

# Deloitte Haskins & Sells LLP

Chartered Accountants  
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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIFL DISTRIBUTION SERVICES LIMITED**

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

We have audited the accompanying financial statements of **IIFL DISTRIBUTION SERVICES LIMITED (Formerly IIFL DISTRIBUTION SERVICES PRIVATE LTD)** (the "Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

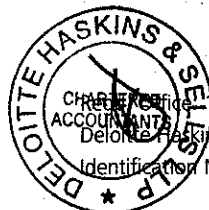
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments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

### **Auditor's Responsibility**

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

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

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



2, Dr. Annie Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai - 400 018, India

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

## **Deloitte Haskins & Sells LLP**

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 financial statements.

### **Opinion**

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

### **Other Matter**

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

Our opinion is not modified in respect of this matter.

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

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



**Deloitte**  
**Haskins & Sells LLP**

effectiveness of the Company's internal financial controls over financial reporting.

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

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

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



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

MUMBAI, 4 May, 2016  
PG/SB-2016

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

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

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

We have audited the internal financial controls over financial reporting of **IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Ltd)** (the "Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

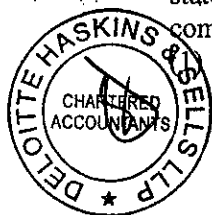
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section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

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

We believe that the audit evidence we have obtained 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 pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the



transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

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

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



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

MUMBAI, 4 May, 2016  
PG/SB-2016

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

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

- (i) The Company does not have any fixed assets and hence reporting under clause (i) of the CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) The Company has not granted any loans to Directors covered under Section 185 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. According to the information and explanations given to us, Excise Duty is not applicable to the Company.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales tax, Service Tax, Customs Duty and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes.



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

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



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

MUMBAI, 4 May, 2016  
PG/SB-2016

**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LTD.)**  
**BALANCE SHEET AS AT MARCH 31, 2016**

(Amount in ₹)

Particulars	Note No.	As at Mar 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	512,000	512,000
(b) Reserves and Surplus	4	44,805,907	42,499,837
(c) Money received against share warrants		-	-
<b>Sub total</b>		<b>45,317,907</b>	<b>43,011,837</b>
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non Current Liabilities</b>			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liability		-	-
(c) Other Long-term liabilities		-	-
(d) Long-term provisions	5	3,188,756	2,070,875
<b>Sub total</b>		<b>3,188,756</b>	<b>2,070,875</b>
<b>(4) Current liabilities</b>			
(a) Short-Term Borrowings		-	-
(b) Trade Payables	6	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		751,578	772,668
(c) Other Current Liabilities	7	1,793,445	663,297
(d) Short-Term Provisions	8	25,371,262	20,909,325
<b>Sub total</b>		<b>27,916,285</b>	<b>22,345,290</b>
<b>TOTAL</b>		<b>76,422,948</b>	<b>67,428,002</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Goodwill		-	-
(v) Intangible assets under development		-	-
<b>Sub total</b>		-	-
(b) Non-current investments	9	100,000	100,000
(c) Deferred Tax Asset	10	1,050,436	672,066
(d) Long-term loans & advances	11	2,510,084	269,858
(e) Other non-current assets		-	-
<b>Sub total</b>		<b>3,660,520</b>	<b>1,041,924</b>
<b>(2) Current assets</b>			
(a) Current investments	12	30,000,000	6,900,000
(b) Inventories		-	-
(c) Trade receivables	13	-	23,943
(d) Cash and cash equivalents	14	42,201,687	32,886,237
(e) Short-term loans & advances	15	560,741	26,575,898
(f) Other current assets		-	-
<b>Sub total</b>		<b>72,762,428</b>	<b>66,386,078</b>
<b>TOTAL</b>		<b>76,422,948</b>	<b>67,428,002</b>
See accompanying notes forming part of financial statements	1-31		

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of Board of Directors



*NB Gorakshakar*  
Nallavi A. Gorakshakar  
Partner

*Karan Bhagat*

Karan Bhagat  
Director  
(DIN: 03247753)

