax for FY2015-16                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
| Executive Chairman <sup>#</sup> | 2.02%                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
| Managing Director <sup>#</sup>  | 1.44%                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
| CFO <sup>*</sup>                | 0.21%                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
| CFO <sup>@</sup>                | 0.19%                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
| CS <sup>^</sup>                 | 0.18%                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
| X                               | The key parameters for any variable component of remuneration availed by the directors.                                                                                                                                                                                                                                                            | <div>The broad factors and guidelines considered for the Performance Bonus are:</div> <div>(a) Annual Performance Review of the Directors; and</div> <div>(b) Financial outcomes and profitability of the Company and the group</div>                                                                                                                                                                                                                                                                            |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
| XI                              | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year                                                                                                                                                          | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |
| XII                             | Affirmation that the remuneration is as per the remuneration policy of the Company                                                                                                                                                                                                                                                                 | It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.                                                                                                                                                                                                                                                                                                                                                                                                |             |                                                |                                 |       |                                |       |                  |       |                  |       |                 |       |

<sup>#</sup> The remuneration to Executive Chairman and Managing Director are being paid by the subsidiaries of the Company viz. India Infoline Finance Limited and India Infoline Limited respectively.

<sup>\*</sup> Mr. Prabodh Agrawal was appointed as CFO of the Company w.e.f. January 29, 2016. Accordingly, the salary earned from Feb 2016 to March 2016 is considered.

<sup>@</sup> Mr. Parag Shah relinquished as Chief Financial Officer of the Company w.e.f. January 29, 2016. Accordingly, the salary earned from April 2015 – January 2016 is considered.

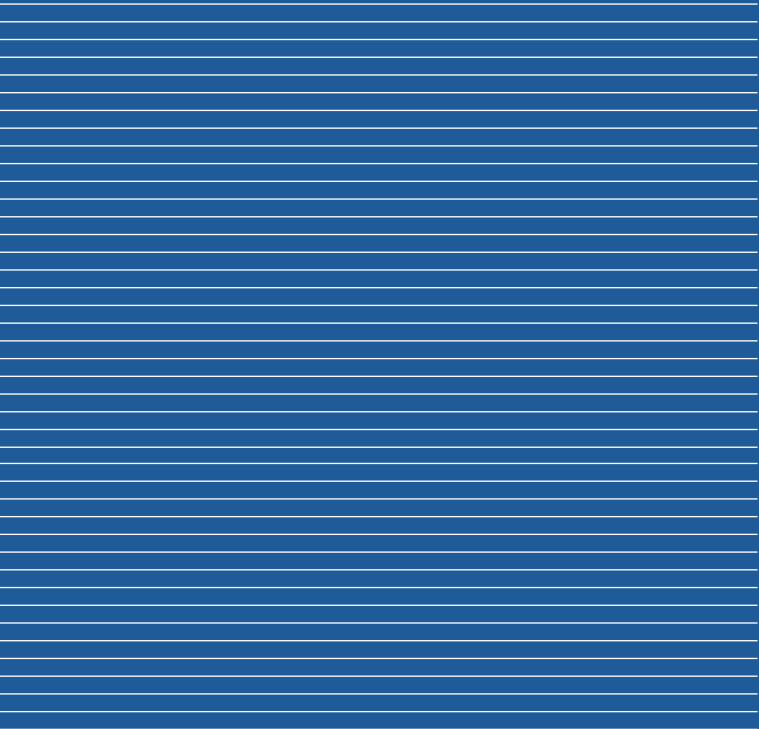
<sup>^</sup> Mr. Ashutosh Naik was the Company Secretary of the Company from 01.04.2015 to 09.06.2015. He was also the Company Secretary of IIFL Wealth Management Limited, a Subsidiary of the Company and his entire remuneration was paid by the said Subsidiary, hence not considered. Mr. Gajendra Singh Thakur was appointed as the Company Secretary of the Company w.e.f. June 09, 2015.

<sup>\$</sup> Appointed during the financial year. Hence not eligible for increment.

**For IIFL Holdings Limited**

Date: May 05, 2016  
Place: Mumbai

**Nirmal Jain**  
Chairman  
DIN: 00010535



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# Management Discussion & Analysis

## GLOBAL ECONOMY OVERVIEW

During the year, major economies across geographies remained largely subdued. Global growth declined from 3.4% in 2014 to 3.1% in 2015 driven mainly by fall in commodity prices, considerable tightening in world trade, and choppy financial markets. In the US, growth remained flat at 2.4% with a modest uptake expected in 2017.

The European Central Bank lowered its projections for inflation and economic growth, predicting 1.4% growth for the Euro Area in 2016. The deceleration in large emerging market economies such as China, Russia, and Brazil in 2016 had a rub-on impact on the rest of the world.

## GLOBAL GROWTH (%)

| Particulars<br>Period     | Actual |      | Projections |      |
|---------------------------|--------|------|-------------|------|
|                           | 2014   | 2015 | 2016        | 2017 |
| World Output              | 3.4    | 3.1  | 3.2         | 3.5  |
| Advanced Economies        | 1.8    | 1.9  | 1.9         | 2.0  |
| United States             | 2.4    | 2.4  | 2.4         | 2.5  |
| Euro Area                 | 0.9    | 1.6  | 1.5         | 1.6  |
| Japan                     | 0.0    | 0.5  | 0.5         | -0.1 |
| United Kingdom            | 2.9    | 2.2  | 1.9         | 2.2  |
| Other Advanced Economies* | 2.8    | 2.0  | 2.1         | 2.4  |
| China                     | 7.3    | 6.9  | 6.5         | 6.2  |
| India                     | 7.3    | 7.3  | 7.5         | 7.5  |

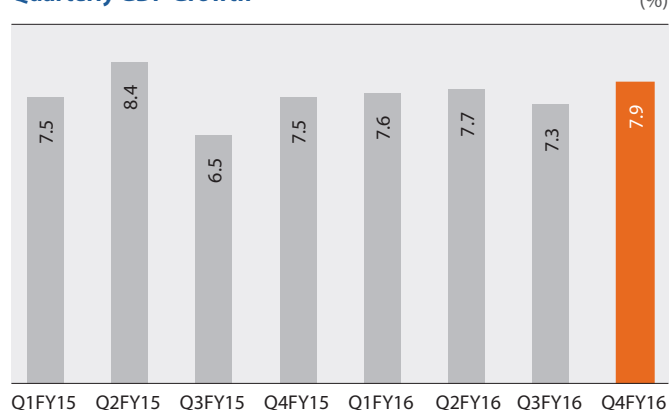
\*Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

Source: International Monetary Fund (IMF), April 2016

## INDIAN ECONOMY OVERVIEW

India remains a bright spot amid the global uncertainty, with its growth rate outpacing the emerging as well as developed markets. At 7.6% GDP growth in the financial year ended March 31, 2016 (FY2015-16), India is one of the fastest growing major economies in the world. During the year, the economy crossed the US\$2 trillion mark and is expected to continue the trajectory in FY2016-17. Furthermore, inflation, fiscal deficit, and current account balance have exhibited distinct signs of improvement. India's trade deficit reduced to a five-year low of US\$5.1 billion in March 2016, which came on the back of a sharp 21.6% fall in imports. Trade deficit stood at US\$118.5 billion in FY2015-16, 14% lower than in the previous year. Consumer price inflation fell to a six-month low of 4.8% in March 2016. In the coming year, a normal monsoon will further boost growth prospects.

### Quarterly GDP Growth



Source: Central Statistical Office (CSO)

## FINANCIAL SERVICES INDUSTRY

India's diversified financial sector comprises commercial banks, non-banking financial companies, co-operatives, pension funds, insurance companies, mutual funds and others. During FY2015-16, the Government took several measures to strengthen the financial services sector, which include Jan Dhan campaign for financial inclusion, licensing of payment banks and small finance banks, the new bankruptcy law, liberalisation of foreign direct investment and portfolio investment, universal social security schemes in insurance and pension, and gold monetisation scheme.

### GROWTH DRIVERS FOR FINANCIAL SERVICES INDUSTRY

#### Strong economic growth and demographic advantage

India's economic growth is expected to rise above 8% over FY2016-20 from around 7% in FY2012-15, helping expand the financial services sector. The economic progress will be supported by a large workforce. According to CRISIL, India is set to become the largest contributor to the global workforce. Its working age population (15-59 years) is likely to swell from 749 million in 2010 to 962 million in FY2029-30. A large productively employed young population will spur consumption demand and increase in the number of customers in the financial services space.

#### Increase in disposable income

The rise in disposable income is resulting in higher standard of living, boosting demand for personal credit. Credit under the personal finance segment (excluding housing) rose at 9.3% CAGR during FY2009-15 to US\$93.4 billion by end-2015.

(Source: RBI).

### Under-penetrated housing finance

India's mortgage finance market is largely under-penetrated compared with the rest of the world, providing sufficient opportunity for housing financiers to step up their housing credit. With the median age of little over 25 years in India, there is potential for huge demand from young working-age population.

### Rising Rural Income

Disposable household income in rural India is projected to grow at 3.6% CAGR over the next 15 years. Rising income is expected to increase the need for financial services in rural areas. The Prime Minister's Jan Dhan Yojana (JDY) has enabled the opening of nearly 220 million bank accounts in rural India. This will financially empower the rural population by encouraging savings, easing loan delivery, and promoting direct cash transfers.

Source: McKinsey estimates, Ministry of agriculture, Techsci Research

### KEY INITIATIVES

The Government has announced many initiatives to make financial services accessible and affordable to the public. Some of them include:

- **New banking license** - Reserve Bank of India (RBI) has been active in pushing the agenda of financial inclusion across the country. As a part of this vision, RBI has granted in-principle banking licenses to two players, which have become operational in FY2015-16. This is in line with RBI's directive to set up universal and niche banks in the country, catering to diverse sectors of the economy, with special focus on financial inclusion and micro-credit.
- **Small and payments banks** - The primary objective of setting up small and payments banks is to extend financial inclusion across the country. The small finance banks are expected to offer credit to the society's under-banked sections through high technology and low cost operations. Payments banks are allowed to leverage other players' network, besides their own to help in providing a large number of access points, particularly in remote areas.
- **Jan Dhan Yojana** - The Honourable Prime Minister unveiled the Jan Dhan Yojana, one of the biggest financial inclusion programmes in the world. The government's long-term mission is to have a full-fledged brick and mortar network for all villages with population above 2,000. Moreover, each bank must have at least one fixed-point banking outlet for every 1,000 to 1,500 households.
- **Benefits to large NBFCs** - NBFCs with asset size of over ₹ 5,000 million would be eligible as a financial institution under SARFAESI Act, which would significantly enable their ability to enforce collateral towards recovery dues from defaulting borrowers. Also, from FY2016-17, NBFCs are eligible for deduction to the extent of 5% of their income in respect of provision of bad and doubtful debts (NPAs) under the Income Tax Act.
- **FDI norms** - FDI will be allowed beyond 18 specified NBFC activities in the automatic route in other activities, which are overseen by financial sector regulators.
- **Affordable housing** - The government has taken several initiatives to encourage development of the housing sector. The Union Budget FY2016-17 has been able to present 360-degree

## 7.6%

GDP growth in FY2015-16

During FY2015-16, the Government took several measures to strengthen the financial services sector

initiatives for customers, builders, and lenders to provide major impetus to the affordable housing segment.

- **Digital locker** - Under the Digital India initiative, the Government aims to provide a digital locker to Indian residents. It will store their personal documents to enable easy sharing across agencies. This will consequently minimise usage of physical documents, eliminating the incidence of fake documents. A dedicated 10MB free personal storage space, linked to each resident's Aadhaar, is being provided. Currently, accessible via web portal, this will also be made available through mobile application.

### OPPORTUNITY

**Changing consumer behaviour** - The young generation is rapidly adopting technology to interact and transact with the world. The number of internet users in India has tripled to 485 million in the past three years (Source: Euromonitor). New technologies such as cloud and analytics are gaining importance. This would provide a huge opportunity to nimble and innovative players in the financial sector to use technology to strengthen their business. Technology can be used to reach customers in a cost effective manner and enhance customer experience through faster turnaround time, wider product offerings and better risk control and pricing.

### THREATS

- Uncertainty in global markets, owing to a recessionary environment in advanced economies and increased strain in China and other emerging markets can result in volatile capital inflows and currency fluctuations. In India, the slow pace in implementation of economic reforms and important legislations can further delay growth.
- Any adverse change in the regulatory and policy environment in which IIFL operates could affect our business and financial condition.
- In the financial services industry, security and sanctity of client data is of utmost importance. A regular and continuous threat for firms is data theft via malicious malware and email. Technology has not only increased players, vendors and customers, but has

## Management Discussion & Analysis (contd.)

added multiple threats to the businesses. Cyber-attacks are getting larger in scale and size, even to the extent of coordinated attacks from different geographies.

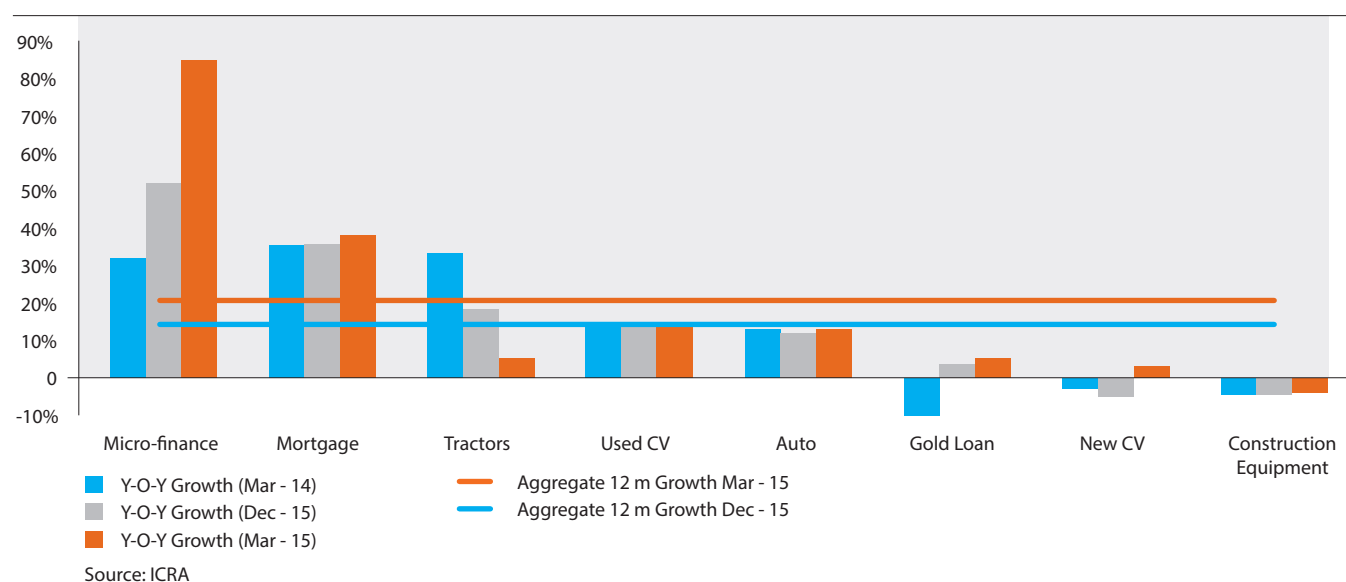
### SEGMENT OVERVIEW

#### NBFCs growing in prominence

Indian NBFCs have been effective in serving the unbanked customers by spearheading into retail asset-backed lending, lending against securities and microfinance. Primarily, they offer small business loans, small-ticket personal loans, financing of two wheelers and cars, farm equipment financing and loans for purchasing used commercial vehicles/ machinery.

According to ICRA, NBFCs will account for 17.1% of the country's total credit by FY2018-19, compared with 13.1% in FY2014-15 and 9.4% in FY2005-06. Majority of the growth is expected to be at the cost of government-owned banks, whose share is estimated to fall to an all-time low of 58.6% by FY2018-19 (against 64.5% in FY2014-15). According to joint report by the Boston Consulting Group (BCG) and Confederation of Indian Industry (CII), NBFCs' share of credit went up from 10% to 13% between FY2004-05 and FY2014-15. This growth is likely to surge over the next 5-10 years.

#### NBFC Credit Growth Across Segment



Factors supporting growth of NBFCs include better product lines, wider and effective reach, quick turnaround time, strong risk management capabilities and better understanding of customer segments. In an atmosphere where delivery of financial services has become increasingly commoditised, customer experience will play the distinguishing factor for an ideal service provider. The ability to provide tailor-made financial solutions across multiple platforms will result in an upsurge of product innovations. Going ahead, there is need for NBFCs to be integrated in the financial system with full policy support. This will help meet the financing needs of growing India.

#### Wealth Management – potential for growth

Wealth management is gaining huge popularity in India as an increasing number of Indians are joining the millionaire club. According to the Asia Pacific 2016 Wealth Report, India is ranked 4th among the top five Asia-Pacific countries with about 24-million number of high net worth individuals (HNWIs). Mumbai and Delhi have been named among the top Asia Pacific cities for HNIs. Mumbai is home to 41,200 millionaires and Delhi houses 20,600 HNIs.

#### HIGH NET-WORTH HOUSEHOLDS IN INDIA (ESTIMATES)

| Net worth                                            | 2009    | 2010    | 2011    | 2015    | 2020    |
|------------------------------------------------------|---------|---------|---------|---------|---------|
| US\$ 1-5 million                                     | 157,000 | 183,333 | 210,000 | 315,000 | 508,127 |
| US\$ 5-30 million                                    | 36,000  | 43,000  | 50,000  | 84,000  | 13,280  |
| Above US\$ 30 million                                | 17,000  | 21,000  | 26,000  | 40,000  | 56,000  |
| Total wealth holdings of millionaires (US\$ billion) | 361.8   | 503.1   | 584.5   | 1,559.1 | 2,950.1 |

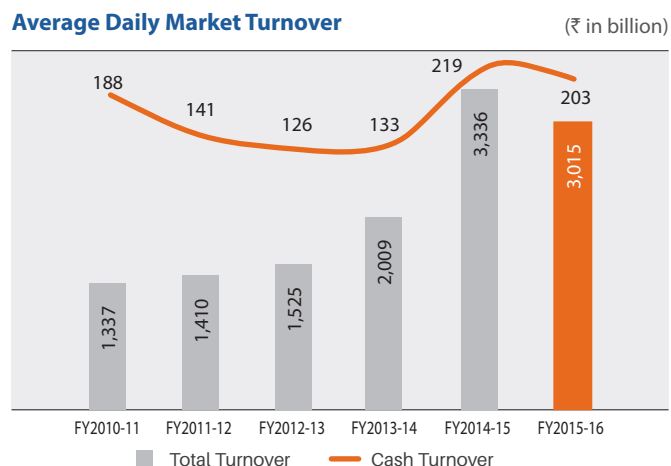
Source: Deloitte Center for Financial Services

There is a need to seize this opportunity of growing HNIs population, primarily driven by strong GDP growth and savings rates. In future, wealth managers will have to reinforce their asset gathering and client acquisition competences through differentiated offerings, tailoring them to specific regions and client segments. The emphasis will be on more innovative and customised investment strategies as well as product offerings to make the most of the performance of existing assets.

### Capital Markets on an improving trend

There has been a substantial increase in capital market activity with the government's pro-reform initiatives. An encouraging response has been noticed to initial public offerings with strong participation from domestic as well as institutional investors. The mutual funds industry registered robust inflows during the year from the retail investor base. The industry added over 5 million retail folios in FY2015-16, taking the count to 45.4 million with over 75% folios in equity-oriented funds (Source: CRISIL).

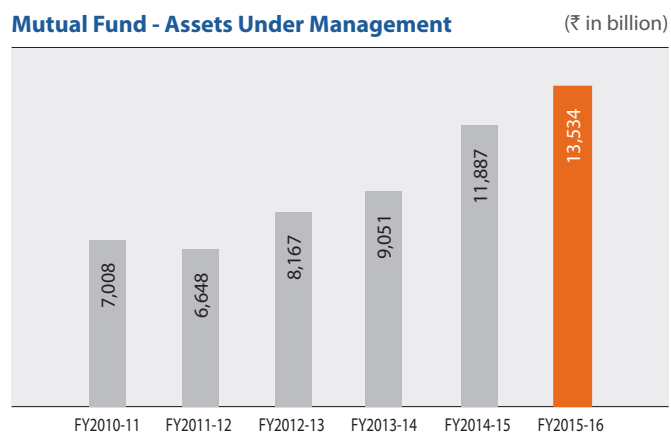
### Average Daily Market Turnover



Source: IIFL Research

Note: The data represents average daily equity market turnover in NSE and BSE

### Mutual Fund - Assets Under Management



Source: AMFI

Going forward, the capital markets will face headwinds in the form of global growth slowdown, slow pickup in investment activities,

and corporate earnings growth, which may continue to weigh down on market sentiment. Nevertheless, equity as an asset class is significantly under-owned. Therefore, it will remain a preferred asset class with expectations of improvement in corporate balance sheet and renewal of investment and consumption cycles.

### COMPANY OVERVIEW

IIFL Holdings Ltd (Bloomberg Code: IIFL IN, NSE: IIFL, BSE: 532636) is a leading player in the Indian financial services space. IIFL Group offers financing, asset and wealth management, equity, commodity and currency broking, financial product distribution, investment banking, institutional equities, project financing and advisory services through its various subsidiaries.

Promoted by first generation entrepreneurs, Mr. Nirmal Jain and Mr. R. Venkataraman, IIFL Group is backed by number of marquee institutional investors including, Fairfax Group and General Atlantic. The Group's subsidiaries are led by highly qualified and experienced management team who promote a culture of growth, entrepreneurship and innovation among the huge talent pool of about 12,000 people. IIFL Group has a strong geographic footprint in India with nearly 2,500 business locations, besides an extensive global presence with offices in London, New York, Geneva, Singapore, Hong Kong, Dubai and Mauritius.

Founded in 1995 as a research firm, IIFL has consistently innovated, reinvented and adapted itself to the dynamic business environment without losing focus on its domain of financial services. Today, IIFL has diversified into a full range of financial services, serving over 3 million customers across various business segments. The Group has de-risked itself from the volatility of capital markets with multiple revenue streams and a good mix of fee and funding-based income. IIFL's strong presence across various customer segments (retail, affluent, institutional) and wide network encompassing branches, franchisees, sub-brokers, online and mobile platforms help in catering to the financial needs of aspiring and growing India.

### BUSINESS OVERVIEW

#### Financing

##### NBFC

During the year, IIFL Holdings Limited has consolidated its holding in the NBFC through the acquisition of 1.13% equity share capital of India Infoline Finance Ltd., the Company's non-banking financial subsidiary, from Bennett Coleman & Company Ltd. Pursuant to the said acquisition, India Infoline Finance Ltd. and India Infoline Housing Finance Ltd. (subsidiary of India Infoline Finance Ltd.) have become the Company's 100% subsidiaries.

The Group's NBFC business has further strengthened its position, with a diverse product suite comprising home loan, loan against property, commercial vehicle finance, healthcare finance, gold loan, capital market finance and SME business. During the year, its operations focused on digitization and strategic headcount addition in growth verticals.

## Management Discussion & Analysis (contd.)

In line with its strategy, the Company has made investments in setting up analytics capabilities, software and infrastructure to drive business growth through streamlined processes and greater operational efficiency. There has been continuous progress on the digitization front to provide seamless experience to customers over multiple platforms. During the year, the Company launched its first-ever mobile app and self-service portal for customers. Customers now also have more flexibility in choosing from different modes of disbursement and payment such as IMPS, prepaid cards and online money transfer along with traditional methods of payment. The Company's focus on digitization and analytics should further help in improving operating efficiencies and enhancing customer experience.

During the year, the Company forayed into digital SME space through tie-ups with e-commerce companies such as Flipkart and Snapdeal, to provide analytics-led, pre-approved working capital finance to their suppliers. Moreover, the Company intends to increase its penetration in this product segment gradually via tie-ups with other prominent players.

### Home Finance

IIFL believes in the government's 'Housing for All' mission and expects this initiative to be instrumental in reaching out to masses. India Infoline Housing Finance Ltd, a wholly owned subsidiary of India Infoline Finance Ltd, has increased its focus on retail home loan segment. Its added emphasis is on affordable housing, offering loans under Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme (PMAY-CLSS) to the society's targeted sections.

During the year, the home loan business exhibited significant growth in loan disbursement, pursued quality business and enhanced customer service. The retail mortgage book has grown 89% y-o-y and it constitutes about 41% of the overall NBFC book as on March 31, 2016.

The Company has set up captive teams for managing the entire lifecycle for home loans. It has initiated the digital journey through a new-age website and mobile app with a customer login to view loan statement and pay EMI online. The Company plans to leverage technology as well as existing group distribution network to expand its reach and service customers in smaller cities and towns in India.

### Wealth Management

During the year, IIFL Wealth Management Ltd (IIFLW) has made considerable progress in all its business segments - domestic and offshore services, asset management, distribution of financial products and trustee services. Its assets under management (AUM) is growing at a steady pace of 12% y-o-y to about ₹ 800 billion. The Company manages over ₹ 38 billion of AIF assets through its asset management, making it one of the largest AIF platforms in the country. It is the only AIF manager to return over ₹ 10 billion of clients' money invested in its products up to March 31, 2016.

During the year, IIFLW has obtained SEBI registration for membership with NSE and BSE to offer broking services to its clients.

**Strategic investment by General Atlantic:** General Atlantic Singapore Fund Pte. Ltd (GA), a leading global growth equity firm, made a strategic investment in IIFLW. GA invested an aggregate of ₹ 9,038 million in IIFLW through fresh issue of equity shares and additionally ₹ 1,591 million for acquisition of shares from IIFLW employees. Pursuant to this, GA holds a stake of 21.61% in the equity of IIFLW, on fully diluted basis (assuming full conversion of outstanding ESOPs of the Company). GA's investment will help support IIFLW's continued growth and platform expansion as the premier wealth manager in India.

**NBFC acquisition:** During the year, IIFLW acquired 100% equity and management of Chephris Capital Markets Limited, a non-deposit taking non-systematically important NBFC [ND-NonSI]. The acquisition took place in February 2016 after obtaining necessary RBI approval. The subsidiary's name was subsequently changed to IIFL Wealth Finance Limited (IIFLW Finance). IIFLW Finance will provide loan against securities to IIFL Wealth clients. IIFLW has invested ₹ 9,000 million out of investments received from GA towards equity of IIFLW Finance. IIFLW Finance has commenced its lending business and the total loan assets as on March 31, 2016 stood at ₹ 1,000 million.

**AMC:** Under IIFL Mutual Fund Platform, the assets under management have increased from ₹ 3,524 million to ₹ 4,923 million. During the year, the IIFL Dividend Opportunities Index Fund and IIFL Nifty ETF were merged with IIFL India Growth Fund.

The following schemes were launched during the year under IIFL's Alternative Investment Fund(s) platform (IIFL AIF):

- **IIFL Best of Class Fund I (Category III)** - focused on investment in equity and equity-related securities of listed Indian companies.
- **IIFL Cash Opportunities Fund (Category III)** - emphasised on primarily investing in debt and quasi debt securities.
- **IIFL Investment Opportunities Fund Series 1 (Category III)** - focused on investing in multiple asset classes including equity and equity-linked instruments, private equity, fixed income instruments, debt and debt-related instruments of companies.
- **IIFL Asset Revival Fund Series 2 (Category III)** - focused on investments in securities with depressed valuations; having a high probability of benefiting from improving macro-economic scenario in the medium to long term.
- **IIFL Seed Ventures Fund 1 (Category II)** - emphasised on primarily investing in private equity, alternative investment funds and venture capital funds registered with SEBI and securities of unlisted entities.

- **IIFL Real Estate Fund Domestic Series III (Category II)**
  - focused on investing in equity, debt and equity-linked instruments involved in projects or ventures that have significant growth potential in India's real estate sector.

The total assets managed by IIFL AMC under Mutual Fund, AIF and Portfolio Management Services have increased to ₹ 56,200 million as on March 31, 2016 from ₹ 28,950 million as on March 31, 2015.

**Distribution business:** With regulatory changes signalling a move from a commission-based model to a more transparent and regulated advisory fee model, the coming year promises to be one of transition. Imposition of service tax, capping of commissions and focus on no load schemes will continue to put pressure on commissions. However, it will also open the possibility to build a robust annuity-based business model with focus on a fee plus performance structure, which offers greater transparency to clients. IIFLW, with its financial product distribution and asset management services, added by the acquisition of NBFC and broking licenses of BSE and NSE, is positioned as one of the most extensive product platforms in the country. The Company would continue to invest heavily in technology to increase employee efficiency, delivery of products and best-in-class services to high net worth clients.

#### Agency

During the year, the capital market activities declined due to adverse market conditions, as overall exchange volumes declined. The Company's digital business has however gained traction. IIFL Markets, mobile trading platform, is the best rated and highest downloaded app in its category. Since February 2015, the app has seen over 500,000 downloads and over 13,500 users on Google Play Store have accorded it a rating of 4.4 out of 5, best among the peer group.

IIFL is one of the largest distributors of financial products such as Life Insurance, Mutual Funds, NCDs, Tax-free bonds, IPOs etc. through wide distribution network and business associates. ICICI Prudential, Reliance, Bharti AXA, Future Generali, Aegon Religare, HDFC Standard Life Insurance are some of the key partners in insurance. The increasing use of internet and mobile communication has given consumers access to extensive information and ability to buy/sell in a fast and convenient manner. During the year, the Company forayed into online solutions and mobile applications in the area of mutual fund and insurance. With our mobile apps, retail investors can compare products, gain access to in-depth information across manufacturers at a click of a button thereby, aiding informed decision-making.

IIFL's investment banking division registered strong momentum and expanded the product range outside conventional equity and capital market segments. FY2015-16 was a defining year at IIFL with 10 completed transactions, the largest number of investment banking transactions executed by IIFL in its history in a single fiscal year. This included IPOs, QIPs, NCD placements and pre-IPO placements, among others, which have enabled mobilisation/placement of ₹ 32,756 million.

## ₹33 billion

mobilised/placed by Investment Banking in FY2015-16

IIFL's investment banking division registered strong momentum and expanded the product range outside conventional equity and capital market segments.

## FINANCIAL REVIEW

As a significant part of the Company's business is conducted through its subsidiaries, the consolidated accounts provide a more accurate representation of the Company's performance compared with the standalone. Therefore, the 'Management Discussion and Analysis' pertains to consolidated results.

### NBFC Operations

For the year, the income from NBFC operations stood at ₹ 11,563 million, up 13% year-on-year (y-o-y), while Profit after Tax was at ₹ 3,387 million, up 12% y-o-y. NBFC's ROE for FY2015-16 stood at 16.9% and ROA was 1.8%.

Consistent financial performance is being achieved through a well-diversified product suite comprising traditional businesses such as home loan, loan against property, commercial vehicle finance, gold loan and medical equipment finance as well as new age businesses such as digital finance.

Loan book, predominantly retail, showed a steady increase of 21% y-o-y to ₹ 177,695 million with total Assets under Management (AUM) at ₹ 195,144 million, up 21% y-o-y for the year ended March 31, 2016. This growth was driven by retail home loans, commercial vehicle (CV), medical equipment finance and SME business loans. In recent years, the share of retail mortgages in the overall loan book has been rising steadily. Retail mortgage loans, at ₹ 72,414 million, constitute 41% of the loan book and grew 89% y-o-y. Commercial vehicle loan book increased 93% y-o-y to ₹ 16,936 million. The Company's large mortgage loans or construction finance strategy dovetails its retail home loan strategy where it funds reputed developers against their residential projects, which are suitable for the Company's home loan customer segments.

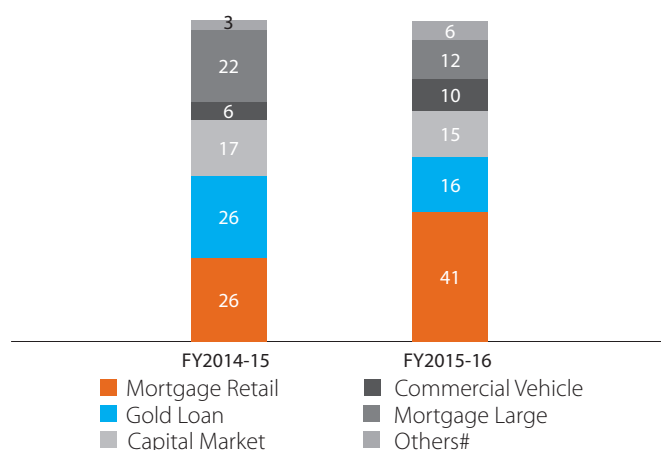
## Management Discussion & Analysis (contd.)

However, there was a decline in loan book of large mortgages; gold and capital market related loans grew in single digits. This is part of a conscious strategy to de-risk the Company's loan book and make it more retail focused.

NIMs have declined to 6.2% in FY2015-16 due to higher share of lower-yielding loans. Going forward, NIMs are expected to stabilise at these levels due to higher yields on gold, CV, and SME loans. Borrowing costs are expected to drop as banks gradually pass on the benefits of rate cuts by RBI.

The Company will continue to expand its retail customer base supported by strong presence in over 1,000 branches across length and breadth of the country. Furthermore, it is driving digitization initiatives for improved operational and sales efficacy.

### Loan book\*



\* Excluding securitized assets

# Others include Medical equipment finance, SME business loans

Operating cost ratios are expected to decline, as the Company achieves better economies of scale in most of its products. The Company has put in place the requisite infrastructure including branches, sales, credit and risk teams and support functions. The Company should be able to grow its loan book significantly from current level, on the back of this infrastructure. The Company's focus on digitization and analytics should further help improve its operating efficiencies.

India Infoline Finance Ltd's capital adequacy ratio stood at 17.71% as at March 31, 2016, while the Tier I capital ratio was 11.66%. Similarly, the capital adequacy ratio of India Infoline Housing Finance stood at 16.75% as on March 31, 2016 against the mandated 12%, giving adequate room to expand the loan book. In FY2015-16, Gross Non-Performing Assets (GNPA) marginally increased to 1.44% from 1.27% in FY2014-15. Net NPAs remained flat at 0.54%. Total provision coverage (including standard asset provision) stands at 89.7% of gross NPAs.

The Company's NPAs remain at a low level and provision coverage is comfortable. It has created additional provisions, well in excess of RBI norms as well as its own internal norms.

NPAs are expected to remain stable in the coming year due to a de-risked portfolio strategy, well developed credit appraisal and monitoring processes, and enhanced collection efforts. The Company would be moving from 150+DPD to 120+DPD NPA recognition norm in the current year. This would create a temporary rise in NPA ratio in the first quarter, which the Company expects to bring down in subsequent quarters through tightening of collection periods.

### Wealth management operations

The wealth subsidiary, IIFL Wealth Management Ltd registered another year of strong financial performance. During FY16, the Company's income was at ₹ 5,909 million, up 29% y-o-y while PAT was at ₹ 1,694 million, up 52% y-o-y.

The Company offers advisory, wealth structuring solutions, asset management and distribution services to high net-worth households (HNWH). Under the wealth management business, total assets under management, distribution, and advice stood at ₹ 794 billion as at March 31, 2016, up 12% y-o-y.

During the year, the Company commenced lending operations to HNWH clientele, through the dedicated NBFC subsidiary, IIFL Wealth Finance Ltd; and had assets of ₹ 9 billion as at March 31, 2016. In the coming year, the Company expects to build a strong loan against securities book from its HNWH clientele.

With the acquisition of NBFC and broking licenses of BSE and NSE, the Company positioned itself to participate in the larger share of wallet besides family office, estate planning, and offshore advisory solutions enabling a stronger penetration into this segment.

### Capital Market Activities

On the capital market business, the Company's revenues and profits declined on y-o-y basis as market volumes declined and commission rates were under pressure. Income from capital market activities includes brokerage and related income from cash and derivatives segment at BSE and NSE as well as currency segment, commodities trading and investment banking services. During the year, capital market activities income was at ₹ 4,397 million, down 2% y-o-y.

The average daily equity market turnover was at ₹ 68,308 million in FY2015-16, down by 4% y-o-y as against 10% y-o-y fall in the exchange turnover. The exchange traded volumes in commodity segment increased 8% y-o-y, while the business' volumes were up 5% y-o-y. Within currency segment, the average daily currency turnover for the business was down 24%, while exchange (NSE) volumes were up 47% y-o-y.

During the year, the Company's investment banking team focused on diversifying its business mix beyond traditional Equity Capital Markets (ECM) based products. This trend is expected to continue in coming years. The team has successfully completed 10 transactions during FY2015-16 and endeavours to grab a larger market share in FY2016-17. Besides the experience and track record of its team members, the investment banking division leverages upon the Group's strong research capabilities, strength in institutional placements, wide reach and presence in every investor segment.

## COSTS

The following section provides details of the expenditure incurred by the Company under various heads during the year.

### Employee Expense

Employee costs went from ₹ 6,049 million in FY2014-15 to ₹ 7,045 million in FY2015-16, up 16% y-o-y because of salary increments and bonus. The largest salary increases were in housing finance and wealth operations, primarily due to increase in headcount to support higher business volumes last year and in anticipation of future ramp up. Salary costs were contained in the capital markets business. Overall headcount for all companies in IIFL Group fell 8% from 12,903 in FY2014-15 to 11,890 in FY2015-16.

### Finance Cost

Finance cost increased to ₹ 16,800 million in FY2015-16 from ₹ 14,338 million in FY2014-15, an increase of 17%. This increase was primarily driven by incremental borrowings to fund the loan book growth, which was up 21%, y-o-y. The average cost of funds for the NBFC business has reduced further by 86 bps in FY2015-16 to settle at 10.2%.

### Depreciation Expense

Depreciation expense in FY2015-16 was ₹ 661 million, compared to ₹ 592 million in FY2014-15. The Company depreciates assets on straight-line basis, writing off computer and technology assets completely in three years, and other assets like furniture, electrical and office equipment, among other in five years.

### Provisions and Write-offs

The Company makes provisions and write-offs as per management estimates, subject to minimum provision requirement in accordance with the directions and asset classification norms issued by the RBI and National Housing Bank. The provisions and write-off at ₹ 1,151 million increased marginally by 10% in this fiscal year.

Gross NPA and Net NPA ratios were at 1.44% and 0.54%, respectively, for the financial year ended March 31, 2016. Against gross NPA of ₹ 2,554 million, specific provisions stand at ₹ 1,591 million. Besides, provision of ₹ 701 million has been made for standard assets in keeping with statutory requirements. Total provision coverage (including standard asset provision) stands at 89.7% of Gross NPAs.

## SOURCES OF FUNDS

### Share Capital

The Company's share capital has increased from ₹ 620 million to ₹ 633 million. This was because of allotment of 6,302,905 equity shares of ₹ 2 each to employees upon exercise of ESOPs under the Company's employee stock options schemes.

|                                                               | FY2015-16           |           | FY2014-15           |           |
|---------------------------------------------------------------|---------------------|-----------|---------------------|-----------|
|                                                               | Equity shares (No.) | ₹ million | Equity shares (No.) | ₹ million |
| Share Capital - beginning of the year (paid up ₹ 2 per share) | 310,233,948         | 620.47    | 296,199,003         | 592.40    |
| ESOPs exercised                                               | 6,302,905           | 12.60     | 14,034,945          | 28.07     |
| Share capital at the end of the year                          | 316,536,853         | 633.07    | 310,233,948         | 620.47    |

### Reserves and Surplus

The Company's net worth (excluding minority interest) was up from ₹ 25,577 million in FY2014-15 to ₹ 29,200 million in FY2015-16, primarily owing to retained earnings. Book value per share as on March 31, 2016 increased from ₹ 82.44 per share in previous fiscal year to ₹ 92.25 per share (excluding minority interest).

## Management Discussion & Analysis (contd.)

Summary of reserves and surplus is provided in the table below:

| ₹ mn                                 | Balance as at<br>March 31, 2015 | Additions | Deductions/<br>Adjustments | Balance as at<br>March 31, 2016 |
|--------------------------------------|---------------------------------|-----------|----------------------------|---------------------------------|
| Securities Premium Account           | 12,187.47                       | 366.67    | (16.23)                    | 12,537.91                       |
| General Reserve                      | 1,580.43                        | -         | -                          | 1,580.43                        |
| Special Reserve                      | 2,145.70                        | 704.00    | -                          | 2,849.70                        |
| Foreign Exchange Fluctuation Reserve | 345.83                          | -         | (2.53)                     | 343.30                          |
| Capital Reserve                      | 433.70                          | -         | -                          | 433.70                          |
| Capital Redemption Reserve           | 51.11                           | -         | -                          | 51.11                           |
| Debenture Redemption Reserve         | 2,737.82                        | 1,429.41  | -                          | 4,167.23                        |
| Profit and Loss account              | 5,474.37                        | 5,604.02  | (4,475.28)                 | 6,603.11                        |

### Resource Mobilisation

Secured loans outstanding as on March 31, 2016 were ₹ 117,430 million, compared to ₹ 104,683 million as at the end of the previous year. These loans are primarily secured against the Company's receivables. The Company has diversified its sources of funds and augmented long-term sources of funds, further strengthening its asset liability duration matching profile.

The dependence on short-term borrowing resources reduced further during the year. Out of the total, 19% of the funding was through commercial paper, 46% through cash credit and term loan, and 35% was through NCDs. The Company's unsecured loans as on March 31, 2016 stood at ₹ 42,046 million, vis-à-vis ₹ 41,710 million as at the end of the previous year.

### Asset Liability Management

The NBFC and HFC subsidiaries have in place Board level a supervisory Asset Liability Management Committee comprising Directors. There is an ALCO operating committee comprising the Company's senior officials i.e., CEO, CFO, heads of departments and the Executive Directors. The ALCO operating committee meets once a month and the Board level ALCO meets once a quarter to review the position.

### APPLICATION OF FUNDS

#### Fixed Assets

The Company has invested in state-of-the-art technology to support, inter alia, its branch operations, back-office, customer service, and call centre operations. The Company has its own offices at major business locations such as Mumbai (Lower Parel and Andheri), Thane, Delhi, and Chennai.

A statement of movement in fixed assets is given below:

₹ million

|                                                 | FY2015-16 | FY2014-15 | Growth (%) |
|-------------------------------------------------|-----------|-----------|------------|
| Computers                                       | 688.68    | 714.43    | -3.6%      |
| Electrical Equipment                            | 689.73    | 813.66    | -15.2%     |
| Furniture & Fixtures                            | 1,800.33  | 2,104.05  | -14.4%     |
| Office Equipment<br>(Air- conditioners etc)     | 713.34    | 855.84    | -16.7%     |
| Buildings (including land)                      | 2,807.96  | 2,196.80  | 27.8%      |
| Land/Leasehold Land                             | 1,826.85  | 1,827.76  | 0.0%       |
| Vehicles                                        | 52.18     | 40.69     | 28.2%      |
| Software                                        | 176.80    | 150.14    | 17.8%      |
| Gross Block                                     | 8,755.87  | 8,703.37  | 0.6%       |
| Less: Accumulated Depreciation                  | 4,007.33  | 4,090.47  | -2.0%      |
| Net Block                                       | 4,748.54  | 4,612.89  | 2.9%       |
| Add: Capital in progress                        | 56.04     | 103.56    | -45.9%     |
| Net Fixed Assets                                | 4,804.58  | 4,716.45  | 1.9%       |
| Depreciation                                    | 660.82    | 591.62    | 11.7%      |
| As % of Revenue                                 | 1.65%     | 1.66%     |            |
| As % of Average Gross Block                     | 7.55%     | 6.80%     |            |
| Accumulated Depreciation as %<br>of Gross Block | 45.77%    | 47.00%    |            |

### Investments

Treasury investments are generally made for liquidity management purposes. The Company primarily invests in G-secs, bank deposits, and liquid schemes of mutual funds to meet these requirements. The Company's investment portfolio stood at ₹ 18,670 million in FY2015-16, compared with ₹ 12,834 million in FY2014-15. Of the total, ₹ 12,894 million was deployed in various funds, ₹ 5,040 million in debentures and bonds, certificate of deposits of ₹ 449 million, ₹ 165 million in equity of various companies and other investments of ₹ 105 million. The portfolio also contains 130,000 shares valued at ₹ 17 million in The Bombay Stock Exchange Ltd.

### Cash & Cash equivalent

A detailed breakdown of cash and cash equivalents is given below:

₹ million

|                                                         | As on<br>March 31, 2016 | As on<br>March 31, 2015 |
|---------------------------------------------------------|-------------------------|-------------------------|
| Cash balance                                            | 127.60                  | 479.88                  |
| <b>Bank balances in India</b>                           |                         |                         |
| Current accounts                                        | 9,107.66                | 11,535.76               |
| Deposit accounts                                        | 6,296.89                | 6,003.08                |
| Unclaimed dividend account                              | 4.25                    | 7.75                    |
| <b>Bank balances held by subsidiaries outside India</b> |                         |                         |
| Current accounts                                        | 744.80                  | 254.20                  |
| Deposit accounts                                        | 7.09                    | 6.70                    |
| <b>Total cash and bank balances</b>                     | <b>16,288.29</b>        | <b>18,287.38</b>        |
| Cash and cash equivalents/<br>Total assets              | 7.12%                   | 9.42%                   |
| Cash and cash equivalents/<br>revenues                  | 40.76%                  | 51.32%                  |

### Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities have been computed as per the provisions of the Income Tax Act, 1961. Deferred tax assets (Net) were ₹ 1,307 million as at FY2015-16, compared with ₹ 1,228 million as at FY2014-15.

### HUMAN RESOURCES

IIFL's human resource department has been constantly striving to support the businesses, implement digital solutions, and build a strong culture of transparency and service orientation within the organisation. The Group continued to live up to the expectations of building people-friendly policies and practices in FY2015-16 and closely align them to its business requirements.

#### Strong Management Team

This year, IIFL was increasingly looked at as a preferred employer by senior professionals from the banking and financial services industry. The Group attracted several top-notch professionals in the Wealth, NBFC and HFC businesses, who were driven by the agenda of growth and transformation. The entrepreneurial culture that IIFL prides in is a 'magnet for talent' that is looking for opportunities to make an impact in an environment that encourages innovation and risk taking. The management team has been strengthened by the Group's niche hiring in its sales, technology, risk, operations and HR functions.

#### Technology Enablement

The Group has made substantial attempts in designing a technologically sound human resource system, known as Adrenalin. It can be easily accessed by all employees, at all times as an app. This web-based system for Employee Life Cycle Management has substantially reduced the time spent on administrative activities.

#### Training and Development

The Group provides learning opportunities in diverse subjects, such as financial planning, mutual funds, as well as fundamental and

The entrepreneurial culture that IIFL prides in is a '**magnet for talent**' that is looking for opportunities to make an impact in an environment that encourages innovation and risk taking

technical analysis, through classroom coaching and e-learning. The Group also provides product-specific trainings for all its businesses.

During the year, IIFL initiated free-of-cost, short-duration Customer Education Programmes for its customers across the country. The programmes primarily focused on capital market, derivatives, financial planning, and commodities. IIFL also launched Paid Education Programme to deliver these trainings to willing participants.

#### Encouraging Performance

IIFL, as an organisation, holds performance and potential to determine employee growth and promotions. Individual Performance Measures (IPMs) for employees is IIFL's very own way of setting expectations across clearly demarcated parameters. A formal bi-annual process supplements the Group's efforts to evaluate the performance of employees in an objective and transparent manner and provide feedback in a constructive manner.

#### Encouraging gender diversity

IIFL is an equal opportunity employer. To cultivate a healthy and balanced workforce, focus is given particularly on having at least one female employee in branches. Quarterly women-oriented workshops/programmes are conducted for mentoring and development of the female staff. During the year, IIFL launched the WIW (Women Influence Women) Series to showcase the 'Star Women' performers who were nominated on various criteria.

#### Focus on enhancing employee engagement

IIFL promotes creativity and innovation among its employees, and this can only happen when employees are engaged at work. Various initiatives were introduced during the year to actively engage and connect with employees, spread across locations and businesses. Initiatives are also underway to measure employee engagement at a team level through a regular 'Pulse Survey', and facilitating the teams to work on specific interventions to enhance team scores.

## Management Discussion & Analysis (contd.)

IIFL believes that Enterprise Risk Management provides a sound foundation to ensure that the risk-taking activities across the Group are in line with the business strategy, the risk appetite approved by the Board and regulatory requirements.

### RISK MANAGEMENT

Risk management is a key element of IIFL's business strategy and is integrated seamlessly across all of its business operations. The objective of IIFL's risk management process is to optimise the risk-return equation and ensure meticulous compliance to all extant laws, rules, and regulations applicable for all of its business activities.

IIFL seeks to foster a strong and disciplined risk management culture across all of its business entities and at all levels of employees. IIFL takes a holistic view of risk management and undertakes an enterprise-wide risk management approach under the Enterprise Risk Management (ERM) Framework. IIFL believes that ERM provides a sound foundation to ensure that the risk-taking activities across the Group are in line with the business strategy, the risk appetite approved by the Board and regulatory requirements.

IIFL adopts the 'three lines-of-defence' (3 LOD) model wherein management control at the business entity level is the first line of defence in risk management. Various risk control and compliance oversight functions, established by the management are the second line of defence. Finally, the third line comprises the internal audit/assurance function. All three lines play a distinct role within IIFL's wider governance framework.

IIFL's experienced compliance and audit and risk management teams play a vital role in ensuring that rules and regulations are strictly followed in all processes, not just in letter but also in spirit. The risk management discipline is centrally initiated but implemented at the business entity level. This ensures that each of the operating subsidiaries is fully responsible for the initiation, management, measurement, and mitigation of all risk-taking activities within the business unit, and for meticulous compliance to all regulatory guidelines pertaining to the specific business.

Risk management also forms a critical part of the Group's training modules across all levels, so that employees across the hierarchy are

trained on risk management and implications thereof. The Company's well-defined organisational structure, documented policies and standard operating procedures (SOPs), authority matrix and internal controls ensure efficiency of operations, besides compliance with internal policies and regulatory requirements.

IIFL has adopted digital initiatives in all its key businesses, starting with broking and distribution followed by loans and credit as well as customer service, internal operations and HR. Digitization ensures less human intervention and superior customer service. Moreover, technology vastly eliminates the scope for any fraud, omission, and commission of errors.

### Credit, Liquidity and Finance Risk

In the financing business, IIFL has a multi-level Credit and Investment Committee consisting of Directors of the Board / Head of the Departments to consider medium to large credit proposals. However, smaller proposals are decided at appropriate level as per the approval matrix. The Group has in place Risk Management Committee and Asset Liability Management Committee (ALCO), consisting of Directors and senior officials. They regularly meet and review the policies, systems, controls, and positions of the financing business. The Risk Management Committee reviews the risk management processes, covering credit and underwriting controls, operations, technology and compliance risks.

Enterprise risk management framework, put in place at the Group level, provides oversight on the risk-taking activities and guidance. The ALCO committee reviews the strategic management of interest rate and liquidity risk, review of product pricing for various loans and advances, desired maturity profile and mix of the incremental assets and liabilities. It also reviews the Company's funding policies in the light of interest rate movements and desired fund mixes, particularly fixed / floating rate funds, wholesale / retail funds and money market funding, among others.

To ensure frequent reviews and actions, an internal ALCO Operating Committee has also been put in place. The Committee consists of business, finance, and treasury heads, which meets on a monthly basis, analyses and initiates appropriate actions keeping in view the emerging conditions. The supervisory ALCO of the Board ensures that the business and risk management strategy operates within the limits/parameters set by the Board and reviews the functioning of the internal ALCO. It also reviews the Company's funding strategy and implementation of ALCO's decisions.

### Market Risk

The financial sector is affected by a variety of factors linked to domestic economic progress and global developments. Any significant economic event happening across the globe can have a direct or indirect impact on the Company. To mitigate this, the Company has diversified its revenue streams across multiple product lines and businesses, involving fund and non-fund based advisory and distribution businesses. Under

the fund-based business, the Company has a diversified portfolio of mortgage/home loan, gold loan, loan against securities, medical equipment finance, commercial vehicle finance, and SME business loan. Similarly, in non-fund based business, it has a diversified offering of equity, currency, commodity broking, wealth management and depository services, asset management, alternate investment funds, domestic and offshore services, distribution of financial products, investment banking, and institutional equities.

### Technology Risk

IIFL understands the importance of technology in the business segments it operates and lays utmost emphasis on the system development and use of best technology available in the industry. Numerous initiatives have been launched for continued focus on effectiveness and digitization of the businesses and organisational processes. New apps on mobiles and tablets have been deployed to offer seamless process, improve customer convenience and employee productivity.

The management periodically reviews information security threats and has taken substantial steps to ensure the organisation is safeguarded against hacking attacks, data leakage and security breaches. The IT and certain business processes have successfully completed upgradation of ISO 27001 to latest 2013 framework demonstrating implementation of effective information security process and reinforcing our commitment to provide robust and secure technology for all our clients. During the year, the Company has implemented technology to block illegitimate network traffic and automated blocking of malicious attack from the internet.

The Group has invested resources in implementing controls and it continuously monitors any violations, preventing misuse and data leakage.

### Compliance Risk

The Group operates primarily in the financial services space. Each of its businesses is carried on under separate units/entity and is regulated by the respective regulator. The compliance function forms a critical part of the Group's operations.

IIFL is registered and regulated by SEBI for merchant banking, stock broking, depository participant, commodity broking, portfolio management, advisory, asset management, mutual fund, and alternate investment fund businesses. India Infoline Finance Ltd. is an NBFC registered with RBI, and the housing finance subsidiary namely India Infoline Housing Finance Ltd. is registered with National Housing Bank. The insurance broking subsidiary is registered with IRDA. Besides, the foreign subsidiaries are registered with respective overseas regulatory authorities. The Company has a full-fledged compliance department manned by knowledgeable and well-experienced professionals in compliance, corporate, legal and audit functions. The department guides the businesses/support functions on all regulatory compliances and monitors implementation of extant

regulations/circulars, ensuring all the regulatory compliances, governance and reporting of the Group.

The compliance and audit discipline extends across the entire transaction cycle: KYC process, term sheets/agreements, vetting transaction execution, transaction settlement involving securities, loan documentations pre-and post-disbursement, fund transfer, customer reporting and confirmation and regulatory information/returns/reports to various regulatory authorities, among others. Operating in financial services space, the Company has put in place adequate systems and controls to ensure compliance with anti-money laundering standards. Besides, the Group entities are also registered with US-IRS under Foreign Account Tax Compliant Act (FATCA), wherever applicable, in compliance with regulatory requirements. The Company has instituted special purpose audits for credit audit, verification audit, broking/DP systems audit, portfolio management audit and asset management function, among others. Moreover, compliance with corporate acts, including Companies Act, SEBI Act, FEMA, Securities Contracts (Regulation) Act and Rules, RBI-NBFC regulations, NHB-HFC regulations, Insurance Act, and so on was verified by independent secretarial auditors on the holding company and major subsidiaries, during the year. Their reports and recommendations were considered by the Board and necessary implementations have been initiated.

The compliance requirements across various service points have been communicated comprehensively to all, through compliance manuals and circulars. To ensure complete involvement in the compliance process, heads of all businesses/zones/area offices and departments across businesses/entities submit quarterly compliance reports. The compilations of these reports are reviewed by the Audit Committee/Board and are also submitted to regulatory authorities, periodically. Besides, the internal auditors verify the compliances as part of their audit process.

### Human Resource Risk

The Group has taken several actions to ensure that the talent pipeline for the Company is strong especially when it comes to key management positions. We have been able to attract top notch talent from MNC and Indian corporates wherever required to supplement our existing management capability. We have also been able to retain our top performing home grown talent by offering them larger opportunities when a vacancy has arisen internally.

The Group also has a strong focus on ensuring that employees are adequately trained in their job functions and on all compliance related trainings. The HR function also ensures all statutory compliances with labour laws and other relevant statutes and ensures that strong background screening standards are in place to minimise any risk of fraud from incoming employees.

A strong emphasis on internal controls on various HR processes and technology enablement also ensures that operational risk in the HR function is managed well.

## Management Discussion & Analysis (contd.)

### Reputation Risk

Over the years, the Company has fostered a culture that enables operating managers to say 'No' to poor quality business and eschewing from adopting short cuts and stopgap alternatives. In addition, it has in place stringent employee code of conduct and trading guidelines, which are to be followed by every employee. The Company's policy and processes ensure close monitoring and strict disciplinary actions against those deviating from the same.

With customer-centricity at the heart of all its activities, the Company has institutionalised a number of measures to secure customer interests. Placement and execution of orders by clients instantaneously, trader terminals, tablets, and mobile applications providing real-time data, ledger balances of the stocks and funds position keep the customers informed about their positions online. The Company transfers client funds/securities to the customers in designated banks/demat accounts. All receipts and payments from/to customers are done through account payee cheques/DDs with client IDs, and no cash acceptance is permitted. The financing business system provides for day-to-day updates on customer security vaults, loan balances, and interest dues. During the year, the Company has launched a mobile application for lending customers, whereby customers can check their loan status and latest dues instantly. The Company has established a strong system of custody/safekeeping of securities documents at a centralised vault system and gold jewellery at the respective branches in safe vaults and controls through a 24X7 e-surveillance, access control and alarms, among others. The Company makes constant and concerted efforts to educate customers on the dos and don'ts with respect to their dealings.

### RISK GOVERNANCE FRAMEWORK

IIFL has put in place a robust risk governance structure at the Group level and in each of the key operating entities with the active involvement of the Board, management team, and risk management committee. It provides guidance and direction to the management.

Key roles and responsibilities are enumerated below:

#### The Board of Directors

- The Board of Directors set the overall risk strategy and appetite for the Group
- The Risk Management Committee (RMC) of the Board regularly reviews the risk assessment of the Group to ensure that risk-taking is within the limits defined by the Board

#### Management Team

- Enterprise Risk Management Committee (ERMC) is the Group's apex-level management committee that supervises all risk-taking activities to ensure adherence to the overall risk strategy and appetite set by the Board
- The Group CRO provides the leadership and oversight of effective risk management practices undertaken at the operating entity level, driving standardisation across the Group

- ERMC meets periodically and reviews the risk challenges and mitigation actions

### INTERNAL CONTROLS

The Company's internal audit is conducted as per the Annual Audit Plan approved by the Audit Committee. The scope of internal audit covers all aspects of business including regular front-end and back-end operations and internal compliances. It lays emphasis to check on process controls, measures undertaken by the Company to monitor risk and to check on leakages or frauds. The Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of business, regulatory prescriptions and the size of its operations. Moreover, the Company successfully completed ISO 27001:2013 transition certificate, during the year.

The internal control system is supplemented by concurrent and internal audits, as well as special audits and regular reviews by the management. For Group-wide internal audits, the Company has distributed the audit of major businesses to separate top audit firms to have wider and heterogeneous verification approach and inputs, and derive larger value from the audit process. In this regard, the Company has in place Mahajan & Aibara for the capital markets businesses, KPMG for NBFC and HFC businesses, M.P. Chitale & Company for asset management business.

The Company also retains specialised audit firms to carry out specific / concurrent audit of some critical functions, such as half-yearly internal audit of broking business mandated by SEBI/ Exchanges, DP processes, Know Your Customer (KYC) verifications, demat transfers, pay-outs verifications, systems audit, branches and sub brokers audits, PMS, mutual fund and alternative investment funds operations audit, credit audit, loan documentation audits, pre / post disbursement audit, end use verification audits and verification of related party transactions, among others. The Company also has an internal team of audit professionals at its head office in Mumbai, supported by regional teams at zonal offices. The Group has in place separate internal audit teams dedicated for major business verticals i.e., NBFC, HFC, distribution and asset management business. The internal team undertakes special situation audits and follows up on implementation of internal auditors' recommendations and action taken reports. In addition, the Company complies with several specific audits mandated by regulatory authorities such as SEBI / Exchanges / Depositories, and the reports are periodically submitted to the regulators.

The Board/Audit Committee reviews the overall risk management framework and the adequacy of internal controls instituted by the management team. The Audit Committee reviews major instances of fraud on a quarterly basis and actions are taken on the same. It also focuses on the implementation of the necessary systems and controls to strengthen the system and prevent such recurrence. The internal processes have been designed to ensure adequate checks and balances, regulatory compliances at every stage. Internal audit

team carries out a risk-based audit of these processes to provide assurance on the adequacy and effectiveness of internal controls for prevention, detection, reporting and remediation of frauds.

### Internal Financial Controls

The Company has in place adequate internal controls with reference to financial statements and operations, and the same are operating effectively. The internal auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Besides, statutory auditors verified the systems and processes and confirmed that the Internal Financial Controls System over financial reporting is adequate; and such controls are operating effectively.

### OUTLOOK

A sound financial system is essential for a country's overall economic growth. India, the world's fourth largest economy, is projected to grow at 7.5% in FY2016-17 (Source: World Bank). Yet, the per capita income in real terms during FY2015-16 stood at ₹ 72,889 or ₹ 6,074 per month (Source: mospi.nic.in). Policy reforms promoting inclusive growth and an easily accessible financial system will form the basis for a sustainable growth path. During the year, the government introduced and implemented several policies in this regard. The Jan Dhan Yojana - Aadhaar number - Mobile connectivity (JAM) Trinity will bring in more people under the umbrella of the formal financial sector. A normal monsoon this year would rejuvenate the rural economy and create more jobs, increasing disposable income. Furthermore, an improved rural economy will spur demand for financial services.

Companies with a diversified business model and a consistent strategy are most likely to gain from improving prospects of the Indian economy and financial services sector. There is a need for players to adopt a holistic approach towards digitalization and in aligning it with their business strategy.

A broad customer base, wide pan-India reach, diversified product range, experienced team of professionals, and well-developed systems and processes position IIFL suitably well to capture the emerging opportunities in the financial services space. IIFL is focused on fortifying its relationship with clients through seamless service and differentiated offerings. For this, the Group will leverage on digitization and a cost-effective model to enhance its operational processes. The Group will proactively attract and retain talented, motivated, and proven professionals and work on strategic alliances. Furthermore, it will augment services complementing the organisation's core competences and grow in the financial services space.

### For IIFL Holdings Limited

**Nirmal Jain**  
Chairman  
DIN: 00010535

Date: May 05, 2016  
Place: Mumbai

# Corporate Governance Report

This Corporate Governance Report relating to the year ended on March 31, 2016 has been issued in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forms a part of the Report of the Directors to the Members of the Company.

## 1. OUR COMPANY'S PHILOSOPHY ON THE CORPORATE GOVERNANCE

IIFL Holdings Limited ('the Company') follows the highest standards of governance and disclosure. The Company firmly believes that adherence to business ethics and sincere commitment to corporate governance will help the Company achieve its vision of being the most respected company in the financial services space in India. Since inception, the promoters have demonstrated exemplary track record of governance and utmost integrity. The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. With the implementation of stringent employee code of conduct policy and adoption of a Whistle Blower Policy, the Company has moved ahead in its pursuit of excellence in corporate governance.

Our Board has Independent Directors, highly respected for their professional integrity as well as rich financial and banking experience and expertise. We have an advisory board comprising stalwarts with long and immaculate careers in banks, public service and legal profession.

## 2. BOARD OF DIRECTORS

### (a) Composition of the Board of Directors as on March 31, 2016:

The Board of Directors ("Board") of the Company has an optimum combination of executive and non-executive directors (including one women director). The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders.

The Chairman of the Board is an Executive Director and majority of the Board comprises of Non-Executive and Independent Directors. None of the Directors of the Company are related to each other. The composition of the Board is as follows:

| Category            | Name of the Directors                                   |
|---------------------|---------------------------------------------------------|
| Executive Directors | Mr. Nirmal Jain<br>(Chairman & Promoter)                |
|                     | Mr. R Venkataraman<br>(Managing Director & Co-Promoter) |

|                                                           |                         |
|-----------------------------------------------------------|-------------------------|
| Independent Directors                                     | Mr. Kranti Sinha        |
|                                                           | Mr. Nilesh Vikamsey     |
|                                                           | Mr. Arun Kumar Purwar   |
|                                                           | Dr. S Narayan           |
|                                                           | Ms. Geeta Mathur        |
| Non-Executive Directors other than Independent Directors* | Mr. Chandran Ratnaswami |

\* Mr. Sunil Kaul (Non- Executive Director) resigned from the Board of the Company w.e.f. January 20, 2016

### (b) The brief profile of the Directors are as follows:

#### ● **Mr. Nirmal Jain** (Chairman)

Mr. Nirmal Jain is the founder and Chairman of the Company, is a PGDM (Post Graduate Diploma in Management) from IIM (Indian Institute of Management), Ahmedabad, a rank holder Chartered Accountant and a Cost Accountant. He started his career in 1989 with Hindustan Lever Limited. He founded Probit Research and Services Pvt. Ltd. (later renamed India Infoline Limited) in 1995; one of the first independent equity research companies in India. He was instrumental in steering the groups foray into various financial sector activities that have grown over the years into significant businesses in terms of net worth and profitability. Under his leadership, IIFL Group has attained its position as a dominant and diversified player in the financial services space over the past 21 years.

#### ● **Mr. R. Venkataraman** (Managing Director)

Mr. R. Venkataraman, Co-Promoter and Managing Director of the Company, is a B.Tech (Electronics and Electrical Communications Engineering, IIT Kharagpur) and an MBA (IIM, Bangalore). He joined the Company's Board in July 1999. He has been contributing immensely into the establishment of various businesses and spearheading key initiatives of the group over the past 16 years. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US and Barclays – BZW. He worked as the Assistant Vice President with G E Capital Services India Limited in their private equity division. He has a varied experience of more than 25 years in the financial services sector.

#### ● **Mr. Kranti Sinha** (Independent Director)

Mr. Kranti Sinha – Board member since January 2005 – completed his masters from the Agra University and started his career as a Class I Officer with Life Insurance Corporation of India (LIC). He served as the Director and Chief Executive of LIC Housing Finance Limited from August 1998 to December 2002 and concurrently as the Managing Director of LIC Housing Finance Limited (a wholly-owned subsidiary of LIC Housing Finance Limited). He retired from the permanent cadre of the Executive Director of LIC. He also served as the Deputy President of the Governing Council of Insurance Institute of India and as a member of the Governing Council of National Insurance Academy, Pune apart from various other such bodies.

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

Mr. Nilesh Vikamsey is a Senior Partner at M/s Khimji Kunverji & Co., Chartered Accountants, a member firm of HLB International. Mr. Vikamsey is the Vice President of the Institute of Chartered Accountant of India (ICAI). Mr. Vikamsey is Chairman of Federal Bank Limited, also on the Board of a number of companies like SBI Life Insurance Company Limited, Thomas Cook (India) Limited, Navneet Education Limited, SOTC Travel Services Private Limited and Extensible Business Reporting Language (XBRL) India among others. Mr. Vikamsey was Chairman of SEBI's Qualified Audit Report Committee (QARC) & member of its Committee on Disclosures and Accounting Standards (SCODA), LLP Committee of Ministry of Corporate Affairs (MCA), Chairman of Education & CPD Committee of South Asian Federation of Accountants (SAFA), IRDA's Committee on Road Map for Risk Based Solvency Approach in Insurance, Chairman of ICAI's Board of Studies, Research Committee, Financial Reporting Review Board & Expert Advisory Committee & Vice Chairman of ICAI's Committee on Information Technology & Corporate Laws and Corporate Governance Committees etc.

● **Mr. A. K. Purwar** (Independent Director)

Mr. Purwar is currently Chairman of ILFS Renewable Energy, one of the largest renewable energy Company of the country. He also works as an independent director in leading Companies across diverse sectors like Power, Solar Energy, Telecom, Steel, Engineering Consultancy, Pharmaceuticals, Entertainment and Financial Services. He also acts as an Advisor to Mizuho Securities, Japan. Mr. Purwar was the Chairman of State Bank of India the largest Bank in the country from November, 2002 to May, 2006. He held several important and critical positions like Managing Director of State Bank of Patiala, Chief Executive Officer of Tokyo covering almost entire range of commercial banking operations in his long and illustrious career at the Bank. He was also associated in setting up of SBI Life. Mr. Purwar also worked as Chairman of Indian Bank Association during 2005-2006. He has received CEO of the year Award from The Institute of Technology and Management (2004), "Outstanding Achiever of the year" award from Indian Banks' Association (2004) "Finance Man of the Year" Award by the Bombay Management Association in 2006.

● **Mr. Chandran Ratnaswami** (Non-Executive Director)

Mr. Chandran Ratnaswami, Board Member since May 2012, is a Non-Executive Director of the Company. He is the Managing Director of Hamblin Watsa Investment Counsel Limited, a wholly owned investment management company of Fairfax Financial Holdings Limited. He was recently appointed as director and CEO of Fairfax India Holdings Corporation. Mr. Ratnaswami serves on the Boards of ICICI Lombard General Insurance, Thomas Cook (India), Fairbridge Capital in India, Zoomer Media, Fairfax India Holdings Corporation in Canada, First Capital Insurance Limited, Singapore, Thai Reinsurance, Thailand, and Union Assurance

General, Sri Lanka. Mr. Ratnaswami holds a Bachelor's degree in Civil Engineering from IIT Madras, India and an MBA from the University of Toronto, Canada.

● **Dr. S. Narayan** (Independent Director)

Dr. S Narayan – Board Member since August - 2012 is a retired IAS Officer. He was an eminent public administrator for nearly four decades (1965 to 2004). He was in public service in the State and Central Government in development administration. Retired as Economic Advisor to the Prime Minister of India, he has rich experience in implementation of economic policies and monitoring of the special economic agenda of the Cabinet on behalf of the Prime Minister's Office, and is also experienced in formulation of macro-economic policy for the Government tariff and taxation policies, as well as initiatives for modernizing the capital markets. Dr. Narayan holds M.Sc., MBM, M Phil, Ph.D. degree. He is a director on the board of several leading public limited Companies. He is a Senior Research Fellow at the Institute of South Asian Studies, National University of Singapore, at Singapore since 2005.

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

Ms. Geeta Mathur – Board Member since September 2014 is a Chartered Accountant, specializes 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 organizations 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.

c) **Board Meetings and Directorship / Committee membership(s) of Directors:**

Five Board Meetings were held during the year 2015-2016 on the following dates: May 07, 2015, June 09, 2015, July 29, 2015, October 24, 2015 and January 29, 2016.

As mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the Directors on the Board of the Company is Member of more than ten (10) specified Committees and none is a Chairman of more than five (5) specified Committees across all the Indian Public Limited companies in which they are Directors. The Company has received necessary disclosures from all the Directors regarding Committee positions held by them in other Companies. The table below gives the details of the names of the members of the Board, their status, their attendance at the Board Meetings

## Corporate Governance Report (contd.)

and the last AGM, their Directorships, Committee Memberships and Chairmanships in Indian Companies as on March 31, 2016. It excludes Directorships of Private Limited Companies, Foreign Companies and Section 8 Companies:

| Name of the Director (DIN)              | Date of appointment | Category               | Number of board meeting attended during the year | Attendance at last AGM | Directorships in Indian Public Limited companies (Including IIFL Holdings Limited) | Membership of Committees (including of IIFL Holdings Limited) <sup>1</sup> |                       |
|-----------------------------------------|---------------------|------------------------|--------------------------------------------------|------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------|
|                                         |                     |                        |                                                  |                        |                                                                                    | Member                                                                     | Chairman <sup>2</sup> |
| Mr. Nirmal Jain (DIN: 00010535)         | 18/10/1995          | Executive Chairman     | 5                                                | Yes                    | 05                                                                                 | 02                                                                         | Nil                   |
| Mr. R. Venkataraman (DIN: 00011919)     | 05/07/1999          | Managing Director      | 5                                                | Yes                    | 09                                                                                 | 07                                                                         | 01                    |
| Mr. Kranti Sinha (DIN: 00001643)        | 22/01/2005          | Independent Director   | 5                                                | Yes                    | 07                                                                                 | 03                                                                         | 05                    |
| Mr. Nilesh Vikamsey (DIN: 00031213)     | 11/02/2005          | Independent Director   | 4                                                | Yes                    | 07                                                                                 | 03                                                                         | 03                    |
| Mr. A. K. Purwar (DIN: 00026383)        | 10/03/2008          | Independent Director   | 5                                                | Yes                    | 07                                                                                 | 03                                                                         | 03                    |
| *Mr. Sunil Kaul (DIN: 05102910)         | 05/11/2011          | Non-Executive Director | 4                                                | Yes                    | 01                                                                                 | 00                                                                         | 00                    |
| Mr. Chandran Ratnaswami (DIN: 00109215) | 15/05/2012          | Non-Executive Director | 5                                                | Yes                    | 05                                                                                 | 01                                                                         | 00                    |
| Mr. S. Narayan (DIN: 00094081)          | 01/08/2012          | Independent Director   | 3                                                | No                     | 06                                                                                 | 02                                                                         | 03                    |
| Ms. Geeta Mathur (DIN: 02139552)        | 18/09/2014          | Independent Director   | 5                                                | Yes                    | 09                                                                                 | 05                                                                         | 03                    |

\* Mr. Sunil Kaul (Non-Executive Director) resigned from the Board of the Company w.e.f January 20, 2016.

1. The committees considered for the above purpose are those prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz. Audit Committee and Stakeholders Relationship Committee.

2. This is in addition to the number of committees in which the director is designated as a committee member.

### d) Board Level Performance Evaluation:

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Executive Directors, Non Executive Directors including Independent Directors ("IDs") and Board as a Whole.

The criteria for performance evaluation are as under:

#### For Chairman:

The criteria for evaluation of Chairman, inter alia, includes his ability to conduct meetings, ability to elicit inputs from all members, ability to table and openly discuss challenging matters, attendance at meetings, assistance to board in formulating policies and setting standards, accessibility, ability to analyze strategic situations, ability to project positive image of the Company, compliance with regulatory requirements.

#### For Executive Directors:

The criteria for evaluation of Executive Directors, inter alia, includes their ability to elicit inputs from all members, ability to table and openly discuss challenging matters, attendance and participation at meetings, integrating quality and re-engineering, capitalize on opportunities created by economic and technological changes, assistance to board in formulating policies and setting standards and following them, accessibility, ability to analyze strategic situations, ability to project positive image of the Company, compliance with regulatory requirements, handling critical situations concerning the group.

#### For Non-Executive Directors (including Independent Directors):

The criteria for evaluation of Non-Executive Directors, inter alia, includes attendance at the meetings, study of agenda and active participation, contribution to discussions on strategy, participate constructively and actively in committees of the Board, exercise of skills and diligence with due and reasonable care and to bring

independent judgment to the Board, ability to bring in best practices from his / her experience, adherence to the code of conduct.

#### **For Board as a whole:**

The criteria for evaluation of the Board, inter alia, includes composition and diversity, induction programme, team work, performance culture, risk management and financial controls, integrity, credibility, trustworthiness, active and effective participation by members.

#### **e) Separate meetings of the Independent Directors:**

In compliance with the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held on March 31, 2016, inter alia, to discuss the following:

- To review the performance of non-independent directors and the Board as a whole;
- To review the performance of the Chairperson of the company;
- To assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

#### **f) Familiarization programme for Independent Directors:**

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and operations of the Company as well as the Group. Quarterly updates on relevant statutory changes are discussed at the Board meetings. The details of such familiarization programmes of the Company may be accessed on the Company's website at the link <http://www.indiainfoline.com/aboutus/corporate-governance/policies>.

#### **g) Meetings of the Board:**

- Frequency: The Board meets at least once a quarter to review the quarterly results and other items of the Agenda. Whenever necessary, additional meetings are held. In case of business exigencies or matter of urgency, resolutions are passed by circulations, as permitted by law, which are confirmed in the next Board Meeting.

- Board Meeting Location: The location of the Board / Committee Meetings is informed well in advance to all the Directors. Each Director is expected to attend the Board / Committee Meetings.
- Notice and Agenda distributed in advance: The Company's Board / Committees are presented with detailed notes, along with the agenda papers which are being circulated well in advance of the Meeting. The Company has implemented App based e-meeting system accessible through secured iPads provided to the directors and key officials. The agenda, presentation, notes and minutes are made available to the Board and Committee members. The Company Secretary in consultation with the Chairperson of the Board / Committees sets the Agenda for the Board / Committee Meetings. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the Meeting. Where it is not practical to attach any document to the Agenda, the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.
- Other Matters: The senior management team of the Company is advised to schedule its work plans in advance, particularly with regard to matters requiring discussions/ decision with the Board/ committee Members.
- Presentations by Management: The Board / Committee is given presentations, wherever practicable covering finance, sales, marketing, major business segments and operations of the Company, global business environment including business opportunities, business strategy, risk management practices and operating performance of the Company before taking on record the financial results of the Company.
- Access to employees: The Directors are provided free access to officers and employees of the Company. Whenever any need arises, the Board / Committee Members are at liberty to summon the personnel whose presence and expertise would help the Board to have a full understanding of the issues being considered.

#### **h) Information Supplied to the Board / Committees:**

Among others, information supplied to the Board / Committees includes:

- Annual operating plans of the businesses and budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results of the Company.
- Minutes of the Meetings of the Board and all other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the

## Corporate Governance Report (contd.)

appointment or removal, if any, of Chief Financial Officer and Company Secretary.

- Status of important/material litigations etc.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- Any significant development in human resources / industrial relations front, as and when it occurs.
- Sale of material nature of investments, assets which are not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Compliance status of any regulatory, statutory nature or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, and others and steps taken by company to rectify instances of non compliances, if any.

**i) Minutes of the Meetings:** The draft Minutes of the proceedings of the Meetings are circulated amongst the Members of the Board / Committees. Comments and suggestions, if any, received from the Directors are incorporated in the Minutes, in consultation with the Chairman. The Minutes are confirmed by the Members and signed by the Chairman at the next Board / Committee Meetings. All Minutes of the Committee Meetings are placed before the Board Meeting for perusal and noting.

**j) Post meeting follow-up mechanism:** The Company has an effective post meeting follow-up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board / Committee(s) Meetings, which calls for actions to be taken are promptly initiated and wherever required, communicated to the concerned departments / divisions. The action taken report is placed at the immediately succeeding Meeting of the Board / Committee(s) for information and review by the Board/ Committee(s).

### 3. AUDIT COMMITTEE

The Audit Committee of your Company comprises of three Independent Directors (Mr. Nilesh Vikamsey, Mr. Kranti Sinha

& Ms. Geeta Mathur) and one Executive Director (Mr. R. Venkataraman). Mr. Kranti Sinha, an Independent Director, is the Chairman of the Committee. All the members of the Audit Committee are financially literate and possess thorough knowledge of the financial services industry.

The scope of the Audit Committee includes the references made under Regulation 18 read with part C of schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 177 and other applicable provisions of Companies Act, 2013 besides the other terms that may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any related party transactions;
  - (g) Qualifications in the draft audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- 7) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 8) Approval or any subsequent modification of transactions of the company with related parties;
- 9) Scrutiny of inter-corporate loans and investments;
- 10) Valuation of undertakings or assets of the company, wherever it is necessary;
- 11) Evaluation of internal financial controls and risk management systems;
- 12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) Discussion with internal auditors of any significant findings and follow up there on;
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) To review the functioning of the Whistle Blower Mechanism;
- 19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 21) Reviewing the following information:
- 1) Management discussion and analysis of financial condition and results of operations;
  - 2) Statement of significant related party transactions
- (as defined by the Audit Committee), submitted by management;
- 3) Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - 4) Internal audit reports relating to internal control weaknesses; and
  - 5) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- The Audit Committee of the Company met five (5) times during the last financial year on May 06, 2015, June 09, 2015, July 29, 2015, October 24, 2015 and January 29, 2016. The necessary quorum was present at the meetings. The gap between two Audit Committee Meetings was not more than four (4) months.
- The constitution of the Audit Committee and details of attendance of each member of the committee at the aforesaid Meeting(s) of Committee as on March 31, 2016 is given below:
- | Name of the members | Designation | Non-Executive/Independent | No. of committee meetings held | Committee meeting attended |
|---------------------|-------------|---------------------------|--------------------------------|----------------------------|
| Mr. Nilesh Vikamsey | Chairman    | Independent Director      | 05                             | 05                         |
| Mr. Kranti Sinha    | Member      | Independent Director      | 05                             | 05                         |
| Mr. R Venkataraman  | Member      | Executive Director        | 05                             | 05                         |
- Note:** Mr. Kranti Sinha, Independent Director was appointed as Chairman of Audit Committee in place of Mr. Nilesh Vikamsey and Ms. Geeta Mathur, Independent Director, was inducted as a member of the Committee w.e.f May 06, 2016.
- Audit Committee meetings are attended by the Chief Financial Officer of the Company and representatives of Statutory Auditors and Internal Auditors, if required. The Company Secretary acts as the Secretary of the Audit Committee.
- The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on July 29, 2015.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

In compliance with the provision of section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee comprises of three Independent Directors with Mr. Kranti Sinha as the Chairman of the Committee, Mr. Nilesh Vikamsey and Mr. A K Purwar as members of the Committee.

The scope of activities of the Nomination and Remuneration Committee is as set out in Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are broadly as follows:

## Corporate Governance Report (contd.)

1. Succession planning of the Board of Directors and Senior Management Employees;
2. Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
3. Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
4. Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
5. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, it also ensures that the relationship of remuneration to performance is clear, that the performance meets the appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay, reflecting the short-term and long-term objectives of the Company.

The Nomination and Remuneration Committee also administer your Company's Stock Option plans. The stock options granted by the Committee are disclosed in detail in the Directors' Report.

The constitution of the Nomination and Remuneration Committee and details of attendance of each member of the committee at the Meeting of Committee held on May 07, 2015 and January 29, 2016 is given below:

| Name of the members | Designation | Non-Executive/Independent | No. of committee meetings held | Committee meeting attended |
|---------------------|-------------|---------------------------|--------------------------------|----------------------------|
| Mr. Kranti Sinha    | Chairman    | Independent Director      | 2                              | 2                          |
| Mr. Nilesh Vikamsey | Member      | Independent Director      | 2                              | 1                          |
| Mr. A K Purwar      | Member      | Independent Director      | 2                              | 2                          |

During Financial Year 2015-2016, the Committee also approved matters relating to allotment and grant of stock option(s), through circular resolutions.

The Company Secretary of the Company acts as the Secretary of the Committee.

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on July 29, 2015.

The Board of Directors of the Company has approved Nomination & Remuneration Policy of the Company, which sets out the guiding

principles for appointment & remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The detail of Nomination & Remuneration policy and remuneration paid to Directors is as follows:

### (a) Nomination and Remuneration Policy

#### I. Appointment and removal of Directors, Key Managerial Personnel and Senior Management

##### 1. Appointment Criteria and Qualifications

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

- b) Independent Director:

##### (i) Qualifications of Independent Director

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

##### (ii) Positive attributes of Independent Directors:

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

##### 2. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

##### 3. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board

will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## II. Remuneration

### A. Directors

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

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

#### b. Non-Executive Director

- (i) The Non-Executive Independent Director may receive fees for attending meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be

prescribed by the Central Government from time to time.

- (ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.
- (iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.
- (iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- (v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.
- (vi) The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.

### B. KMP & Senior Managerial Personnel

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

- a. Maintaining a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company;
- b. Compensation should be reasonable and sufficient to attract retain and motivate KMP and senior management;
- c. Remuneration payable should comprise of a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-a-vis overall performance of the company;
- d. Remuneration shall be also considered in the form of long-term incentive plans for key employees, based on their contribution, position, and length of service, in the nature of ESOPS/ESPS.

## III. Evaluation

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

## Corporate Governance Report (contd.)

### (b) Details of Remuneration paid to Directors during FY2015-16 and details of number of shares and convertible instruments held by Directors as on March 31, 2016 is as under:

| Name of the Director    | Designation            | Salary and<br>perquisite | Commission | Sitting Fees | Contribution<br>to PF and<br>other funds | Stock<br>options | No. of equity<br>shares held |
|-------------------------|------------------------|--------------------------|------------|--------------|------------------------------------------|------------------|------------------------------|
| Mr. Nirmal Jain*        | Executive Chairman     | 34,770,000               | -          | -            | 21,600                                   | -                | 51,252,000                   |
| Mr. R. Venkataraman*    | Managing Director      | 24,400,000               | -          | -            | 321,600                                  | -                | 19,909,432                   |
| Mr. Kranti Sinha        | Independent Director   | -                        | 1,000,000  | 405,000      | -                                        | 12,500           | 102,500                      |
| Mr. Nilesh Vikamsey     | Independent Director   | -                        | 1,000,000  | 360,000      | -                                        | 25,000           | 140,000                      |
| Mr. A. K. Purwar        | Independent Director   | -                        | 1,000,000  | 270,000      | -                                        | 25,000           | 75,000                       |
| Dr. S. Narayan          | Independent Director   | -                        | 1,000,000  | 120,000      | -                                        | -                | -                            |
| Ms. Geeta Mathur        | Independent Director   | -                        | 1,000,000  | 195,000      | -                                        | -                | -                            |
| #Mr. Sunil Kaul         | Non-Executive Director | -                        | -          | -            | -                                        | -                | -                            |
| Mr. Chandran Ratnaswami | Non-Executive Director | -                        | -          | -            | -                                        | -                | -                            |

\* Entire remuneration is paid by the subsidiaries of the Company i.e India Infoline Finance Limited and India Infoline Limited to Mr. Nirmal Jain and Mr. R. Venkataraman respectively.

# Mr. Sunil Kaul (Non- Executive Director) resigned from the Board of the Company w.e.f. January 20, 2016

The term of office of the Managing Director and Executive Chairman is for five years from the date of their respective appointments. This employment shall be deemed to be terminated on the occurrence of death, on expiration of tenure, permanent disability or on resignation. In the event of termination for any of the reasons specified above, they or their Nominee shall be entitled to receive as a lump sum severance payment, a sum equal to 5 times the annual salary.

#### (c) Remuneration to Non-Executive/ Independent Directors:

During the financial year 2015-16, the Independent Directors were paid ₹ 30,000/- (Rupees Thirty Thousand only) towards sitting fees for attending each Board Meeting and Audit Committee Meeting and ₹ 15,000/- (Rupees Fifteen Thousand only) towards attending each of the other committee meetings plus the reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them.