*R. Mohan*

R. Mohan  
Director  
(DIN: 00012070)

Place : Mumbai  
Date : May 4, 2016



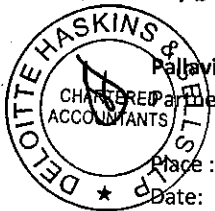
**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LTD.)**  
**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Note No.	2015-2016	2014-2015
<b>INCOME :</b>			
Revenue From Operations	16	97,881,495	81,871,257
Other Income	17	3,888,819	3,891,782
<b>Total Revenue</b>		<b>101,770,314</b>	<b>85,763,039</b>
<b>EXPENSES :</b>			
Employee Benefit Expenses	18	68,693,103	61,045,137
Other Expenses	19	28,767,818	19,469,503
Finance Charges	20	16,648	-
Depreciation and Amortisation		-	-
<b>Total Expenditure</b>		<b>97,477,569</b>	<b>80,514,640</b>
<b>Profit before tax</b>		<b>4,292,745</b>	<b>5,248,399</b>
Tax expenses :			
Current tax		899,781	1,906,457
Deferred tax expenses/(credit)		(378,370)	314,709
Mat credit entitlement		(455,230)	-
Short provision for income tax		1,920,494	772,506
<b>Total Tax Expenses</b>		<b>1,986,675</b>	<b>2,993,672</b>
<b>Profit for the year</b>		<b>2,306,070</b>	<b>2,254,727</b>
Earning Per Share- Basic	22	450.40	440.38
Earning Per Share- Diluted	22	450.40	440.38
Face Value Per Share		100	100.00
See accompanying notes forming part of financial statements	1-31		

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of Board of Directors



*Pallavi A. Gorakshakar*  
Pallavi A. Gorakshakar

Partner

Place : Mumbai

Date: May 4, 2016

*Karan Bhagat*

Karan Bhagat  
Director  
(DIN: 03247753)

*R. Mohan*

R. Mohan  
Director  
(DIN: 00012070)

**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LTD.)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

(Amount in ₹)

PARTICULARS	2015-2016	2014-2015
<b>A. Cash flows from operating activities</b>		
Net profit before taxation and extraordinary item	4,292,745	5,248,399
Adjustments For:		
Provisions for Gratuity	1,224,496	896,241
Provisions for Leave Encashment	181,368	288,807
Depreciation	-	-
Interest Income	(2,290,319)	(3,454,463)
Profit on sale of current investments	(1,598,500)	(418,738)
Interest Expenses	9,317	-
<b>Operating Profit Before Working Capital Changes</b>	<b>1,819,107</b>	<b>2,560,246</b>
<b>Changes in working Capital :</b>		
(Increase)/ Decrease in Current/Non Current Assets	(782,197)	13,804,525
(Increase)/ Decrease in Current/Non Current Liabilities	5,245,316	1,692,521
<b>Cash generated from operating activities</b>	<b>6,282,226</b>	<b>18,057,292</b>
Tax (Paid) / Refund	(3,706,304)	(2,678,963)
<b>Net cash generated from operating activities (A)</b>	<b>2,575,922</b>	<b>15,378,329</b>
<b>B. Cash flows from investing activities</b>		
Purchase/Sale of Investments (net)	(21,501,500)	(6,481,262)
Interest received	2,290,319	3,454,463
Inter Corporate Deposit given	(30,000,000)	-
Inter Corporate Deposit received	55,960,026	-
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>6,748,845</b>	<b>(3,026,799)</b>
<b>C. Cash flows from financing activities</b>		
Interest Expenses paid	(9,317)	-
ICD taken	500,000	-
ICD paid	(500,000)	-
<b>Net cash used in financing activities (C)</b>	<b>(9,317)</b>	<b>-</b>
<b>Net increase in Cash and Bank balance (A+B+C)</b>	<b>9,315,450</b>	<b>12,351,530</b>
<b>Reconciliation of Cash &amp; Bank balance with the Balance Sheet:</b>		
<b>Cash and cash equivalents</b>		
Opening Cash & cash equivalents (as per Note no 14)	32,886,237	20,534,707
Closing Cash & cash equivalents (as per Note no 14)	42,201,687	32,886,237
<b>Net Increase in Cash and cash equivalents</b>	<b>9,315,450</b>	<b>12,351,530</b>
<b>See accompanying notes forming part of the standalone financial statements Note No. 1-31</b>		