Apart from above, the Non-Executive Directors and Independent Directors are eligible for commission as approved by the shareholders of the Company at the Annual General Meeting held on July 29, 2011. The amount of commission is based on the overall financial performance of the Company and Board of Directors. The Independent Directors were granted with ESOPs under the Company's ESOPs Schemes prior to the notification of Companies Act, 2013 and SEBI (Share Based Employee Benefits ) Regulations, 2014 which are being exercised after due vesting as per the terms of grants. No ESOP grants were made to the Independent Directors after the aforesaid notifications in compliance with Companies Act, 2013 and SEBI (Share based employee benefits) Regulations, 2014. Apart from the above, no other remuneration is paid to the Non-Executive/ Independent Directors.

The Company has obtained a Directors and Officers Liabilities Insurance policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

#### 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of Ms. Geeta Mathur, Independent Director as the Chairperson and Mr. Nirmal Jain and Mr. R. Venkataraman, Executive Directors as the Members. The broad terms of reference of committee are as under:

1. Approval of transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
2. Approval to issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
3. Approval to issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
4. Approval to issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;
5. To approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;
6. Monitoring expeditious redressal of investors / stakeholders grievances;
7. All other matters incidental or related to shares, debentures and other securities of the Company.

During the year 2015-2016, the Company received 31 complaints from investors including complaints received through SEBI's SCORES portal. All complaints were redressed to the satisfaction of the shareholder. No complaints were pending either at beginning or at the end of the year. The Chairman of the Committee was present at the last Annual General Meeting of the Company held on July 29, 2015.

No pledge has been created over the Equity Shares held by the promoters as on March 31, 2016.

The constitution of the Stake Holders and Relationship Committee and details of attendance of each member of the committee at the Meeting of Committee held on January 29, 2016 is given below:

| Name of the members | Designation | Non-Executive/ Independent | No. of committee meetings held | Committee meeting attended |
|---------------------|-------------|----------------------------|--------------------------------|----------------------------|
| Ms. Geeta Mathur    | Chairperson | Independent                | 1                              | 1                          |
| Mr. Nirmal Jain     | Member      | Executive Director         | 1                              | 1                          |
| Mr. R. Venkataraman | Member      | Executive Director         | 1                              | 1                          |

The name, designation and address of Compliance Officer of the Company is as under:

|                          |                                                                                          |
|--------------------------|------------------------------------------------------------------------------------------|
| Name and designation     | Mr. Gajendra Thakur,<br>Company Secretary & Compliance Officer                           |
| Corporate Office Address | IIFL Centre, Kamala City, Off. Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.       |
| Contacts                 | Tel: +91 22 4249 9000<br>Fax: +91 22 4060 9049<br>E-mail: shareholders@indiainfoline.com |

The Company Secretary of the Company acts as Secretary of the Committee.

## 6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In terms of Section 135 of the Companies Act, 2013 rules made there under, the CSR Committee of the Board of Directors of the Company was constituted on March 29, 2014.

Corporate Social Responsibility (CSR) Committee comprises of Mr. Nirmal Jain, Chairman, Mr. R. Venkataraman, Managing Director and Mr. Nilesh Vikamsey, Independent Director.

The terms of reference of Corporate Social Responsibility Committee (CSR) is mentioned below:

1. To review the existing CSR Policy indicating activities to be undertaken as specified in Schedule VII of the Companies Act, 2013. The CSR policy of the Company may be accessed on the website of the company at the link <http://www.indiainfoline.com/aboutus/iifl-csr-policy>
2. To provide guidance on various CSR activities and to monitor the same.

## 7. RISK MANAGEMENT COMMITTEE

In compliance with the Regulation 21 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee on October 21, 2014 to oversee the risk management performed by the management, reviewing the risk framework of the company, defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

The Risk Management Committee comprises of Mr. A. K. Purwar, Independent Director, Mr. Nilesh Vikamsey, Independent Director and Mr. Nirmal Jain, Executive Director.

The broad terms of reference of the committee are as under:

- i. To monitor and review the risk management plan of the Company;
- ii. To oversee risk management process, systems and measures implemented to mitigate the same; and
- iii. Any other matter as may be mandated/referred by the Authority/Board.

During the year meetings of Risk Management Committee were held on July 29, 2015 and January 29, 2016. The Committee reviewed the policy, systems and processes and suggested suitable additional measures as appropriate.

Besides, the Company has constituted an internal Risk Management Committee consisting of Chairman, Managing Director, Chief Risk Officer, Chief Financial Officer and Chief Compliance Officer who reviews the Risk Management systems and its functioning on a periodical basis. The Company has also appointed a dedicated seasoned professional as Chief Risk Officer who supervises the function on a continuous basis.

## 8. FINANCE COMMITTEE

The Finance Committee comprises of Mr. Nilesh Vikamsey, Independent Director, Mr. R. Venkataraman, Managing Director and Mr. Prabodh Agrawal, Chief Financial Officer. The broad terms of reference of committee are as under:

- to undertake borrowings by way of availing any Financial / Credit Facilities from any Bank or Financial Institution or any Corporate
- issue of commercials papers, certificate of deposits

## Corporate Governance Report (contd.)

- issue of debentures / bonds or other securities subject to the limits approved by the shareholders / Board of Directors of the Company
- to invest the funds of the Company in debentures, bonds, securities, units of mutual fund / AIFs / REITs or in any other securities
- to give guarantee for any loan, credit / financial facility

### 9. PERIODIC REVIEW OF COMPLIANCES OF ALL APPLICABLE LAWS

Your Company follows a system whereby all the acts, rules and regulations applicable to your Company are identified and compliance with such acts, rules and regulations is

monitored by dedicated team on a regular basis. Verification of the compliances with the major acts/regulations is carried out by suitable external auditors/lawyers/Consultants and their reports and implementation of their observations are reported to the Board/Audit Committee. In addition, the audit and verification plan and actual status thereof are reviewed by the Board/Audit Committee periodically. A consolidated compliance certificate based on the compliance status received in respect of various laws, rules and regulations applicable to your Company is placed before the Board on regular basis and reviewed by the Board. Necessary reports are also submitted to the various regulatory authorities as per the requirements from time to time.

### 10. GENERAL BODY MEETINGS

The following table gives the details of the last three Annual General Meetings of the Company:

| Date of AGM   | Location                                                                     | Time      | Whether any special resolutions passed  |
|---------------|------------------------------------------------------------------------------|-----------|-----------------------------------------|
| July 29, 2015 | Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018 | 4.00 p.m. | Yes. 5 Special Resolutions were passed. |
| July 30, 2014 | Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018 | 4.00 p.m. | Yes. 1 Special Resolution was passed.   |
| July 23, 2013 | Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018 | 4.00 p.m. | Yes. 2 Special Resolutions were passed. |

The following special resolution has been passed through Postal Ballot (including electronic voting) during the last financial year ended 2015-16 i.e. on December 01, 2015:

#### 1. Ratification of the execution of (a) Share Subscription & Purchase Agreement and (b) Shareholders Agreement between IIFL Wealth Management Limited (Subsidiary Company) and General Atlantic Singapore Fund Pte Ltd, and approval for issuance of shares, warrants and transfer of shares by IIFL Wealth Management Limited in favour of General Atlantic Singapore Fund Pte. Ltd:

|                                             |             |
|---------------------------------------------|-------------|
| Votes in favour of resolution               | 138,039,407 |
| Votes against the resolution                | 1,239,625   |
| Percentage of Votes in favour of resolution | 99.11%      |

The Board appointed Mr. Nilesh Shah, a Practicing Company Secretary, as a Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner.

- The Company is proposing to pass a Special Resolution through Postal Ballot process for obtaining approval of Shareholders for increase in the limits of making Investments, giving Loans or Guarantee or for providing Security from existing Rupees Ten Thousand Crores to Rupees Twenty Thousand Crores.

The Board has appointed Mr. Mahesh Darji, a Practicing Company Secretary, as a Scrutinizer to conduct the postal ballot voting process.

The detailed procedure of passing of resolution through Postal Ballot is explained in the Notice of Postal Ballot and the same will also be available on the website of the Company at [www.indiaonline.com](http://www.indiaonline.com)

### 11. DISCLOSURES

#### (i) Disclosure on materially significant related party transactions that may have potential conflict with the interest of company at large:

The Company has put in place a policy for Related Party Transactions (RPT Policy) which has been approved by the Board of Directors. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/Shareholders, reporting and disclosure requirements in compliance with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Transactions executed by the Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. All such Related Party Transactions were placed before the Audit Committee for approval, wherever applicable.

During the year, the Company had not entered into any contract / arrangement / transaction with related parties, which could be considered material in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the policy of the Company on materiality of related party transactions. The policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may

be accessed on the Company's website at the link <http://www.indiainfoline.com/aboutus/corporate-governance/policies>. You may refer to Note no. 31 to the financial statement which contains related party disclosures.

#### (ii) Details of non-compliance

No major strictures/penalties were imposed on your Company by Stock Exchanges or by the Securities and Exchange Board of India or by any statutory authority on any matter related to the Securities markets during the financial year 2015-16.

#### (iii) Whistle Blower Policy/ Vigil Mechanism

In Compliance of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy also provides for adequate safeguard against victimization of Whistle Blower who avails of such mechanism and provides for the access to the Chairman of Audit Committee. None of the Whistle Blowers has been denied access to the Audit Committee.

#### (iv) Prevention of Insider Trading

In January 2015, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 that came into effect from May 15, 2015. Pursuant thereof, the Company as a listed Company and market intermediary has formulated and adopted a new code for prevention of Insider Trading incorporating the requirements in accordance with the regulations, clarifications and circulars and the same are updated as and when required.

All the Board of Directors, designated employee and connected persons have affirmed compliance with the Code.

#### (v) Compliance with Mandatory and Non-Mandatory Provision

Your Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to the Company.

The status on the Compliance with the Non-mandatory recommendation in the SEBI Regulations is as under

- The position of the Chairman of the Board of Directors and Managing Director are separate
- Submission of Internal Audit Report to the Audit Committee
- The company follows a robust process of communicating with the shareholders which has been explained earlier in the report under "Means of Communication"

#### (vi) Disclosure of accounting treatment:

There was no deviation in following the treatments prescribed in any of Accounting Standards (AS) in the preparation of the financial statements of your Company.

#### (vii) Details of Unclaimed shares of the Company

The Company has 9,780 Equity Shares in the "India Infoline-Unclaimed Securities Suspense Account" in the name of 21 shareholders at the beginning of the FY2015-16. The Company has been transferring the shares lying unclaimed under the IPO to the eligible shareholders as and when the request for the same has been received after proper verification. However, during the year ended March 31, 2016, the Company has not received any request for the claiming these shares. As on March 31, 2016, there were 9,780 Equity Shares remaining unclaimed in the Unclaimed Suspense Account in the name of 21 Shareholders.

| Particulars                                  | Number of Shareholders | Number of Shares |
|----------------------------------------------|------------------------|------------------|
| Opening Balance as on April 1, 2015          | 21                     | 9,780            |
| Additions, if any, during FY2015-16          | 0                      | 0                |
| Less: Claims received and shares transferred | 0                      | 0                |
| Closing Balance as on March 31, 2016         | 21                     | 9,780            |

#### 12. MEANS OF COMMUNICATION TO THE STAKEHOLDERS

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company [www.indiainfoline.com](http://www.indiainfoline.com). The Annual Report, quarterly results, shareholding pattern, material events, corporate actions, copies of press releases, schedule of analysts/investor meets, among others, are regularly sent to Stock Exchanges and uploaded on the Company's website. Quarterly/ annual financial results are regularly submitted to the Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the stock exchange. The Chairman, Managing Director, Chief Compliance Officer, Chief Financial Officer and the Company Secretary of the Company are empowered to decide on the materiality of the information for the purpose of making disclosure to the Stock Exchanges.

All the disclosure made to the stock exchanges are also available on the Company's website under the heading "Investors News".

The quarterly and annual results of your Company are published in widely circulated newspapers. Your Company also regularly makes presentation to the analyst in their meetings held from time to time, transcripts of which are uploaded on your Company's website. The schedule of analyst meets/Institutional Investors meets are also informed to the public through the Stock Exchanges.

## Corporate Governance Report (contd.)

### 13. GENERAL SHAREHOLDERS' INFORMATION

| 1.              | Annual General Meeting                                | Friday, July 29, 2016 at 4.00 P.M. Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
|-----------------|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------|--------|------------|-----|--|--|------|-----|--------|------|-----|--------|-------------|--------|--------|-----------|--------|--------|-----------|-----------|--------|--------|-----------|--------|--------|-----------|------------|--------|--------|---------|--------|--------|-----------|------------|--------|--------|-----------|--------|--------|------------|--------------|--------|--------|---------|--------|--------|--------|-----------------|--------|--------|---------|--------|--------|-----------|---------------|--------|--------|---------|--------|--------|-----------|----------------|--------|--------|---------|--------|--------|-----------|----------------|--------|--------|---------|--------|--------|-----------|---------------|--------|--------|-----------|--------|--------|-----------|----------------|--------|--------|---------|--------|-------|---------|-------------|--------|--------|---------|--------|--------|-----------|
| 2.              | Financial calendar (2016-2017)                        | April 1, 2016 to March 31, 2017<br>Results for the quarter ended June 30, 2016 – within 45 days from the end of the quarter<br>Results for the quarter ended September 30, 2016 – within 45 days from the end of the quarter<br>Results for the quarter ended December 31, 2016 – within 45 days from the end of the quarter<br>Results for the quarter and year ended March 31, 2017 – within 60 days from the end of the quarter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| 3.              | Book closure date                                     | July 23, 2016 to July 29, 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| 4.              | Interim dividend                                      | During 2015-16, your Company has on January 29, 2016 declared and paid interim dividend of ₹ 4.25/- per equity share, which includes a special dividend of ₹ 1.25/- per equity share to commemorate a decade of listing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| 5.              | Listing of equity shares on stock exchanges at        | <b>1. National Stock Exchange of India Limited</b><br>Exchange Plaza, Plot No. C/1, G Block,<br>Bandra Kurla Complex, Bandra (E)<br>Mumbai-400 051<br><br><b>2. BSE Limited</b><br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai-400 001<br><br>The Listing Fees for the FY2016-17 have been paid to the aforesaid Stock Exchanges.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| 6.              | Stock code                                            | National Stock Exchange of India Limited – IIFL<br>BSE Limited – 532636                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| 7.              | Stock market data                                     | Table below gives the monthly high and low quotations of shares traded at BSE Limited and the National Stock Exchange of India Limited for the current year. The chart below plots the monthly closing price of IIFL Holdings Limited versus the BSE - Sensex and NSE - S&P CNX Nifty for the year ended March 31, 2016.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
|                 |                                                       | <table><tr><th rowspan="2">Month</th><th colspan="3">BSE</th><th colspan="3">NSE</th></tr><tr><th>High</th><th>Low</th><th>Volume</th><th>High</th><th>Low</th><th>Volume</th></tr><tr><td>April, 2015</td><td>185.60</td><td>168.10</td><td>1,173,066</td><td>185.90</td><td>166.40</td><td>1,919,808</td></tr><tr><td>May, 2015</td><td>189.00</td><td>169.40</td><td>1,158,948</td><td>189.45</td><td>169.30</td><td>2,052,703</td></tr><tr><td>June, 2015</td><td>189.90</td><td>160.20</td><td>154,852</td><td>190.45</td><td>167.10</td><td>1,257,973</td></tr><tr><td>July, 2015</td><td>225.60</td><td>169.50</td><td>1,802,670</td><td>225.95</td><td>172.00</td><td>10,657,693</td></tr><tr><td>August, 2015</td><td>199.50</td><td>180.00</td><td>249,102</td><td>225.95</td><td>187.05</td><td>87,153</td></tr><tr><td>September, 2015</td><td>192.65</td><td>180.00</td><td>206,514</td><td>193.25</td><td>181.05</td><td>5,346,664</td></tr><tr><td>October, 2015</td><td>212.95</td><td>186.10</td><td>591,825</td><td>213.05</td><td>184.65</td><td>5,810,621</td></tr><tr><td>November, 2015</td><td>214.00</td><td>180.00</td><td>721,093</td><td>215.20</td><td>181.70</td><td>5,585,923</td></tr><tr><td>December, 2015</td><td>214.00</td><td>192.10</td><td>177,144</td><td>214.90</td><td>192.25</td><td>1,594,830</td></tr><tr><td>January, 2016</td><td>225.00</td><td>188.80</td><td>1,006,954</td><td>225.40</td><td>188.65</td><td>2,748,607</td></tr><tr><td>February, 2016</td><td>213.00</td><td>163.50</td><td>115,301</td><td>220.00</td><td>163.5</td><td>921,813</td></tr><tr><td>March, 2016</td><td>211.20</td><td>164.10</td><td>114,036</td><td>214.80</td><td>164.05</td><td>2,100,006</td></tr></table> | Month     | BSE    |        |            | NSE |  |  | High | Low | Volume | High | Low | Volume | April, 2015 | 185.60 | 168.10 | 1,173,066 | 185.90 | 166.40 | 1,919,808 | May, 2015 | 189.00 | 169.40 | 1,158,948 | 189.45 | 169.30 | 2,052,703 | June, 2015 | 189.90 | 160.20 | 154,852 | 190.45 | 167.10 | 1,257,973 | July, 2015 | 225.60 | 169.50 | 1,802,670 | 225.95 | 172.00 | 10,657,693 | August, 2015 | 199.50 | 180.00 | 249,102 | 225.95 | 187.05 | 87,153 | September, 2015 | 192.65 | 180.00 | 206,514 | 193.25 | 181.05 | 5,346,664 | October, 2015 | 212.95 | 186.10 | 591,825 | 213.05 | 184.65 | 5,810,621 | November, 2015 | 214.00 | 180.00 | 721,093 | 215.20 | 181.70 | 5,585,923 | December, 2015 | 214.00 | 192.10 | 177,144 | 214.90 | 192.25 | 1,594,830 | January, 2016 | 225.00 | 188.80 | 1,006,954 | 225.40 | 188.65 | 2,748,607 | February, 2016 | 213.00 | 163.50 | 115,301 | 220.00 | 163.5 | 921,813 | March, 2016 | 211.20 | 164.10 | 114,036 | 214.80 | 164.05 | 2,100,006 |
| Month           | BSE                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |           | NSE    |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
|                 | High                                                  | Low                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Volume    | High   | Low    | Volume     |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| April, 2015     | 185.60                                                | 168.10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,173,066 | 185.90 | 166.40 | 1,919,808  |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| May, 2015       | 189.00                                                | 169.40                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,158,948 | 189.45 | 169.30 | 2,052,703  |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| June, 2015      | 189.90                                                | 160.20                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 154,852   | 190.45 | 167.10 | 1,257,973  |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| July, 2015      | 225.60                                                | 169.50                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,802,670 | 225.95 | 172.00 | 10,657,693 |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| August, 2015    | 199.50                                                | 180.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 249,102   | 225.95 | 187.05 | 87,153     |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| September, 2015 | 192.65                                                | 180.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 206,514   | 193.25 | 181.05 | 5,346,664  |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| October, 2015   | 212.95                                                | 186.10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 591,825   | 213.05 | 184.65 | 5,810,621  |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| November, 2015  | 214.00                                                | 180.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 721,093   | 215.20 | 181.70 | 5,585,923  |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| December, 2015  | 214.00                                                | 192.10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 177,144   | 214.90 | 192.25 | 1,594,830  |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| January, 2016   | 225.00                                                | 188.80                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,006,954 | 225.40 | 188.65 | 2,748,607  |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| February, 2016  | 213.00                                                | 163.50                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 115,301   | 220.00 | 163.5  | 921,813    |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| March, 2016     | 211.20                                                | 164.10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 114,036   | 214.80 | 164.05 | 2,100,006  |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| 8.              | Demat ISIN numbers in NSDL and CDSL for equity shares | ISIN - INE530B01024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| 9.              | Registrar & Transfer Agent                            | Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078<br>Tel: 022-25963838<br>Email: rnt.helpdesk@linkintime.co.in                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| 10.             | Share transfer system                                 | Your Company's shares are compulsorily traded in dematerialized form. In the case of transfers in physical form, which are lodged at the Registrar and Transfer Agent's Office, these are processed within a period of 30 days from the date of receipt.<br>All share transfers and other share related issues are approved in the Stakeholders Relationship Committee Meeting, which is normally convened as and when required.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |
| 11.             | Dematerialization of shares                           | As on March 31, 2016, 99.90% of the paid-up share capital of the Company was in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form through CDSL and NSDL as per notifications issued by the Securities and Exchange Board of India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |        |        |            |     |  |  |      |     |        |      |     |        |             |        |        |           |        |        |           |           |        |        |           |        |        |           |            |        |        |         |        |        |           |            |        |        |           |        |        |            |              |        |        |         |        |        |        |                 |        |        |         |        |        |           |               |        |        |         |        |        |           |                |        |        |         |        |        |           |                |        |        |         |        |        |           |               |        |        |           |        |        |           |                |        |        |         |        |       |         |             |        |        |         |        |        |           |

|     |                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12. | Debenture Trustee                                                                                                                                                    | Milestone Trusteeship Services Private Limited<br>602, Hallmark Business Plaza, Sant Dnyaneshwar Marg,<br>Opp. Guru Nanak Hospital, Bandra (East),<br>Mumbai - 400 051<br>Contact Person: Mr. Jagdish Kondur<br>Phone: +91 22 6716 7000                                                                                                                                                                                                                                 |
| 13. | Correspondence<br>for dematerialization, transfer of<br>shares, non-receipt of dividend<br>on shares and any other query<br>relating to the shares of the<br>Company | Link Intime India Private Limited<br>C-13, Pannalal Silk Mills Compound,<br>L. B. S. Marg, Bhandup (West),<br>Mumbai - 400 078.<br>Contact Person: Ms. Sharmila Amin<br>Tel: +91 22 2596 3838                                                                                                                                                                                                                                                                           |
| 14. | Any query on Annual Report<br>contact at corporate office                                                                                                            | Mr. Gajendra Thakur<br>Company Secretary and Compliance Officer, IIFL Centre, Kamala City, Off Senapati Bapat Marg, Lower Parel,<br>Mumbai - 400 013.<br>Email: shareholders@indiainfoline.com                                                                                                                                                                                                                                                                          |
| 15. | Outstanding GDRs/ADRs/Warrants<br>or any convertible instruments,<br>conversion date and likely impact<br>on equity                                                  | The Company does not have any outstanding GDRs/ADRs/Warrants as on date. The Company has outstanding unexercised ESOPs (vested or Not vested) of 4,670,000 stock options as on March 31, 2016 under its ESOP plans which may be exercised by the grantees as per the vesting Period. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase. |

#### 14. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2016:

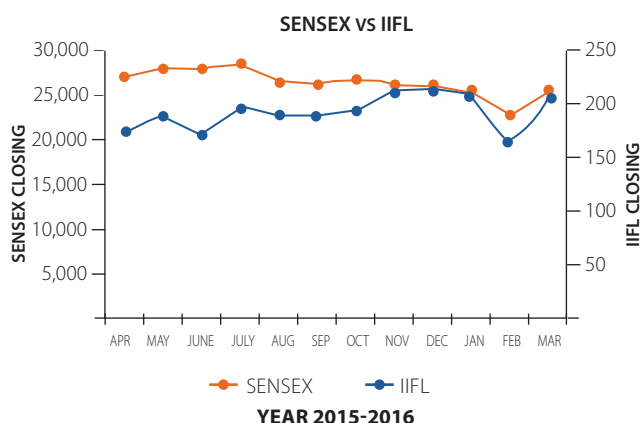
| Category                            | Number of equity shares held | Percentage of holding |
|-------------------------------------|------------------------------|-----------------------|
| Promoters & Promoters Group         | 92,361,432                   | 29.18                 |
| Indian Public & others              | 41,264,616                   | 13.03                 |
| Mutual Fund                         | 1,666,640                    | 0.53                  |
| Corporate Bodies                    | 3,899,339                    | 1.24                  |
| Banks, Financial Institutions       | 6,169                        | 0.00                  |
| Foreign Institutional Investors     | 70,376,169                   | 22.23                 |
| NRI's/OCBs/Foreign Nationals/FC/QFI | 106,962,488                  | 33.79                 |
| <b>Grand Total</b>                  | <b>316,536,853</b>           | <b>100.00</b>         |

#### 15. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016

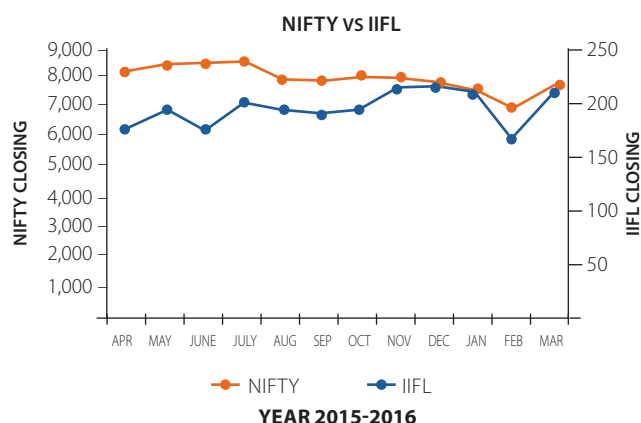
The distribution of shareholders as on March 31, 2016 is as follows:

| No. of equity shares held (range) | No. of shareholders | % of shareholders | No. of shares      | % of shareholdings |
|-----------------------------------|---------------------|-------------------|--------------------|--------------------|
| 1 - 500                           | 17,965              | 85.47             | 2,056,100          | 0.65               |
| 501 - 1000                        | 1,444               | 6.88              | 1,109,848          | 0.35               |
| 1001 - 2000                       | 624                 | 2.97              | 928,655            | 0.29               |
| 2001 - 3000                       | 228                 | 1.08              | 575,398            | 0.18               |
| 3001 - 4000                       | 99                  | 0.47              | 352,294            | 0.11               |
| 4001 - 5000                       | 106                 | 0.50              | 502,741            | 0.16               |
| 5001 - 10000                      | 202                 | 0.96              | 1,511,980          | 0.48               |
| 10001 and more                    | 350                 | 1.67              | 309,499,837        | 97.78              |
| <b>Total</b>                      | <b>21,018</b>       | <b>100.00</b>     | <b>316,536,853</b> | <b>100.00</b>      |

IIFL Holdings Limited share price versus the BSE SENSEX



IIFL Holdings Limited share price versus the NSE S&P CNX Nifty



## 16. PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES AND PREFERENTIAL ISSUE, AMONG OTHERS

Your Company did not raise money through any public issue, right issue or preferential issue during the FY2015-16.

## 17. SUBSIDIARY COMPANIES

For the financial year 2015-2016, your Company had one material Indian Subsidiary i.e India Infoline Finance Limited. Ms. Geeta Mathur, Independent Director on the Board of the holding company is also an Independent Director on the Board of India Infoline Finance Limited. As for the financial year 2016-17, your Company has three material Indian subsidiaries i.e. India Infoline Finance Limited, IIFL Wealth Management Limited and IIFL Wealth Finance Limited.

The Audit Committee reviews the financial statements including particulars of investments made by all the unlisted subsidiary companies.

Your Company has a system of placing the minutes of the Board/Audit Committee and statements of all the significant

transactions/developments of all the unlisted subsidiary companies at the Meeting of Board of Directors of Holding Company.

The policy for determining 'material' subsidiaries as approved by the Board may be accessed on the Company's website at the link <http://www.indiainfoline.com/aboutus/corporate-governance/policies>.

## 18. CEO/CFO CERTIFICATE

The Certificate required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly signed by the CEO and CFO was submitted to the Board and the same is annexed to this Report.

## 19. CODE OF CONDUCT

The confirmation from the Chairman regarding compliance with the code by all the Board Members and Senior Management forms part of the Report. The Code of Conduct is displayed on the website of the Company at [www.indiainfoline.com](http://www.indiainfoline.com)

**For IIFL Holdings Limited**

Date: May 05, 2016  
Place: Mumbai

**Nirmal Jain**  
Chairman  
DIN: 00010535

# Annexure

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,  
The Board of Directors  
IIFL Holdings Limited

We certify that:

- (a) We have reviewed the financial statements and the cash flow statement of IIFL Holdings Limited for the year ended March 31, 2016 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) significant changes in internal control during the year;
  - (ii) that there are no significant changes in accounting policies during the year;
  - (iii) that there are no instances of significant fraud of which we have become aware.

**R. Venkataraman**

Managing Director  
DIN: 00011919

**Nirmal Jain**

Chairman  
DIN: 00010535

**Prabodh Agrawal**

Chief Financial Officer

Place: Mumbai  
Date: May 05, 2016

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# Declaration on Compliance with the Code of Conduct

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This is to confirm that the Company has adopted a Code of Conduct for its board members and the senior management and the same is available on the Company's website. I confirm that the Company has in respect of financial year ended March 31, 2016, received from the senior management team of the Company and the Members of the Board, declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, the term 'senior management' means the direct reportees to the Chairman and the Managing Director.

**For IIFL Holdings Limited**

**Nirmal Jain**

Chairman

DIN: 00010535

Place: Mumbai

Date: May 05, 2016

# Auditor's Certificate on Compliance of conditions of Corporate Governance

To the Members of  
IIFL Holdings Limited  
Mumbai

We have examined the compliance of conditions of Corporate Governance by, IIFL Holdings Limited (the "Company") for the year ended on 31st March 2016, as stipulated in clause 49 of the listing agreement (the "Listing Agreement") of the Company with the stock exchanges for the period from 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations for the period from 1st December 2015 to 31st March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clauses. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with, in all material respect, the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations, as applicable.

We further state that such Compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Sharp & Tannan Associates**

Chartered Accountants  
Firm's registration no.109983W  
By the hand of

**Tirtharaj Khot**

Partner  
Membership No.(F) 037457

Place : Mumbai  
Date : 5th May, 2016

# Independent Auditor's Report

## To the Members of IIFL Holdings Limited

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of IIFL Holdings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, 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 the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A"; a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its financial statements, refer note no. 24 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**For Sharp and Tannan Associates**

Chartered Accountants  
 Firm's Registration No.:109983W  
 By the hand of

**Tirtharaj Khot**

Partner

Membership No.: (F) 037457

Place: Mumbai  
 Date: May 05, 2016

# Annexure A to the Auditor's Report

The Annexure referred to in Independent Auditor's report to the members of **IIFL Holdings Limited** ("the Company") for the year ended March 31, 2016. We report that:

1. (a) The Company has maintained adequate records to show full particulars, including quantitative details and situation of the fixed assets.
- (b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable property is held in the name of the Company
2. The Company is not carrying on any manufacturing or trading activity. Therefore, paragraph 3 (ii) of the order is not applicable to the Company.
3. The Company has granted loan to nine companies covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
  - (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the companies listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
  - (b) In the case of the loans granted to the Companies listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated.
  - (c) There are no overdue amounts in respect of the loan granted to companies listed in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guaranties and securities made.
5. The Company has not accepted any deposits during the year from the public to which the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 and any other relevant provisions of the Act and the rules framed thereunder apply.
6. As per the information and explanations given to us, in respect of the class of industry the Company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013. Therefore, Paragraph 3 (vi) of the Order is not applicable to the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues as applicable to the Company, with the appropriate authorities. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues as applicable to the Company outstanding as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit with the appropriate authorities of disputed dues of service tax or duty of customs or duty of excise. However, according to the information and explanations given to us, the following dues of sales tax, value added tax, profession tax and income tax have not been deposited by the Company on account of disputes:

| Name of the Statute  | Nature of the disputed dues                               | Amount of Tax (₹ In millions)                | Period to which the amount relates | Forum where dispute is pending                                                                                                                         |
|----------------------|-----------------------------------------------------------|----------------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| MVAT Act, 2002       | Delay in filing VAT Audit Report for the period 2007-2008 | 0.56                                         | F.Y. 2007-2008                     | Jt. Comm. Of Sales Tax                                                                                                                                 |
| Profession Tax       | Profession Tax , Penalty & Interest                       | 1.55                                         | A.Y.2007-2008                      | Dy. Comm. Of Sales Tax – Appeals                                                                                                                       |
| Income Tax Act, 1961 | Disallowance of Expenses U/S 14 A                         | 0.61 outstanding out of total demand of 4.02 | A.Y.2006-2007                      | CIT (Appeals) of Income Tax has partly decided the appeal in favor of the Company. Order giving effect to CIT order is pending with Assessing officer. |

| Name of the Statute  | Nature of the disputed dues                                                         | Amount of Tax<br>(₹ In millions)               | Period to which the amount relates | Forum where dispute is pending                                                                                                                                                                                                                         |
|----------------------|-------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Income Tax Act, 1961 | Disallowance of Depreciation, Disallowance U/S 14A and Disallowance of Expenses     | 7.03                                           | A.Y.2007-2008                      | ITAT has passed the order in favor of Company deleting all addition. Order giving effect to ITAT order is pending with Assessing officer.                                                                                                              |
| Income Tax Act, 1961 | Disallowance of Expenses U/S 14 A and ESOP Expenses                                 | 59.38                                          | A.Y.2008-2009                      | ITAT has passed favorable order for ESOP Expenses. However, partly allowed revenue appeal for 14A. Order giving effect to the ITAT is pending with Assessing Officer. The Company has filed an appeal before High Court against the ITAT order on 14A. |
| Income Tax Act, 1961 | Disallowance of Expenses U/S 14 A and ESOP Expenses                                 | 96.25                                          | A.Y.2009-2010                      | CIT(A) has passed favorable order for 14A expenses and disallowed ESOP Expenses. Order giving effect to the CIT(A) is pending with Assessing Officer. The Company has filed an appeal before ITAT order on ESOP expenses against CIT(A) Order.         |
| Income Tax Act, 1961 | Disallowance of Expenses U/S 14 A and ESOP Expenses and Transfer Pricing Adjustment | 45.16 outstanding out of total demand of 67.07 | A.Y.2010-2011                      | CIT Appeals of Income Tax                                                                                                                                                                                                                              |
| Income Tax Act, 1961 | Disallowance of Expenses U/S 14 A and ESOP Expenses and Transfer Pricing Adjustment | 35.39                                          | A.Y. 2011-2012                     | CIT Appeals of Income Tax                                                                                                                                                                                                                              |
| Income Tax Act, 1961 | Disallowance of Expenses U/S 14 A and ESOP Expenses and Transfer Pricing Adjustment | 132.84                                         | A.Y. 2012-2013                     | Company is in process of filing Appeal with CIT Appeals of Income Tax                                                                                                                                                                                  |

8. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to debenture holders. The Company has not borrowed from bank, financial institution and government during the year.
  9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan during the period. Therefore, paragraph 3 (ix) of the Order is not applicable to the Company.
  10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
  11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid / provided for managerial remuneration. Therefore, paragraph 3 (xi) of the Order is not applicable to the Company.
  12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
  13. According to the information and explanations given to us and based on our examination of the records of the Company,
14. transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
  14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, paragraph 3 (xiv) of the Order is not applicable to the Company.
  15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, paragraph 3 (xv) of the Order is not applicable to the Company.
  16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Sharp and Tannan Associates**

Chartered Accountants

Firm's Registration No.:109983W

By the hand of

**Tirtharaj Khot**

Partner

Membership No.: (F) 037457

Place: Mumbai  
Date: May 05, 2016

# Annexure B to the Auditors' Report

Independent Auditor's report to the members of **IIFL Holdings Limited** ("the Company") on the Internal Financial Controls 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 the Company as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

## **AUDITORS' 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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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 unauthorized 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering

the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **For Sharp and Tannan Associates**

Chartered Accountants  
Firm's Registration No.:109983W  
By the hand of

**Tirtharaj Khot**

Partner

Membership No.: (F) 037457

Place: Mumbai

Date: May 05, 2016

# Standalone Balance Sheet

As at March 31, 2016

(₹ in Millions)

| Particulars                                                                                | Note No. | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------------------------------------------------------------|----------|-------------------------|-------------------------|
| <b>I EQUITY AND LIABILITIES</b>                                                            |          |                         |                         |
| <b>(1) Shareholder's Funds</b>                                                             |          |                         |                         |
| (a) Share capital                                                                          | 3        | 633.07                  | 620.47                  |
| (b) Reserve and surplus                                                                    | 4        | 14,125.84               | 13,380.16               |
| <b>Sub Total</b>                                                                           |          | <b>14,758.91</b>        | <b>14,000.63</b>        |
| <b>(2) Non Current Liabilities</b>                                                         |          |                         |                         |
| (a) Long-term borrowings                                                                   | 5        | 500.00                  | 500.00                  |
| (b) Deferred tax liabilities (net)                                                         |          | -                       | -                       |
| (c) Other Long-term liabilities                                                            |          | -                       | -                       |
| (d) Long-term provisions                                                                   | 6        | 6.88                    | 3.48                    |
| <b>Sub Total</b>                                                                           |          | <b>506.88</b>           | <b>503.48</b>           |
| <b>(3) Current Liabilities</b>                                                             |          |                         |                         |
| (a) Short-term borrowings                                                                  |          | -                       | -                       |
| (b) Trade payables                                                                         |          | -                       | -                       |
| (A) Total outstanding dues of micro enterprises and small enterprises                      |          | -                       | -                       |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises |          | -                       | -                       |
| (c) Other current liabilities                                                              | 7        | 99.24                   | 173.38                  |
| (d) Short-term provisions                                                                  | 6        | 37.94                   | 14.02                   |
| <b>Sub Total</b>                                                                           |          | <b>137.18</b>           | <b>187.40</b>           |
| <b>Total</b>                                                                               |          | <b>15,402.97</b>        | <b>14,691.51</b>        |
| <b>II ASSETS</b>                                                                           |          |                         |                         |
| <b>(1) Non Current Assets</b>                                                              |          |                         |                         |
| (a) Fixed assets                                                                           | 8        |                         |                         |
| (i) Tangible assets                                                                        |          | 8.72                    | 9.32                    |
| (ii) Intangible assets                                                                     |          | 0.47                    | -                       |
| (iii) Capital work-in-progress                                                             |          | 16.09                   | -                       |
| <b>Sub Total</b>                                                                           |          | <b>25.28</b>            | <b>9.32</b>             |
| (b) Non current investments                                                                | 9        | 14,173.50               | 13,782.98               |
| (c) Deferred tax assets (net)                                                              | 10       | 146.92                  | 171.79                  |
| (d) Long-term loans & advances                                                             | 11       | 251.52                  | 257.38                  |
| (e) Other non current assets                                                               |          | -                       | -                       |
| <b>Sub Total</b>                                                                           |          | <b>14,571.94</b>        | <b>14,212.15</b>        |
| <b>(2) Current Assets</b>                                                                  |          |                         |                         |
| (a) Current investments                                                                    |          | -                       | -                       |
| (b) Inventories                                                                            |          | -                       | -                       |
| (c) Trade receivables                                                                      | 12       | 52.43                   | 32.78                   |
| (d) Cash and bank balances                                                                 | 13       | 33.44                   | 416.17                  |
| (e) Short-term loans & advances                                                            | 14       | 707.23                  | 2.98                    |
| (f) Other current assets                                                                   | 15       | 12.65                   | 18.11                   |
| <b>Sub Total</b>                                                                           |          | <b>805.75</b>           | <b>470.04</b>           |
| <b>Total</b>                                                                               |          | <b>15,402.97</b>        | <b>14,691.51</b>        |
| See accompanying notes forming part of the standalone financial statements                 | 1-34     |                         | -                       |

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No. 109983W

By the hand of

**Tirtharaj Khot**

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 05, 2016

For and on behalf of the Board of Directors

**Nirmal Jain**

Chairman

(DIN: 00010535)

**Prabodh Agrawal**

Chief Financial Officer

**R.Venkataraman**

Managing Director

(DIN: 00011919)

**Gajendra Thakur**

Company Secretary

# Standalone Statement of Profit and Loss

For the year ended March 31, 2016

(₹ in Millions)

| Particulars                                                                | Note No. | 2015-16         | 2014-15         |
|----------------------------------------------------------------------------|----------|-----------------|-----------------|
| <b>INCOME</b>                                                              |          |                 |                 |
| Revenue from operations                                                    | 16       | 2,114.07        | 1,090.40        |
| Other income                                                               | 17       | 0.03            | 10.05           |
| <b>Total Revenue</b>                                                       |          | <b>2,114.10</b> | <b>1,100.45</b> |
| <b>EXPENDITURE</b>                                                         |          |                 |                 |
| Employee cost                                                              | 18       | 87.83           | 21.65           |
| Finance cost                                                               | 19       | 63.45           | 43.29           |
| Depreciation                                                               | 20       | 0.88            | 0.73            |
| Administration and other expenses                                          | 21       | 57.63           | 22.49           |
| <b>Total Expenses</b>                                                      |          | <b>209.79</b>   | <b>88.16</b>    |
| <b>Profit Before Tax</b>                                                   |          | <b>1,904.31</b> | <b>1,012.29</b> |
| Tax expenses :                                                             |          |                 |                 |
| Current tax                                                                |          | 159.63          | 9.31            |
| Deferred tax expenses                                                      |          | 24.87           | 15.51           |
| Short / (Excess) provision for income tax                                  |          | -               | 5.25            |
| <b>Total Tax Expenses</b>                                                  |          | <b>184.50</b>   | <b>30.07</b>    |
| <b>Profit for the Year</b>                                                 |          | <b>1,719.81</b> | <b>982.22</b>   |
| <b>Earnings per equity share of face value of ₹ 2 each</b>                 |          |                 |                 |
| Basic (in ₹)                                                               | 22       | 5.49            | 3.24            |
| Diluted (in ₹)                                                             | 22       | 5.46            | 3.15            |
| See accompanying notes forming part of the standalone financial statements | 1-34     |                 |                 |

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No. 109983W

By the hand of

**Tirtharaj Khot**

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 05, 2016

For and on behalf of the Board of Directors

**Nirmal Jain**

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(DIN: 00010535)

**Prabodh Agrawal**

Chief Financial Officer

**R.Venkataraman**

Managing Director

(DIN: 00011919)

**Gajendra Thakur**

Company Secretary

# Standalone Cash Flow Statement

For the year ended March 31, 2016

(₹ in Millions)

| Particulars                                                                             | 2015-16         | 2014-15           |
|-----------------------------------------------------------------------------------------|-----------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                             |                 |                   |
| <b>Net profit before taxation, and extraordinary item</b>                               | <b>1,904.31</b> | <b>1,012.29</b>   |
| Adjustments for:                                                                        |                 |                   |
| Depreciation & amortisation                                                             | 0.88            | 0.73              |
| Provisions for gratuity                                                                 | 3.18            | 0.09              |
| Provision for expenses                                                                  | 26.39           | 2.97              |
| Provisions for leave encashment                                                         | 0.48            | 0.62              |
|                                                                                         | 30.93           | 4.41              |
| <b>Operating Profit Before Working Capital Changes</b>                                  | <b>1,935.24</b> | <b>1,016.70</b>   |
| Increase / (Decrease) in other current liabilities                                      | (74.14)         | 165.55            |
| (Increase) / Decrease in trade receivable                                               | (19.64)         | (32.78)           |
| (Increase) / Decrease in short term loan & advances                                     | (704.25)        | (0.80)            |
| (Increase) / Decrease in long term loan & advances                                      | 5.85            | (53.24)           |
| Increase / (Decrease) in short term & long term provision                               | (2.74)          | (4.44)            |
| (Increase) / Decrease in other current assets                                           | 5.46            | 170.11            |
|                                                                                         | (789.46)        | 244.40            |
| <b>Cash Generated from Operations</b>                                                   | <b>1,145.78</b> | <b>1,261.10</b>   |
| Tax (Paid) / Refund                                                                     | (159.63)        | (14.56)           |
| <b>Net Cash from/(used in) Operating Activities (a)</b>                                 | <b>986.15</b>   | <b>1,246.54</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                             |                 |                   |
| (Purchase) /Sale of fixed assets (includes intangible assets) (net)                     | (16.84)         | (0.72)            |
| (Investment) / Sale in subsidiaries (net)                                               | (390.52)        | (1,120.84)        |
| Bank balances not considered as cash & cash equivalents - (Placed)/Matured              | -               | (1.00)            |
| Proceeds from fixed deposit                                                             | 1.00            |                   |
| <b>Net Cash from/(used in) Investing Activities (b)</b>                                 | <b>(406.36)</b> | <b>(1,122.56)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                             |                 |                   |
| Proceeds from issuance of share capital                                                 | 379.28          | 690.93            |
| Proceeds from long term borrowings                                                      | -               | 500.00            |
| Dividend paid (including dividend distribution tax)                                     | (1,340.80)      | (907.49)          |
| <b>Net Cash from / (used in) Financing Activities (c)</b>                               | <b>(961.52)</b> | <b>283.44</b>     |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents (a+b+c)</b>                     | <b>(381.73)</b> | <b>407.42</b>     |
| Cash and cash equivalents at beginning of the year                                      | 415.17          | 7.75              |
| Cash and cash equivalents at end of the year (Refer note no. 13)                        | 33.44           | 415.17            |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>                             | <b>(381.73)</b> | <b>407.42</b>     |
| See accompanying notes Forming Part of the standalone financial statements note 1 to 34 |                 |                   |

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No. 109983W

By the hand of

**Tirtharaj Khot**

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 05, 2016

For and on behalf of the Board of Directors

**Nirmal Jain**

Chairman

(DIN: 00010535)

**Prabodh Agrawal**

Chief Financial Officer

**R.Venkataraman**

Managing Director

(DIN: 00011919)

**Gajendra Thakur**

Company Secretary

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 1. CORPORATE INFORMATION:

IIFL Holdings Limited was incorporated on October 18, 1995 and is engaged in Merchant Banking and Investment Advisory services besides holding investments in subsidiaries. The Group business consist of finance, financial services, capital market services, distribution of financial products and wealth management services which are carried out by separate subsidiaries of IIFL Holdings Limited.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES:

### 2.1 Basis of Accounting and Preparation of Financial Statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

### 2.2 Use of Estimates:

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

### 2.3 Fixed Assets and Depreciation and Amortization:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any, thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged for the month in which assets are sold. In the case of transfer of used fixed assets from group Companies, depreciation is charged over the remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹ 5,000 has been depreciated in full in the year of purchase. Lease hold land is depreciated on a straight line basis over the lease hold period.

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

| Class of Assets         | Useful life in Years |
|-------------------------|----------------------|
| Buildings*              | 20                   |
| Computers*              | 3                    |
| Office Equipment        | 5                    |
| Electrical Equipment *  | 5                    |
| Furniture and Fixtures* | 5                    |
| Vehicles*               | 5                    |
| Software                | 3                    |

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

### 2.4 Translation of Foreign Currency Items:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognized in the statement of Profit and Loss. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognized in the statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

### 2.5 Revenue Recognition:

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

- Income related to advisory activities, Investment banking, Merchant banking is accounted on accrual basis.
- Dividend income is recognized when the right to receive payment is established.
- Capital Gain/ Loss is recognized on the date of trade.
- Interest Income is recognized on accrual basis.

### 2.6 Employee Benefits:

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

The Company has provided "Compensated Absences" on the basis of actuarial valuation. Gratuity is post employment benefit and is in the nature of defined benefit plan. The Liability

# Standalone Financial Statements of IIFL Holdings Limited

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

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

## 2.7 Deferred Employee Stock Compensation:

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

## 2.8 Provisions, Contingent Liabilities and Contingent Assets:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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

## 2.9 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating

during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arisen.

## 2.10 Operating Leases:

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

## 2.11 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.

## 2.12 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

## 2.13 Earnings Per Share:

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

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

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

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 3. SHARE CAPITAL

### a. The Authorized, Issued, Subscribed and fully paid up share capital comprises equity shares as follows:

(₹ in Millions)

| Particulars                                                                         | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Authorized :</b>                                                                 |                         |                         |
| 600,000,000 (previous year - 600,000,000) equity shares of ₹ 2 each                 | 1,200.00                | 1,200.00                |
| <b>Issued, Subscribed and Paid Up :</b>                                             |                         |                         |
| 316,536,853 (previous year - 310,233,948) equity shares of ₹ 2 each fully paid - up | 633.07                  | 620.47                  |
| <b>Total</b>                                                                        | <b>633.07</b>           | <b>620.47</b>           |

### b. Reconciliation of the shares outstanding.

| Particulars                                       | As at March 31, 2016 |               | As at March 31, 2015 |               |
|---------------------------------------------------|----------------------|---------------|----------------------|---------------|
|                                                   | No. of Shares        | ₹ in Millions | No. of Shares        | ₹ in Millions |
| At the beginning of the year                      | 310,233,948          | 620.47        | 296,199,003          | 592.40        |
| Add:- Issued during the year on exercise of ESOPs | 6,302,905            | 12.60         | 14,034,945           | 28.07         |
| <b>Outstanding at the end of the year</b>         | <b>316,536,853</b>   | <b>633.07</b> | <b>310,233,948</b>   | <b>620.47</b> |

### c. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. During the year ended March 31, 2016, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 4.25 (Previous Year ₹ 3).

### d. Detail of shareholders holding more than 5% shares in the Company

| Particulars                                                              | As at March 31, 2016 |                        | As at March 31, 2015 |                        |
|--------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|
|                                                                          | No. of Shares        | % holding in the class | No. of Shares        | % holding in the class |
| <b>Equity shares of ₹ 2 each fully paid up</b>                           |                      |                        |                      |                        |
| FIH Mauritius Investments Ltd                                            | 68,788,445           | 21.73                  | -                    | -                      |
| Nirmal Bhanwarlal Jain                                                   | 51,252,000           | 16.19                  | 51,252,000           | 16.52                  |
| HWIC Asia Fund Class A Shares                                            | 27,910,000           | 8.82                   | 27,910,000           | 9.00                   |
| Venkataraman Rajamani                                                    | 19,909,432           | 6.29                   | 19,909,432           | 6.41                   |
| Madhu N Jain                                                             | 17,000,000           | 5.37                   | 17,000,000           | 5.48                   |
| Copthall Mauritius Investment Limited                                    | 16,305,530           | 5.15                   | 16,305,530           | 5.26                   |
| Bharat H Parajia*                                                        | 15,486,778           | 4.89                   | 15,721,778           | 5.07                   |
| Carlyle Mauritius Investment Advisors Limited A/C Carlyle Mauritius III* | -                    | -                      | 28,761,409           | 9.27                   |

\* Position as on March 31, 2016 is given as they were shareholders with more than 5% shareholding as on March 31, 2015.

### e. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date :

| Particulars                              | March 31, 2016<br>No. of shares | March 31, 2015<br>No. of shares | March 31, 2014<br>No. of shares | March 31, 2013<br>No. of shares | March 31, 2012<br>No. of shares |
|------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Equity shares bought back by the company | -                               | -                               | -                               | -                               | -                               |

### f. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 28.

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 4. RESERVE AND SURPLUS

| (₹ in Millions)                                                                              |                         |                         |
|----------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Particulars                                                                                  | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| <b>Capital Reserve</b>                                                                       |                         |                         |
| Opening balance                                                                              | 597.70                  | 597.70                  |
| <b>Closing Balance</b>                                                                       | <b>597.70</b>           | <b>597.70</b>           |
| <b>Capital Redemption Reserve</b>                                                            |                         |                         |
| Opening balance                                                                              | 51.11                   | 51.11                   |
| <b>Closing Balance</b>                                                                       | <b>51.11</b>            | <b>51.11</b>            |
| <b>Securities Premium Account</b>                                                            |                         |                         |
| Opening Balance                                                                              | 9,999.65                | 9336.43                 |
| Addition : Additions on ESOP's exercised                                                     | 366.67                  | 663.22                  |
| <b>Closing Balance</b>                                                                       | <b>10,366.32</b>        | <b>9,999.65</b>         |
| <b>Debenture Redemption Reserve</b>                                                          |                         |                         |
| Opening balance                                                                              | 0.57                    | -                       |
| Addition during the year from statement of profit and loss                                   | 42.01                   | 0.57                    |
| <b>Closing Balance</b>                                                                       | <b>42.58</b>            | <b>0.57</b>             |
| <b>General Reserve</b>                                                                       |                         |                         |
| Opening balance                                                                              | 854.00                  | 854.00                  |
| Addition :- due to transfer during the year from surplus in the statement of profit and loss | -                       | -                       |
| <b>Closing Balance</b>                                                                       | <b>854.00</b>           | <b>854.00</b>           |
| <b>Surplus/(Deficit) in the Statement of Profit and Loss</b>                                 |                         |                         |
| Opening balance                                                                              | 1,877.13                | 1,802.97                |
| Addition: Profit for the year                                                                | 1,719.81                | 982.22                  |
| <b>Less:- Appropriations</b>                                                                 |                         |                         |
| Interim dividend                                                                             | 1,340.80                | 906.80                  |
| Dividend distribution tax                                                                    | -                       | 0.69                    |
| Debenture redemption reserve                                                                 | 42.01                   | 0.57                    |
| General reserve                                                                              | -                       | -                       |
| <b>Net Surplus in the Statement of Profit and Loss</b>                                       | <b>2,214.13</b>         | <b>1,877.13</b>         |
| <b>Total Reserve and Surplus</b>                                                             | <b>14,125.84</b>        | <b>13,380.16</b>        |

## NOTE 5. LONG-TERM BORROWINGS

| (₹ in Millions)                                                                                                                                 |                         |                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Particulars                                                                                                                                     | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Non convertible debenture                                                                                                                       | 500.00                  | 500.00                  |
| <b>Secured:</b>                                                                                                                                 |                         |                         |
| (Zero coupon secured redeemable non convertible debentures of Face value of ₹ 1 million each redeemable on March 20, 2018 at premium)           |                         |                         |
| Security: Immovable property and receivable of the Company both present & future, current assets, book debts & such other assets of the Company |                         |                         |
| <b>Total</b>                                                                                                                                    | <b>500.00</b>           | <b>500.00</b>           |

Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, Company is required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through a Private issue and Public issue. Accordingly, Proportionate amount of ₹ 42.01 million (Previous year ₹ 0.57 million) has been transferred to Debenture Redemption Reserve Account for the financial year ended March 31, 2016.

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 6. PROVISIONS

(₹ in Millions)

| Particulars                                                                 | As at March 31, 2016 |             | As at March 31, 2015 |             |
|-----------------------------------------------------------------------------|----------------------|-------------|----------------------|-------------|
|                                                                             | Current              | Non Current | Current              | Non Current |
| Provision for compensated absences                                          | -                    | -           | 0.25                 | 0.75        |
| Provision for gratuity                                                      | 0.74                 | 5.92        | 0.32                 | 2.73        |
| Provision for expenses                                                      | 26.39                | -           | 2.97                 | -           |
| Provision for leave encashment                                              | 0.33                 | 0.96        | -                    | -           |
| Provision for tax [Net of advance Tax ₹ 9.59 million (P.Y. ₹ 9.59 million)] | 10.48                | -           | 10.48                | -           |
| <b>Total</b>                                                                | <b>37.94</b>         | <b>6.88</b> | <b>14.02</b>         | <b>3.48</b> |

## NOTE 7. OTHER CURRENT LIABILITIES

(₹ in Millions)

| Particulars                           | As at March 31, 2016 | As at March 31, 2015 |
|---------------------------------------|----------------------|----------------------|
| Accrued salaries & benefits           | 9.22                 | 2.70                 |
| Contractually reimbursable expenses @ | 0.00                 | 0.65                 |
| Statutory liabilities payable         | 14.37                | 156.03               |
| Unpaid dividend                       | 6.68                 | 7.76                 |
| Interest accrued but not due          | 63.79                | 0.77                 |
| Other payable                         | 5.18                 | 5.47                 |
| <b>Total</b>                          | <b>99.24</b>         | <b>173.38</b>        |

@ Amount is less than ₹ 0.01 million hence shown ₹ 0.00 million wherever applicable

## NOTE 8. FIXED ASSETS:

(₹ in Millions)

| Particulars                            | Tangible assets |                  | Intangible assets | Grand Total  |
|----------------------------------------|-----------------|------------------|-------------------|--------------|
|                                        | Buildings       | Office Equipment | Software          |              |
| <b>Cost or Valuation</b>               |                 |                  |                   |              |
| <b>At April 1, 2015</b>                | <b>14.08</b>    | <b>0.72</b>      | <b>-</b>          | <b>14.80</b> |
| Addition                               | -               | 0.25             | 0.50              | 0.75         |
| Deductions/adjustments during the year | -               | -                | -                 | -            |
| <b>As at March 31, 2016</b>            | <b>14.08</b>    | <b>0.97</b>      | <b>0.50</b>       | <b>15.55</b> |
| <b>Depreciation</b>                    |                 |                  |                   |              |
| <b>At April 1, 2015</b>                | <b>5.46</b>     | <b>0.02</b>      | <b>-</b>          | <b>5.48</b>  |
| Depreciation for the year              | 0.70            | 0.15             | 0.03              | 0.88         |
| Deductions/adjustments during the year | -               | -                | -                 | -            |
| <b>Up to March 31, 2016</b>            | <b>6.16</b>     | <b>0.17</b>      | <b>0.03</b>       | <b>6.36</b>  |
| <b>Net Block</b>                       |                 |                  |                   |              |
| <b>At March 31, 2016</b>               | <b>7.92</b>     | <b>0.80</b>      | <b>0.47</b>       | <b>9.19</b>  |
| <b>At March 31, 2015</b>               | <b>8.62</b>     | <b>0.70</b>      | <b>-</b>          | <b>9.32</b>  |

Note : Capital work in progress ₹ 16.09 million (previous year ₹ Nil ) pertains to intangible assets not capitalized.

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 9. NON CURRENT INVESTMENT

(₹ in Millions)

| Particulars                                                                                 | Face Value | As at March 31, 2016 |                  | As at March 31, 2015 |                  |
|---------------------------------------------------------------------------------------------|------------|----------------------|------------------|----------------------|------------------|
|                                                                                             |            | Number               | ₹ in Millions    | Number               | ₹ in Millions    |
| <b>Investments (At cost):</b>                                                               |            |                      |                  |                      |                  |
| <b>I) Trade</b>                                                                             |            |                      |                  |                      |                  |
| <b>II) Others (Unquoted)</b>                                                                |            |                      |                  |                      |                  |
| <b>Investments in Subsidiaries:</b>                                                         |            |                      |                  |                      |                  |
| <b>Equity Instruments :</b>                                                                 |            |                      |                  |                      |                  |
| India Infoline Finance Limited *                                                            | ₹ 10       | 237,154,030          | 10,152.99        | 234,467,549          | 9,723.15         |
| IIFL Facilities Services Limited (Formerly known IIFL Realty Ltd)                           | ₹ 10       | 9,000,000            | 605.18           | 9,000,000            | 605.18           |
| India Infoline Commodities Limited                                                          | ₹ 10       | 209,000              | 20.00            | 209,000              | 20.00            |
| IIFL Wealth Management Limited                                                              | ₹ 2        | 45,000,000           | 225.00           | 45,000,000           | 225.00           |
| India Infoline Media & Research Services Limited                                            | ₹ 10       | 50,000               | 0.50             | 50,000               | 0.50             |
| 5 Paisa Capital Limited (Formerly known as IIFL Capital Ltd)                                | ₹ 10       | 3,050,000            | 120.50           | 3,050,000            | 120.50           |
| India Infoline Insurance Brokers Limited                                                    | ₹ 10       | 500,000              | 33.40            | 500,000              | 5.00             |
| India Infoline Insurance Services Limited                                                   | ₹ 10       | 280,630              | 10.00            | 280,630              | 10.00            |
| India Infoline Limited                                                                      | ₹ 10       | 16,900,100           | 953.13           | 16,900,100           | 953.13           |
| IIFL Wealth (UK) Limited                                                                    | £1.00      | 150,000              | 11.20            | 150,000              | 11.20            |
| India Infoline Commodities DMCC**                                                           | AED 1000   | -                    | -                | 950                  | 11.75            |
| IIFL Capital Inc                                                                            | \$0.01     | 100                  | 40.29            | 100                  | 40.29            |
| IIFL Asset Reconstruction Ltd                                                               | ₹ 10       | 2,050,000            | 20.50            |                      | -                |
| <b>Sub Total</b>                                                                            |            |                      | <b>12,192.69</b> |                      | <b>11,725.70</b> |
| <b>Preference Shares :</b>                                                                  |            |                      |                  |                      |                  |
| India Infoline Finance Limited ( 8 %Non Convertible Cumulative Redeemable )                 | ₹ 10       | 50,000,000           | 500.00           | 50,000,000           | 500.00           |
| India Infoline Finance Limited (8 %Non Convertible Non Cumulative Redeemable)               | ₹ 10       | 75,000,000           | 750.00           | 75,000,000           | 750.00           |
| India Infoline Housing Finance Limited (6% Compulsorily Convertible Cumulative Redeemable ) | ₹ 10       | -                    | -                | 60,000,000           | 600.00           |
| <b>Sub Total</b>                                                                            |            |                      | <b>1,250.00</b>  |                      | <b>1,850.00</b>  |
| <b>Others (Alternate Investment Fund)</b>                                                   |            |                      |                  |                      |                  |
| IIFL Opportunity Fund Category III - AIF                                                    |            | -                    | 0.10             | -                    | 0.10             |
| IIFL Private Equity Fund Category II - AIF                                                  |            | -                    | 0.10             | -                    | 0.10             |
| IIFL Venture Fund Category I - AIF                                                          |            | -                    | 0.10             | -                    | 0.10             |
| IIFL Income Opportunities Fund Category I I- AIF (Previous year : FV ₹ 10 Per unit)         | ₹ 0.89     | 5,000,000            | 7.21             | 5,000,000            | 52.75            |
| IIFL Income Opportunities – Special Situation Category I I- AIF                             | ₹ 10       | 13,597,048           | 143.30           | 5,000,000            | 79.23            |
| IIFL Real Estate Fund (Domestic) – Series 2 Category I I- AIF                               | ₹ 10       | 46,956,551           | 500.00           | 7,500,000            | 75.00            |
| <b>Sub Total</b>                                                                            |            |                      | <b>650.81</b>    |                      | <b>207.28</b>    |
| <b>Total Other Unquoted (a)</b>                                                             |            |                      | <b>14,093.50</b> |                      | <b>13,782.98</b> |
| <b>III) Others (Quoted)</b>                                                                 |            |                      |                  |                      |                  |
| <b>Mutual Fund</b>                                                                          |            |                      |                  |                      |                  |
| Axis Mutual Fund                                                                            | ₹ 10       | 47,672               | 80.00            |                      | -                |
| <b>Total Other Quoted (b)</b>                                                               |            |                      | <b>80.00</b>     |                      | <b>-</b>         |
| <b>Total Investments (a+b)</b>                                                              |            |                      | <b>14,173.50</b> |                      | <b>13,782.98</b> |
| <b>Aggregate Book value - Quoted</b>                                                        |            |                      | <b>80.00</b>     |                      | <b>-</b>         |
| <b>Aggregate Market value - Quoted</b>                                                      |            |                      | <b>80.06</b>     |                      | <b>-</b>         |
| <b>Aggregate book value - Unquoted</b>                                                      |            |                      | <b>14,093.50</b> |                      | <b>13,782.98</b> |

\* During the year 2015-16, The Company acquired 1.13% share holding in India Infoline Finance Limited from Bennett Coleman & Co. Ltd., thereby, India Infoline Finance Limited has become wholly owned Subsidiary of the Company.

\*\* During the year 2015-16, India Infoline Commodities DMCC has filed for liquidation and as per Liquidator report dated 17/02/2016 of RSM Dahman Auditors, Dubai, UAE, necessary entries have been passed in the books recognizing the liquidation.

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 10. DEFERRED TAX ASSETS

The Company recognized deferred tax assets for the year ended on March 31, 2016, since the management is reasonably / virtually certain of its profitable operations in future. As per Accounting Standard 22 'Accounting for Taxes on Income', the timing differences mainly relates to following items and result in a net deferred tax asset.

(₹ in Millions)

| Particulars             | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-------------------------|-------------------------|-------------------------|
| On gratuity             | 2.30                    | 1.05                    |
| Long term capital loss  | 32.44                   | 26.00                   |
| On fixed assets         | (0.77)                  | -                       |
| Short term capital loss | 112.95                  | 144.74                  |
| <b>Total</b>            | <b>146.92</b>           | <b>171.79</b>           |

## NOTE 11. LONG-TERM LOANS & ADVANCES

(₹ in Millions)

| Particulars                                                                                                | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>                                                                          |                         |                         |
| Advance income tax [net of provision for income tax ₹ 3,186.19 million (previous year ₹ 3,026.56 million)] | 239.95                  | 245.49                  |
| MAT credit                                                                                                 | 10.77                   | 10.77                   |
| Prepaid expenses                                                                                           | 0.75                    | 1.12                    |
| Deposits                                                                                                   | 0.05                    | -                       |
| <b>Total</b>                                                                                               | <b>251.52</b>           | <b>257.38</b>           |

## NOTE 12. TRADE RECEIVABLE

(₹ in Millions)

| Particulars                                                                                       | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>                                                                 |                         |                         |
| Trade receivable outstanding for a period exceeding six months from date they are due for payment | -                       | -                       |
| Other trade receivable                                                                            | 52.43                   | 32.78                   |
| <b>Total</b>                                                                                      | <b>52.43</b>            | <b>32.78</b>            |

## NOTE 13. CASH AND BANK BALANCES

(₹ in Millions)

| Particulars                                                   | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------------------------------|-------------------------|-------------------------|
| <b>Cash &amp; Cash Equivalent :</b>                           |                         |                         |
| Cash on hand                                                  | -                       | 0.04                    |
| <b>Balances with Bank:</b>                                    |                         |                         |
| - In current accounts*                                        | 29.19                   | 407.38                  |
| - Others Bank account**                                       | 4.25                    | 7.75                    |
| <b>Total Cash &amp; Cash Equivalent (a)</b>                   | <b>33.44</b>            | <b>415.17</b>           |
| <b>Other Balances:</b>                                        |                         |                         |
| In Deposit account (maturity more than 3 months to 12 months) | -                       | 1.00                    |
| <b>Total Other Balances (b)</b>                               | <b>-</b>                | <b>1.00</b>             |
| <b>Total (a+b)</b>                                            | <b>33.44</b>            | <b>416.17</b>           |

\* The above balance includes cheque in hand of ₹ 21.73 million (previous Year ₹ 81.74 million)

\*\* Balances with banks in unpaid dividend accounts.

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 14. SHORT-TERM LOANS & ADVANCES

(₹ in Millions)

| Particulars                                                          | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured, Considered Good :</b>                                  |                         |                         |
| Loans & advances to subsidiary (for their business purposes)         | 705.77                  | 2.18                    |
| Advances recoverable in cash or in kind or for value to be received. | 0.24                    | 0.54                    |
| Other loans & advances                                               | 1.22                    | 0.26                    |
| <b>Total</b>                                                         | <b>707.23</b>           | <b>2.98</b>             |

## NOTE 15. OTHER CURRENT ASSETS

(₹ in Millions)

| Particulars      | As at March 31, 2016 |             | As at March 31, 2015 |             |
|------------------|----------------------|-------------|----------------------|-------------|
|                  | Current              | Non Current | Current              | Non Current |
| Prepaid expenses | 1.38                 | -           | 0.55                 | -           |
| Others           | 11.27                | -           | 17.56                | -           |
| <b>Total</b>     | <b>12.65</b>         | <b>-</b>    | <b>18.11</b>         | <b>-</b>    |

## NOTE 16. REVENUE FROM OPERATIONS

(₹ in Millions)

| Particulars                                      | 2015-16         | 2014-15         |
|--------------------------------------------------|-----------------|-----------------|
| <b>Revenue from Operations :</b>                 |                 |                 |
| <b>Fund Based Activities</b>                     |                 |                 |
| Dividend from subsidiaries                       | 1,323.29        | 902.74          |
| Dividend from mutual fund                        | -               | 5.40            |
| Dividend from equity shares others               | -               | 2.25            |
| <b>Interest Income :</b>                         |                 |                 |
| Interest on bank deposits                        | 0.04            | 0.05            |
| Interest income - AIF / Real estate fund         | 40.91           | 6.64            |
| Interest income - ICD                            | 67.01           | 22.07           |
| Interest income - other                          | 2.48            | 0.32            |
| <b>Advisory Fees / Investment Banking Income</b> | <b>558.15</b>   | <b>79.08</b>    |
| <b>Other Operating Income :</b>                  |                 |                 |
| Capital gain - mutual fund – current             | 30.29           | 7.88            |
| Capital gain - securities – current              | 0.98            | 23.68           |
| Capital gain securities – non current            | 90.92           | 40.19           |
| Capital gain - AIF – current                     | -               | 0.10            |
| <b>Total</b>                                     | <b>2,114.07</b> | <b>1,090.40</b> |

## NOTE 17. OTHER INCOME

(₹ in Millions)

| Particulars                   | 2015-16     | 2014-15      |
|-------------------------------|-------------|--------------|
| Interest on income tax refund | -           | 9.90         |
| Miscellaneous income          | 0.03        | 0.15         |
| <b>Total</b>                  | <b>0.03</b> | <b>10.05</b> |

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 18. EMPLOYEE COST

(₹ in Millions)

| Particulars                                | 2015-16      | 2014-15      |
|--------------------------------------------|--------------|--------------|
| Salaries and bonus                         | 82.46        | 20.45        |
| Contribution to provident and other funds# | 1.61         | 0.49         |
| Gratuity*                                  | 3.18         | 0.09         |
| Leave encashment                           | 0.48         | 0.62         |
| Staff welfare expenses                     | 0.10         | -            |
| <b>Total</b>                               | <b>87.83</b> | <b>21.65</b> |

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

(₹ in Millions)

| Particulars                                                | 2015-16       | 2014-15       |
|------------------------------------------------------------|---------------|---------------|
| <b>Assumptions</b>                                         |               |               |
| Discount rate previous year                                | 8.04%         | 9.14%         |
| Salary escalation previous year                            | 5.00%         | 5.00%         |
| Discount rate current year                                 | 7.84%         | 8.04%         |
| Salary escalation current year                             | 5.00%         | 5.00%         |
| <b>Change in Benefit Obligation</b>                        |               |               |
| Liability at the beginning of the year                     | 3.04          | 2.04          |
| Interest cost                                              | 0.24          | 0.19          |
| Current service cost                                       | 0.49          | 0.44          |
| Benefit paid                                               | -             | -             |
| Actuarial (gain)/ loss on obligations                      | 2.45          | (0.54)        |
| Liability transferred in/(out)                             | 2.10          | 3.01          |
| Liability transferred in/(out)                             | (1.66)        | (2.10)        |
| <b>Liability at the end of the Year</b>                    | <b>6.66</b>   | <b>3.04</b>   |
| <b>Amount Recognised in the Balance Sheet</b>              |               |               |
| Liability at the end of the year                           | (6.66)        | (3.04)        |
| Fair value of plan assets at the end of the year           | -             | -             |
| Differences                                                | (6.66)        | (3.04)        |
| <b>Amount of Liability Recognised in the Balance Sheet</b> | <b>(6.66)</b> | <b>(3.04)</b> |
| <b>Expenses Recognised in the Income Statement</b>         |               |               |
| Current service cost                                       | 0.49          | 0.44          |
| Interest cost                                              | 0.24          | 0.19          |
| Expected return on plan assets                             | -             | -             |
| Actuarial gain or loss                                     | 2.45          | (0.54)        |
| <b>Expense Recognised in P&amp;L</b>                       | <b>3.18</b>   | <b>0.09</b>   |
| <b>Balance Sheet Reconciliation</b>                        |               |               |
| Opening net liability                                      | 3.04          | 2.04          |
| Expense as above                                           | 3.18          | 0.09          |
| Net transfer in                                            | 2.10          | 3.01          |
| Net (liability)/asset transfer out                         | (1.66)        | (2.10)        |
| Employers contribution                                     | -             | -             |
| <b>Amount Recognised in Balance Sheet</b>                  | <b>6.66</b>   | <b>3.04</b>   |

### # Defined Contribution Plans:

The Company has also recognised the following amounts as an expense.

(₹ in Millions)

| Particulars                                              | 2015-16 | 2014-15 |
|----------------------------------------------------------|---------|---------|
| Contribution to provident fund & employee pension scheme | 1.60    | 0.48    |

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 19. FINANCE COSTS

(₹ in Millions)

| Particulars          | 2015-16      | 2014-15      |
|----------------------|--------------|--------------|
| Interest expenses    | 63.07        | 43.29        |
| Other borrowing cost | 0.38         | -            |
| <b>Total</b>         | <b>63.45</b> | <b>43.29</b> |

## NOTE 20. DEPRECIATION

(₹ in Millions)

| Particulars                       | 2015-16     | 2014-15     |
|-----------------------------------|-------------|-------------|
| Depreciation on tangible assets   | 0.85        | 0.73        |
| Depreciation on intangible assets | 0.03        | -           |
| <b>Total</b>                      | <b>0.88</b> | <b>0.73</b> |

## NOTE 21. ADMINISTRATION AND OTHER EXPENSES

(₹ in Millions)

| Particulars                                          | 2015-16      | 2014-15      |
|------------------------------------------------------|--------------|--------------|
| Advertisement                                        | 1.97         | 0.03         |
| Books & periodicals                                  | 0.01         | -            |
| Exchange and statutory charges                       | 0.07         | 1.48         |
| Marketing and commission expenses                    | 0.47         | 0.01         |
| Commission & sitting fees to non executive directors | 6.35         | 5.16         |
| Bank charges                                         | 0.02         | 0.67         |
| Communication                                        | 0.55         | 0.06         |
| Legal and professional charges                       | 13.73        | 5.01         |
| Electricity                                          | 0.06         | -            |
| Corporate Social Responsibility expenses             | 2.25         | 3.91         |
| Office expenses                                      | 0.90         | 0.02         |
| Meeting seminar & subscription                       | 0.97         | 1.43         |
| Postage and courier                                  | 0.10         | 0.33         |
| Printing and stationery                              | 1.33         | 1.29         |
| Rent                                                 | 7.31         | 0.03         |
| Insurance                                            | 1.07         | 0.40         |
| Rates & taxes                                        | 0.45         | 0.05         |
| Repairs & maintenance:                               |              |              |
| - Computer @                                         | 0.03         | 0.00         |
| - Others                                             | 0.05         | 0.02         |
| Remuneration to auditors :                           |              |              |
| - As auditors - statutory audit                      | 1.05         | 1.05         |
| - Certification work and other matters               | 0.11         | 0.09         |
| - Out of pocket expenses                             | 0.07         | 0.06         |
| Software charges                                     | 1.19         | 0.65         |
| Travelling and conveyance                            | 13.64        | 0.66         |
| Brokerage related expenses                           | 3.39         | -            |
| Donation                                             | 0.38         | -            |
| Miscellaneous expenses                               | 0.11         | 0.08         |
| <b>Total</b>                                         | <b>57.63</b> | <b>22.49</b> |

@ Amount is less than ₹ 0.01 million hence shown ₹ 0.00 million wherever applicable

# Standalone Financial Statements of IIFL Holdings Limited

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

## NOTE 22. EARNINGS PER SHARE (EPS)

| Particulars                                                                     |            | 2015-16     | 2014-15     |
|---------------------------------------------------------------------------------|------------|-------------|-------------|
| <b>Face value of equity shares in ₹ fully paid up</b>                           |            | <b>2</b>    | <b>2</b>    |
| <b>Basic EPS :</b>                                                              |            |             |             |
| Profit/(Loss) after tax as per statement of profit and loss (₹ in millions)     | A          | 1,719.81    | 982.22      |
| Weighted average number of shares subscribed (basic)                            | B          | 313,063,775 | 303,037,800 |
| <b>Basic EPS (₹)</b>                                                            | <b>A/B</b> | <b>5.49</b> | <b>3.24</b> |
| <b>Diluted EPS :</b>                                                            |            |             |             |
| Profit/(Loss) after tax as per statement of profit and loss (₹ in millions)     | A          | 1,719.81    | 982.22      |
| Weighted average number of shares subscribed                                    |            | 313,063,775 | 303,037,800 |
| Add : Potential equity shares on account of conversion of employee stock option |            | 2,124,100   | 8,463,140   |
| Weighted average number of shares outstanding                                   | B          | 315,187,875 | 311,500,940 |
| <b>Diluted EPS (₹)</b>                                                          | <b>A/B</b> | <b>5.46</b> | <b>3.15</b> |

## NOTE 23. CONTINGENT LIABILITIES

As of March 31, 2016, the Company had certain contingent liabilities not provided for, including the following:

|         |                                      | (₹ in Millions)      |                      |
|---------|--------------------------------------|----------------------|----------------------|
| Sr. No. | Name of the Statute                  | As at March 31, 2016 | As at March 31, 2015 |
| (i)     | In respect of income tax demands     | 353.73               | 221.83               |
| (ii)    | In respect of MVAT demands           | -                    | 5.90                 |
| (iii)   | In respect of profession tax demands | 1.55                 | 1.55                 |

**NOTE: 24.** There are no Pending Litigation by and on the Company as on the Balance Sheet date.

## NOTE 25. CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE

There were outstanding commitments for others to the tune of ₹ 0.24 million (previous year for investments ₹ 489.07 million) of the total contractual obligation entered during the year.

## NOTE 26. THE COMPANY HAS PROVIDED CORPORATE GUARANTEE ON BEHALF OF THE FOLLOWING SUBSIDIARIES FOR THEIR BUSINESS PURPOSES.

| Sr. No. | Name of the subsidiary                                               | ₹ in Millions |
|---------|----------------------------------------------------------------------|---------------|
| 1       | India Infoline Commodities Limited                                   | 1,250.00      |
|         |                                                                      | (1,250.00)    |
| 2       | India Infoline Finance Limited                                       | 64,500.00     |
|         |                                                                      | (75,650.00)   |
| 3       | India Infoline Housing Finance Limited                               | 22,430.00     |
|         |                                                                      | (2,000.00)    |
| 4       | IIFL Facilities Services Limited (Formerly known as IIFL Realty Ltd) | 2,000.00      |
|         |                                                                      | (4,650.00)    |
| 5       | 5 Paisa Capital Limited (Formerly known as IIFL Capital Ltd)         | 750.00        |
|         |                                                                      | (750.00)      |
| 6       | India Infoline Limited                                               | 6,500.00      |
|         |                                                                      | (6,500.00)    |

(Figure in bracket represents previous year figures)

# Standalone Financial Statements of IIFL Holdings Limited

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

**NOTE: 27.** Disclosure of loans/advances to subsidiaries and associates etc. as required under schedule V read with Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

- a) ₹ NIL (Previous year ₹ NIL) due from India Infoline Finance Limited (maximum amount outstanding during the year ₹ 515.00 million, Previous Year : ₹ 2,690.00 million)
- b) ₹ NIL (Previous year ₹ NIL) due from IIFL wealth Management Limited (maximum amount outstanding during the year ₹ NIL, Previous Year : ₹ 1,000.00 million)
- c) ₹ NIL (Previous year ₹ NIL) due from India Alternate Investment Advisor Private Limited (maximum amount outstanding during the year ₹ 366.80 million, Previous Year : ₹ NIL)
- d) ₹ 316.50 million (Previous year ₹ NIL) due from India Infoline Insurance Broker Limited (maximum amount outstanding during the year ₹ 331.50 million Previous Year : ₹ NIL)
- e) ₹ 2.50 million (Previous year ₹ NIL) due from India Infoline Insurance Services Limited (maximum amount outstanding during the year ₹ 2.50 million, Previous Year : ₹ NIL)
- f) ₹ 23.10 million (Previous year ₹ NIL) due from 5 paisa Capital Limited (maximum amount outstanding during the year ₹ 165.00 million, Previous Year : ₹ NIL)
- g) ₹ NIL (Previous year ₹ NIL) due from India Infoline commodities Limited (maximum amount outstanding during the year ₹ 315.50 million, Previous Year : ₹ NIL)
- h) ₹ NIL (Previous year ₹ NIL) due from IIFL Facilities Services Limited (maximum amount outstanding during the year ₹ 4.50 million, Previous Year : ₹ NIL)
- i) ₹ NIL (Previous year ₹ NIL) due from India Infoline Housing Finance Limited (maximum amount outstanding during the year ₹ 420.00 million, Previous Year : ₹ 2,500.00 million)
- j) ₹ 363.80 million (Previous year ₹ NIL) due from India Infoline Media and Research Services Limited (maximum amount outstanding during the year ₹ 400.00 million, Previous Year : ₹ NIL)
- k) ₹ NIL (Previous year ₹ NIL) due from India Infoline Limited (maximum amount outstanding during the year ₹ NIL, Previous Year : ₹ 6,385.80 million)
- l) ₹ NIL (Previous year ₹ 2.18 million) due from India Infoline Commodities DMCC dubai (maximum amount outstanding during the year ₹ 2.18 million Previous Year : ₹ 2.18 million)

**NOTE: 28.** The Company has implemented Employee Stock Option Scheme 2007, 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Remuneration and Compensation Committee and ESOP Schemes.

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

| Particulars                                       | ESOP 2007                                                                                                                        | ESOP 2008                                                                                                                                                                                                                                       |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. of options as on March 31, 2016               | -                                                                                                                                | 4,670,000                                                                                                                                                                                                                                       |
| Method of accounting                              | Intrinsic Value                                                                                                                  | Intrinsic Value                                                                                                                                                                                                                                 |
| Vesting Plan                                      | Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options | Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options                                                                                                                |
| Exercise Period                                   | Five years from the date of grant                                                                                                | Seven years from the date of grant                                                                                                                                                                                                              |
| Grant Dates                                       | October 17, 2008, December 18, 2008, January 1, 2009 and March 5, 2012                                                           | December 18, 2008, January 1, 2009, May 27, 2009, December 10, 2009, September 20, 2010, May 7, 2011, May 15, 2012, August 10, 2012, October 29, 2012, November 05, 2013, August 05, 2014, November 20, 2014, March 02, 2015 and March 08, 2016 |
| Grant Price (₹ Per Share)                         | ₹ 63.75, ₹ 45.30, ₹ 50.90 and ₹ 70.00                                                                                            | ₹ 45.30, ₹ 50.90, ₹ 100.00, ₹ 136.00, ₹ 105.00, ₹ 72.40, ₹ 45.90, ₹ 56.60, ₹ 68.15, ₹ 58.10, ₹ 134.75, ₹ 188.40, ₹ 181.55 and ₹ 180                                                                                                             |
| Market Price on the date of Grant of Option (₹) * | ₹ 63.75, ₹ 45.30, ₹ 50.90 and ₹ 70.00                                                                                            | ₹ 45.30, ₹ 50.90, ₹ 100.00, ₹ 136.00, ₹ 105.00, ₹ 72.40, ₹ 45.90, ₹ 56.60, ₹ 68.15, ₹ 58.10, ₹ 134.75, ₹ 188.40, ₹ 181.55 and ₹ 180                                                                                                             |

\* Closing price at the stock exchange, as on the previous trading day of the date of grant, as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

# Standalone Financial Statements of IIFL Holdings Limited

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

## b) Movement of options granted:

| Particulars                                      | ESOP 2007 | ESOP 2008  |
|--------------------------------------------------|-----------|------------|
| Options outstanding at the beginning of the year | 2,299,755 | 11,345,650 |
| Granted during the year                          | -         | 900,000    |
| Exercised during the year                        | 1,688,755 | 7,114,150  |
| Lapsed during the year                           | 611,000   | 461,500    |
| Options outstanding at the end of the year       | -         | 4,670,000  |

**NOTE: 29.** In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting'. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

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

## NOTE: 30. CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2015-16, the Company spend ₹ 2.25 million (P.Y. ₹ 3.91 million) out of the total amount of ₹ 2.34 million (P.Y. ₹ 6.59 million) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility (CSR). The Company was focused on implementing the projects identified by the CSR Committee and had successfully completed most of the projects. The Company had substantially utilised the amount required to be spent on CSR projects and there is a small amount of ₹ 0.09 million remain as unspent. The Company has many ongoing projects and plans to further increase the spend in the year to come through its impact driven projects.