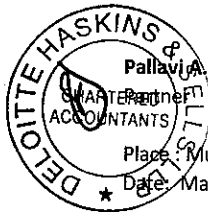
In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of Board of Directors

*Pallav A. Gorakshakar*

Pallav A. Gorakshakar  
Chartered Accountant  
Place: Mumbai  
Date: May 4, 2016



*Karan Bhagat*      *R. Mohan*

Karan Bhagat      R. Mohan  
Director      Director  
(DIN: 03247753)      (DIN: 00012070)

**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**  
**Notes forming part of the Financial Statements for the year ended March 31, 2016**

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**Note 1. Corporate Information:**

IIFL Distribution Services Limited (the "Company") is a public limited company incorporated under the Companies Act, 1956 and is a wholly owned subsidiary of IIFL Wealth Management Limited. The Company is engaged in distribution of mutual funds and also engaged in providing manpower services to its associate companies.

**Note 2. Significant Accounting Policies:**

**2.1 Basis of preparation of financial statements:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards as specified under section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) rules, 2014, the provisions of the Act. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

**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 Investments:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or market / fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in Mutual funds, the net Assets value (NAV) declared by the Mutual Funds at the balance sheet date is considered as the fair value.

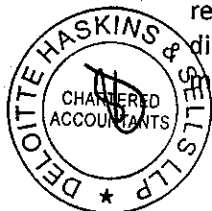
Current investments have been valued at the lower of cost and fair value. Long-term investments have been valued at cost, except that any permanent diminution in their value has been provided for in ascertaining their carrying amount.

**2.4 Cash and cash equivalents:**

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

**2.5 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



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**  
**Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)**

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.

**2.6 Taxation:**

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.

**Income Tax**

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 Tax**

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arises.

**Minimum Alternate Tax (MAT)**

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

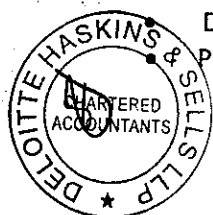
**2.7 Revenue Recognition:**

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.

- Manpower Service Fees are accounted on accrual basis.
- Distribution Fee/Commission is recognized on accrual basis in accordance with the terms agreed with the counter party

**2.8 Other Income Recognition:**

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



## FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED

(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)

Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)

### 2.9 Translation of foreign currency items :

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

### 2.10 Employee Benefits:

The company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & loss. The Company has provided "Compensated Absences" on the basis of actuarial valuation.

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

### 2.11 Operating Leases:

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

### 2.12 Preliminary Expenses

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

### 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 all potential equity shares.

### 2.14 Cash flow statement

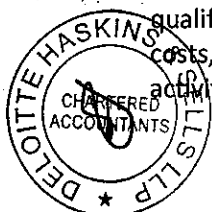
Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing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

### 2.15 Service tax input credit

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

### 2.16 Borrowing cost

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**  
**Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)**

such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**2.17 Operating Cycle**

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

**Note 3. Share Capital:**

a) The Authorised, Issued, Subscribed and fully paid up share capital comprises of equity shares having a par value of ₹100 as follows:

(Amount in ₹)

Authorised :	As at March 31, 2016	As at March 31, 2015
10,000 (P. Y. 10,000) Equity Shares of ₹100/- each with voting Rights	1,000,000	1,000,000
<b>Issued, Subscribed and Paid Up:</b>		
5,120 (P. Y. 5,120) Equity shares of ₹100/- each fully paid. Out of the above Nil (P.Y.3,840 shares) of ₹100/- is issued as bonus shares	512,000	512,000
<b>Total</b>	<b>512,000</b>	<b>512,000</b>

b) Reconciliation of the shares outstanding at the beginning and at the end of the year:

(Amount in ₹)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	5,120	512,000	1,280	128,000
Add: Issued during the year as Bonus shares	-	-	3,840	384,000
Less: Shares bought back	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>5,120</b>	<b>512,000</b>	<b>5,120</b>	<b>512,000</b>

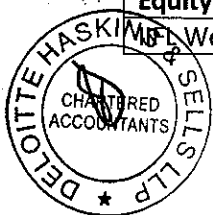
c) Terms/rights attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 100/-each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

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

d) Equity Shares held by holding company

Particulars	March 31, 2016		March 31, 2015	
	Numbers	% holding	Numbers	% holding
Equity shares of ₹10 each fully paid				
IIFL Wealth Management Limited	5,120	100 %	5,120	100 %



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**  
**Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)**

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Numbers	% holding	Numbers	% holding
IIFL Wealth Management Limited (Holding company)	5,120	100 %	5,120	100 %

**f) 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 year:-**

PARTICULARS	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Equity shares allotted as fully paid by way of bonus shares	-	3,840	-	-	-
Equity shares allotted as fully paid up pursuant to contract for consideration other than cash	-	-	-	-	-
Equity shares bought back by the company	-	-	-	-	-

**Note 4. Reserves and surplus:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Surplus in the Statement of Profit &amp; Loss</b>		
Opening Balance	42,499,837	40,629,110
Addition: Profit for the year	2,306,070	2,254,727
Less: Utilisation during the year (Issue of Bonus Shares)	-	384,000
<b>Total</b>	<b>44,805,907</b>	<b>42,499,837</b>

**Note 5. Long Term Provisions:**

(Amount in ₹)

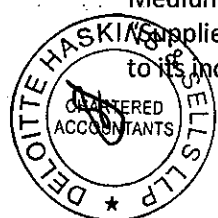
Particulars	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits :		
- Provisions for Gratuity (Refer Note 18)	3,188,756	2,070,875
<b>Total</b>	<b>3,188,756</b>	<b>2,070,875</b>

**Note 6. Trade Payable:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	2,200
Accrued Salaries and Benefits	317,034	366,453
Provision for expenses	434,544	404,015
<b>Total</b>	<b>751,578</b>	<b>772,668</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 said Act. The aforementioned is based on the response received by the Company to its inquiries with suppliers with regards to applicability under the said Act.



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**  
**Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)**

**Note 7. Other Current Liabilities:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Statutory Liabilities Payable	1,793,445	663,297
<b>Total</b>	<b>1,793,445</b>	<b>663,297</b>

**Note 8. Short Term Provisions:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>(a) Provision for employee benefits :</b>		
- Provision for Gratuity (Refer Note 18)	210,712	104,097
- Provision for compensated absences	840,496	659,128
- Bonus Payable	24,276,486	20,140,228
<b>(b) Others</b>		
- Provision for Tax (Net Of Advance Tax and TDS- ₹6,830,327) (Previous Year ₹1,900,585)	43,568	5,872
<b>Total</b>	<b>25,371,262</b>	<b>20,909,325</b>

**Note 9. Non Current Investments (At cost):**

(Amount in ₹)

Particulars	As at March 31, 2016			As at March 31, 2015		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Unquoted, Non Trade Investment:</b>						
<b>Investment in Equity :</b>						
Fineworthy Software Solutions Ltd.	₹10	10,000	100,000	₹10	10,000	100,000
<b>Total</b>			<b>100,000</b>			<b>100,000</b>
Aggregate Value of Quoted Investments			-			-
Aggregate Value of UnQuoted Investments			100,000			100,000
Market Value of Quoted Investments			-			-

**Note 10. Deferred Tax Asset:**

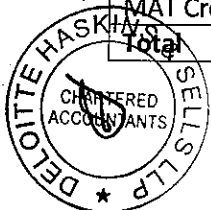
(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
On Gratuity	1,050,436	672,066
<b>Total</b>	<b>1,050,436</b>	<b>672,066</b>

**Note 11. Long Term Loans & Advances:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured , considered good</b>		
Loans and Advances to employees	861,270	-
Advance Income Tax (Net of provision of tax ₹ 8,99781/-, Previous Year ₹ 3,046,944/-)	1,193,584	269,858
MAT Credit Entitlement	455,230	-
<b>Total</b>	<b>2,510,084</b>	<b>269,858</b>