## NOTE 31. RELATED PARTY DISCLOSURES AS ON MARCH 31, 2016

### A) Related parties where control exists

| Nature of relationship                        | Name of party                                                                                   |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------|
| Subsidiaries including step down subsidiaries | India Infoline Finance Limited                                                                  |
|                                               | India Infoline Housing Finance Limited                                                          |
|                                               | IIFL Wealth Management Limited                                                                  |
|                                               | India Infoline Limited                                                                          |
|                                               | India Infoline Insurance Brokers Limited                                                        |
|                                               | India Infoline Insurance Services Limited                                                       |
|                                               | India Infoline Commodities Limited                                                              |
|                                               | IIFL Facilities Services Limited (Formerly IIFL Reality Limited)                                |
|                                               | India Infoline Media & Research Services Limited                                                |
|                                               | 5 Paisa Capital Limited (Formerly IIFL Capital Limited)                                         |
|                                               | IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited)        |
|                                               | IIFL Investment Advisors And Trustee Services Limited (Formerly IIFL Trustee Services Limited ) |
|                                               | IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited)                          |
|                                               | IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)        |
|                                               | IIFL Alternate Asset Advisors Limited                                                           |
|                                               | India Infoline Commodities DMCC (up to February 17, 2016)                                       |
|                                               | IIFL (Asia) Pte Limited                                                                         |
|                                               | IIFL Securities Pte Limited                                                                     |
|                                               | IIFL Capital Pte. Limited (formerly IIFL Wealth Pte. Limited)                                   |
|                                               | IIFL Assets Reconstruction Limited                                                              |
|                                               | India Alternatives Investment Advisors Private Limited                                          |
|                                               | IIFL Private Wealth Management (Dubai) Limited                                                  |
|                                               | IIFL Wealth (UK) Limited                                                                        |
|                                               | IIFL Inc.                                                                                       |
|                                               | IIFL Private Wealth (Suisse) SA.                                                                |
|                                               | IIFL Capital Inc.                                                                               |
|                                               | IIFL Private Wealth Hong Kong Limited                                                           |

# Standalone Financial Statements of IIFL Holdings Limited

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

| Nature of relationship   | Name of party                                                                                   |
|--------------------------|-------------------------------------------------------------------------------------------------|
|                          | IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)                          |
|                          | IIFL Properties Private Limited (Formerly Ultra Sign and Display Private Limited)               |
|                          | IIFL Private Wealth (Mauritius) Limited                                                         |
|                          | India Infoline Foundation                                                                       |
| Joint Venture            | Meenakshi Tower LLP (Joint venture of wholly owned subsidiary IIFL Facilities Services Limited) |
| Key Management Personnel | Mr. Nirmal Jain                                                                                 |
|                          | Mr. R. Venkataraman                                                                             |
| Other related parties    | Mrs. Madhu Jain (wife of Mr. Nirmal Jain)                                                       |
|                          | Mrs. Aditi Venkataraman (wife of Mr. R Venkataraman)                                            |
|                          | Orpheus Trading Private Limited                                                                 |
|                          | Ardent Impex Private Limited                                                                    |

## B) Significant Transactions with Related Parties

(₹ in Millions)

| Nature of Transaction                    | Subsidiaries | Key Managerial Personnel | Other Related Party | Total      |
|------------------------------------------|--------------|--------------------------|---------------------|------------|
| <b>Investment Made</b>                   |              |                          |                     |            |
| India Infoline Finance Limited           | -            | -                        | -                   | -          |
|                                          | (1,250.00)   | (-)                      | (-)                 | (1,250.00) |
| <b>Investment Sold</b>                   |              |                          |                     |            |
| India Infoline Finance Limited           | 919.19       | -                        | -                   | 919.19     |
|                                          | (-)          | (-)                      | (-)                 | (-)        |
| IIFL Wealth Management Limited           | -            | -                        | -                   | -          |
|                                          | (446.28)     | (-)                      | (-)                 | (446.28)   |
| <b>Investments</b>                       |              |                          |                     |            |
| IIFL (Asia) Pte Limited                  | -            | -                        | -                   | -          |
|                                          | (530.35)     | (-)                      | (-)                 | (530.35)   |
| IIFL Assets Reconstruction Limited       | 20.50        | -                        | -                   | 20.50      |
|                                          | (-)          | (-)                      | (-)                 | (-)        |
| <b>Disinvestments</b>                    |              |                          |                     |            |
| India Infoline Commodities DMCC          | 11.76        | -                        | -                   | 11.76      |
|                                          | (-)          | (-)                      | (-)                 | (-)        |
| <b>Purchase of Investments</b>           |              |                          |                     |            |
| India Infoline Finance Limited           | -            | -                        | -                   | -          |
|                                          | (617.56)     | (-)                      | (-)                 | (617.56)   |
| <b>Brokerage Expense</b>                 |              |                          |                     |            |
| India Infoline Limited                   | -            | -                        | -                   | -          |
|                                          | (0.09)       | (-)                      | (-)                 | (0.09)     |
| <b>Interest Income ICD/NCD</b>           |              |                          |                     |            |
| India Infoline Finance Limited           | 0.14         | -                        | -                   | 0.14       |
|                                          | (3.50)       | (-)                      | (-)                 | (3.50)     |
| India Infoline Commodities Limited       | 17.19        | -                        | -                   | 17.19      |
|                                          | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Housing Finance Limited   | 4.09         | -                        | -                   | 4.09       |
|                                          | (3.31)       | (-)                      | (-)                 | (3.31)     |
| IIFL Alternate Assets Advisors Limited   | 2.68         | -                        | -                   | 2.68       |
|                                          | (-)          | (-)                      | (-)                 | (-)        |
| 5 Paisa Capital Limited                  | 3.54         | -                        | -                   | 3.54       |
|                                          | (-)          | (-)                      | (-)                 | (-)        |
| IIFL Facilities Services Ltd.            | 0.08         | -                        | -                   | 0.08       |
|                                          | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Insurance Brokers Limited | 14.66        | -                        | -                   | 14.66      |
|                                          | (-)          | (-)                      | (-)                 | (-)        |

# Standalone Financial Statements of IIFL Holdings Limited

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

| (₹ in Millions)                                  |              |                          |                     |          |
|--------------------------------------------------|--------------|--------------------------|---------------------|----------|
| Nature of Transaction                            | Subsidiaries | Key Managerial Personnel | Other Related Party | Total    |
| India Infoline Media & Research Services Limited | 24.51        | -                        | -                   | 24.51    |
|                                                  | (-)          | (-)                      | (-)                 | (-)      |
| IIFL Wealth Management Limited                   | -            | -                        | -                   | -        |
|                                                  | (1.56)       | (-)                      | (-)                 | (1.56)   |
| India Infoline Insurance Services Limited        | 0.12         | -                        | -                   | 0.12     |
|                                                  | (-)          | (-)                      | (-)                 | (-)      |
| India Infoline Limited                           | -            | -                        | -                   | -        |
|                                                  | (13.69)      | (-)                      | (-)                 | (13.69)  |
| <b>Dividend Income</b>                           |              |                          |                     |          |
| India Infoline Finance Limited                   | 676.57       | -                        | -                   | 676.57   |
|                                                  | (586.17)     | (-)                      | (-)                 | (586.17) |
| IIFL Wealth Management Limited                   | 270.00       | -                        | -                   | 270.00   |
|                                                  | (202.50)     | (-)                      | (-)                 | (202.50) |
| India Infoline Insurance Services Limited        | 124.88       | -                        | -                   | 124.88   |
|                                                  | (-)          | (-)                      | (-)                 | (-)      |
| India Infoline Commodities Limited               | 117.04       | -                        | -                   | 117.04   |
|                                                  | (-)          | (-)                      | (-)                 | (-)      |
| India Infoline Housing Finance Limited           | 18.44        | -                        | -                   | 18.44    |
|                                                  | (-)          | (-)                      | (-)                 | (-)      |
| India Infoline Insurance Brokers Limited         | 66.50        | -                        | -                   | 66.50    |
|                                                  | (-)          | (-)                      | (-)                 | (-)      |
| India Infoline Limited                           | 49.86        | -                        | -                   | 49.86    |
|                                                  | (114.08)     | (-)                      | (-)                 | (114.08) |
| <b>Rent Expenses</b>                             |              |                          |                     |          |
| IIFL Facilities Services Limited                 | 7.28         | -                        | -                   | 7.28     |
|                                                  | (-)          | (-)                      | (-)                 | (-)      |
| IIFL Properties Private Limited                  | 0.02         | -                        | -                   | 0.02     |
|                                                  | (-)          | (-)                      | (-)                 | (-)      |
| <b>Corporate Social Responsibility Expenses</b>  |              |                          |                     |          |
| India Infoline Foundation                        | 0.15         | -                        | -                   | 0.15     |
|                                                  | (-)          | (-)                      | (-)                 | (-)      |
| <b>Interest Expenses</b>                         |              |                          |                     |          |
| India Infoline Limited                           | -            | -                        | -                   | -        |
|                                                  | (0.35)       | (-)                      | (-)                 | (0.35)   |
| <b>Interest Expenses – ICD</b>                   |              |                          |                     |          |
| India Infoline Finance Limited                   | -            | -                        | -                   | -        |
|                                                  | (7.83)       | (-)                      | (-)                 | (7.83)   |
| India Infoline Commodities Limited               | -            | -                        | -                   | -        |
|                                                  | (0.48)       | (-)                      | (-)                 | (0.48)   |
| <b>ICD Taken</b>                                 |              |                          |                     |          |
| India Infoline Finance Limited                   | -            | -                        | -                   | -        |
|                                                  | (500.00)     | (-)                      | (-)                 | (500.00) |
| India Infoline Limited                           | -            | -                        | -                   | -        |
|                                                  | (360.40)     | (-)                      | (-)                 | (360.40) |
| India Infoline Commodities Limited               | -            | -                        | -                   | -        |
|                                                  | (50.00)      | (-)                      | (-)                 | (50.00)  |
| <b>ICD Taken Repaid</b>                          |              |                          |                     |          |
| India Infoline Finance Limited                   | -            | -                        | -                   | -        |
|                                                  | (500.00)     | (-)                      | (-)                 | (500.00) |

# Standalone Financial Statements of IIFL Holdings Limited

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

| (₹ in Millions)                                    |              |                          |                     |            |
|----------------------------------------------------|--------------|--------------------------|---------------------|------------|
| Nature of Transaction                              | Subsidiaries | Key Managerial Personnel | Other Related Party | Total      |
| India Infoline Limited                             | -            | -                        | -                   | -          |
|                                                    | (360.40)     | (-)                      | (-)                 | (360.40)   |
| India Infoline Commodities Limited                 | -            | -                        | -                   | -          |
|                                                    | (50.00)      | (-)                      | (-)                 | (50.00)    |
| <b>ICD Given</b>                                   |              |                          |                     |            |
| India Infoline Finance Limited                     | 515.00       | -                        | -                   | 515.00     |
|                                                    | (3,190.00)   | (-)                      | (-)                 | (3,190.00) |
| IIFL Wealth Management Limited                     | -            | -                        | -                   | -          |
|                                                    | (1,000.00)   | (-)                      | (-)                 | (1,000.00) |
| India Alternate Investment Advisor Private Limited | 366.80       | -                        | -                   | 366.80     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Insurance Broker Limited            | 334.50       | -                        | -                   | 334.50     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Insurance Services Limited          | 2.50         | -                        | -                   | 2.50       |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| 5 Paisa Capital Limited                            | 190.60       | -                        | -                   | 190.60     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Commodities Limited                 | 337.60       | -                        | -                   | 337.60     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| IIFL Facilities Services Limited                   | 4.50         | -                        | -                   | 4.50       |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Housing Finance Limited             | 490.00       | -                        | -                   | 490.00     |
|                                                    | (2,500.00)   | (-)                      | (-)                 | (2,500.00) |
| India Infoline Media and Research Services Limited | 491.60       | -                        | -                   | 491.60     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Limited                             | -            | -                        | -                   | -          |
|                                                    | (6,385.80)   | (-)                      | (-)                 | (6,385.80) |
| <b>ICD Given Received Back</b>                     |              |                          |                     |            |
| India Infoline Finance Limited                     | 515.00       | -                        | -                   | 515.00     |
|                                                    | (3,190.00)   | (-)                      | (-)                 | (3,190.00) |
| IIFL Wealth Management Limited                     | -            | -                        | -                   | -          |
|                                                    | (1,000.00)   | (-)                      | (-)                 | (1,000.00) |
| 5 Paisa Capital Limited                            | 167.50       | -                        | -                   | 167.50     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Alternate Investment Advisor Private Limited | 366.80       | -                        | -                   | 366.80     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Insurance Broker Limited            | 18.00        | -                        | -                   | 18.00      |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Commodities Limited                 | 337.60       | -                        | -                   | 337.60     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| IIFL Facilities Services Limited                   | 4.50         | -                        | -                   | 4.50       |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Media and Research Services Limited | 127.80       | -                        | -                   | 127.80     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Housing Finance Limited             | 490.00       | -                        | -                   | 490.00     |
|                                                    | (2,500.00)   | (-)                      | (-)                 | (2,500.00) |
| India Infoline Limited                             | -            | -                        | -                   | -          |
|                                                    | (6,385.80)   | (-)                      | (-)                 | (6,385.80) |
| <b>Advance Taken (Max.)</b>                        |              |                          |                     |            |
| India Infoline Limited                             | -            | -                        | -                   | -          |
|                                                    | (14.30)      | (-)                      | (-)                 | (14.30)    |

# Standalone Financial Statements of IIFL Holdings Limited

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

| (₹ in Millions)                                        |              |                          |                     |          |
|--------------------------------------------------------|--------------|--------------------------|---------------------|----------|
| Nature of Transaction                                  | Subsidiaries | Key Managerial Personnel | Other Related Party | Total    |
| <b>Advance Taken Paid Back (Max.)</b>                  |              |                          |                     |          |
| India Infoline Limited                                 | -            | -                        | -                   | -        |
|                                                        | (14.30)      | (-)                      | (-)                 | (14.30)  |
| <b>Allocation / Reimbursement of Expenses Paid</b>     |              |                          |                     |          |
| India Infoline Insurance Brokers Limited @             | 0.00         | -                        | -                   | 0.00     |
|                                                        | (-)          | (-)                      | (-)                 | (-)      |
| India Infoline Finance Limited                         | 0.21         | -                        | -                   | 0.21     |
|                                                        | (-)          | (-)                      | (-)                 | (-)      |
| India Infoline Limited.                                | 1.57         | -                        | -                   | 1.57     |
|                                                        | (12.57)      | (-)                      | (-)                 | (12.57)  |
| <b>Others Paid</b>                                     |              |                          |                     |          |
| India Infoline Insurance Brokers Limited @             | -            | -                        | -                   | -        |
|                                                        | (0.00)       | (-)                      | (-)                 | (0.00)   |
| India Infoline Insurance Services Limited              | -            | -                        | -                   | -        |
|                                                        | (96.25)      | (-)                      | (-)                 | (96.25)  |
| India Infoline Media and Research Services Limited @   | -            | -                        | -                   | -        |
|                                                        | (0.00)       | (-)                      | (-)                 | (0.00)   |
| India Infoline Finance Limited                         | 0.29         | -                        | -                   | 0.29     |
|                                                        | (0.73)       | (-)                      | (-)                 | (0.73)   |
| IIFL Facilities Services Limited                       | 3.38         | -                        | -                   | 3.38     |
|                                                        | (-)          | (-)                      | (-)                 | (-)      |
| India Infoline Limited                                 | 0.36         | -                        | -                   | 0.36     |
|                                                        | (102.18)     | (-)                      | (-)                 | (102.18) |
| <b>Allocation / Reimbursement of Expenses Received</b> |              |                          |                     |          |
| India Infoline Limited                                 | 1.57         | -                        | -                   | 1.57     |
|                                                        | (23.13)      | (-)                      | (-)                 | (23.13)  |
| India Infoline Insurance Brokers Limited               | 0.09         | -                        | -                   | 0.09     |
|                                                        | (-)          | (-)                      | (-)                 | (-)      |
| <b>Others Received</b>                                 |              |                          |                     |          |
| IIFL Alternate Assets Advisors Limited                 | -            | -                        | -                   | -        |
|                                                        | (0.23)       | (-)                      | (-)                 | (0.23)   |
| IIFL Investment Advisors & Trustee Services Limited    | -            | -                        | -                   | -        |
|                                                        | (0.26)       | (-)                      | (-)                 | (0.26)   |
| IIFL Wealth Management Limited                         | 0.57         | -                        | -                   | 0.57     |
|                                                        | (16.33)      | (-)                      | (-)                 | (16.33)  |
| India Infoline Commodities Limited                     | -            | -                        | -                   | -        |
|                                                        | (0.47)       | (-)                      | (-)                 | (0.47)   |
| India Infoline Insurance Brokers Limited               | -            | -                        | -                   | -        |
|                                                        | (0.88)       | (-)                      | (-)                 | (0.88)   |
| India Infoline Media and Research Services Limited     | -            | -                        | -                   | -        |
|                                                        | (0.19)       | (-)                      | (-)                 | (0.19)   |
| 5 Paisa Capital Limited                                | -            | -                        | -                   | -        |
|                                                        | (0.15)       | (-)                      | (-)                 | (0.15)   |
| IIFL Facilities Services Limited                       | 0.76         | -                        | -                   | 0.76     |
|                                                        | (0.60)       | (-)                      | (-)                 | (0.60)   |
| India Infoline Finance Limited                         | -            | -                        | -                   | -        |
|                                                        | (5.47)       | (-)                      | (-)                 | (5.47)   |
| IIFL Distribution Services Limited                     | -            | -                        | -                   | -        |
|                                                        | (1.23)       | (-)                      | (-)                 | (1.23)   |
| India Infoline Limited                                 | 7.12         | -                        | -                   | 7.12     |
|                                                        | (165.64)     | (-)                      | (-)                 | (165.64) |

@ Amount is less than ₹ 0.01 million hence shown ₹ 0.00 million wherever applicable

# Standalone Financial Statements of IIFL Holdings Limited

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

## C) Outstanding as on March 31, 2016

(₹ in Millions)

| Particulars                                        | Subsidiaries | Key Managerial Personnel | Other Related Party | Total      |
|----------------------------------------------------|--------------|--------------------------|---------------------|------------|
| <b>Sundry Receivables</b>                          |              |                          |                     |            |
| India Infoline Commodities DMCC                    | -            | -                        | -                   | -          |
|                                                    | (2.18)       | (-)                      | (-)                 | (2.18)     |
| India Infoline Insurance Services Limited          | 2.50         | -                        | -                   | 2.50       |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Insurance Brokers Limited           | 316.50       | -                        | -                   | 316.50     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| India Infoline Media & Research Services Limited   | 363.80       | -                        | -                   | 363.80     |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| 5 Paisa Capital Limited                            | 23.10        | -                        | -                   | 23.10      |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| <b>Sundry Payable</b>                              |              |                          |                     |            |
| IIFL Pvt Wealth Management (Dubai)                 | 0.13         | -                        | -                   | 0.13       |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| <b>Investments in Subsidiaries</b>                 |              |                          |                     |            |
| <b>Equity</b>                                      |              |                          |                     |            |
| 5 Paisa Capital Limited                            | 120.50       | -                        | -                   | 120.50     |
|                                                    | (120.50)     | (-)                      | (-)                 | (120.50)   |
| IIFL Asset Reconstruction Limited                  | 20.50        | -                        | -                   | 20.50      |
|                                                    | (-)          | (-)                      | (-)                 | (-)        |
| IIFL Facilities Services Limited                   | 605.18       | -                        | -                   | 605.18     |
|                                                    | (605.18)     | (-)                      | (-)                 | (605.18)   |
| IIFL Wealth (UK) Limited                           | 11.20        | -                        | -                   | 11.20      |
|                                                    | (11.20)      | (-)                      | (-)                 | (11.20)    |
| IIFL Wealth Management Limited                     | 225.00       | -                        | -                   | 225.00     |
|                                                    | (225.00)     | (-)                      | (-)                 | (225.00)   |
| India Infoline Commodities DMCC                    | -            | -                        | -                   | -          |
|                                                    | (11.76)      | (-)                      | (-)                 | (11.76)    |
| India Infoline Commodities Limited                 | 20.00        | -                        | -                   | 20.00      |
|                                                    | (20.00)      | (-)                      | (-)                 | (20.00)    |
| India Infoline Finance Limited                     | 10,152.99    | -                        | -                   | 10,152.99  |
|                                                    | (9,723.15)   | (-)                      | (-)                 | (9,723.15) |
| India Infoline Media And Research Services Limited | 0.50         | -                        | -                   | 0.50       |
|                                                    | (0.50)       | (-)                      | (-)                 | (0.50)     |
| India Infoline Insurance Brokers Limited           | 33.41        | -                        | -                   | 33.41      |
|                                                    | (5.00)       | (-)                      | (-)                 | (5.00)     |
| India Infoline Insurance Services Limited          | 10.00        | -                        | -                   | 10.00      |
|                                                    | (10.00)      | (-)                      | (-)                 | (10.00)    |
| IIFL Capital Inc                                   | 40.29        | -                        | -                   | 40.29      |
|                                                    | (40.29)      | (-)                      | (-)                 | (40.29)    |
| India Infoline Limited                             | 953.13       | -                        | -                   | 953.13     |
|                                                    | (953.13)     | (-)                      | (-)                 | (953.13)   |
| <b>Preference Shares</b>                           |              |                          |                     |            |
| India Infoline Finance Limited                     | 1,250.00     | -                        | -                   | 1,250.00   |
|                                                    | (1,250.00)   | (-)                      | (-)                 | (1,250.00) |
| India Infoline Housing Limited                     | -            | -                        | -                   | -          |
|                                                    | (600.00)     | (-)                      | (-)                 | (600.00)   |
| <b>Corporate Guarantee</b>                         |              |                          |                     |            |
| India Infoline Commodities Limited                 | 1,250.00     | -                        | -                   | 1,250.00   |
|                                                    | (1,250.00)   | (-)                      | (-)                 | (1,250.00) |

# Standalone Financial Statements of IIFL Holdings Limited

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

| (₹ in Millions)                        |              |                          |                     |             |
|----------------------------------------|--------------|--------------------------|---------------------|-------------|
| Particulars                            | Subsidiaries | Key Managerial Personnel | Other Related Party | Total       |
| India Infoline Housing Finance Limited | 22,430.00    | -                        | -                   | 22,430.00   |
|                                        | (2,000.00)   | (-)                      | (-)                 | (2,000.00)  |
| IIFL Facilities Services Limited       | 2,000.00     | -                        | -                   | 2,000.00    |
|                                        | (4,650.00)   | (-)                      | (-)                 | (4,650.00)  |
| India Infoline Finance Limited         | 64,500.00    | -                        | -                   | 64,500.00   |
|                                        | (75,650.00)  | (-)                      | (-)                 | (75,650.00) |
| 5 Paisa Capital Limited                | 750.00       | -                        | -                   | 750.00      |
|                                        | (750.00)     | (-)                      | (-)                 | (750.00)    |
| India Infoline Limited                 | 6,500.00     | -                        | -                   | 6,500.00    |
|                                        | (6,500.00)   | (-)                      | (-)                 | (6,500.00)  |

Note: Figures in bracket represent previous year's figure.

## NOTE 32. EARNINGS AND EXPENSES IN FOREIGN CURRENCY

| (₹ in Millions)                     |               |             |
|-------------------------------------|---------------|-------------|
| Particulars                         | 2015-16       | 2014-15     |
| <b>Earnings in Foreign Currency</b> | 280.77        | -           |
| <b>Total Income</b>                 | <b>280.77</b> | <b>-</b>    |
| <b>Expenses in Foreign Currency</b> |               |             |
| Travelling expenses                 | 1.58          | 0.04        |
| <b>Total Expenses</b>               | <b>1.58</b>   | <b>0.04</b> |

During the year the Company remitted the dividend in foreign currency for F.Y 2015-16. The details are under.

| Particulars                              | 2015-16                      | 2014-15                      |
|------------------------------------------|------------------------------|------------------------------|
| Type of Dividend                         | Interim Dividend F.Y 2015-16 | Interim Dividend F.Y 2014-15 |
| Number of non-resident shareholder       | -                            | 3                            |
| Number of shares held by them            | -                            | 1,250,000                    |
| Gross amount of dividend (₹ in millions) | -                            | 3.75                         |

**NOTE 33.** No Interest has been paid/is payable by company during the year to "Suppliers" referred under the Small and Medium Enterprises Development Act, 2006. The aforementioned is based on the response received by the Company to its inquiries with suppliers with regards to applicability under the said act.

**NOTE 34.** Previous year figures have been regrouped, reclassified & rearranged, wherever considered necessary to confirm to current year's presentation.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No. 109983W

By the hand of

**Tirtharaj Khot**

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 05, 2016

For and on behalf of the Board of Directors

**Nirmal Jain**

Chairman

(DIN: 00010535)

**Prabodh Agrawal**

Chief Financial Officer

**R.Venkataraman**

Managing Director

(DIN: 00011919)

**Gajendra Thakur**

Company Secretary

# Independent Auditor's Report

## To the Members of IIFL Holdings Limited

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of IIFL Holdings Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company, its subsidiaries together referred to as "the Group"), its jointly controlled entity comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and the Management of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 there under.

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

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

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

### OPINION

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

### OTHER MATTERS

- a) We did not audit the financial statements of 3 subsidiaries and 15 step-down subsidiaries, whose financial statements reflect total assets of ₹ 26,256.49 millions as at March 31, 2016, total revenues of ₹ 6,747.22 millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- b) We did not audit the financial statements of jointly controlled entity, whose financial statements reflect total assets of ₹ 357.25 millions as at March 31, 2016, total revenues of ₹ NIL for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly

controlled entity, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statement certified by the Management.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and our Reports of its subsidiary companies and Reports of the other statutory auditor of its subsidiary / step down subsidiaries, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statement disclosed the impact of pending litigations on the consolidated financial position of the Group – Refer note 30 (b) and (c) to the Consolidated Financial Statements.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and there were no amounts which were required to be transferred to Investor Education and Protection Fund by its subsidiary companies incorporated in India.

#### **For Sharp and Tannan Associates**

Chartered Accountants  
Firm's Registration No.:109983W  
By the hand of

**Tirtharaj Khot**

Partner

Membership No.: (F) 037457

Place: Mumbai  
Date: May 05, 2016

# Annexure 'A' to the Independent Auditor's Report

## **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of IIFL Holdings Limited (hereinafter referred to as the 'Holding Company') and its subsidiary companies which are incorporated in India, as of that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

### **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 deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both issued by the ICAI. 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 judgment, 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, the Holding Company and its subsidiary Companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**OTHER MATTERS**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial

controls over financial reporting insofar as it relates to one subsidiary company and seven step down subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For Sharp and Tannan Associates**

Chartered Accountants  
Firm's Registration No.:109983W  
By the hand of

**Tirtharaj Khot**

Partner

Membership No.: (F) 037457

Place: Mumbai

Date: May 05, 2016

# Consolidated Balance Sheet

As at March 31, 2016

(₹ in Millions)

| Particulars                                                                              | Note No. | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------------------------------------------------------|----------|-------------------------|-------------------------|
| <b>I EQUITY AND LIABILITIES</b>                                                          |          |                         |                         |
| <b>(1) Shareholder's Funds</b>                                                           |          |                         |                         |
| (a) Share Capital                                                                        | 3        | 633.07                  | 620.47                  |
| (b) Reserve and Surplus                                                                  | 4        | 28,566.49               | 24,956.43               |
| (c) Money received against share warrants                                                |          | 0.09                    | -                       |
| <b>Sub Total</b>                                                                         |          | <b>29,199.65</b>        | <b>25,576.90</b>        |
| <b>(2) Minority Interest</b>                                                             | 5        | <b>11,758.21</b>        | <b>2,644.67</b>         |
| <b>(3) Non Current Liabilities</b>                                                       |          |                         |                         |
| (a) Long-term Borrowings                                                                 | 6        | 90,203.09               | 94,711.80               |
| (b) Deferred Tax Liabilities                                                             | 14       | 104.16                  | 42.05                   |
| (c) Other Long-term Liabilities                                                          | 7        | 176.12                  | 102.68                  |
| (d) Long-Term Provisions                                                                 | 8        | 790.08                  | 612.61                  |
| <b>Sub Total</b>                                                                         |          | <b>91,273.45</b>        | <b>95,469.14</b>        |
| <b>(4) Current Liabilities</b>                                                           |          |                         |                         |
| (a) Short-Term Borrowings                                                                | 9        | 35,995.09               | 37,518.06               |
| (b) Trade Payables                                                                       | 10       |                         |                         |
| - Total outstanding dues of micro enterprises and small enterprises                      |          | -                       | -                       |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises |          | 9,173.54                | 7,538.91                |
| (c) Other current liabilities                                                            | 7        |                         |                         |
| - Current portion of long term borrowing                                                 |          | 33,277.77               | 14,163.83               |
| - Others                                                                                 |          | 15,996.88               | 8,741.76                |
| (d) Short-term provisions                                                                | 8        | 2,090.88                | 2,567.40                |
| <b>Sub Total</b>                                                                         |          | <b>96,534.16</b>        | <b>70,529.96</b>        |
| <b>Total</b>                                                                             |          | <b>228,765.47</b>       | <b>194,220.67</b>       |
| <b>II ASSETS</b>                                                                         |          |                         |                         |
| <b>(1) Non-Current Assets</b>                                                            |          |                         |                         |
| (a) Fixed assets                                                                         |          |                         |                         |
| (i) Tangible assets                                                                      | 11       | 4,694.63                | 4,562.33                |
| (ii) Intangible assets                                                                   | 12       | 53.91                   | 50.56                   |
| (iii) Capital work-In-Progress                                                           |          | 56.04                   | 103.56                  |
| (iv) Goodwill                                                                            |          | 578.31                  | 383.47                  |
| <b>Sub Total</b>                                                                         |          | <b>5,382.89</b>         | <b>5,099.92</b>         |
| (b) Non-Current Investments                                                              | 13       | 5,790.62                | 5,709.22                |
| (c) Deferred Tax Assets (Net)                                                            | 14       | 1,411.06                | 1,269.58                |
| (d) Long-term loans & advances                                                           | 15       |                         |                         |
| - Loans                                                                                  |          | 90,071.01               | 50,555.65               |
| - Others                                                                                 |          | 3,139.12                | 2,833.70                |
| (e) Other non-current assets                                                             | 16       | 67.93                   | 99.31                   |
| <b>Sub Total</b>                                                                         |          | <b>100,479.74</b>       | <b>60,467.46</b>        |
| <b>(2) Current assets</b>                                                                |          |                         |                         |
| (a) Current investments                                                                  | 17       | 12,879.23               | 7,125.12                |
| (b) Inventories                                                                          | 18       | 333.00                  | 2,549.13                |
| (c) Trade receivables                                                                    | 19       | 5,861.11                | 4,995.35                |
| (d) Cash and Bank balances                                                               | 20       | 16,288.29               | 18,287.38               |
| (e) Short-term loans & advances                                                          | 15       |                         |                         |
| - Loans                                                                                  |          | 80,484.39               | 87,163.34               |
| - Others                                                                                 |          | 6,647.27                | 7,890.69                |
| (f) Other current assets                                                                 | 16       | 409.55                  | 642.28                  |
| <b>Sub Total</b>                                                                         |          | <b>122,902.84</b>       | <b>128,653.29</b>       |
| <b>Total</b>                                                                             |          | <b>228,765.47</b>       | <b>194,220.67</b>       |

See accompanying notes Forming Part of Consolidated Financial Statements

1 to 41

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No. 109983W

By the hand of

**Tirtharaj Khot**

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 05, 2016

For and on behalf of the Board of Directors

**Nirmal Jain**

Chairman

(DIN: 00010535)

**Prabodh Agrawal**

Chief Financial Officer

**R.Venkataraman**

Managing Director

(DIN: 00011919)

**Gajendra Thakur**

Company Secretary

# Consolidated Statement of Profit and Loss

For the year ended March 31, 2016

(₹ in Millions)

| Particulars                                                              | Note No. | 2015-16          | 2014-15          |
|--------------------------------------------------------------------------|----------|------------------|------------------|
| <b>INCOME</b>                                                            |          |                  |                  |
| Revenue from operations                                                  |          |                  |                  |
| Fund Based Activities                                                    |          | 28,694.21        | 25,207.52        |
| Financial Products Distribution                                          |          | 6,748.82         | 5,827.01         |
| Capital Market Activities                                                |          | 4,397.44         | 4,475.71         |
| Other Income                                                             | 21       | 116.23           | 126.61           |
| <b>Total Revenue</b>                                                     |          | <b>39,956.70</b> | <b>35,636.85</b> |
| <b>EXPENDITURE</b>                                                       |          |                  |                  |
| (a) Employee Benefits Expense                                            | 22       | 7,044.52         | 6,049.22         |
| (b) Finance Cost                                                         | 23       | 16,799.95        | 14,338.24        |
| (c) Depreciation and Amortisation Expense                                | 24       | 660.82           | 591.62           |
| (d) Other Expenses                                                       | 25       | 5,874.56         | 6,369.91         |
| (e) Provisions and Write off                                             | 26       | 1,150.58         | 1,049.23         |
| <b>Total Expenses</b>                                                    |          | <b>31,530.43</b> | <b>28,398.22</b> |
| <b>Profit before exceptional items</b>                                   |          | <b>8,426.27</b>  | <b>7,238.63</b>  |
| Exceptional Items                                                        |          | -                | -                |
| <b>Profit Before Tax</b>                                                 |          | <b>8,426.27</b>  | <b>7,238.63</b>  |
| Tax expenses                                                             |          |                  |                  |
| (a) Current tax expense for current year                                 |          | 2,915.53         | 2,823.48         |
| (b) Current tax expense relating to prior year                           |          | 41.77            | 28.58            |
| (c) Net Current Tax Expense                                              |          | 2,957.30         | 2,852.06         |
| (d) Deferred Tax                                                         |          | (79.11)          | (377.08)         |
| <b>Sub Total</b>                                                         |          | <b>2,878.19</b>  | <b>2,474.98</b>  |
| <b>Profit for The Year</b>                                               |          | <b>5,548.08</b>  | <b>4,763.65</b>  |
| Less: Share of Minority Interest                                         |          | 436.32           | 290.40           |
| <b>Net consolidated profit for the year</b>                              |          | <b>5,111.76</b>  | <b>4,473.25</b>  |
| Earnings per equity share (Face Value ₹ 2)                               |          |                  |                  |
| (1) Basic (In ₹)                                                         | 27       | 16.33            | 14.76            |
| (2) Diluted (In ₹)                                                       | 27       | 16.22            | 14.36            |
| See accompanying notes Forming Part of Consolidated Financial Statements | 1 to 41  |                  |                  |

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No. 109983W

By the hand of

**Tirtharaj Khot**

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 05, 2016

For and on behalf of the Board of Directors

**Nirmal Jain**

Chairman

(DIN: 00010535)

**Prabodh Agrawal**

Chief Financial Officer

**R.Venkataraman**

Managing Director

(DIN: 00011919)

**Gajendra Thakur**

Company Secretary

# Consolidated Cash Flow Statement

For the year ended March 31, 2016

| (₹ in Millions)                                                        |                         |                         |
|------------------------------------------------------------------------|-------------------------|-------------------------|
| Particulars                                                            | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |                         |                         |
| <b>Net profit before taxation, and exceptional items</b>               | 8,426.27                | 7,238.63                |
| Adjustments for:                                                       |                         |                         |
| Depreciation & Amortisation                                            | 660.82                  | 591.62                  |
| Provisions for gratuity                                                | 76.69                   | 32.57                   |
| Provisions for leave encashment                                        | 37.22                   | 25.14                   |
| Provision for doubtful debts                                           | 471.32                  | 113.83                  |
| Provision for doubtful loans                                           | 521.11                  | 493.11                  |
| Contingent Provision against standard assets                           | 150.48                  | 240.20                  |
| (Profit)/ loss on sale of assets                                       | 18.37                   | 166.33                  |
| Provision for diminution in the value of Investment                    | 63.41                   | 14.40                   |
| Finance Cost                                                           | 16,799.95               | 14,338.23               |
| Provision for Contingencies                                            | 1.74                    | 258.01                  |
| <b>Operating profit before working capital changes</b>                 | 27,227.38               | 23,512.07               |
| (Increase) / Decrease in trade receivables                             | (923.27)                | (549.50)                |
| (Increase) / Decrease in Inventory                                     | 2,216.13                | (1,967.86)              |
| Increase / (Decrease) in provision                                     | (88.88)                 | 1,198.87                |
| Increase / (Decrease) in trade payable                                 | 1,634.63                | (1,005.63)              |
| Increase / (Decrease) in other current Liability                       | 5,313.64                | (367.66)                |
| Increase / (Decrease) in loans and advances and Other Assets           | (33,365.98)             | (39,413.45)             |
| <b>Cash generated from operations</b>                                  | <b>2,013.65</b>         | <b>(18,593.16)</b>      |
| Tax (Paid) / Refund                                                    | (2,554.57)              | (2,669.32)              |
| <b>Net cash used in operating activities</b>                           | <b>(540.92)</b>         | <b>(21,262.48)</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                            |                         |                         |
| (Purchase)/Sale of fixed assets (includes intangible assets)           | (767.32)                | (846.72)                |
| (Purchase)/Sale of Non-current Investments                             | (146.35)                | (1,366.63)              |
| (Purchase)/Sale of Current Investments                                 | (5,754.11)              | (1,364.43)              |
| (Repayment)/ Receipt of Deposit                                        | 9.67                    | 24.53                   |
| (Acquisition) / Liquidation of Subsidiary (net of cash acquired)       | (48.65)                 | (59.24)                 |
| <b>Net cash from / (used in) investing activities</b>                  | <b>(6,706.77)</b>       | <b>(3,612.49)</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                            |                         |                         |
| Proceeds from issue of share capital (includes minority share capital) | 9,400.77                | 2,711.69                |
| Buy back of equity shares/Purchase of Minority stake in subsidiary     | (425.84)                | -                       |
| Foreign exchange fluctuation                                           | (2.53)                  | (17.03)                 |
| (Repayment) / Proceeds of Long term borrowings                         | (4,508.71)              | 31,803.02               |
| (Repayment) / Proceeds of Short term borrowings                        | 17,590.96               | 9,412.11                |
| Dividend (Incl dividend distribution tax)                              | (1,900.53)              | (1,111.34)              |

(₹ in Millions)

| Particulars                                                                           | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Dividend paid to Minority Share holders                                               | (110.85)                | (74.37)                 |
| Finance cost paid                                                                     | (14,794.67)             | (13,683.72)             |
| <b>Net cash from financing activities</b>                                             | <b>5,248.60</b>         | <b>29,040.36</b>        |
| <b>Net increase in cash and cash equivalents</b>                                      | <b>(1,999.09)</b>       | <b>4,165.39</b>         |
| Cash and cash equivalents at beginning of period                                      | 18,287.38               | 14,121.99               |
| Cash and cash equivalents at end of period                                            | 16,288.29               | 18,287.38               |
| <b>Net increase in cash and cash equivalents</b>                                      | <b>(1,999.09)</b>       | <b>4,165.39</b>         |
| <b>Cash and cash equivalents include :</b>                                            |                         |                         |
| Cash on hand                                                                          | 127.60                  | 479.88                  |
| Bank balances                                                                         | 9,856.71                | 11,645.96               |
| Fixed deposits                                                                        | 6,303.98                | 6,161.54                |
| See accompanying notes Forming Part of Consolidated Financial Statements Note 1 to 41 |                         |                         |

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No. 109983W

By the hand of

**Tirtharaj Khot**

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 05, 2016

For and on behalf of the Board of Directors

**Nirmal Jain**

Chairman

(DIN: 00010535)

**Prabodh Agrawal**

Chief Financial Officer

**R.Venkataraman**

Managing Director

(DIN: 00011919)

**Gajendra Thakur**

Company Secretary

# Consolidated Financial Statements of IIFL Holdings Limited

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

## NOTE 1. CORPORATE INFORMATION:

IIFL Holdings Limited was incorporated on October 18, 1995 and is engaged in Merchant Banking and Investment Advisory services besides holding investments in subsidiaries. The Group business consist of finance, financial services, capital market services, distribution of financial products and wealth management services which are carried out by separate subsidiaries of IIFL Holdings Limited.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES:

### 2.1 Basis of Consolidation:

#### a) Basis of Preparation:

The individual Balance Sheet as at March 31, 2016 and Statement of Profit and Loss for the year ended March 31, 2016 of IIFL Holdings Limited ('the Company') and its subsidiaries and joint ventures ('companies and / or subsidiaries/ joint ventures'), collectively referred to as 'Group', have been consolidated as per principles of consolidation enunciated in Accounting Standard (AS) 21- 'Consolidated Financial Statements' as prescribed by companies (Accounting standard) Rules, 2014 (as amended). The financial statements have been prepared under historical cost convention on an accrual basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

#### b) Principles of Consolidation:

The financial statements of the group companies of IIFL Holdings Limited have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under section 133 of the Companies (Act) read with rule 7 of the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The effects of all inter-group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the Previous Year by the Company.

- c) The list of subsidiaries and joint venture that have been consolidated are given in note no 28.

### 2.2 Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial

statements are prudent and reasonable. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

### 2.3 Fixed Assets and Depreciation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below.

Depreciation is charged from the month in which new assets are put to use. No depreciation is charged for the month in which assets are sold.

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

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

| Class of assets          | Useful life in years |
|--------------------------|----------------------|
| Buildings *              | 20                   |
| Computers *              | 3                    |
| Non Compete Fees         | 5                    |
| Electrical equipment *   | 5                    |
| Office equipment         | 5                    |
| Furniture and fixtures * | 5                    |
| Vehicles *               | 5                    |
| Software                 | 3                    |

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

### 2.4 Translation of foreign currency items :

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognized in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognized in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

### 2.5 Revenue Recognition:

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

# Consolidated Financial Statements of IIFL Holdings Limited

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

- a. Brokerage income earned on secondary market operations is accounted on trade dates.
- b. Interest Income is recognized on accrual basis.
- c. Dividend income is recognized when the right to receive payment is established on balance sheet date.
- d. Depository related, Investment banking related and Income in respect of other heads is accounted on accrual basis.
- e. Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit / loss on equity derivative instruments is accounted as per following;
  - (i) Profit / loss on sale of securities is determined based on the FIFO cost of the securities sold.
  - (ii) Profit / loss on arbitrage transactions is accounted for as explained below:
- f. Brokerage income from commodities trading is accounted for on the dates of respective trades.
- g. Commission income on first year premium on insurance policies is recognised, when an insurance policy sold by the Company is accepted by the principal insurance company. Renewal commission on policies is accounted for on receipt basis.
- h. Investment banking related income is accounted on accrual basis.
- i. Portfolio management fee are accounted on accrual basis as follows :

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index / Stock Futures / Currency Futures and or Equity Index / Stock Options / Currency Options which are released on final settlement/squaring-up of underlying contracts are disclosed under other current assets. "Mark-to-market margin- Equity Index / Stock Futures / Currency Futures" representing the amounts paid in respect of mark to market margin is disclosed under other current assets.

"Equity Index / Stock Option / Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

One of the step down Subsidiary has recognised Income from Penal charge, Penal interest and Cheque Bouncing Charges pertaining to loan assets on receipt basis as against the accrual system of the group which constitute 0.1% of the total revenue of fund based segment of the group.

On final settlement or squaring up of contracts for Equity Index / Stock Futures / Currency Future, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. On settlement or squaring up of Equity Index / Stock Options / Currency Option before expiry, the premium prevailing in "Equity Index / Stock Option / Currency Option Premium Account" on that date is recognized in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding arbitrage portfolio

comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC) with net unrealized losses on scrip basis being recognized in the Statement of Profit and Loss and the net unrealized gains on scrip basis are ignored.

In case of percentage based fee, in accordance with portfolio Management Agreement entered with the respective clients, on quarterly basis

Distribution fee / commission and other fee is recognised on accrual basis in accordance with the terms agreed with the counter party

- j. Mortgages and loan :

The group complies, in all material respects, with the Prudential Norms relating to income recognition, accounting standards, asset classification and the minimum provisioning for bad and doubtful debts, specified in the directions issued by the Reserve Bank of India/National Housing Bank as applicable.

Dealer / agent commission paid or payable is recognised as expense as and when it is incurred.

- k. Revenue from Online Media is recognized pro-rata, over the contractual /subscription period.

## 2.6 Employee Benefits:

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

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

# Consolidated Financial Statements of IIFL Holdings Limited

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

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

## 2.7 Deferred Employee Stock Compensation:

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

## 2.8 Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised if, as a result of past event, the company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

For its NBFC Subsidiary India Infoline Finance Limited (IIFL), Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ("RBI Directions, 2015) dated March 27, 2015. Provision on standard assets is made as per notification no. DNBR.009/CGM(CDS)-2015 dated March 27, 2015 issued by RBI.

For its Housing Finance subsidiary India Infoline Housing Finance Limited (IIHFL), Non performing loans are written off / provided for, as per management estimates subject to the minimum provision required as per National Housing Bank (NHB) directions. Provision on standard assets is made as per notification issued by NHB. All such provisions are classified as long term provision.