**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**  
**Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)**

**Note 12. Current Investments: (At lower of cost and fair value, unless otherwise stated)**

(Amount in ₹)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Units	Amount	Units	Amount
<b>Quoted, Non Trade Investment:</b>				
<b>Investment in Mutual Fund</b>				
IIFL Liquid Mutual Fund - Direct Plan - Growth (NAV ₹ 1204.8678) (P.Y ₹ 1,117.7024)	24,907.67	30,000,000	6,193.28	6,900,000
<b>Total</b>	<b>24,907.67</b>	<b>30,000,000</b>	<b>6,193.28</b>	<b>6,900,000</b>
Aggregate Value of Quoted Investments		30,000,000		6,900,000
Aggregate Value of Unquoted Investments		-		-
Market Value of Quoted Investments		30,010,450		6,922,244

**Note:** Market value of investments in quoted mutual funds represents the repurchase price of the units issued by the mutual funds.

**Note 13. Trade Receivables:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	-	-
- Considered doubtful	-	-
Trade Receivables outstanding for a period less than six months from the date they were due for payment		
- Considered good	-	23,943
- Considered doubtful	-	-
<b>Total</b>	<b>-</b>	<b>23,943</b>

**Note 14. Cash and cash equivalents:**

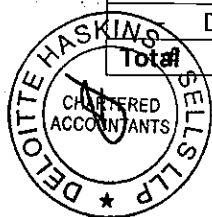
(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cash and Cash equivalents (As per As 3 Cash Flow Statements)</b>		
Cash in Hand	-	-
Cheques in Hand	41,628,506	32,885,505
Balances with Banks		
- In Current accounts	573,181	732
- In Deposit accounts	-	-
<b>Total</b>	<b>42,201,687</b>	<b>32,886,237</b>

**Note 15. Short term Loans and Advances:**

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, Considered good		
- Loan to Holding Company (Refer No 27)	-	25,960,026
- Loans and Advances to employees	358,499	288,987
- Prepaid Expenses	202,242	241,932
Deposit	-	84,953
<b>Total</b>	<b>560,741</b>	<b>26,575,898</b>



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED  
(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**

Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)

**Note 16. Revenue from operations:**

Particulars	(Amount in ₹)	
	2015-2016	2014-2015
Manpower Service Fees	97,869,876	81,476,274
Distribution Fees	169	(99,880)
Commission Income	11,450	460,863
Profit and Loss from Trading activities	-	34,000
<b>Total</b>	<b>97,881,495</b>	<b>81,871,257</b>

**Note 17. Other Income:**

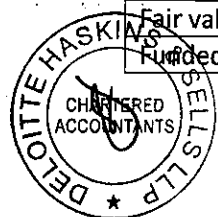
Particulars	(Amount in ₹)	
	2015-2016	2014-2015
Interest Income	2,290,319	3,473,044
Profit on sale of current investments	1,598,500	418,738
<b>Total</b>	<b>3,888,819</b>	<b>3,891,782</b>

**Note 18. Employee Benefit Expenses:**

Particulars	(Amount in ₹)	
	2015-2016	2014-2015
Salaries and Bonus	64,865,803	56,792,476
Contribution to Provident and other funds**	1,918,217	1,427,161
Staff Welfare Expenses	412,994	1,640,452
Gratuity Expenses*	1,199,680	896,241
Leave Encashment Expenses	296,409	288,807
<b>Total</b>	<b>68,693,103</b>	<b>61,045,137</b>