The group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable

that the outflow of resources would be required to settle the obligation, the provision is reversed.

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

## 2.9 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company reassesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arisen.

## 2.10 Operating Leases:

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

## 2.11 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or market / fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in Mutual funds, the net Assets value (NAV) declare by the Mutual Funds at the balance sheet date is considered as the fair value.

## 2.12 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

# Consolidated Financial Statements of IIFL Holdings Limited

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

## 2.13 Earnings Per Share:

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

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

## 2.14 Borrowings:

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

## 2.15 Debenture Issue Expenses:

Debenture issue expenses incurred on public issue of non convertible debentures are amortized on weighted average tenure of the underlying debenture.

In case of private placement of non convertible debentures the same is charged to the profit and loss account in the year in which they are incurred.

## 2.16 Preliminary Expenses:

Preliminary Expenses are written off in the financial year in which it is incurred.

## 2.17 Assignment of loan portfolio:

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

## NOTE 3. SHARE CAPITAL

### a. The Authorised, Issued, Subscribed and Paid up share capital comprises of equity shares having a par value of ₹ 2 as follows:

(₹ in Millions)

| Particulars                                                                         | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Authorised :</b>                                                                 |                         |                         |
| 600,000,000 (Previous Year - 600,000,000) Equity Shares of ₹ 2 each                 | 1,200.00                | 1,200.00                |
| <b>Issued , Subscribed and Paid Up :</b>                                            |                         |                         |
| 316,536,853 (Previous Year - 310,233,948) Equity Shares of ₹ 2 each fully paid – up | 633.07                  | 620.47                  |
| <b>Total</b>                                                                        | <b>633.07</b>           | <b>620.47</b>           |

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

(₹ in Millions)

| Reconciliation of equity shares :                   | As at March 31, 2016 |               | As at March 31, 2015 |               |
|-----------------------------------------------------|----------------------|---------------|----------------------|---------------|
| Particulars                                         | No. of Shares        | ₹ in Millions | No. of Shares        | ₹ in Millions |
| At the beginning of the Period                      | 310,233,948          | 620.47        | 296,199,003          | 592.40        |
| Add:- Issued during the period on exercise of ESOPs | 6,302,905            | 12.60         | 14,034,945           | 28.07         |
| <b>Outstanding at the end of the year</b>           | <b>316,536,853</b>   | <b>633.07</b> | <b>310,233,948</b>   | <b>620.47</b> |

### c. Terms/rights attached to equity shares

The Company has only one class of equity shares having at par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2016, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 4.25 per equity share, which includes special dividend of ₹ 1.25 per equity share, to commemorate a decade of listing. (Previous Year ₹ 3/- per equity share).

# Consolidated Financial Statements of IIFL Holdings Limited

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

## d. Detail of shareholders holding more than 5% shares in the Company

| Particulars                                                               | As at March 31, 2016 |                        | As at March 31, 2015 |                        |
|---------------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|
|                                                                           | No. of Shares        | % holding in the class | No. of Shares        | % holding in the class |
| <b>Equity shares of ₹ 2 each fully paid</b>                               |                      |                        |                      |                        |
| FIH Mauritius Investments Ltd                                             | 68,788,445           | 21.73                  | -                    | -                      |
| Nirmal Bhanwarlal Jain                                                    | 51,252,000           | 16.19                  | 51,252,000           | 16.52                  |
| HWIC Asia Fund Class A Shares                                             | 27,910,000           | 8.82                   | 27,910,000           | 9.00                   |
| Venkataraman Rajamani                                                     | 19,909,432           | 6.29                   | 19,909,432           | 6.41                   |
| Madhu N Jain                                                              | 17,000,000           | 5.37                   | 17,000,000           | 5.48                   |
| Copthall Mauritius Investment Limited                                     | 16,305,530           | 5.15                   | 16,305,530           | 5.26                   |
| Bharat H Parajia *                                                        | 15,486,778           | 4.89                   | 15,721,778           | 5.07                   |
| Carlyle Mauritius Investment Advisors Limited A/C Carlyle Mauritius III * | -                    | -                      | 28,761,409           | 9.27                   |

\* Position as on March 31, 2016 is given as they were shareholders with more than 5% shareholding as on March 31, 2015.

## e. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

(₹ in Millions)

| Particulars                              | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                          | No. of shares  | No. of shares  | No. of shares  | No. of shares  | No. of shares  |
| Equity shares bought back by the company | NIL            | NIL            | NIL            | NIL            | NIL            |

## f. Shares reserved for issue under options

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

## NOTE 4. RESERVE AND SURPLUS

(₹ in Millions)

| Particulars                                                                            | As at March 31, 2016 | As at March 31, 2015 |
|----------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Securities Premium Account</b>                                                      |                      |                      |
| Opening balance                                                                        | 12,187.47            | 11,524.25            |
| Add : Additions on ESOP's exercised                                                    | 366.67               | 663.22               |
| Less: Adjusted during the year                                                         | (16.23)              | -                    |
| <b>Closing balance</b>                                                                 | <b>12,537.91</b>     | <b>12,187.47</b>     |
| <b>General Reserve</b>                                                                 |                      |                      |
| Opening balance                                                                        | 1,580.43             | 1,556.33             |
| Add: Adjustment arising on account of sale of Subsidiary                               | -                    | 24.10                |
| <b>Closing balance</b>                                                                 | <b>1,580.43</b>      | <b>1,580.43</b>      |
| <b>I. Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934</b> |                      |                      |
| Opening balance                                                                        | 1,922.50             | 1,415.00             |
| Addition during the year                                                               | 550.00               | 507.50               |
| <b>Closing balance</b>                                                                 | <b>2,472.50</b>      | <b>1,922.50</b>      |
| <b>II. Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987)</b> |                      |                      |
| Opening balance                                                                        | 223.20               | 115.20               |
| Addition during the year                                                               | 154.00               | 108.00               |
| <b>Closing balance</b>                                                                 | <b>377.20</b>        | <b>223.20</b>        |
| <b>Total Special Reserve (I + II)</b>                                                  | <b>2,849.70</b>      | <b>2,145.70</b>      |
| <b>Foreign Exchange Fluctuation Reserve</b>                                            |                      |                      |
| Opening balance                                                                        | 345.83               | 354.84               |
| Add / (Less): Effect of foreign exchange rate variations during the year               | (2.53)               | (9.01)               |
| <b>Closing balance</b>                                                                 | <b>343.30</b>        | <b>345.83</b>        |

# Consolidated Financial Statements of IIFL Holdings Limited

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

| Particulars                                                      | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Capital Reserve</b>                                           |                         |                         |
| Opening balance                                                  | 433.70                  | 433.70                  |
| Addition during the year                                         | -                       | -                       |
| <b>Closing balance</b>                                           | <b>433.70</b>           | <b>433.70</b>           |
| <b>Capital Redemption Reserve</b>                                |                         |                         |
| Opening balance                                                  | 51.11                   | 51.11                   |
| Addition during the year                                         | -                       | -                       |
| <b>Closing balance</b>                                           | <b>51.11</b>            | <b>51.11</b>            |
| <b>Debenture Redemption Reserve</b>                              |                         |                         |
| Opening balance                                                  | 2,737.82                | 2,039.96                |
| Additions during the year                                        | 1,429.41                | 697.86                  |
| Closing balance                                                  | 4,167.23                | 2,737.82                |
| <b>Surplus / (Deficit) in Statement of Profit and Loss</b>       |                         |                         |
| Balance as per last financial statements                         | 5,474.37                | 3,435.61                |
| Profit for the year                                              | 5,548.08                | 4,763.64                |
| <b>Add:-</b> Adjustment arising out of Liquidation of Subsidiary | 55.94                   | -                       |
| <b>Less:- Appropriations</b>                                     |                         |                         |
| Preference Dividend                                              | (272.92)                | (35.98)                 |
| Interim Dividend                                                 | (1,340.73)              | (906.80)                |
| Dividend Distribution Tax                                        | (286.88)                | (168.56)                |
| Deferred Tax *                                                   | (5.02)                  | (9.79)                  |
| Less : Minority Interest- Current Year Profit                    | (436.32)                | (290.39)                |
| <b>Transferred to:</b>                                           |                         |                         |
| Special Reserve                                                  | (704.00)                | (615.50)                |
| Debenture Redemption Reserve                                     | (1,429.41)              | (697.86)                |
| <b>Net Surplus in the statement of profit and loss</b>           | <b>6,603.11</b>         | <b>5,474.37</b>         |
| <b>Total</b>                                                     | <b>28,566.49</b>        | <b>24,956.43</b>        |

\* As per circular NHB(ND)/DRS/Policy Circular 65/2014-15 August 22, 2014 issued by NHB, Company has adjusted ₹ 5.02 millions (P.Y. ₹ 9.79 millions) pertaining to previous years towards Deferred Tax Liability on the Special Reserves created & maintained under Section 36(1)(viii) of Income Tax Act, 1961 from reserves and the balance ₹ 14.81 millions (P.Y. ₹ 15.77 millions) will be adjusted in next financial year.

## NOTE 5. MINORITY INTEREST

(₹ in Millions)

| Particulars                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------------|-------------------------|-------------------------|
| <b>Minority Interest</b>                       |                         |                         |
| Opening Interest                               | 2,644.67                | 428.18                  |
| Subsequent increase/(decrease) during the year | 9,113.54                | 2,216.49                |
| <b>Closing Minority Interest</b>               | <b>11,758.21</b>        | <b>2,644.67</b>         |

# Consolidated Financial Statements of IIFL Holdings Limited

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

## NOTE 6. LONG TERM BORROWINGS

(₹ in Millions)

| Particulars                                                                                                  | Non-Current portion     |                         | Current Maturities      |                         |
|--------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                              | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| <b>Secured Loans</b>                                                                                         |                         |                         |                         |                         |
| Loan from Banks (Secured against receivables) – Refer Note 6.1 below                                         | 46,065.25               | 45,202.40               | 21,057.82               | 13,233.83               |
| Non Convertible Debentures (Secured Against Immovable Property, Stock and Book Debts) – Refer Note 6.2 below | 31,731.67               | 38,239.75               | 12,195.13               | 930.00                  |
| <b>Sub Total</b>                                                                                             | <b>77,796.92</b>        | <b>83,442.15</b>        | <b>33,252.95</b>        | <b>14,163.83</b>        |
| <b>Unsecured Loans</b>                                                                                       |                         |                         |                         |                         |
| Non Convertible Debentures – Refer Note 6.3 below                                                            | 12,164.76               | 11,218.54               | 24.82                   | -                       |
| By Joint Venturer (Meenakshi LLP)                                                                            | 241.41                  | 51.11                   | -                       | -                       |
| Amount disclosed under the head “Other current liabilities”                                                  | -                       | -                       | (33,277.77)             | (14,163.83)             |
| <b>Sub Total</b>                                                                                             | <b>12,406.17</b>        | <b>11,269.65</b>        | <b>(33,252.95)</b>      | <b>(14,163.83)</b>      |
| <b>Total</b>                                                                                                 | <b>90,203.09</b>        | <b>94,711.80</b>        | <b>-</b>                | <b>-</b>                |

During the year, its subsidiaries have raised Secured Term Loans aggregating ₹ 28,966.34 millions (Previous Year ₹ 31,150.00 millions) from various banks and has also raised ₹ 12,675.00 millions (Previous Year ₹ 15,346.00 millions) by issue of Secured Non Convertible Debentures. Of the above, Group has raised Foreign Currency Term Loan aggregating to ₹ 900.00 million (Previous Year ₹ Nil) from RBL

The above loans are secured by way of first pari passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged. Out of the total loans from banks, loans amounting to ₹ 59,602.30 millions (Previous Year ₹ 70,950.00 millions) are also guaranteed by IIFL Holdings Limited, the holding Company.

### 6.1 TERM LOANS FROM BANKS - SECURED

(₹ in Millions)

| Maturities<br>Term Loan  | Non Current          |                  |                  |                      |                 |                  |
|--------------------------|----------------------|------------------|------------------|----------------------|-----------------|------------------|
|                          | As at March 31, 2016 |                  |                  | As at March 31, 2015 |                 |                  |
|                          | 1-3 years            | 3 years & above  | Total            | 1-3 years            | 3 years & above | Total            |
| <b>Rate of interest*</b> |                      |                  |                  |                      |                 |                  |
| 9.01% to 10.00%          | 9,054.85             | 3,286.14         | 12,340.99        | -                    | 20.19           | 20.19            |
| 10.01% to 11.00%         | 25,262.36            | 8,024.40         | 33,286.76        | 28,073.52            | 5,467.08        | 33,540.60        |
| 11.01% to 12.00%         | 437.50               | -                | 437.50           | 9,486.61             | 2,155.00        | 11,641.61        |
| <b>Total</b>             | <b>34,754.71</b>     | <b>11,310.54</b> | <b>46,065.25</b> | <b>37,560.13</b>     | <b>7,642.27</b> | <b>45,202.40</b> |

\*The rate of interest for the above term loans are linked to the base rates of the banks and are subject to change from time to time. The above categorisation of loans has been based on the interest rates, prevalent as on the respective reporting dates.

### 6.2 NON CONVERTIBLE DEBENTURES – SECURED

(₹ in Millions)

| Particulars                                                                                                                        | Non-Current Portion     |                         | Current Maturities      |                         |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Equity Linked Non Convertible Debentures - Series 042 Type II Of Face Value ₹ 1,00,000 Each Redeemable On February 28, 2022 At Par | 15.00                   | 18.00                   | -                       | -                       |
| Equity Linked Non Convertible Debentures - Series 041 Type II Of Face Value ₹ 1,00,000 Each Redeemable On February 10, 2022 At Par | 18.00                   | 35.00                   | -                       | -                       |
| Equity Linked Non Convertible Debentures - Series 039 Type II Of Face Value ₹ 1,00,000 Each Redeemable On January 28, 2022 At Par  | 6.00                    | 19.00                   | -                       | -                       |
| 10.60% Redeemable Non Convertible Debentures Of Face Value ₹ 1,00,000 Each Redeemable On November 03, 2021 At Par                  | 2,875.00                | 2,875.00                | -                       | -                       |
| 10.60% Redeemable Non Convertible Debentures Of Face Value ₹ 1,00,000 Each Redeemable On November 03, 2020 At Par                  | 2,875.00                | 2,875.00                | -                       | -                       |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                                                                                      | Non-Current Portion     |                         | Current Maturities      |                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                                                  | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On March 19, 2019 At Premium                                 | 60.00                   | 60.00                   | -                       | -                       |
| 11% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On March 6, 2019                                                                        | 100.00                  | 100.00                  | -                       | -                       |
| Zero Coupon Secured Non Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On February 27, 2019 At Premium                                         | 100.00                  | 100.00                  | -                       | -                       |
| Equity Linked Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 January 18, 2019 At Par                                                                | 50.00                   | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 January 16, 2019 At Premium                                                                     | 44.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A8 Option Iii Of Face Value ₹ 1,000,000 Each Redeemable On January 16, 2019 At Premium          | 44.00                   | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 December 26, 2018 At Premium                                                                    | 34.00                   | -                       | -                       | -                       |
| 11.52% Secured Non Convertible Debentures Series N1 Of Face Value ₹ 1000 Each Redeemable On December 26, 2018 At Par                                             | 3,944.62                | 4,018.64                | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A8 Option Ii Of Face Value ₹ 1,000,000 Each Redeemable On December 26, 2018 At Premium          | 34.00                   | -                       | -                       | -                       |
| Cnx Nifty Index Linked Secured Redeemable Non-Convertible Debentures Series Ihf 002 Of Face Value ₹ 1,000,000 Each Redeemable On December 21, 2018 At Par        | 310.00                  | -                       | -                       | -                       |
| Cnx Nifty Index Linked Secured Redeemable Non-Convertible Debentures Series Ihf 001 Type B Of Face Value ₹ 1,000,000 Each Redeemable On December 21, 2018 At Par | 290.00                  | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 December 12, 2018 At Premium                                                                    | 34.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A8 Option I Of Face Value ₹ 1,000,000 Each Redeemable On December 12, 2018 At Premium           | 34.00                   | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 November 27, 2018 At Premium                                                                    | 60.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A6 Option Iii Of Face Value ₹ 1,000,000 Each Redeemable On November 27, 2018 At Premium         | 60.00                   | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 November 08, 2018 At Premium                                                                    | 30.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A6 Option Ii Of Face Value ₹ 1,000,000 Each Redeemable On November 08, 2018 At Premium          | 30.00                   | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 October 25, 2018 At Premium                                                                     | 30.00                   | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 October 17, 2018 At Premium                                                                     | 30.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A5 Option Iii Of Face Value ₹ 1,000,000 Each Redeemable On October 17, 2018 At Premium          | 30.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A5 Option Iii Of Face Value ₹ 1,000,000 Each Redeemable On October 17, 2018 At Premium          | 30.00                   | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 October 03, 2018 At Premium                                                                     | 130.00                  | -                       | -                       | -                       |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                                                                              | Non-Current Portion     |                         | Current Maturities      |                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                                          | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A5 Option I Of Face Value ₹ 1,000,000 Each Redeemable On October 03, 2018 At Premium    | 130.00                  | -                       | -                       | -                       |
| 12% Secured Redeemable Non Convertible Debentures Option III Of Face Value ₹ 1,000 Each Redeemable On September 30, 2018 At Par                          | 2,701.50                | 2,711.93                | -                       | -                       |
| 12% Redeemable Non Convertible Debentures Option IV Of Face Value ₹ 1,000 Each Redeemable On September 30, 2018 At Par                                   | 261.55                  | 267.62                  | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 September 13, 2018 At Premium                                                           | 60.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A5 Option II Of Face Value ₹ 1,000,000 Each Redeemable On September 13, 2018 At Premium | 60.00                   | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 August 09, 2018 At Premium                                                              | 250.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A3 Option I Of Face Value ₹ 1,000,000 Each Redeemable On August 09, 2018 At Premium     | 310.00                  | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 July 13, 2018 At Premium                                                                | 100.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A3 Option II Of Face Value ₹ 1,000,000 Each Redeemable On July 13, 2018 At Premium      | 100.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A2 Option I Of Face Value ₹ 1,000,000 Each Redeemable On June 28, 2018 At Premium       | 464.00                  | -                       | -                       | -                       |
| 10.40% Secured Redeemable Non Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On June 21, 2018 At Par                                   | 100.00                  | 100.00                  | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A1 Option III Of Face Value ₹ 1,000,000 Each Redeemable On June 15, 2018 At Premium     | 500.00                  | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 June 14, 2018 At Premium                                                                | 70.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A2 Option II Of Face Value ₹ 1,000,000 Each Redeemable On June 14, 2018 At Premium      | 36.00                   | -                       | -                       | -                       |
| 10.55% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On June 11, 2018                                                             | 100.00                  | 100.00                  | -                       | -                       |
| 10.45% Redeemable Non Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On May 31, 2018 At Par                                            | 1,050.00                | 1,050.00                | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 May 31, 2018 At Premium                                                                 | 35.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 9 Option II Of Face Value ₹ 1,000,000 Each Redeemable On May 31, 2018 At Premium        | 35.00                   | -                       | -                       | -                       |
| 10% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On May 24, 2018                                                                 | 100.00                  | 100.00                  | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 May 24, 2018 At Premium                                                                 | 175.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 9 Option I Of Face Value ₹ 1,000,000 Each Redeemable On May 24, 2018 At Premium         | 175.00                  | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 May 08, 2018 At Premium                                                                 | 40.00                   | -                       | -                       | -                       |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                                                                          | Non-Current Portion     |                         | Current Maturities      |                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                                      | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 8 Option II Of Face Value ₹ 1,000,000 Each Redeemable On May 08, 2018 At Premium    | 39.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 5 Option IV Of Face Value ₹ 1,000,000 Each Redeemable On April 18, 2018 At Premium  | 70.00                   | 70.00                   | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 April 17, 2018 At Premium                                                           | 142.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 8 Option I Of Face Value ₹ 1,000,000 Each Redeemable On April 17, 2018 At Premium   | 102.00                  | -                       | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 10, 2018 At Premium                                        | 67.00                   | 67.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 5 Option III Of Face Value ₹ 1,000,000 Each Redeemable On April 10, 2018 At Premium | 37.00                   | 37.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 6 Option IV Of Face Value ₹ 1,000,000 Each Redeemable On April 03, 2018 At Premium  | 433.00                  | 433.00                  | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 2, 2018 At Premium                                         | 62.00                   | 62.00                   | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 2, 2018 At Premium                                         | 33.00                   | 33.00                   | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 02, 2018 At Premium                                        | 200.00                  | -                       | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 April 02, 2018 At Premium                                                           | 130.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 4 Option III Of Face Value ₹ 1,000,000 Each Redeemable On April 02, 2018 At Premium | 62.00                   | 62.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 5 Option II Of Face Value ₹ 1,000,000 Each Redeemable On April 02, 2018 At Premium  | 33.00                   | 33.00                   | -                       | -                       |
| Equity Linked Non Convertible Debentures - Series 038 Of Face Value ₹ 1,00,000 Each Redeemable On March 19, 2018 At Par                              | 120.00                  | 120.00                  | -                       | -                       |
| Equity Linked Non Convertible Debentures - Series 042 Type I Of Face Value ₹ 1,00,000 Each Redeemable On February 27, 2018 At Par                    | 248.00                  | 458.00                  | -                       | -                       |
| Equity Linked Non Convertible Debentures - Series 042 Type III Of Face Value ₹ 1,00,000 Each Redeemable On February 27, 2018 At Par                  | 250.00                  | 250.00                  | -                       | -                       |
| Equity Linked Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On February 12, 2018                                              | 50.00                   | 50.00                   | -                       | -                       |
| Equity Linked Non Convertible Debentures - Series 041 Type I Of Face Value ₹ 1,00,000 Each Redeemable On February 12, 2017 At Par                    | 361.00                  | 403.00                  | -                       | -                       |
| Equity Linked Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 February 07, 2018 At Par                                                   | 25.00                   | -                       | -                       | -                       |
| Equity Linked Non Convertible Debentures Of Face Value ₹ 1,000,000 February 07, 2018 At Par                                                          | 12.00                   | -                       | -                       | -                       |
| Equity Linked Non Convertible Debentures - Series 040 Of Face Value ₹ 1,00,000 Each Redeemable On February 02, 2018 At Par                           | 275.00                  | 307.00                  | -                       | -                       |
| Equity Linked Non Convertible Debentures - Series 039 Type I Of Face Value ₹ 1,00,000 Each Redeemable On January 29, 2018 At Par                     | 152.00                  | 202.00                  | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On January 23, 2018 At Premium                                      | 34.00                   | 34.00                   | -                       | -                       |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                                                                               | Non-Current Portion     |                         | Current Maturities      |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                                           | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 4 Option II Of Face Value ₹ 1,000,000 Each Redeemable On January 23, 2018 At Premium     | 33.00                   | 33.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non Convertible Debentures. Series 7. Option I. Date Of Maturity 09/01/2018                                                | 30.00                   | 30.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 4 Option I Of Face Value ₹ 1,000,000 Each Redeemable On January 09, 2018 At Premium      | 30.00                   | 30.00                   | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On December 18, 2017 At Premium                                          | 60.00                   | 60.00                   | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 December 18, 2017 At Premium                                                             | -                       | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 3 Option II Of Face Value ₹ 1,000,000 Each Redeemable On December 18, 2017 At Premium    | 60.00                   | 60.00                   | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On December 06, 2017 At Premium                                          | 40.00                   | 40.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 3 Option I Of Face Value ₹ 1,000,000 Each Redeemable On December 06, 2017 At Premium     | 40.00                   | 40.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non Convertible Debentures. Series 4. Option 2. Date Of Maturity 20/11/2017                                                | 610.00                  | 610.00                  | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 2 Option II Of Face Value ₹ 1,000,000 Each Redeemable On November 20, 2017 At Premium    | 115.00                  | 115.00                  | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On November 02, 2017 At Premium                                          | 40.00                   | 40.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 2 Option I Of Face Value ₹ 1,000,000 Each Redeemable On November 02, 2017 At Premium     | 35.00                   | 35.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series I Option III Of Face Value ₹ 1,000,000 Each Redeemable On October 11, 2017 At Premium    | 91.00                   | 91.00                   | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On October 11, 2017 At Premium                                           | 91.00                   | 91.00                   | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On October 3, 2017 At Premium                                            | 39.00                   | 39.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series I Option II Of Face Value ₹ 1,000,000 Each Redeemable On October 03, 2017 At Premium     | 39.00                   | 39.00                   | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On September 21, 2017 At Premium                                         | 65.00                   | 65.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series I Option I Of Face Value ₹ 1,000,000 Each Redeemable On September 21, 2017 At Premium    | 65.00                   | 65.00                   | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A3 Option III Of Face Value ₹ 1,000,000 Each Redeemable On September 14, 2017 At Premium | 500.00                  | -                       | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On August 31, 2017 At Premium                                            | 170.00                  | 170.00                  | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Option I Of Face Value ₹ 1,000,000 Each Redeemable On August 31, 2017 At Premium                | 170.00                  | 170.00                  | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On August 16, 2017 At Premium                                            | 180.00                  | 180.00                  | -                       | -                       |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                                                                          | Non-Current Portion     |                         | Current Maturities      |                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                                      | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On August 16, 2017 At Premium                    | 180.00                  | 180.00                  | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On July 03, 2017 At Premium                                         | 120.00                  | 120.00                  | -                       | -                       |
| Equity Linked Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 June 23, 2017 At Par                                                       | 21.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non –Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On June 20, 2017 At Par                             | 200.00                  | 200.00                  | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 June 16, 2017 At Premium                                                            | 50.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 6 Option Iii Of Face Value ₹ 1,000,000 Each Redeemable On June 15, 2017 At Premium  | 500.00                  | 500.00                  | -                       | -                       |
| Equity Linked Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 May 15, 2017 At Par                                                        | 250.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On May 15, 2017 At Premium                       | 100.00                  | 100.00                  | -                       | -                       |
| 11.85% Redeemable Non Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 29, 2015 At Par                                      | -                       | -                       | -                       | 350.00                  |
| 11.85% Redeemable Non Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 29, 2016 At Par                                      | -                       | 350.00                  | 350.00                  | -                       |
| 11.85% Redeemable Non Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 29, 2017 At Par                                      | 350.00                  | 350.00                  | -                       | -                       |
| Equity Linked Non Convertible Debentures - Series 042 Type III Of Face Value ₹ 1,00,000 Each Redeemable On April 25, 2017 At Par                     | 250.00                  | 250.00                  | -                       | -                       |
| Zero Coupon Secured Non Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 24, 2017 At Premium                                | 350.00                  | 350.00                  | -                       | -                       |
| Equity Linked Non Convertible Debentures Of Face Value ₹ 1,000,000 April 18, 2017 At Par                                                             | 50.00                   | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 6 Option Ii Of Face Value ₹ 1,000,000 Each Redeemable On April 10, 2017 At Premium  | 850.00                  | 850.00                  | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 7 Option I Of Face Value ₹ 1,000,000 Each Redeemable On April 10, 2017 At Premium   | 500.00                  | -                       | -                       | -                       |
| 12.15% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 4, 2017                                                         | 150.00                  | 150.00                  | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 3, 2016 At Premium                                         | -                       | 220.00                  | 220.00                  | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 03, 2017 At Premium                                        | 180.00                  | 180.00                  | -                       | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 April 03, 2017 At Premium                                                           | 200.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A1 Option Ii Of Face Value ₹ 1,000,000 Each Redeemable On April 03, 2017 At Premium | 200.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 6 Option I Of Face Value ₹ 1,000,000 Each Redeemable On March 20, 2017 At Premium   | -                       | 500.00                  | 500.00                  | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 5 Option I Of Face Value ₹ 1,000,000 Each Redeemable On March 07, 2017 At Premium   | -                       | 500.00                  | 500.00                  | -                       |
| Zero Coupon Non Convertible Debentures Of Face Value ₹ 1,000,000 07-Febrary -2017 At Premium                                                         | -                       | -                       | 30.00                   | -                       |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                                                                            | Non-Current Portion     |                         | Current Maturities      |                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                                        | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series A1 Option I Of Face Value ₹ 1,000,000 Each Redeemable On February 07, 2017 At Premium | -                       | -                       | 30.00                   | -                       |
| Equity Linked Non Convertible Debenture -Series I-037 Of Face Value ₹ 1,00,000 Each Redeemable On November 21, 2016 At Par                             | -                       | 56.50                   | 56.50                   | -                       |
| 11.85% Redeemable Non Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On November 17, 2016 At Par                                     | -                       | 350.00                  | 350.00                  | -                       |
| Equity Linked Non Convertible Debenture-Series I-036 Of Face Value ₹ 1,00,000 Each Redeemable On November 14, 2016 At Par                              | -                       | 62.30                   | 62.30                   | -                       |
| Equity Linked Non Convertible Debenture-Series I-035 Of Face Value ₹ 1,00,000 Each Redeemable On November 02, 2016 At Par                              | -                       | 74.10                   | 74.10                   | -                       |
| Equity Linked Non Convertible Debenture -Series I-034 Of Face Value ₹ 1,00,000 Each Redeemable On October 25, 2016 At Par                              | -                       | 30.50                   | 30.50                   | -                       |
| Equity Linked Non Convertible Debenture -Series I-033 Of Face Value ₹ 1,00,000 Each Redeemable On October 24, 2016 At Par                              | -                       | 93.50                   | 93.50                   | -                       |
| 12% Secured Redeemable Non Convertible Debentures. Option I. Of Face Value ₹ 1,000 Each Redeemable On September 29, 2016 At Par                        | -                       | 5,845.21                | 4,981.88                | -                       |
| 12% Secured Redeemable Non Convertible Debentures. Option II. Of Face Value ₹ 1,000 Each Redeemable On September 29, 2016 At Par                       | -                       | 840.48                  | 728.44                  | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On September 6, 2016                                                  | -                       | 50.00                   | 50.00                   | -                       |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Option II Of Face Value ₹ 1,000,000 Each Redeemable On September 06, 2016 At Premium         | -                       | 50.00                   | 50.00                   | -                       |
| Equity Linked Non Convertible Debentures - Series I 32 Of Face Value ₹ 1,00,000 Each Redeemable On September 02, 2016 At Par                           | -                       | 59.00                   | 59.00                   | -                       |
| Equity Linked Non Convertible Debentures - Series I 31 Face Value ₹ 1,00,000 Each Redeemable On September 01, 2016 At Par                              | -                       | 13.00                   | 13.00                   | -                       |
| 11.90 % Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On August 18, 2016 At Par                                                     | -                       | 2,275.08                | 2,094.35                | -                       |
| 11.70 % Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On August 18, 2016 At Par                                                     | -                       | 200.49                  | 104.46                  | -                       |
| Equity Linked Non Convertible Debentures - Series I 30 Of Face Value ₹ 1,00,000 Each Redeemable On August 18, 2016 At Par                              | -                       | 35.00                   | 35.00                   | -                       |
| Equity Linked Non Convertible Debentures - Series I 29 Of Face Value ₹ 1,00,000 Each Redeemable On August 8, 2016 At Par                               | -                       | 44.70                   | 39.70                   | -                       |
| Equity Linked Non Convertible Debentures - Series I 28 Of Face Value ₹ 1,00,000 Each Redeemable On August 01, 2016 At Par                              | -                       | 26.70                   | 26.70                   | -                       |
| Equity Linked Non Convertible Debentures - Series I 27 Of Face Value ₹ 1,00,000 Each Redeemable On July 25, 2016 At Par                                | -                       | 85.20                   | 85.20                   | -                       |
| Equity Linked Non Convertible Debentures - Series I 26 Of Face Value ₹ 1,00,000 Each Redeemable On July 18, 2016 At Par                                | -                       | 148.40                  | 148.40                  | -                       |
| Equity Linked Non Convertible Debentures - Series I 25 Of Face Value ₹ 1,00,000 Each Redeemable On July 7, 2016 At Par                                 | -                       | 142.50                  | 117.20                  | -                       |
| Equity Linked Non Convertible Debentures - Series I 24 Of Face Value ₹ 1,00,000 Each Redeemable On July 04, 2016 At Par                                | -                       | 388.90                  | 381.80                  | -                       |
| Equity Linked Non Convertible Debentures - Series I 23 Of Face Value ₹ 1,00,000 Each Redeemable On July 01, 2016 At Par                                | -                       | 27.50                   | 27.50                   | -                       |
| Equity Linked Non Convertible Debentures - Series I 22 Of Face Value ₹ 1,00,000 Each Redeemable On June 27, 2016 At Par                                | -                       | 146.00                  | 145.50                  | -                       |
| Equity Linked Non Convertible Debentures - Series I 21 Of Face Value ₹ 1,00,000 Each Redeemable On June 21, 2016 At Par                                | -                       | 74.40                   | 74.40                   | -                       |
| Equity Linked Non Convertible Debentures - Series I 20 Of Face Value ₹ 1,00,000 Each Redeemable On June 18, 2016 At Par                                | -                       | 266.10                  | 235.70                  | -                       |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                                                                         | Non-Current Portion     |                         | Current Maturities      |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                                     | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Zero Coupon Secured Redeemable Non-Convertible Debentures Series 7 Option II Of Face Value ₹ 1,000,000 Each Redeemable On April 11, 2016 At Premium | -                       | -                       | 500.00                  | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On July 27, 2015 At Premium                                        | -                       | -                       | -                       | 150.00                  |
| Zero Coupon Secured Redeemable Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on July 27, 2015 at premium                     | -                       | -                       | -                       | 100.00                  |
| Zero Coupon Secured Redeemable Non-Convertible Debentures of Face Value ₹ 1,000,000 Each Redeemable on April 22, 2015 at premium                    | -                       | -                       | -                       | 200.00                  |
| 11.25% Secured Rated Non Convertible Debenture of Face Value ₹ 1,000,000 Each Redeemable on March 20, 2018 at Par                                   | 500.00                  | 500.00                  | -                       | -                       |
| Non Convertible Debentures, 500 units of Face Value ₹ 1,000,000/- Each Redeemable on April 25, 2018 @ ₹ 1,409,856/-                                 | 500.00                  | 500.00                  | -                       | -                       |
| 11.80% Secured Rated Non Convertible Debenture of Face Value ₹ 1,000,000 Each Redeemable on December 05, 2018 at Par                                | 1,620.00                | 1,620.00                | -                       | -                       |
| 11.80% Secured Rated Non Convertible Debenture of Face Value ₹ 1,000,000 Each Redeemable on December 05, 2017 at Par                                | 220.00                  | 220.00                  | -                       | -                       |
| 11.80% Secured Rated Non Convertible Debenture of Face Value ₹ 1,000,000 Each Redeemable on December 05, 2016 at Par                                | -                       | 160.00                  | -                       | -                       |
| 11.80% Secured Rated Non Convertible Debenture of Face Value ₹ 1,000,000 Each Redeemable on December 05, 2016 at Par                                | -                       | -                       | -                       | 130.00                  |
| Zero Coupon Secured Redeemable NCD - Series A1 Option I- ISIN INE487L07031                                                                          | 300.00                  | -                       | -                       | -                       |
| Zero Coupon Secured Redeemable NCD - Series A1 Option II- ISIN INE487L07049                                                                         | 500.00                  | -                       | -                       | -                       |
| <b>Total</b>                                                                                                                                        | <b>31,731.67</b>        | <b>38,239.75</b>        | <b>12,195.13</b>        | <b>930.00</b>           |

The above debentures are secured by way of registered mortgage and/ or charge over immoveable property and/or current assets, book debts, receivables (both present and future) and other assets of some of its subsidiaries. Debenture reserve on the Non convertible Debenture has been created as disclosed in below.

Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures Rules, 2014) the Company being an NBFC was required to create debenture redemption reserve of a value equivalent to 25% of the debentures offered through a public issue Accordingly, ₹ 1,429.41 millions (Previous year ₹ 697.86 millions) has been transferred to Debenture Redemption Reserve account for the financial year ended March 31, 2016.

## NOTE 6.3. NON CONVERTIBLE DEBENTURES – UNSECURED

(₹ in Millions)

| Particulars                                                                                                                                         | Non-Current Portion     |                         | Current Maturities      |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                                     | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| 12.10% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On May 24, 2023 At Par                                                  | 100.00                  | 100.00                  | -                       | -                       |
| 12.20% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On November 4, 2022 At Par                                              | 230.00                  | 230.00                  | -                       | -                       |
| 12.15% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On August 30, 2022 At Par                                               | 150.00                  | 150.00                  | -                       | -                       |
| 12.15% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On August 30, 2022 At Par                                               | 50.00                   | 50.00                   | -                       | -                       |
| 9.30% Unsecured Redeemable Non Convertible Subordinated Debentures Series U04 Of Face Value ₹ 1,000,000 Each Redeemable On February 11, 2022 At Par | 100.00                  | -                       | -                       | -                       |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                                                                        | Non-Current Portion     |                         | Current Maturities      |                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| 9.30% Unsecured Redeemable Non Convertible Subordinated Debentures Series U03 Of Face Value ₹ 1,000,000 Each Redeemable On January 25, 2022 At Par | 100.00                  | -                       | -                       | -                       |
| 10.50% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On September 16, 2021 At Par                                               | 150.00                  | -                       | -                       | -                       |
| 10.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On September 10, 2021 At Par                                               | 200.00                  | -                       | -                       | -                       |
| 10.50% Unsecured Redeemable Non Convertible Subordinated Debentures Series U02 Of Face Value ₹ 1,000,000 Each Redeemable On August 10, 2021 At Par | 100.00                  | -                       | -                       | -                       |
| 10.50% Unsecured Redeemable Non Convertible Subordinated Debentures Series U01 Of Face Value ₹ 1,000,000 Each Redeemable On July 26, 2021 At Par   | 170.00                  | -                       | -                       | -                       |
| 11.25% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On September 4, 2020 At Par                                            | 2,000.00                | 2,000.00                | -                       | -                       |
| 10.75% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On June 3, 2020 At Par                                                 | 100.00                  | 100.00                  | -                       | -                       |
| 10.75% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On April 30, 2020 At Par                                               | 450.00                  | 450.00                  | -                       | -                       |
| 12% Unsecured Subordinate Non Convertible Debentures Option I Of Face Value ₹ 1000 Each Redeemable On April 02, 2020 At Par                        | 1,798.58                | 1,798.58                | -                       | -                       |
| Zero Coupon Unsecured Subordinate Non Convertible Debentures Option II Of Face Value ₹ 1000 Each Redeemable On April 02, 2020 At Premium           | 201.42                  | 201.42                  | -                       | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On March 30, 2019 (SBMIB VII – 7 Years) At Par                             | 0.35                    | 0.35                    | -                       | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On March 30, 2019 (SBMIB VI – 7 Years) At Par                              | 0.05                    | 0.05                    | -                       | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On March 2, 2019 (SBMIB V – 7 Years) At Par                                | 0.09                    | 0.09                    | -                       | -                       |
| 12.0% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On February 27, 2019 At Par *                                           | 250.00                  | 250.00                  | -                       | -                       |
| 12.0% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On February 27, 2019 At Premium *                                       | 250.00                  | 250.00                  | -                       | -                       |
| 12.0% Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On February 27, 2019 At Par *                                           | 250.00                  | 250.00                  | -                       | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On February 23, 2019 (SBMIB IV – 7 Years) At Par                           | 0.47                    | 0.47                    | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Of Face Value ₹ 1,000,000 Each Redeemable On February 20, 2019 (Refer Note - 5.2.1) At Par                  | 500.00                  | 500.00                  | -                       | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On February 7, 2019 (SBMIB III – 7 Years) At Par                           | 0.25                    | 0.25                    | -                       | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On February 7, 2019 (SBMIB II – 7 Years) At Par                            | 0.03                    | 0.03                    | -                       | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On January 18, 2019 (SBMIB I – 7 Years) At Par                             | 1.16                    | 1.16                    | -                       | -                       |
| 12.75% Non-Convertible Debentures Series N5 Of Face Value ₹ 1,000 Each Redeemable On September 17, 2018 At Par                                     | 3,947.18                | 3,796.14                | -                       | -                       |
| 12.75% Non-Convertible Debentures Series N6 Of Face Value ₹ 1,000 Each Redeemable On September 17, 2018 At Par                                     | 600.38                  | 600.38                  | -                       | -                       |
| Zero Coupon Non-Convertible Debentures Series N7 Of Face Value ₹ 1,000 Each Redeemable On September 17, 2018 At Par                                | 451.09                  | 451.09                  | -                       | -                       |
| 12.25% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On April 04, 2018 (SBDB VI – 6 Years) At Par                               | 1.77                    | 1.77                    | -                       | -                       |
| 12.25% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On March 30, 2018 (SBDB V – 6 Years) At Par                                | 1.79                    | 1.79                    | -                       | -                       |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                                              | Non-Current Portion     |                         | Current Maturities      |                         |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                          | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| 12.25% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On March 30, 2018 (SBDB IV – 6 Years) At Par     | 1.44                    | 1.44                    | -                       | -                       |
| 12.25% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On March 1, 2018 (SBDB III – 6 Years) At Par     | 2.41                    | 2.41                    | -                       | -                       |
| 12.25% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On February 7, 2018 (SBDB II – 6 Years) At Par   | 2.54                    | 2.54                    | -                       | -                       |
| 12.25% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On January 23, 2018 (SBDB I – 6 Years) At Par    | 3.76                    | 3.76                    | -                       | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On March 30, 2017 (SBMIB VI – 5 Years) At Par    | -                       | 3.23                    | 3.23                    | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On March 30, 2017 (SBMIB VII – 5 Years) At Par   | -                       | 2.33                    | 2.33                    | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On March 2, 2017 (SBMIB V – 5 Years) At Par      | -                       | 3.13                    | 3.13                    | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On February 23, 2017 (SBMIB IV – 5 Years) At Par | -                       | 3.79                    | 3.79                    | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On February 7, 2017 (SBMIB III – 5 Years) At Par | -                       | 4.77                    | 4.77                    | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On February 7, 2017 (SBMIB II – 5 Years) At Par  | -                       | 3.30                    | 3.30                    | -                       |
| 12.75% Non-Convertible Debentures Of Face Value ₹ 1,000 Each Redeemable On January 18, 2017 (SBMIB I – 5 Years) At Par   | -                       | 4.27                    | 4.27                    | -                       |
| <b>Total</b>                                                                                                             | <b>12,164.76</b>        | <b>11,218.54</b>        | <b>24.82</b>            | <b>-</b>                |

\* For these non-convertible Debenture, the subsidiary company has a call option, after 5 years from the date of allotment subject to prior approval from Reserve Bank of India for redemption. The non-convertible Debenture does not have any put option.