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

Assumptions	(Amount in ₹)	
	2015-2016	2014-2015
Discount rate	7.86%	7.92%
Salary Escalation	5.00%	5.00%
<b>Change in Benefit Obligation</b>	<b>2015-2016</b>	<b>2014-2015</b>
Liability at the beginning of the year	2,174,972	3,041,377
Interest Cost	172,258	277,982
Current Service Cost	424,775	528,449
Liability transferred in	36,313	-
Liability transferred out	(11,497)	(1,762,646)
Benefit paid	-	-
Actuarial (gain)/ Loss on obligations	602,647	89,810
<b>Liability at the end of the year</b>	<b>3,399,468</b>	<b>2,174,972</b>
<b>Amount Recognised in the Balance Sheet</b>	<b>2015-2016</b>	<b>2014-2015</b>
Liability at the end of the year	( 3,399,468)	(2,174,972)
Fair value of plan Assets at the end of the year	-	-
Funded Status-Deficit	( 3,399,468)	(2,174,972)



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED  
(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**

Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)

<b>Assumptions</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Amount of (Liability)/ Asset Recognised in the balance sheet</b>	<b>(3,399,468)</b>	<b>(2,174,972)</b>
<b>Expenses Recognised in the Income statement</b>	<b>2015-2016</b>	<b>2014-2015</b>
Current Service cost	424,775	528,449
Interest Cost	172,258	277,982
Net Transfer In	-	-
Actuarial Gain or Loss	602,647	89,810
<b>Expense Recognised in the Statement of Profit &amp; Loss</b>	<b>1,199,680</b>	<b>896,241</b>
<b>Balance Sheet reconciliation</b>	<b>2015-2016</b>	<b>2014-2015</b>
Opening Net liability	(21,74,972)	(3,041,377)
Expense as above	(1,199,680)	(896,241)
Net Transfer In	(36,313)	-
Net Transfer Outs	11,497	17,62,646
<b>(Liability)/Asset Recognised in Balance sheet</b>	<b>(3,399,468)</b>	<b>(2,174,972)</b>

<b>Experience Adjustment</b>	<b>2015-2016</b>	<b>2014-2015</b>	<b>2013-2014</b>	<b>2012-2013</b>	<b>2011-2012</b>
Present Value of the Obligation	(3,399,468)	(21,74,972)	(30,41,377)	-	-
Fair Value of Plan Assets	-	-	-	-	-
Surplus) or Deficit)	(3,399,468)	(21,74,972)	(30,41,377)	-	-
Experience adjustment on Liability - (gain) / loss	2,169,192	3,41,612	1,65,229	-	-
Experience adjustment on Asset - gain / (loss)	-	-	-	-	-

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

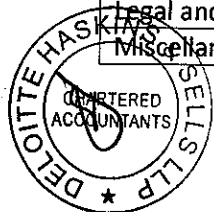
**\*\*Defined Contribution Plans:**

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

<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Contribution to provident and other fund	1,918,217	1,427,161

**Note 19. Other Expenses:**

<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Bank Charges	20,979	19,834
Books & Periodicals	21,010	21,515
Direct Operating Expenses	259,959	221,545
Communication Expenses	600,328	593,585
Electricity Expenses	538,593	446,289
Legal and Professional Fess	2,179,505	536,284
Miscellaneous Expenses	203,875	29,356



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**  
**Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)**

Particulars	2015-2016	2014-2015
Office Expenses	3,081,256	3,548,738
Meeting ,Seminar & Subscription	408,647	380,569
Postage and courier	16,872	51,734
Printing and Stationary Charges	513,580	483,009
Rent Expenses	11,029,242	4,876,536
Rates & Taxes	28,184	-
Repairs & Maintenance		
- Computer	-	-
- Others	111,034	14,649
Remuneration to Auditors		
- Statutory Audit	75,000	12,500
Software Charges	54,000	36,226
Travelling and Conveyance	9,625,754	8,197,134
<b>Total</b>	<b>28,767,818</b>	<b>19,469,503</b>

**Note 20. Finance Cost:**

(Amount in ₹)

Particulars	2015-2016	2014-2015
Interest Expense	16,648	-
<b>Total</b>	<b>16,648</b>	<b>-</b>

**Note 21. Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share'.**

(Amount in ₹)

Particulars		2015-2016	2014-2015
<b>BASIC &amp; DILUTED</b>			
Profit after tax as per Statement of Profit and Loss	A	2,306,070	2,254,727
Weighted Average Number of Shares	B	5,120	5,120
Face Value of Equity Shares (₹) fully paid		100	100
Basic & Diluted EPS (₹)	A/B	450.40	440.38

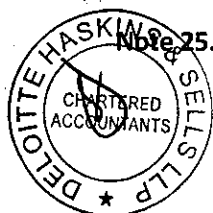
**Note 22.** The Company Operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for/by the company were identified and recovered from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

**Note 23. Capital and Other Commitments**

The Company does not have any outstanding commitments of capital expenditure, as on the balance sheet date of preparing financial statement.