## NOTE 7. OTHER LIABILITIES

(₹ in Millions)

| Particulars                                                                                                  | Non-Current             |                         | Current                 |                         |
|--------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                              | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Current maturities of long term borrowings                                                                   | -                       | -                       | 33,277.77               | 14,163.83               |
| <b>Sub Total</b>                                                                                             | <b>-</b>                | <b>-</b>                | <b>33,277.77</b>        | <b>14,163.83</b>        |
| Security deposit received                                                                                    | 71.75                   | 60.51                   | 244.59                  | 344.90                  |
| Deposit (Beneficiary)                                                                                        | 30.82                   | 32.41                   | -                       | -                       |
| Temporary overdrawn bank balance as per books                                                                | -                       | -                       | 7,746.50                | 2,136.65                |
| Interest accrued but not due on borrowings                                                                   | 73.54                   | 9.76                    | 4,500.56                | 2,559.05                |
| Advances from customers                                                                                      | -                       | -                       | 898.44                  | 1,125.70                |
| Accrued Salaries & Benefits                                                                                  | -                       | -                       | 527.17                  | 478.36                  |
| Payables on account of assignment                                                                            | -                       | -                       | 1050.31                 | 851.06                  |
| Contractually Reimbursable Expenses                                                                          | -                       | -                       | 391.04                  | 150.77                  |
| Statutory Remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) | -                       | -                       | 253.34                  | 429.13                  |
| Income received in advance                                                                                   | -                       | -                       | 67.17                   | 82.64                   |
| Unpaid Dividend                                                                                              | -                       | -                       | 6.68                    | 7.76                    |
| Other Payables                                                                                               | 0.01                    | -                       | 311.08                  | 575.74                  |
| <b>Sub Total</b>                                                                                             | <b>176.12</b>           | <b>102.68</b>           | <b>15,996.88</b>        | <b>8,741.76</b>         |
| <b>Total</b>                                                                                                 | <b>176.12</b>           | <b>102.68</b>           | <b>49,274.65</b>        | <b>22,905.59</b>        |

# Consolidated Financial Statements of IIFL Holdings Limited

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

## NOTE 8. PROVISIONS

(₹ in Millions)

| Particulars                                                                                | Non-Current             |                         | Current                 |                         |
|--------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                            | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Provision for employee benefits                                                            |                         |                         |                         |                         |
| Provision for Leave encashment                                                             | 63.73                   | 49.26                   | 20.12                   | 17.32                   |
| Provision for Gratuity                                                                     | 22.70                   | 13.25                   | 20.16                   | 2.97                    |
| <b>Sub Total</b>                                                                           | <b>86.43</b>            | <b>62.51</b>            | <b>40.28</b>            | <b>20.29</b>            |
| <b>Provision for others</b>                                                                |                         |                         |                         |                         |
| Contingent Provision against standard assets                                               | 703.60                  | 550.10                  | -                       | -                       |
| Provision for expenses                                                                     | 0.05                    | -                       | 1,434.63                | 1,736.05                |
| Provision for tax (Net of Advance Tax - ₹ 3,301.43 millions<br>(PY - ₹ 2,300.91 millions)) | -                       | -                       | 436.55                  | 760.63                  |
| Proposed dividend on preference share                                                      | -                       | -                       | 146.85                  | 35.98                   |
| Provision for tax on Dividend                                                              | -                       | -                       | 32.57                   | 14.45                   |
| <b>Sub Total</b>                                                                           | <b>703.65</b>           | <b>550.10</b>           | <b>2050.60</b>          | <b>2,547.11</b>         |
| <b>Total</b>                                                                               | <b>790.08</b>           | <b>612.61</b>           | <b>2090.88</b>          | <b>2,567.40</b>         |

## NOTE 9. SHORT TERM BORROWINGS

(₹ in Millions)

| Particulars                             | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-----------------------------------------|-------------------------|-------------------------|
| <b>Secured Loans*</b>                   |                         |                         |
| Cash credit from banks                  | 4,770.45                | 4,377.71                |
| Loan from banks                         | 1,610.00                | 2,700.00                |
| <b>Sub Total</b>                        | <b>6,380.45</b>         | <b>7,077.71</b>         |
| <b>Unsecured Loans</b>                  |                         |                         |
| Commercial Paper & Inter Corporate Loan | 29,614.64               | 30,440.35               |
| <b>Sub Total</b>                        | <b>29,614.64</b>        | <b>30,440.35</b>        |
| <b>Total</b>                            | <b>35,995.09</b>        | <b>37,518.06</b>        |

\*The above secured borrowings are secured by way of first pari passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged. Out of the above secured borrowings, borrowings amounting to ₹ 4,770.45 millions (Previous Year ₹ 5,661.30 millions) are also guaranteed by IIFL Holdings Limited.

## NOTE 10. TRADE PAYABLE

(₹ in Millions)

| Particulars                                                        | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------------------------------------|-------------------------|-------------------------|
| Outstanding dues of Micro & Small Enterprises*                     | -                       | -                       |
| Outstanding dues of creditors other than micro & small enterprises | 9,173.54                | 7,538.91                |
| <b>Total</b>                                                       | <b>9,173.54</b>         | <b>7,538.91</b>         |

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

# Consolidated Financial Statements of IIFL Holdings Limited

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

## NOTE 11. TANGIBLE ASSETS

|                                              |                            |                                  |               |                         |                        |                     |              | (₹ in Millions) |
|----------------------------------------------|----------------------------|----------------------------------|---------------|-------------------------|------------------------|---------------------|--------------|-----------------|
| Particulars                                  | Land/<br>Leasehold<br>Land | Buildings<br>(Including<br>Land) | Computers     | Electrical<br>Equipment | Furniture &<br>Fixture | Office<br>Equipment | Vehicles     | Total           |
| <b>Cost or valuation as at April 1, 2015</b> | 1,827.76                   | 2,196.80                         | 714.43        | 813.66                  | 2,104.05               | 855.84              | 40.69        | 8,553.23        |
| Additions                                    | -                          | 634.87                           | 69.44         | 51.01                   | 99.15                  | 37.80               | 11.49        | 903.76          |
| Deductions/Adjustments                       | 0.91                       | 23.71                            | 95.19         | 174.94                  | 402.87                 | 180.30              | -            | 877.92          |
| <b>As at March 31, 2016</b>                  | <b>1,826.85</b>            | <b>2,807.96</b>                  | <b>688.68</b> | <b>689.73</b>           | <b>1,800.33</b>        | <b>713.34</b>       | <b>52.18</b> | <b>8,579.07</b> |
| <b>Depreciation</b>                          |                            |                                  |               |                         |                        |                     |              |                 |
| As at April 1, 2015                          | 6.05                       | 392.17                           | 651.17        | 616.05                  | 1,634.10               | 682.72              | 8.63         | 3,990.89        |
| Depreciation For the year                    | 1.08                       | 130.01                           | 60.93         | 105.73                  | 236.76                 | 91.46               | 9.02         | 634.99          |
| Deductions/Adjustments                       | -                          | 2.96                             | 87.88         | 150.57                  | 338.52                 | 161.51              | -            | 741.44          |
| Up to March 31, 2016                         | 7.13                       | 519.22                           | 624.22        | 571.21                  | 1,532.34               | 612.67              | 17.65        | 3,884.44        |
| <b>Net Block as at March 31, 2016</b>        | <b>1,819.72</b>            | <b>2,288.74</b>                  | <b>64.46</b>  | <b>118.52</b>           | <b>267.99</b>          | <b>100.67</b>       | <b>34.53</b> | <b>4,694.63</b> |
| <b>Net Block as at March 31, 2015</b>        | <b>1,821.71</b>            | <b>1,804.63</b>                  | <b>63.26</b>  | <b>197.61</b>           | <b>469.94</b>          | <b>173.12</b>       | <b>32.05</b> | <b>4,562.33</b> |

## NOTE 12. INTANGIBLE ASSETS

|                                              |               | (₹ in Millions) |
|----------------------------------------------|---------------|-----------------|
| Particulars                                  | Software      |                 |
| <b>Cost or valuation as at April 1, 2015</b> | <b>150.14</b> |                 |
| Additions                                    | 26.90         |                 |
| Deductions /Adjustments during the year      | 0.24          |                 |
| <b>As at March 31, 2016</b>                  | <b>176.80</b> |                 |
| <b>Depreciation</b>                          |               |                 |
| As at April 1, 2015                          | 99.58         |                 |
| Depreciation for the year                    | 25.83         |                 |
| Deductions/Adjustments during the year       | 2.52          |                 |
| Up to March 31, 2016                         | 122.89        |                 |
| <b>Net Block as at March 31, 2016</b>        | <b>53.91</b>  |                 |
| <b>Net Block as at March 31, 2015</b>        | <b>50.56</b>  |                 |

**Note:** Capital work in progress is ₹ 56.04 millions (Previous Year ₹ 103.56 millions)

## NOTE 13. NON CURRENT INVESTMENT

| (₹ in Millions)                                         |            |                      |               |                      |               |
|---------------------------------------------------------|------------|----------------------|---------------|----------------------|---------------|
| Particulars                                             | Face Value | As at March 31, 2016 |               | As at March 31, 2015 |               |
|                                                         |            | Number               | ₹ in Millions | Number               | ₹ in Millions |
| <b>Quoted, Non-Traded Investment</b>                    |            |                      |               |                      |               |
| <b>Mutual Fund</b>                                      |            |                      |               |                      |               |
| HDFC Debt Fund For Cancer Cure                          | 10         | 2,000,000            | 20.00         | 2,000,000            | 20.00         |
| IIFL Mutual Fund - Dynamic Bond Fund-Direct Plan-Growth | 10         | 563,624.61           | 6.12          | -                    | -             |
| IIFL India Growth Fund – Direct Plan- Growth            | 10         | 533,063.45           | 5.33          | -                    | -             |
| IIFL India Growth Fund                                  | 10         | 4,562,418            | 50.00         | -                    | -             |
| Axis Mutual Fund                                        | 10         | 47,672,580           | 80.00         | -                    | -             |
| Union KBC Mutual Fund                                   | 10         | -                    | -             | 99,990               | 1.00          |
| <b>Sub Total</b>                                        |            |                      | <b>161.45</b> |                      | <b>21.00</b>  |
| <b>Non Convertible Debenture</b>                        |            |                      |               |                      |               |
| IIFL Unsecured NCD-Series N6                            | 1000       | -                    | -             | 1085                 | 1.22          |
| IIFL Unsecured NCD-Series N7                            | 1000       | -                    | -             | 261                  | 0.35          |
| <b>Sub Total</b>                                        |            |                      | <b>-</b>      |                      | <b>1.57</b>   |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Particulars                                                                                             | Face Value | As at March 31, 2016 |               | As at March 31, 2015 |               |
|---------------------------------------------------------------------------------------------------------|------------|----------------------|---------------|----------------------|---------------|
|                                                                                                         |            | Number               | ₹ in Millions | Number               | ₹ in Millions |
| <b>Unquoted, Non-Traded Investment (Valued at cost)</b>                                                 |            |                      |               |                      |               |
| <b>Equity</b>                                                                                           |            |                      |               |                      |               |
| Fine worthy Software Solutions                                                                          | 10         | 10,000               | 0.10          | 10,000               | 0.10          |
| MF Utilities India Pvt. Ltd.                                                                            | 1          | 500,000              | 0.50          | 500,000              | 0.50          |
| CL Educate Limited                                                                                      | 10         | 23,980               | 10.00         | 23,980               | 10.00         |
| Equity Shares of Bombay Stock Exchange Limited<br>(Valued at written down value of the Membership card) | 1          | 130,000              | 16.87         | 130,000              | 16.87         |
| Credit Information Bureau (India) Limited                                                               | 10         | 250,000              | 155.00        | 250,000              | 155.00        |
| <b>Sub Total</b>                                                                                        |            | <b>182.47</b>        |               | <b>182.47</b>        |               |
| <b>Non Convertible Debentures for Financing real estate projects</b>                                    |            |                      |               |                      |               |
| Galleria Developers Pvt Ltd- (Series C)                                                                 | 100,000    | -                    | -             | 857                  | 85.71         |
| Assotech Limited                                                                                        | 100,000    | 2,600                | 260.00        | 4,680                | 468.00        |
| Radius & Deserve Land Developers Pvt Ltd                                                                | 1,000,000  | 120                  | 120.00        | -                    | -             |
| Roseberry Developers Pvt. Ltd.                                                                          | 100,000    | -                    | -             | 2,400                | 240.00        |
| Roseberry Developers Pvt. Ltd.- (Series B)                                                              | 65,981     | 1,516                | 100.00        | 3,000                | 300.00        |
| Wadhwa Group Holdings Pvt. Ltd.                                                                         | 100,000    | -                    | -             | 11,500               | 1,150.00      |
| Shambhavi Realty Private Limited                                                                        | 100,000    | -                    | -             | 959                  | 95.92         |
| NUEVO SUNCITY PRIVATE LIMITED                                                                           | 100,000    | 9,500                | 950.00        | -                    | -             |
| Renaissance Indus Infra Pvt Ltd.                                                                        | 13,131     | 2,634                | 34.59         | 10,000               | 1,000.00      |
| Sheth Buildwell Private Limited                                                                         | 100,000    | 4,000                | 400.00        | 2,580                | 258.00        |
| Parinee Realty Pvt. Ltd.                                                                                | 100,000    | 16,320               | 1,631.99      | 3,723                | 372.27        |
| Sutlej Housing Pvt. Ltd                                                                                 | 100,000    | -                    | -             | 700                  | 70.00         |
| Ruchi Priya Developers Pvt. Ltd.                                                                        | 100,000    | 4,000                | 400.00        | 7,425                | 742.50        |
| Arch Agro Industries Limited                                                                            | 10,000     | 16,707               | 167.07        | 16,707               | 167.07        |
| Less : Provision for diminution in the value of investment                                              | -          | -                    | (62.49)       | -                    | (29.78)       |
| <b>Sub Total</b>                                                                                        |            | <b>4,001.16</b>      |               | <b>4,919.69</b>      |               |
| <b>Others (VCF / AIFs / PEs)</b>                                                                        |            |                      |               |                      |               |
| IIFL Real Estate Fund (Domestic) - series 1, -Class -B Carry Units *                                    | 10         | 230                  | 0.00          | 230                  | 0.00          |
| IIFL National Development Agenda Fund -Class C Units                                                    | 10         | 9,466.56             | 0.10          | 9,466.56             | 0.10          |
| IIFL Assets Revival Fund -Class C Units                                                                 | 10         | -                    | -             | 6,548                | 0.10          |
| IIFL Income opportunity Fund Series -Special Situation -Class C units                                   | 10         | 2,477.36             | 0.03          | 2,477.36             | 0.03          |
| Blume Venture Capital Fund                                                                              | 10,000     | 1,487.50             | 14.88         | 1,662.50             | 16.63         |
| IIFL Venture Fund Category I – AIF                                                                      | -          | -                    | 0.10          | -                    | 0.10          |
| IIFL Private Equity Fund Category II - AIF                                                              | -          | -                    | 0.10          | -                    | 0.10          |
| IIFL Opportunities Fund Category III AIF                                                                | -          | -                    | 0.10          | -                    | 0.10          |
| IIFL Income Opportunities Fund Category II- AIF                                                         | 10         | 5,000,000            | 7.21          | 5,000,000            | 52.75         |
| IIFL Income Opportunities Special Situation Category II- AIF                                            | 10         | 13,597,048           | 143.30        | 5,000,000            | 79.23         |
| IIFL Real Estate Fund (Domestic) - Series 2 Category II- AIF                                            | 10         | 46,956,551           | 500.00        | 5,000,000            | 75.00         |
| India Alternative Private equity Fund (Paid up ₹ 62.25)                                                 | 95.55      | -                    | 169.75        | 1,916,381            | 101.90        |
| India Alternative Private equity Fund (Face value – PY - ₹ 95.07)                                       | 100        | 5,500                | 1.65          | 821,306              | 43.65         |
| IIFL Asset Revival Fund                                                                                 | 10         | -                    | -             | 9,481,291            | 100.00        |
| Malabar Capital Trust                                                                                   | 100        | -                    | -             | 621,475.28           | 70.00         |
| IIFL Cash Opportunities Fund                                                                            | 10         | 10,000,000           | 100.01        | -                    | -             |
| IIFL Seed Ventures Fund 1                                                                               | 10         | 37,500,000           | 37.50         | -                    | -             |
| IIFL Best of Class Fund                                                                                 | 10         | 10,000,000           | 90.01         | -                    | -             |
| IIFL Real Estate Fund Domestic Series 3                                                                 | 10         | 25,000,000           | 250.00        | -                    | -             |
| IIFL Investment Opportunities Fund- Spl. Series 1                                                       | 10         | 7,978,614            | 80.00         | -                    | -             |
| Reliance Capital Limited (Market Linked Debenture)                                                      | 100,000    | 508                  | 50.80         | 448                  | 44.80         |
| <b>Sub Total</b>                                                                                        |            | <b>1,445.54</b>      |               | <b>584.49</b>        |               |
| <b>Grand Total</b>                                                                                      |            | <b>5,790.62</b>      |               | <b>5,709.22</b>      |               |
| Aggregate book value –Quoted                                                                            |            |                      | 161.45        |                      | 22.57         |
| Aggregate Market value Quoted                                                                           |            |                      | 160.36        |                      | 23.32         |
| Aggregate book value –Unquoted                                                                          |            |                      | 5,629.17      |                      | 5,686.65      |

\* Amount is less than ₹ 0.01 millions, hence shown as ₹ 0.00 millions.

# Consolidated Financial Statements of IIFL Holdings Limited

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

**NOTE 14.** The group has recognized deferred tax assets for the year ended on March 31, 2016 since the management is reasonably/virtually certain of its profitable operations in future. As per Accounting Standard 22 'Accounting for Taxes on Income', the timing differences mainly relates to following items and result in a net deferred tax asset.

(₹ in Millions)

| Particulars                                        | 2015-2016       | 2014-2015       |
|----------------------------------------------------|-----------------|-----------------|
| <b>Deferred Tax Asset</b>                          |                 |                 |
| Depreciation                                       | 310.49          | 252.68          |
| On Gratuity/Leave Encashment                       | 11.93           | 4.65            |
| Provision for doubtful debts                       | 565.72          | 447.79          |
| Provision for Standard assets                      | 245.20          | 190.38          |
| Preliminary Expenses *                             | 0.00            | 0.00            |
| Short term/Long Term Capital losses/ Business Loss | 187.81          | 240.23          |
| Other                                              | 89.91           | 133.85          |
| <b>Total</b>                                       | <b>1,411.06</b> | <b>1,269.58</b> |
| <b>Deferred Tax Liability</b>                      |                 |                 |
| Deferred tax liability on Special reserve          | 104.16          | 42.05           |
| <b>Total</b>                                       | <b>104.16</b>   | <b>42.05</b>    |

\* Amount is less than ₹ 0.01 millions, hence shown as ₹ 0.00 millions.

## NOTE 15. LOANS & ADVANCES

(₹ in Millions)

| Particulars                                                                                                           | Non-Current             |                         | Current                 |                         |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                                                                       | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| <b>Loans</b>                                                                                                          |                         |                         |                         |                         |
| - Secured, considered good                                                                                            | 91,144.16               | 50,415.48               | 80,781.50               | 86,939.34               |
| - Secured, considered doubtful                                                                                        | -                       | 747.98                  | -                       | 321.81                  |
| - Unsecured considered good                                                                                           | -                       | 140.17                  | 220.63                  | 224.00                  |
| Less: Provision for doubtful loans                                                                                    | (1,073.15)              | (747.98)                | (517.74)                | (321.81)                |
| <b>Sub Total</b>                                                                                                      | <b>90,071.01</b>        | <b>50,555.65</b>        | <b>80,484.39</b>        | <b>87,163.34</b>        |
| <b>Dues from customers -</b>                                                                                          |                         |                         |                         |                         |
| - Secured, considered good                                                                                            | -                       | -                       | 6,125.56                | 7,555.99                |
| - Secured, considered doubtful                                                                                        | -                       | -                       | -                       | -                       |
| - Unsecured considered good                                                                                           | -                       | -                       | -                       | -                       |
| Advances recoverable in cash or in kind or for value to be received – Unsecured                                       | -                       | -                       | 41.45                   | 27.03                   |
| Deposits given                                                                                                        | 412.62                  | 463.64                  | 29.08                   | 23.57                   |
| Deposit with exchange                                                                                                 | 201.16                  | 91.33                   | 160.12                  | 135.05                  |
| Capital Advances – Unsecured                                                                                          | 530.09                  | 740.37                  | -                       | -                       |
| Others – Unsecured                                                                                                    | 48.91                   | 18.06                   | 68.43                   | 99.74                   |
| Advance income tax (net of provisions) –                                                                              |                         |                         |                         |                         |
| Non Current ₹ 8,966.99 millions (Previous Year ₹ 6,961.40 millions) / Current ₹ 129.63 millions (Previous Year ₹ Nil) | 1,848.42                | 1,391.51                | 187.61                  | -                       |
| MAT Credit                                                                                                            | 47.23                   | 40.37                   | 4.07                    | -                       |
| Prepaid expenses                                                                                                      | 50.69                   | 88.35                   | 30.95                   | 49.31                   |
| <b>Sub Total</b>                                                                                                      | <b>3,139.12</b>         | <b>2,833.70</b>         | <b>6,647.27</b>         | <b>7,890.69</b>         |
| <b>Total</b>                                                                                                          | <b>93,210.13</b>        | <b>53,389.35</b>        | <b>87,131.66</b>        | <b>95,054.03</b>        |

# Consolidated Financial Statements of IIFL Holdings Limited

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

## NOTE 16. OTHER ASSETS

(₹ in Millions)

| Particulars                             | Non-current             |                         | Current                 |                         |
|-----------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                         | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Unamortised debenture issue expenses    | 65.97                   | 97.35                   | 72.49                   | 143.63                  |
| Margin with exchanges                   | -                       | -                       | -                       | 6.32                    |
| Prepaid expenses                        | -                       | -                       | 226.47                  | 205.54                  |
| Fixed Deposit - Current-Interest on FDR | -                       | -                       | 20.96                   | 34.57                   |
| Others                                  | 1.96                    | 1.96                    | 89.63                   | 252.22                  |
| <b>Total</b>                            | <b>67.93</b>            | <b>99.31</b>            | <b>409.55</b>           | <b>642.28</b>           |

## NOTE 17. CURRENT INVESTMENTS

(₹ in Millions)

| Particulars                                                   | Face Value ₹ | As at March 31, 2016 |          | As at March 31, 2015 |          |
|---------------------------------------------------------------|--------------|----------------------|----------|----------------------|----------|
|                                                               |              | Number               | Amount   | Number               | Amount   |
| Quoted, Non-Traded Investment                                 |              |                      |          |                      |          |
| Mutual Fund                                                   |              |                      |          |                      |          |
| IIFL Liquid Fund – Direct Plan – Growth                       | 10           | 503,042              | 605.82   | 22,907               | 24.24    |
| IIFL India Growth Fund – Direct Plan - Growth                 | 10           | -                    | -        | 533,063              | 5.33     |
| IIFL Dynamic Bond Fund                                        | 10           | -                    | -        | 563,625              | 6.12     |
| Franklin India Ultra Short Bond Fund-Super Institutional Plan | 10           | 499.56               | 0.01     | -                    | -        |
| Reliance Money Manager Fund                                   | 1,000        | 2.423                | 0.01     | -                    | -        |
| Sundaram Ultra Short term Fund-Direct Plan Growth             | 10           | 242.567              | 0.01     | -                    | -        |
| ICICI Pru Liquid Direct Plan Growth                           | 100          | 22.651               | 0.01     | -                    | -        |
| JPMORGAN FMP SR 38 GR 29AP19                                  | 10           | 100,000              | 1.09     | -                    | -        |
| RELIANCE MF XXVI SR 21 GR 30MY17                              | 10           | 100,000              | 1.11     | -                    | -        |
| HDFC Debt fund for Cancer Care                                | 10           | 500,000              | 5.16     | -                    | -        |
| HDFC Floating rate Income Fund Short Term Plan                | 10           | 38,313,883           | 1,000.00 | -                    | -        |
| ICICI Prudential Value Fund Series 6 (Div)                    | 10           | -                    | -        | 500,000              | 5.00     |
| ICICI Prudential Value Fund Series 6                          | 10           | -                    | -        | 2,500,000            | 25.00    |
| Birla Sunlife Fixed Term Plan SR IP Regular                   | 10           | -                    | -        | 3,500,000            | 38.76    |
| ICICI Prudential Gilt fund                                    | 10           | 13,703,744           | 380.98   | -                    | -        |
| Birla Sunlife Savings Fund                                    | 10           | -                    | -        | 132,940              | 13.32    |
| Kotak Bond Plan A                                             | 10           | 8,438,732            | 337.95   | 12,114,297           | 483.30   |
| HDFC Monthly Income Plan-Long Term Plan-Growth                | 10           | 13,781,672           | 393.33   | 17,878,898           | 508.30   |
| Birla Sunlife Income Plus Growth                              | 10           | 5,638,900            | 355.48   | 7,493,687            | 470.80   |
| Reliance Fixed Horizon Fund                                   | 10           | -                    | -        | 20,000,000           | 200.00   |
| Sub Total                                                     |              | -                    | 3,080.96 | -                    | 1,780.17 |
| Quoted, Traded Investment                                     |              |                      |          |                      |          |
| Bonds                                                         |              |                      |          |                      |          |
| 7.35% NHAI -2031                                              | 1,000        | 105,974              | 109.57   | -                    | -        |
| 8.48% NHAI -2028                                              | 1,000,000    | -                    | -        | 90                   | 98.39    |
| Sub Total                                                     |              | -                    | 109.57   | -                    | 98.39    |
| Investments in Government Securities                          |              |                      |          |                      |          |
| 8.40% Government Security – 2024                              | 100          | -                    | -        | 10,000,000           | 1,029.40 |
| 7.16% Government Security – 2023                              | 100          | -                    | -        | 5,000,000            | 450.50   |
| Sub Total                                                     |              | -                    | -        | -                    | 1,479.90 |

# Consolidated Financial Statements of IIFL Holdings Limited

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

| (₹ in Millions)                                                      |              |                      |           |                      |          |
|----------------------------------------------------------------------|--------------|----------------------|-----------|----------------------|----------|
| Particulars                                                          | Face Value ₹ | As at March 31, 2016 |           | As at March 31, 2015 |          |
|                                                                      |              | Number               | Amount    | Number               | Amount   |
| <b>Others</b>                                                        |              |                      |           |                      |          |
| AXIS BANK CD 04-APRIL-2016                                           |              | 4,500                | 449.31    | -                    | -        |
| <b>Sub Total</b>                                                     |              | -                    | 449.31    | -                    | -        |
|                                                                      |              |                      |           |                      |          |
| <b>Unquoted, Non-Trade, Long Term (Valued at cost)</b>               |              |                      |           |                      |          |
| <b>Non Convertible Debentures for Financing real estate projects</b> |              |                      |           |                      |          |
| Assotech Ltd.                                                        | 100,000      | 2,459                | 245.88    | 520                  | 52.00    |
| Pratibha Impex Pvt. Ltd.                                             | 100,000      | -                    | -         | 137                  | 13.67    |
| Renaissance Indus Infra Pvt. Ltd.                                    | 100,000      | 492                  | 49.24     | -                    | -        |
| Roseberry Developers Pvt. Ltd.-(Series B)                            | 29,443       | 2,000                | 200.00    | 2,000                | 200.00   |
| Roseberry Developers Pvt. Ltd.                                       | 100,000      | 2,905                | 85.53     | 1,600                | 160.00   |
| Ruchi Priya Developers Pvt. Ltd.                                     | 100,000      | 4,000                | 400.00    | 2,000                | 200.00   |
| Wadhwa Constructions and Infrastructures Pvt. Ltd.                   | 100,000      | -                    | -         | 5,000                | 500.00   |
| Sheth Buildwell Private Ltd                                          | 100,000      | 25                   | 2.49      | -                    | -        |
| Sutlej Housing Pvt. Ltd.                                             | 100,000      | -                    | -         | 300                  | 30.00    |
| Parinee Realty Pvt. Ltd.                                             | 100,000      | -                    | -         | 6,027                | 602.73   |
| <b>Sub Total</b>                                                     |              |                      | 983.14    |                      | 1,758.40 |
|                                                                      |              |                      |           |                      |          |
| <b>Mutual Fund</b>                                                   |              |                      |           |                      |          |
| DWS Ultra Short Term Fund - Institutional Plan – Growth              | 10           | -                    | -         | 73,501,223           | 1,130.00 |
| IIFL India Growth Fund                                               | 10           | -                    | -         | 11,230,487           | 120.00   |
| IIFL Liquid Fund Regular Growth                                      | 1,000        | -                    | -         | 8,986                | 10.00    |
| Indiareit Apartment Fund                                             | 100,000      | 96                   | 10.61     | -                    | -        |
| IIFL National Development Agenda Fund                                | 10           | 9,713,024            | 100.00    | 9,713,024            | 100.00   |
| IIFL Income Opportunities Fund                                       | 10           | 58,351,970           | 68.74     | 9,890,182            | 99.64    |
| IIFL Income Opportunities - Special Situation Class B                | 10           | 25,542,335           | 275.03    | 5,857,833            | 59.53    |
| IIFL Real Estate Fund (Domestic) Series 1 Class B *                  | 10           | -                    | -         | 214                  | 0.00     |
| IIFL Real Estate Fund (Domestic) Series 1 Class C                    | 57           | -                    | 143.06    | 7,500,000            | 489.09   |
| IIFL Cash Opportunities Fund                                         |              | 569,703,306          | 6,042.10  | -                    |          |
| <b>Sub Total</b>                                                     |              | -                    | 6,639.54  | -                    | 2,008.26 |
|                                                                      |              |                      |           |                      |          |
| <b>Others</b>                                                        |              |                      |           |                      |          |
| AIF CAT-II IIFL Cash Opportunities Fund                              |              | 146,172,517          | 1,550.26  | -                    | -        |
| IIFL Real Estate Fund(Domestic) Class B *                            | 10           | 58                   | 0.00      | -                    | -        |
| AIF CAT-III IIFL NATIONAL DEVELOPMENT AGENDA FUND                    | 10           | 5,902,354            | 63.58     | -                    | -        |
| IIFL NIFTY ETF/IIFL MF INDIA GR FD DIR GR OPEN                       |              | 278,028              | 2.87      | -                    | -        |
| Arch Argo India Private Limited                                      |              | 10,636               | 23.17     | -                    | -        |
| Less: Provision for Diminution                                       |              | -                    | (23.17)   | -                    | -        |
| <b>Sub Total</b>                                                     |              | -                    | 1,616.71  | -                    | -        |
|                                                                      |              |                      |           |                      |          |
| <b>Grand Total</b>                                                   |              |                      | 12,879.23 |                      | 7,125.12 |
| Aggregate book value –Quoted                                         |              | -                    | 3,639.84  | -                    | 3,358.46 |
| Aggregate Market value –Quoted                                       |              | -                    | 3,716.99  | -                    | 3,395.66 |
| Aggregate book value –Unquoted                                       |              | -                    | 9,239.39  | -                    | 3,766.66 |

\* Amount is less than ₹ 0.01 millions, hence shown as ₹ 0.00 millions.

# Consolidated Financial Statements of IIFL Holdings Limited

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

## NOTE 18. INVENTORIES - (At lower of cost or net realisable value)

(₹ in Millions)

| Particulars                                                   | Face Value | As at March 31, 2016 |               | As at March 31, 2015 |                 |
|---------------------------------------------------------------|------------|----------------------|---------------|----------------------|-----------------|
|                                                               |            | Number               | Amount        | Number               | Amount          |
| <b>Equity Shares</b>                                          |            |                      |               |                      |                 |
| Fineworthy Software Solutions                                 | 10         | -                    | -             | 381,940              | 91.91           |
| GHCL Limited                                                  | 10         | 856,466              | 29.15         | 856,466              | 29.15           |
| <b>Sub Total</b>                                              |            |                      | <b>29.15</b>  |                      | <b>121.05</b>   |
| <b>Commodities</b>                                            |            |                      |               |                      |                 |
| Castor Seed                                                   | Kg.        | -                    | -             | 30,000               | 1.09            |
| Guargum                                                       | Kg.        | -                    | -             | 13,000               | 1.10            |
| Jeera                                                         | Kg.        | -                    | -             | 504,000              | 73.89           |
| Gold                                                          | Kg.        | -                    | -             | 11                   | 28.76           |
| <b>Sub Total</b>                                              |            |                      | <b>-</b>      |                      | <b>104.84</b>   |
| <b>Non convertible Debentures</b>                             |            |                      |               |                      |                 |
| Arch Agro Ind Pvt Ltd                                         | 10,000     | -                    | -             | 1,797                | 15.36           |
| 8.91%/8.66% IIFCL BD 22JN34                                   | 1000       | -                    | -             | 2,000                | 2.30            |
| 8.40%/8.65% IRFC 18-Februa-29                                 | 1000       | -                    | -             | 1,000                | 1.17            |
| 12% IIFL LTD OPT-I NCD 29SP16                                 | 1000       | -                    | -             | 2,500                | 2.53            |
| Wadhwa Holding Pvt. Ltd NCD                                   |            | -                    | -             | 359                  | 36.50           |
| <b>Sub Total</b>                                              |            |                      | <b>-</b>      |                      | <b>57.86</b>    |
| <b>Venture Capital Fund</b>                                   |            |                      |               |                      |                 |
| IIFL Real Estate (Domestic) Fund – Series I                   | 57         | -                    | -             | 2,025,000            | 139.21          |
| AIF CAT-II IIFL Income Opportunities Fund Series 1            | 10         | -                    | -             | 28,048,660           | 295.53          |
| IIFL Real Estate (Domestic) Fund – Series I – Class C         | 100        | -                    | -             | 97,191               | 7.59            |
| AIF CAT-II IIFL Income Opp Fund Series 1 -Carry units class B | 10         | -                    | -             | 58                   | 0.00            |
| AIF CAT-II IIFL Income Opp Fund Series Spl. Situations        | 10         | -                    | -             | 5,330,459            | 51.77           |
| AIF CAT-III IIFL National Development Agenda Fund             | 10         | -                    | -             | 5,902,354            | 62.23           |
| India Alternative Private Equity Fund                         | 95         | -                    | -             | 2,628,694            | 139.70          |
| India Alternative Private Equity Fund (Paid up ₹ 62.25)       | 95.55      | -                    | -             | 1,234,619            | 65.65           |
| <b>Sub Total</b>                                              |            |                      | <b>-</b>      |                      | <b>761.68</b>   |
| <b>Mutual Fund</b>                                            |            |                      |               |                      |                 |
| IIFL Dynamic Growth Fund                                      | 10         | -                    | -             | 102,080              | 1.00            |
| ICICI Prudential Value Discovery Fund                         | 100        | -                    | -             | 246,514              | 28.17           |
| HDFC Equity Fund - Growth Option                              | 400        | -                    | -             | 18,568               | 8.69            |
| IIFL Nifty ETF                                                | 800        | -                    | -             | 5,180                | 4.59            |
| IIFL Dynamic Bond Fund- Regular Plan-Grw Opt                  | 10         | -                    | -             | 867,062              | 10.00           |
| ICICI Prudential Liquid Fund- Direct Plan – Growth            | 200        | -                    | -             | 1,642,494            | 340.00          |
| ICICI Prudential Flexible Income Fund- Direct Plan – Growth   | 250        | -                    | -             | 3,415,034            | 900.00          |
| <b>Sub Total</b>                                              |            |                      | <b>-</b>      |                      | <b>1,292.45</b> |
| <b>Exchange Trade Fund</b>                                    |            |                      |               |                      |                 |
| EQ-SBISENSEX                                                  |            | 2,177                | 0.54          | -                    | -               |
| EQ-SETFBANK                                                   |            | 7,360                | 1.14          | -                    | -               |
| EQ-SETFBSE100                                                 |            | 12,246               | 0.96          | -                    | -               |
| EQ-SETFNIFJR                                                  |            | 2,133                | 0.40          | -                    | -               |
| EQ-SETFNIFTY                                                  |            | 11,225               | 0.85          | -                    | -               |
| EQ-UTINIFTYETF                                                |            | 5,234                | 3.95          | -                    | -               |
| EQ-UTISENSEXETF                                               |            | 11,118               | 2.64          | -                    | -               |
| Inventory - Construction work in progress                     |            |                      | 293.37        |                      | 211.24          |
| <b>Sub Total</b>                                              |            |                      | <b>303.85</b> |                      | <b>211.24</b>   |
| <b>Total</b>                                                  |            |                      | <b>333.00</b> |                      | <b>2,549.13</b> |
| <b>Aggregate market value- stock on hand –Quoted</b>          |            |                      | <b>109.52</b> |                      | <b>2,289.01</b> |

# Consolidated Financial Statements of IIFL Holdings Limited

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

## NOTE 19. TRADE RECEIVABLE

(₹ in Millions)

| Particulars                                                                                             | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment |                         |                         |
| - Unsecured Considered good                                                                             | 1,554.24                | 402.08                  |
| - Unsecured Considered doubtful                                                                         | 47.73                   | 86.55                   |
| <b>Sub Total</b>                                                                                        | <b>1,601.97</b>         | <b>488.63</b>           |
| <b>Other</b>                                                                                            |                         |                         |
| - Unsecured Considered good                                                                             | 4,332.80                | 4,593.18                |
| Provision for doubtful receivables                                                                      | (73.66)                 | (86.46)                 |
| <b>Sub Total</b>                                                                                        | <b>4,259.14</b>         | <b>4,506.72</b>         |
| <b>Total</b>                                                                                            | <b>5,861.11</b>         | <b>4,995.35</b>         |

## NOTE 20. CASH AND BANK BALANCES

(₹ in Millions)

| Particulars                                                   | Current<br>As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------------------------------|------------------------------------|-------------------------|
| <b>Cash and Cash Equivalent</b>                               |                                    |                         |
| Cash on hand                                                  | 127.60                             | 479.88                  |
| Balance with banks                                            |                                    |                         |
| In current accounts                                           |                                    |                         |
| - In client Account                                           | -                                  | 1,635.68                |
| - others                                                      | 9,852.46                           | 10,002.52               |
| In deposit accounts (Less than three months)                  | -                                  | 151.76                  |
| <b>Other Bank Balances</b>                                    |                                    |                         |
| In earmarked accounts                                         |                                    |                         |
| Unpaid dividend accounts                                      | 4.25                               | 7.75                    |
| In deposit account (Maturity more than 3 months to 12 months) | 6,303.98                           | 4,516.27                |
| In deposit account (Maturity more than 12 months)             | -                                  | 1,493.52                |
| <b>Total</b>                                                  | <b>16,288.29</b>                   | <b>18,287.38</b>        |

\* The group has pledged fixed deposits to the extent of ₹ 5,207.02 million (Previous Year ₹ 6,103.16 million) with banks for bank guarantees/overdraft facilities, Securitisation as lien and with the stock exchanges

## NOTE 21. OTHER INCOME

(₹ in Millions)

| Particulars                       | 2015-16       | 2014-15       |
|-----------------------------------|---------------|---------------|
| Miscellaneous income              | 116.23        | 126.61        |
| Profit/(loss) on Sale of Assets * | (0.00)        | -             |
| <b>Total</b>                      | <b>116.23</b> | <b>126.61</b> |

\* Amount is less than ₹ 0.01 millions, hence shown as ₹ 0.00 millions.

## NOTE 22. EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

| Particulars                               | 2015-16         | 2014-15         |
|-------------------------------------------|-----------------|-----------------|
| Salaries and bonus                        | 6,602.42        | 5,728.11        |
| Contribution to provident and other funds | 209.76          | 146.97          |
| Gratuity expenses                         | 76.69           | 32.57           |
| Staff welfare expenses                    | 118.43          | 116.43          |
| Leave Encashment                          | 37.22           | 25.14           |
| <b>Total</b>                              | <b>7,044.52</b> | <b>6,049.22</b> |

# Consolidated Financial Statements of IIFL Holdings Limited

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

The company is recognising and accruing the employee benefits as per Accounting Standard (AS) -15 "Employee Benefit" details are given below

(₹ in Millions)

| Particulars                                                | 2015-16                                                               | 2014-15                                                       |
|------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------|
| <b>Assumptions</b>                                         |                                                                       |                                                               |
| Discount rate Previous Year                                | 9.14%                                                                 | 9.14%                                                         |
| Salary Escalation Previous Year                            | 5.00%                                                                 | 5.00%                                                         |
| Discount rate current year                                 | 7.72%/ 7.79%/ 7.84%/ 7.86%/ 7.99% as applicable to respective company | 7.89%/7.90%/7.92%/8.04% as applicable to respective companies |
| Salary Escalation Current year                             | 5.00%                                                                 | 5.00%                                                         |
| <b>Change in Benefit Obligation</b>                        | <b>2015-16</b>                                                        | <b>2014-15</b>                                                |
| Liability at the beginning of the year                     | 198.61                                                                | 166.23                                                        |
| Interest Cost                                              | -                                                                     | 15.19                                                         |
| Current Service Cost                                       | 39.74                                                                 | 38.97                                                         |
| Liability Transfer In                                      | 17.77                                                                 | -                                                             |
| Liability Transfer out                                     | (17.77)                                                               | -                                                             |
| Benefit paid                                               | (22.30)                                                               | (12.97)                                                       |
| Actuarial gain on obligations                              | 45.17                                                                 | (8.81)                                                        |
| <b>Liability at the end of the year</b>                    | <b>261.22</b>                                                         | <b>198.61</b>                                                 |
| <b>Amount Recognised in the balance sheet</b>              | <b>2015-16</b>                                                        | <b>2014-15</b>                                                |
| Liability at the end of the year                           | (261.22)                                                              | 198.61                                                        |
| Fair value of plan assets at the end of the year           | 222.17                                                                | 184.73                                                        |
| Differences                                                | (39.06)                                                               | 13.88                                                         |
| <b>Amount of liability Recognised in the balance sheet</b> | <b>(39.05)</b>                                                        | <b>13.88</b>                                                  |
| <b>Expenses Recognised in the Income statement</b>         | <b>2015-16</b>                                                        | <b>2014-15</b>                                                |
| Current Service cost                                       | 39.74                                                                 | 38.97                                                         |
| Interest Cost                                              | -                                                                     | 7.19                                                          |
| Expected return on plan assets                             | -                                                                     | -                                                             |
| Actuarial Gain or Loss                                     | 36.64                                                                 | (14.82)                                                       |
| <b>Expense Recognised in P &amp; L</b>                     | <b>76.38</b>                                                          | <b>31.34</b>                                                  |
| <b>Balance sheet reconciliation</b>                        | <b>2015-16</b>                                                        | <b>2014-15</b>                                                |
| Opening net liability                                      | 13.89                                                                 | 74.20                                                         |
| Expense as above                                           | 76.38                                                                 | 31.33                                                         |
| Net Transfer in                                            | 17.77                                                                 | -                                                             |
| Net Transfer out                                           | (17.77)                                                               | -                                                             |
| Employers contribution                                     | (51.21)                                                               | (91.64)                                                       |
| <b>Amount Recognised in Balance sheet</b>                  | <b>39.06</b>                                                          | <b>13.89</b>                                                  |

## Defined Contribution Plans:

The subsidiary companies have recognised the following amounts as an expense and included in the Note 22 – Employee Benefit Expense:

(₹ in Millions)

| Particulars                             | 2015-16 | 2014-15 |
|-----------------------------------------|---------|---------|
| Contribution to Employee Provident Fund | 98.17   | 118.07  |

## NOTE 23. FINANCE COST

(₹ in Millions)

| Particulars          | 2015-16          | 2014-15          |
|----------------------|------------------|------------------|
| Interest expenses    | 16,529.63        | 14,094.22        |
| Other borrowing cost | 270.32           | 244.02           |
| <b>Total</b>         | <b>16,799.95</b> | <b>14,338.24</b> |

# Consolidated Financial Statements of IIFL Holdings Limited

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

## NOTE 24. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Millions)

| Particulars                       | 2015-16       | 2014-15       |
|-----------------------------------|---------------|---------------|
| Depreciation of tangible assets   | 634.99        | 579.88        |
| Depreciation of intangible assets | 25.83         | 11.74         |
| <b>Total</b>                      | <b>660.82</b> | <b>591.62</b> |

## NOTE 25. OTHER EXPENSES

(₹ in Millions)

| Particulars                                               | 2015-16         | 2014-15         |
|-----------------------------------------------------------|-----------------|-----------------|
| Advertisement                                             | 162.67          | 266.17          |
| Bank Charges                                              | 97.15           | 108.05          |
| Brokerage related Expenses                                | 1,031.57        | 761.80          |
| Communication                                             | 226.03          | 261.46          |
| Donation                                                  | 38.42           | 13.64           |
| Electricity                                               | 241.38          | 250.35          |
| Exchange and statutory Charges                            | 54.46           | 44.33           |
| Custodian Charges and Franking Charges                    | 26.84           | 25.35           |
| Investment and financing related cost                     | 103.58          | 89.15           |
| Legal & Professional Fees                                 | 505.23          | 401.58          |
| Marketing and commission expenses                         | 617.12          | 1,487.81        |
| Miscellaneous Expenses                                    | 121.12          | 128.66          |
| Office expenses                                           | 432.61          | 508.95          |
| Postage & Courier                                         | 55.38           | 51.07           |
| Printing & Stationary                                     | 80.17           | 94.60           |
| Bad debts write off /(write back)                         | 57.50           | 70.32           |
| Rent                                                      | 626.82          | 662.63          |
| Insurance                                                 | 14.03           | 23.06           |
| Rates and Taxes                                           | 62.80           | 26.35           |
| Commission and sitting fee paid to non executive director | 9.96            | 19.61           |
| Sundry balances written off                               | -               | 0.01            |
| Profit/loss on sale of assets                             | 18.37           | 166.33          |
| <b>Repairs &amp; Maintenance</b>                          |                 |                 |
| - Computer                                                | 18.85           | 16.86           |
| - Others                                                  | 69.53           | 93.02           |
| <b>Remuneration to Auditors</b>                           |                 |                 |
| - Audit Fees                                              | 14.39           | 11.23           |
| - Certification Expenses                                  | 0.30            | 0.30            |
| - Out Of Pocket Expenses                                  | 0.40            | 0.38            |
| Software Charges                                          | 267.18          | 199.56          |
| Subscription & Business promotion                         | 100.20          | 115.23          |
| Travelling & Conveyance                                   | 722.51          | 447.49          |
| Corporate Social Responsibility Expenses                  | 97.99           | 24.56           |
| <b>Total</b>                                              | <b>5,874.56</b> | <b>6,369.91</b> |

# Consolidated Financial Statements of IIFL Holdings Limited

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

## NOTE 26. PROVISIONS AND WRITE OFF

(₹ in Millions)

| Particulars                                      | 2015-16         | 2014-15         |
|--------------------------------------------------|-----------------|-----------------|
| Bad debts written off                            | 413.82          | 43.51           |
| Provision for Contingencies                      | 1.73            | 258.01          |
| Provision for diminution in value of investments | 63.41           | 14.40           |
| Provision for Doubtful Loans                     | 521.14          | 493.11          |
| Provision for Standard Loans                     | 150.48          | 240.20          |
| <b>Total</b>                                     | <b>1,150.58</b> | <b>1,049.23</b> |

## NOTE 27. EARNINGS PER SHARE (EPS)

Basic and Diluted Earnings per share ["EPS"] computed in accordance with Accounting Standard (AS) 20 "Earnings per share"

| Particulars                                                                    |            | 2015-16      | 2014-15      |
|--------------------------------------------------------------------------------|------------|--------------|--------------|
| <b>BASIC</b>                                                                   |            |              |              |
| Profit after tax as per Statement of Profit and Loss (₹ in million)            | A          | 5,111.76     | 4,473.25     |
| Weighted Average Number of Shares Subscribed                                   | B          | 313,063,775  | 303,037,800  |
| <b>Basic EPS (In ₹)</b>                                                        | <b>A/B</b> | <b>16.33</b> | <b>14.76</b> |
| <b>DILUTED</b>                                                                 |            |              |              |
| Profit after tax as per Statement of Profit and Loss (₹ in million)            | A          | 5,111.76     | 4,473.25     |
| Weighted Average Number of Shares Subscribed                                   |            | 313,063,775  | 303,037,800  |
| Add: Potential Equity Shares on Account conversion of Employees Stock Options. |            | 2,124,100    | 8,468,140    |
| Weighted Average Number of shares Outstanding                                  | B          | 315,187,875  | 311,505,940  |
| <b>Diluted EPS (In ₹)</b>                                                      | <b>A/B</b> | <b>16.22</b> | <b>14.36</b> |

## NOTE 28. SUMMARY OF CONSOLIDATION

The summary of consolidated financial summary represents consolidation of accounts of the company with its following subsidiary as detailed below:

| Subsidiary                                                                                      | Proportion of ownership interest |                      |
|-------------------------------------------------------------------------------------------------|----------------------------------|----------------------|
|                                                                                                 | As at March 31, 2016             | As at March 31, 2015 |
| India Infoline Commodities Limited                                                              | 100.00%                          | 100.00%              |
| India Infoline Media and Research Services Limited                                              | 100.00%                          | 100.00%              |
| 5 paisa Capital Limited (Formerly IIFL Capital Limited)                                         | 100.00%                          | 100.00%              |
| India Infoline Finance Limited *                                                                | 100.00%                          | 98.87%               |
| India Infoline Housing Finance Limited                                                          | 100.00%                          | 98.87%               |
| India Infoline Insurance Services Limited                                                       | 100.00%                          | 100.00%              |
| India Infoline Insurance Brokers Limited                                                        | 100.00%                          | 100.00%              |
| IIFL Facilities Services Limited (Formerly IIFL Realty Limited)                                 | 100.00%                          | 100.00%              |
| IIFL Properties private limited (Formerly Ultrasign and display private Limited)                | 100.00%                          | 100.00%              |
| India Infoline Commodities DMCC #                                                               | 100.00%                          | 100.00%              |
| IIFL Capital Inc.                                                                               | 100.00%                          | 100.00%              |
| IIFL Wealth (UK) Limited                                                                        | 100.00%                          | 100.00%              |
| IIFL Asset Reconstruction Limited                                                               | 100.00%                          | 100.00%              |
| India infoline Limited (Formerly India Infoline Distribution Company Limited)                   | 99.99%                           | 99.99%               |
| IIFL Wealth Management Limited @                                                                | 60.84%                           | 76.77%               |
| IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited) @      | 60.84%                           | 76.77%               |
| IIFL Investment Adviser and Trustee Services Limited (Formerly IIFL Trustee Services Limited) @ | 60.84%                           | 76.77%               |
| IIFL Trustee Limited @                                                                          | 60.84%                           | 76.77%               |
| IIFL Asset Management Limited @                                                                 | 60.84%                           | 76.77%               |
| IIFL Alternate Asset Advisors Limited @                                                         | 60.84%                           | 76.77%               |

# Consolidated Financial Statements of IIFL Holdings Limited

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

| Subsidiary                                                               | Proportion of ownership interest |                         |
|--------------------------------------------------------------------------|----------------------------------|-------------------------|
|                                                                          | As at<br>March 31, 2016          | As at<br>March 31, 2015 |
| IIFL (Asia) Pte Limited @                                                | 60.84%                           | 76.77%                  |
| IIFL Securities Pte. Limited @                                           | 60.84%                           | 76.77%                  |
| IIFL Capital Pte. Limited @                                              | 60.84%                           | 76.77%                  |
| IIFL Private Wealth Hong Kong Limited @                                  | 60.84%                           | 76.77%                  |
| IIFL Private Wealth (Mauritius) Limited @                                | 60.84%                           | 76.77%                  |
| IIFL Inc @                                                               | 60.84%                           | 76.77%                  |
| IIFL Private Wealth (Suisse) SA @                                        | 60.84%                           | 76.77%                  |
| IIFL Private Wealth Management (Dubai) Limited @                         | 60.84%                           | 76.77%                  |
| IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited) @ | 60.84%                           | -                       |
| India Alternatives Investment Advisors Private Limited @                 | 43.20%                           | 54.50%                  |

\* During the year 2015-16, The Company acquired 1.13% share holding in India Infoline Finance Limited from Bennett Coleman & Co. Ltd., thereby, India Infoline Finance has become wholly owned Subsidiary of the Company.

# During the year 2015-16, India Infoline Commodities DMCC has filed for liquidation and as per Liquidator report dated 17/02/2016 of RSM Dahman Auditors, Dubai, UAE, necessary entries have been passed in the books recognizing the liquidation.

@ Change in the proportion of ownership interest in IIFL Wealth Management Limited [IIFLW] and its subsidiaries is pursuant to the acquisition of 23.33% stake by General Atlantic Singapore Fund Pte. Ltd. in IIFLW through fresh issue of equity shares and acquisition of shares from employees of IIFLW.

| Jointly Controlled Entities | Proportion of ownership interest |                         |
|-----------------------------|----------------------------------|-------------------------|
|                             | As at<br>March 31, 2016          | As at<br>March 31, 2015 |
| Meenakshi Tower LLP*        | 50%                              | 50%                     |

\* Management certified financial statements as on March 31, 2016 have been consolidated, as audited financial statements were not available.

## NOTE 29. CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE

There are outstanding commitments for capital expenditure (net of advances) to the tune of ₹ 164.39 millions (Previous Year ₹ 42.53 millions) and other commitment to the tune of ₹ 102.75 millions (Previous Year ₹ 753.92 millions) of the total contractual obligation entered during the year.

## NOTE: 30.

(a) The claim against the group not acknowledged as debt were ₹ 63.03 millions (Previous Year ₹ 59.70 millions). As of March 31, 2016, the Company and its subsidiaries had certain contingent liabilities not provided for, including the following

(₹ in Millions)

| Sr.<br>No.   | Name of the Statute                                                | Amount                  |                         |
|--------------|--------------------------------------------------------------------|-------------------------|-------------------------|
|              |                                                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| (i)          | In respect of Income tax demands                                   | 464.23                  | 348.31                  |
| (ii)         | In respect of Service tax demands                                  | -                       | -                       |
| (iii)        | In respect of MVAT demands                                         | -                       | 5.90                    |
| (iv)         | In respect of Profession tax demands                               | 1.55                    | 1.55                    |
| (v)          | Guarantees and Counter Guarantees                                  | -                       | 55.90                   |
| (vi)         | Claim acknowledge as debt                                          | 62.85                   | 59.34                   |
| (vii)        | Legal Suit Filed by the consumer in Consumer Forum and Civil Court | 1.40                    | 0.20                    |
| <b>Total</b> |                                                                    | <b>530.03</b>           | <b>471.20</b>           |

The company and its subsidiaries have filed appeals with the Income Tax Appellate Tribunal/Service tax department against the said demands.

(b) Apart from the above, group is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's financial position.

# Consolidated Financial Statements of IIFL Holdings Limited

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

(c) One of the step down subsidiary India Infoline Commodities Limited is a member of National Spot Exchange Ltd (NSEL). NSEL has not honoured its settlement obligations to investors who traded on the exchange platform since July, 2013. The matter is currently under investigation by EOW as well as other investigating authorities. India Infoline Commodities Limited acted as a broker for the investors and facilitated execution of the orders of the investors through exchange system as a registered broker as per the Bye-laws and Rules of NSEL. As per the Bye-laws and Rules of NSEL, NSEL was the counter party for the trades and guaranteed settlement of funds of the clients. The same has also been confirmed by Forward Markets Commission vide its order dated December 17, 2013.

Further, the Settlement of outstanding funds payout by NSEL to Clients is still pending with various Courts, Government and regulatory authorities. The Bombay High Court, constituted a Committee for verifying the claims of the investors and the process for settlement is yet to be concluded.

The Government of India, Ministry of Corporate Affairs, passed an order dated 12th Feb'2016, directing amalgamation of NSEL with its holding Company i.e., Financial Technologies (India) Limited, in the larger interest of Public with a view to inter alia leverage combined assets, capital and reserves and gainful settlements of rights and liabilities of shareholders and creditors.

We understand that Financial Technologies (India) Limited has preferred an appeal against the said order before the Bombay High Court and the same is pending before the Court.

**NOTE 31.** The group has taken office premises on operating lease at various locations. Lease rent in respect of the same has been charged to Statement of Profit and Loss. The agreements are executed for a period ranging from one to five years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company and its subsidiaries have also taken some other assets under operating lease.

**NOTE 32.** The minimum Lease rentals outstanding as at March 31 2016 areas under:

(₹ in Millions)

| Minimum Lease Rentals | 2015-16       | 2014-15       |
|-----------------------|---------------|---------------|
| Due for               |               |               |
| - Up to one year      | 142.95        | 160.09        |
| - One to five years   | 178.21        | 172.51        |
| - Above five years    | 5.43          | -             |
| <b>Total</b>          | <b>326.59</b> | <b>332.60</b> |

**NOTE 33.** The Company has implemented Employee Stock Options Scheme 2007 and 2008 (ESOP Schemes) and has outstanding options granted under the said schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of grants by the Remuneration and Compensation Committee and ESOP Schemes.

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

| Particulars                                       | ESOP 2007                                                                                                                        | ESOP 2008                                                                                                                                                                                                                                       |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. of options as on March 31, 2016               | -                                                                                                                                | 4,670,000                                                                                                                                                                                                                                       |
| Method of accounting                              | Intrinsic Value                                                                                                                  | Intrinsic Value                                                                                                                                                                                                                                 |
| Vesting Plan                                      | Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options | Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options                                                                                                                |
| Exercise Period                                   | Five years from the date of grant                                                                                                | Seven years from the date of grant                                                                                                                                                                                                              |
| Grant Dates                                       | October 17, 2008, December 18, 2008, January 1, 2009 and March 5, 2012                                                           | December 18, 2008, January 1, 2009, May 27, 2009, December 10, 2009, September 20, 2010, May 7, 2011, May 15, 2012, August 10, 2012, October 29, 2012, November 05, 2013, August 05, 2014, November 20, 2014, March 02, 2015 and March 08, 2016 |
| Grant Price ₹ Per Share                           | ₹ 63.75, ₹ 45.30, ₹ 50.90 and ₹ 70.00                                                                                            | ₹ 45.30, ₹ 50.90, ₹ 100.00, ₹ 136.00, ₹ 105.00, ₹ 72.40, ₹ 45.90, ₹ 56.60, ₹ 68.15, ₹ 58.10, ₹ 134.75, ₹ 188.40, ₹ 181.55 and ₹ 180.00                                                                                                          |
| Market Price on the date of Grant of Option (₹) * | ₹ 63.75, ₹ 45.30, ₹ 50.90 and ₹ 70.00                                                                                            | ₹ 45.30, ₹ 50.90, ₹ 100.00, ₹ 136.00, ₹ 105.00, ₹ 72.40, ₹ 45.90, ₹ 56.60, ₹ 68.15, ₹ 58.10, ₹ 134.75, ₹ 188.40, ₹ 181.55 and ₹ 180.00                                                                                                          |

\* Closing price at the stock exchange, as on the previous trading day of the date of grant, as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

# Consolidated Financial Statements of IIFL Holdings Limited

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

## (B) Movement of Options Granted

(₹ in Millions)

| Particulars                                      | ESOP 2007 | ESOP 2008  |
|--------------------------------------------------|-----------|------------|
| Options outstanding at the beginning of the year | 2,299,755 | 11,345,650 |
| Granted during the year                          | -         | 900,000    |
| Exercised during the year                        | 1,688,755 | 7,114,150  |
| Lapsed during the year                           | 611,000   | 461,500    |
| Options outstanding at the end of the year       | -         | 4,670,000  |

## NOTE 34. SEGMENT REPORTING

Segment information for the year ended March 31, 2016. Primary segment information (by Business segment)

(₹ in Millions)

| Sr No | Particulars                       | Fund based activity | Financial Product distribution | Capital market activity | Others   | Total        |
|-------|-----------------------------------|---------------------|--------------------------------|-------------------------|----------|--------------|
| I     | Segment Revenue                   |                     |                                |                         |          |              |
|       | External                          | 28,694.21           | 6,748.82                       | 4,397.44                | 116.23   | 39,956.70    |
|       |                                   | (25,207.52)         | (5,827.01)                     | (4,475.71)              | (126.61) | (35,636.85)  |
|       | Inter-segment                     | -                   | -                              | -                       | -        | -            |
|       |                                   | -                   | -                              | -                       | -        | -            |
|       | Total Revenue                     | 28,694.21           | 6,748.82                       | 4,397.44                | 116.23   | 39,956.70    |
|       |                                   | (25,207.52)         | (5,827.01)                     | (4,475.71)              | (126.61) | (35,636.85)  |
| II    | Segment Result                    | 5,527.62            | 1,663.97                       | 1,225.00                | 9.68     | 8,426.27     |
|       |                                   | (4,556.20)          | (1,148.80)                     | (1,522.06)              | (11.57)  | (7,238.63)   |
|       | Less: Unallocated Expenses        | -                   | -                              | -                       | -        | -            |
|       |                                   | -                   | -                              | -                       | -        | -            |
|       | Operating Profit                  | -                   | -                              | -                       | -        | 8,426.27     |
|       |                                   | -                   | -                              | -                       | -        | (7,238.63)   |
|       | Interest Expense                  | -                   | -                              | -                       | -        | -            |
|       |                                   | -                   | -                              | -                       | -        | -            |
|       | Profit before Tax                 | -                   | -                              | -                       | -        | 8,426.27     |
|       |                                   | -                   | -                              | -                       | -        | (7,238.63)   |
|       | Less: Current Tax                 | -                   | -                              | -                       | -        | 2,878.19     |
|       |                                   | -                   | -                              | -                       | -        | (2,474.98)   |
|       | Net Profit after Tax              | -                   | -                              | -                       | -        | 5,548.08     |
|       |                                   | -                   | -                              | -                       | -        | (4,763.65)   |
| III   | Segment Assets                    | 188,870.17          | 7,643.44                       | 28,908.91               | -        | 225,422.52   |
|       |                                   | (167,477.06)        | (8,722.54)                     | (15,354.20)             | -        | (191,553.80) |
|       | Unallocated Corporate assets      | -                   | -                              | -                       | -        | 3,342.95     |
|       |                                   | -                   | -                              | -                       | -        | (2,666.87)   |
|       | Total Assets                      | -                   | -                              | -                       | -        | 228,765.47   |
|       |                                   | -                   | -                              | -                       | -        | (194,220.67) |
| IV    | Segment Liabilities               | 166,761.63          | 6,832.44                       | 13,777.11               | -        | 187,371.18   |
|       |                                   | (146,150.76)        | (7,246.27)                     | (12,041.25)             | -        | (165,438.28) |
|       | Unallocated Corporate Liabilities | -                   | -                              | -                       | -        | 436.43       |
|       |                                   | -                   | -                              | -                       | -        | (560.82)     |
|       | Total Liabilities                 | -                   | -                              | -                       | -        | 187,807.61   |
|       |                                   | -                   | -                              | -                       | -        | (165,999.10) |

# Consolidated Financial Statements of IIFL Holdings Limited

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

(₹ in Millions)

| Sr No | Particulars                     | Fund based activity | Financial Product distribution | Capital market activity | Others | Total    |
|-------|---------------------------------|---------------------|--------------------------------|-------------------------|--------|----------|
| V     | Capital Expenditure             | 229.25              | 594.76                         | 162.75                  | -      | 986.77   |
|       |                                 | (95.71)             | (448.05)                       | (102.79)                | -      | (646.55) |
|       | Unallocated Capital Expenditure | -                   | -                              | -                       | -      | -        |
|       |                                 | -                   | -                              | -                       | -      | -        |
|       | Total Capital Expenditure       | -                   | -                              | -                       | -      | 986.77   |
|       |                                 | -                   | -                              | -                       | -      | (646.55) |
| Vi    | Depreciation                    | 270.43              | 241.10                         | 149.28                  | -      | 660.82   |
|       |                                 | (251.93)            | (219.75)                       | (119.94)                | -      | (591.61) |
|       | Unallocated Depreciation        | -                   | -                              | -                       | -      | -        |
|       |                                 | -                   | -                              | -                       | -      | -        |
|       | Total Depreciation              | -                   | -                              | -                       | -      | 660.82   |
|       |                                 | -                   | -                              | -                       | -      | (591.61) |
| Vii   | Non-Cash expenditure            | -                   | -                              | -                       | -      | -        |
|       |                                 | -                   | -                              | -                       | -      | -        |
|       | other than depreciation         | -                   | -                              | -                       | -      | -        |
|       |                                 | -                   | -                              | -                       | -      | -        |

## NOTE 35. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED MARCH 31, 2016

(a) Name of the related parties with whom transactions have been entered during the year and description of relationship.

|                          |                                                 |
|--------------------------|-------------------------------------------------|
| Key Management Personnel | Nirmal Jain                                     |
|                          | R Venkataraman                                  |
| Other related parties    | Madhu Jain (wife of Mr. Nirmal Jain)            |
|                          | Aditi Venkataraman (wife of Mr. R Venkataraman) |
|                          | Ardent Impex Private Limited                    |
|                          | Orpheous Trading Private Limited                |

## Disclosure of Transactions with related parties

(₹ in Millions)

| Nature of Transaction | Key Managerial Personnel | Other Related Parties | Total   |
|-----------------------|--------------------------|-----------------------|---------|
| Brokerage Income      | 2.09                     | 0.20                  | 2.29    |
|                       | (1.77)                   | (0.50)                | (2.27)  |
| Interest Income       | -                        | 3.73                  | 3.73    |
|                       | (-)                      | (-)                   | (-)     |
| Remuneration          | 59.52                    | -                     | 59.52   |
|                       | (47.79)                  | (-)                   | (47.79) |
| Rent Expenses         | -                        | 2.95                  | 2.95    |
|                       | (-)                      | (2.88)                | (2.88)  |

## Outstanding as on March 31, 2016

(₹ in Millions)

| Nature of Transaction | Key Managerial Personnel | Other Related Parties | Total   |
|-----------------------|--------------------------|-----------------------|---------|
| Sundry Payables       | 1.60                     | 0.05                  | 1.65    |
|                       | (-)                      | (0.03)                | (0.03)  |
| Sundry Receivable     | -                        | 50.20                 | 50.20   |
|                       | (-)                      | (50.00)               | (50.00) |

**Note:** Figures in brackets indicate Previous Year figures.

# Consolidated Financial Statements of IIFL Holdings Limited

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

**NOTE 36.** Interest expense includes the interest on debenture ₹ 6,401.25 millions (Previous year ₹ 3,889.03 millions), Discount in commercial paper ₹ 3,382.76 millions (Previous Year ₹ 3,508.42 millions) and Interest on bank term Loans ₹ 6,345.87 millions (Previous Year ₹ 5,352.77 millions).

**NOTE 37.** There are no dues to Micro & Small Enterprises (MSEs) outstanding for more than 45 days.

## **NOTE 38. CORPORATE SOCIAL RESPONSIBILITY**

During the financial year 2015-16, the Company spend ₹ 97.99 millions (Previous Year ₹ 24.56 millions) out of the total amount of ₹ 102.92 millions (Previous Year ₹ 70.36 millions) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility [CSR]. The Company was focused on implementing the projects identified by the CSR Committee and had successfully completed most of the projects. The Company had substantially utilised the amount required to be spent on CSR projects and there is a small portion thereof i.e. 5% remain as unspent. The Company has plans to further increase the spend in the years to come through its dedicated efforts.

## **NOTE 39. INVESTMENT BY GENERAL ATLANTIC IN IIFL WEALTH MANAGEMENT LIMITED**

General Atlantic Singapore Fund Pte. Ltd (GA), a leading global growth equity firm, made a strategic investment in IIFL Wealth Management Limited ("IIFW"), the wealth management subsidiary of the Company. GA invested an aggregate of ₹ 10,629.40 millions in IIFW, through fresh issue of equity shares and acquisition of shares from employees of IIFW and holds stake of 21.61% in the equity of IIFW, on fully diluted basis (assuming full conversion of outstanding ESOP's of IIFW).

**NOTE 40.** Figures pertaining to subsidiary companies have been reclassified wherever necessary to bring them in line with parent company's financial statements.

**NOTE 41.** Figures for the Previous Year have been regrouped / reclassified wherever considered necessary.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No. 109983W

By the hand of

**Tirtharaj Khot**

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 05, 2016

For and on behalf of the Board of Directors

**Nirmal Jain**

Chairman

(DIN: 00010535)

**Prabodh Agrawal**

Chief Financial Officer

**R.Venkataraman**

Managing Director

(DIN: 00011919)

**Gajendra Thakur**

Company Secretary

# Form AOC-I

(PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

| Sr. No. | Particulars                                                                                  | Reporting Currency | Share Capital | Reserves & Surplus | Exchange Rate | Total Assets | Total Liabilities | Investments | Total Turnover | Profit/(Loss) before taxation | Provision for taxation (including deferred tax) | Profit after taxation | Proposed Dividend | % of shareholding |
|---------|----------------------------------------------------------------------------------------------|--------------------|---------------|--------------------|---------------|--------------|-------------------|-------------|----------------|-------------------------------|-------------------------------------------------|-----------------------|-------------------|-------------------|
|         |                                                                                              |                    |               |                    |               |              |                   |             |                |                               |                                                 |                       |                   |                   |
| 1       | India Infoline Finance Limited                                                               | INR                | 5,621.54      | 17,472.58          | -             | 142,186.68   | 142,186.68        | 11,164.11   | 22,073.41      | 4,150.79                      | 1,433.47                                        | 2,717.32              | -                 | 100.00%           |
| 2       | IIFL Facilities Services Limited (Formerly IFL Realty Limited)                               | INR                | 90.00         | 707.96             | -             | 5,786.48     | 5,786.48          | 451.04      | 1,309.22       | 33.77                         | 5.57                                            | 28.20                 | -                 | 100.00%           |
| 3       | India Infoline Media and Research Services Limited                                           | INR                | 0.50          | (330.25)           | -             | 205.60       | 205.60            | -           | 441.58         | (155.03)                      | 16.98                                           | (172.00)              | -                 | 100.00%           |
| 4       | IIFL Wealth Management Limited                                                               | INR                | 147.92        | 11,245.67          | -             | 13,503.76    | 13,503.76         | 11,743.26   | 4,046.95       | 1,431.49                      | 397.43                                          | 1,034.06              | -                 | 60.84%            |
| 5       | India Infoline Insurance Services Limited                                                    | INR                | 2.81          | 28.73              | -             | 34.07        | 34.07             | -           | 3.00           | (21.01)                       | 7.14                                            | (28.15)               | -                 | 100.00%           |
| 6       | India Infoline Commodities Limited                                                           | INR                | 2.09          | 59.90              | -             | 745.83       | 745.83            | -           | 239.03         | 70.13                         | 35.99                                           | 34.13                 | -                 | 100.00%           |
| 7       | India Infoline Limited (Formerly India Infoline Distribution Company Limited)                | INR                | 169.00        | 1,884.19           | -             | 12,363.66    | 12,363.66         | 216.62      | 4,819.16       | 724.00                        | 255.97                                          | 468.03                | -                 | 99.99%            |
| 8       | India Infoline Housing Finance Limited                                                       | INR                | 349.68        | 4,829.65           | -             | 54,534.86    | 54,534.86         | -           | 5,695.97       | 1,108.84                      | 388.25                                          | 720.59                | -                 | 100.00%           |
| 9       | India Infoline Insurance Brokers Limited                                                     | INR                | 5.00          | 11.06              | -             | 389.16       | 389.16            | -           | 571.68         | (36.28)                       | (8.98)                                          | (27.30)               | -                 | 100.00%           |
| 10      | IIFL Trustee Limited                                                                         | INR                | 5.00          | (1.89)             | -             | 3.56         | 3.56              | -           | 4.98           | 0.70                          | 0.24                                            | 0.45                  | -                 | 60.84%            |
| 11      | Spaisa Capital Limited (Formerly IIFL Capital Limited)                                       | INR                | 30.50         | 90.83              | -             | 444.83       | 444.83            | -           | (12.18)        | (76.98)                       | (22.00)                                         | (54.98)               | -                 | 100.00%           |
| 12      | IIFL Distribution Services Limited (Formerly IFL Distribution Services Private Limited)      | INR                | 0.51          | 44.81              | -             | 76.42        | 76.42             | 30.10       | 101.77         | 4.29                          | 1.99                                            | 2.31                  | -                 | 60.84%            |
| 13      | IIFL Asset Management Limited (Formerly IFL Asset Management Company Limited)                | INR                | 321.00        | 506.05             | -             | 954.66       | 954.66            | 162.90      | 661.27         | 303.32                        | 83.28                                           | 220.03                | -                 | 60.84%            |
| 14      | IIFL Alternate Asset Advisors Limited                                                        | INR                | 0.50          | 145.12             | -             | 952.92       | 952.92            | 936.84      | 290.77         | 106.63                        | 21.21                                           | 85.42                 | -                 | 60.84%            |
| 15      | IIFL Investment Adviser and Trustee Services Limited (Formerly IFL Trustee Services Limited) | INR                | 352.25        | (14.52)            | -             | 346.18       | 346.18            | 125.00      | 51.37          | 7.71                          | 3.81                                            | 3.90                  | -                 | 60.84%            |
| 16      | India Alternatives Investment Advisors Private Limited                                       | INR                | 0.14          | (26.24)            | -             | 25.36        | 25.36             | -           | 20.79          | (41.31)                       | 10.71                                           | (52.03)               | -                 | 43.20%            |
| 17      | IIFL Wealth Finance Limited (Formerly Chephris Capital Markets Limited)                      | INR                | 2,521.16      | 6,497.59           | -             | 9,023.64     | 9,023.64          | 7,472.10    | 73.93          | 38.09                         | 20.68                                           | 17.41                 | -                 | 60.84%            |
| 18      | IIFL Properties private limited (Formerly UltraSign and display private Limited)             | INR                | 0.11          | (80.14)            | -             | 220.72       | 220.72            | -           | 2.18           | (53.90)                       | -                                               | (53.90)               | -                 | 100.00%           |

| Sr. No. | Particulars                                    | Reporting Currency | Share Capital | Reserves & Surplus | Exchange Rate | Total Assets | Total Liabilities | Investments | Total Turnover | Profit/(Loss) before taxation | Provision for taxation (including deferred tax) | Profit after taxation | Proposed Dividend | % of shareholding |
|---------|------------------------------------------------|--------------------|---------------|--------------------|---------------|--------------|-------------------|-------------|----------------|-------------------------------|-------------------------------------------------|-----------------------|-------------------|-------------------|
|         |                                                |                    |               |                    |               |              |                   |             |                |                               |                                                 |                       |                   |                   |
| 19      | IIFL Asset Reconstruction Limited              | INR                | 2050          | (0.02)             | -             | 2054         | 2054              | -           | 0.04           | (0.02)                        | -                                               | (0.02)                | -                 | 100.00%           |
| 20      | IIFL (Asia) Pre Limited                        | INR                | 473.17        | (155.99)           | -             | 317.85       | 317.85            | 311.10      | 0.00           | (1.00)                        | 16.48                                           | (17.48)               | -                 | 60.84%            |
|         |                                                | S \$               | 1400          | (7.55)             | 49.15         | 647          | 647               | 633         | 0.00           | (0.02)                        | 0.35                                            | (0.37)                | -                 |                   |
| 21      | IIFL Securities Pre Limited                    | INR                | 49.15         | 47.84              | -             | 109.12       | 109.12            | -           | 95.26          | 13.66                         | -                                               | 13.66                 | -                 | 60.84%            |
|         |                                                | S \$               | 1.03          | 0.94               | 49.15         | 222          | 222               | -           | 2.01           | 0.29                          | -                                               | 0.29                  | -                 |                   |
| 22      | IIFL Capital Pre Limited                       | INR                | 252.91        | (62.38)            | -             | 232.61       | 232.61            | -           | 255.77         | 104.95                        | -                                               | 104.95                | -                 | 60.84%            |
|         |                                                | S \$               | 530           | (1.42)             | 49.15         | 473          | 473               | -           | 5.41           | 2.22                          | -                                               | 2.22                  | -                 |                   |
| 23      | IIFL Inc                                       | INR                | 61.69         | (8.01)             | -             | 60.73        | 60.73             | -           | 37.05          | 0.88                          | (0.54)                                          | 1.43                  | -                 | 60.84%            |
|         |                                                | USD                | 1.03          | (0.22)             | 66.18         | 0.92         | 0.92              | -           | 0.38           | 0.01                          | (0.01)                                          | 0.02                  | -                 |                   |
| 24      | IIFL Capital Inc                               | INR                | 40.29         | 7.76               | -             | 66.33        | 66.33             | -           | 101.57         | 12.09                         | 4.94                                            | 7.15                  | -                 | 100.00%           |
|         |                                                | USD                | 0.69          | 0.04               | 66.18         | 1.02         | 1.02              | -           | 1.60           | 0.19                          | 0.08                                            | 0.11                  | -                 |                   |
| 25      | IIFL Private Wealth Management (Dubai) Limited | INR                | 57.99         | 4.21               | -             | 69.01        | 69.01             | -           | 77.11          | 25.68                         | -                                               | 25.68                 | -                 | 60.84%            |
|         |                                                | AED                | 337           | 0.08               | 18.02         | 383          | 383               | -           | 4.41           | 1.47                          | -                                               | 1.47                  | -                 |                   |
| 26      | IIFL Wealth (UK) Limited                       | INR                | 11.20         | 6.36               | -             | 21.42        | 21.42             | -           | 55.96          | 2.33                          | 0.66                                            | 1.67                  | -                 | 100.00%           |
|         |                                                | GBP                | 0.15          | 0.03               | 95.16         | 0.23         | 0.23              | -           | 0.60           | 0.02                          | 0.01                                            | 0.02                  | -                 |                   |
| 27      | IIFL Private Wealth Hong Kong Limited          | INR                | 51.90         | 5.23               | -             | 59.52        | 59.52             | -           | 19.88          | 5.00                          | 0.96                                            | 4.04                  | -                 | 60.84%            |
|         |                                                | HKD                | 648           | 0.23               | 8.52          | 6.98         | 6.98              | -           | 2.40           | 0.60                          | 0.12                                            | 0.49                  | -                 |                   |
| 28      | IIFL Private Wealth (Mauritius) Limited        | INR                | 4.19          | 343.27             | -             | 427.05       | 427.05            | -           | 852.74         | 448.70                        | 13.46                                           | 435.25                | -                 | 60.84%            |
|         |                                                | USD                | 0.07          | 5.18               | 66.18         | 6.45         | 6.45              | -           | 13.27          | 6.98                          | 0.21                                            | 6.77                  | -                 |                   |
| 29      | IIFL Private Wealth (Suisse) SA                | INR                | 6.68          | (0.77)             | -             | 6.35         | 6.35              | -           | 2.00           | 1.06                          | -                                               | 1.06                  | -                 | 60.84%            |
|         |                                                | CHF                | 0.10          | (0.01)             | 69.08         | 0.09         | 0.09              | -           | 0.03           | 0.02                          | -                                               | 0.02                  | -                 |                   |

**Note 1** - All subsidiaries have common year end of March 31, 2016 hence no additional information under Section 129(3) read with rule 5 has been disclosed.

**Note 2** - Names of Subsidiaries which have been liquidated or sold during the year

India Infoline Commodities DMCC \*

\* During the year India Infoline Commodities DMCC has filed for liquidation and as per Liquidator report dated 17/02/2016 of BSM Dahman Auditors, Dubai, UAE, necessary entries have been passed in the books recognizing the liquidation.

For and on behalf of the Board of Directors

**Nirmal Jain**  
Chairman  
(DIN: 00010535)

**R. Venkataraman**  
Managing Director  
(DIN: 00011919)

**Prabodh Agrawal**  
Chief Financial Officer

**Gajendra Thakur**  
Company Secretary

Place : Mumbai  
Dated: May 05, 2016

# Form AOC-I

(PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part "B": Associates and Joint Ventures**

(₹ in Millions)

| Name of Associates/Joint Ventures                                            | Meenakshi Towers LLP                                                     |
|------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 1. Latest audited Balance Sheet Date                                         | March 31, 2015                                                           |
| 2. Shares of Associate/Joint Ventures held by the company on the year end.   |                                                                          |
| Number                                                                       | NA                                                                       |
| Amount of Investment in Associates/Joint Venture                             | 0.05                                                                     |
| Extend of Holding %                                                          | 50%                                                                      |
| 3. Description of how there is significant influence                         | Note A): There is significant influence due to percentage(%) of Capital. |
| 4. Reason why the associate/joint venture is not consolidated                | NA                                                                       |
| 5. Networth attributable to Shareholding as per latest audited Balance Sheet | (26.41)                                                                  |
| 6. Profit / (Loss) for the year                                              |                                                                          |
| i) Considered in Consolidation                                               | (26.36)                                                                  |
| ii) Not Considered in Consolidation                                          | NIL                                                                      |

For and on behalf of the Board of Directors

**Nirmal Jain**

Chairman  
(DIN: 00010535)

**R.Venkataraman**

Managing Director  
(DIN: 00011919)

Place : Mumbai

Dated: May 05, 2016

**Prabodh Agrawal**

Chief Financial Officer

**Gajendra Thakur**

Company Secretary

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# Corporate Information

## BOARD OF DIRECTORS

**Mr. Nirmal Jain**  
Chairman

**Mr. R. Venkataraman**  
Managing Director

**Mr. A.K. Purwar**  
Independent Director

**Dr. S. Narayan**  
Independent Director

**Mr. Nilesh Vikamsey**  
Independent Director

**Mr. Kranti Sinha**  
Independent Director

**Ms. Geeta Mathur**  
Independent Director

**Mr. Chandran Ratnaswami**  
Non-Executive Director

## COMMITTEE OF BOARD

### Audit Committee

**Mr. Kranti Sinha**  
Chairman, Independent Director

**Mr. Nilesh Vikamsey**

**Mr. R. Venkataraman**

**Ms. Geeta Mathur**

### Nomination and Remuneration Committee

**Mr. Kranti Sinha**  
Chairman, Independent Director

**Mr. Nilesh Vikamsey**

**Mr. A.K. Purwar**

### Stakeholders' Relationship Committee

**Ms. Geeta Mathur**  
Chairperson, Independent Director

**Mr. Nirmal Jain**

**Mr. R. Venkataraman**

### Risk Management Committee

**Mr. Nirmal Jain**

**Mr. Nilesh Vikamsey**

**Mr. A.K. Purwar**

### CSR Committee

**Mr. Nirmal Jain**  
Chairman

**Mr. Nilesh Vikamsey**

**Mr. R. Venkataraman**

## CHIEF FINANCIAL OFFICER

**Mr. Prabodh Agrawal**

## COMPANY SECRETARY

**Mr. Gajendra Thakur**

## AUDITORS

**Sharp & Tannan Associates**  
Chartered Accountants

## INTERNAL AUDITORS

**KPMG**  
Chartered Accountants

**Mahajan & Aibara**  
Chartered Accountants

## CORE MANAGEMENT TEAM

| Name                        | Designation                                  |
|-----------------------------|----------------------------------------------|
| <b>Bharat Parajia</b>       | MD, IIFL (Asia) Pte Ltd.                     |
| <b>Rajashree Nambiar</b>    | ED & CEO, India Infoline Finance Ltd         |
| <b>Monu Ratra</b>           | ED & CEO, India Infoline Housing Finance Ltd |
| <b>Karan Bhagat</b>         | MD, IIFL Wealth Management Ltd               |
| <b>Amit Shah</b>            | CEO, IIFL Capital Pte Ltd                    |
| <b>Yatin Shah</b>           | ED, IIFL Wealth Management Ltd               |
| <b>H. Nemkumar</b>          | President, Institutional Equities            |
| <b>Nipun Goel</b>           | President, Investment Banking                |
| <b>Prasanth Prabhakaran</b> | President, Retail Broking                    |
| <b>Balaji Raghavan</b>      | Head - Real Estate Services                  |
| <b>Vasudev Jagannath</b>    | President, Institutional Sales               |
| <b>Aniruddha Dange</b>      | Chief Strategy Officer                       |
| <b>R. Mohan</b>             | Chief Compliance Officer                     |
| <b>Rakesh Mital</b>         | Chief Risk Officer                           |
| <b>Narendra Jain</b>        | President, Internal Audit                    |
| <b>Anand Mathur</b>         | President, Human Resources                   |
| <b>Apoorva Tiwari</b>       | Chief Operating Officer                      |
| <b>Arun Malkani</b>         | Chief Marketing Officer                      |
| <b>B.S. Amarnath</b>        | Treasurer                                    |

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd, C-13,  
Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup (West), Mumbai – 400078.

## REGISTERED OFFICE

IIFL House, Sun Infotech Park, Road no. 16,  
Plot no. B-23, MIDC, Thane Industrial Estate,  
Wagle Estate, Thane – 400604

## CORPORATE OFFICE

IIFL Centre, Kamala City, Lower Parel (West),  
Mumbai – 400013.

## LIST OF BANKERS

Allahabad Bank  
Andhra Bank  
Axis Bank  
Bank of Baroda  
Bank of India  
Bank of Maharashtra  
Canara Bank  
Central Bank of India  
Citibank  
Corporation Bank  
DCB Bank  
Dena Bank  
Deutsche Bank  
Federal Bank  
HDFC Bank  
ICICI Bank  
IDBI Bank  
Indian Overseas Bank  
IndusInd Bank  
Karnataka Bank  
Karur Vysya Bank  
Kotak Mahindra Bank  
Mashreq Bank  
Oriental Bank of Commerce  
Punjab & Sind Bank  
Punjab National Bank  
RBL Bank  
Small Industries Development Bank of India  
South Indian Bank  
Standard Chartered Bank  
State Bank of Hyderabad  
State Bank of India  
Syndicate Bank  
The Jammu and Kashmir Bank  
The Saraswat Co Op Bank  
UCO Bank  
Vijaya Bank  
Yes Bank  
May Bank  
State Bank of Bikaner and Jaipur  
State Bank of Patiala  
Union Bank of India  
United Bank of India

## CAUTIONARY STATEMENT

This document contains forward-looking statement and information. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risk and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. IIFL does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.

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### **IIFL HOLDINGS LIMITED**

CIN - L74999MH1995PLC093797

#### **Corporate Office:**

IIFL Centre, Kamala City,  
Senapati Bapat Marg,  
Lower Parel (W),  
Mumbai - 400013

#### **Registered Office:**

IIFL House, Sun Infotech Park,  
Road No. 16, Plot No. B-23,  
MIDC, Thane Industrial Estate,  
Wagle Estate, Thane - 400604

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[ir@indiainfoline.com](mailto:ir@indiainfoline.com)

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022 - 4249 9000