**Note 24.** The Company does not have any contingent liability not provided for, as on the balance sheet date of preparing financial statement.

**Note 25.** There are no pending litigations by and on the Company as on the balance sheet date.



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED  
(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)  
Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)**

**Note 26. Segment Reporting:**

In the opinion of the management, there is only one reportable business segment of providing manpower services as envisaged by AS 17 'Segment Reporting', as prescribed by Companies (Accounting Standard) Rules, 2006. 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 27. Related Party Disclosures:**

Related party disclosures for the year ended March 31, 2016

**a) List of Related parties:**

<b>Nature of relationship</b>	<b>Name of party</b>
<b>Ultimate Holding Company</b>	IIFL Holdings Limited (Formerly India Infoline Limited)
<b>Holding Company</b>	IIFL Wealth Management Limited
<b>Fellow Subsidiaries</b>	IIFL Investment Adviser and Trustee Services Limited (Formerly IIFL Trustee Services Limited) IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited) IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited) IIFL Alternate Asset Advisors Limited India Alternative Investment Advisors Private Limited IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited) IIFL Private Wealth Management (Dubai) Limited IIFL (Asia) Pte. Limited IIFL Inc. IIFL Private Wealth Hong Kong Limited IIFL Private Wealth (Mauritius) Limited IIFL Private Wealth (Suisse) SA IIFL Securities Pte. Limited IIFL Capital Pte. Limited
<b>Group Companies</b>	India Infoline Limited (Formerly India Infoline Distribution Co. Limited) India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media and Research Services Limited India Infoline Housing Finance Limited India Infoline Commodities DMCC India Infoline Insurance Brokers Limited India Infoline Insurance Services Limited IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited) IIFL Capital Limited IIFL Wealth (UK) Limited IIFL Capital Inc India Infoline Foundation IIFL Properties Private Limited (Formerly Ultra Sign & Display Private Limited) IIFL Asset Reconstruction Limited



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**  
**Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)**

Nature of relationship	Name of party
<b>Key Management Personnel</b>	Karan Bhagat Yatin Shah
<b>Other related Parties</b>	Nirmal Jain R. Venkataraman Orpheus Trading Pvt. Limited Ardent Impex Pvt. Limited

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

(Amount in ₹)

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
<b>Interest Income on ICD:</b>					
IIFL Wealth Management Limited	-	505,790	-	-	505,790
	-	(3,454,463)	-	-	(3,454,463)
IIFL Alternate Asset Advisors Limited	-	-	1,695,082	-	1,695,082
	-	-	-	-	-
<b>Brokerage-Authorised Person :</b>					
India Infoline Commodities Limited	-	-	-	11,450	11,450
	-	-	-	(460,863)	(460,863)
<b>Manpower Service Fees:</b>					
IIFL Captial Pte Limited	-	-	2,818,928	-	2,818,928
	-	-	(2,857,052)	-	(2,857,052)
IIFL Private Wealth Management Hong Kong Limited	-	-	338,363	-	338,363
	-	-	(309,459)	-	(309,459)
IIFL Securities Pte Limited	-	-	2,818,928	-	2,818,928
	-	-	(2,857,052)	-	(2,857,052)
IIFL Wealth Management Limited	-	78,109,608	-	-	78,109,608
	-	(67,584,803)	-	-	(67,584,803)
IIFL Asset Management Limited	-	-	13,784,049	-	13,784,049
	-	-	(7,867,907)	-	(7,867,907)
<b>Interest Expenses:</b>					
IIFL Investment Adviser & Trustee Serviced Limited	-	-	-	-	-
	-	-	9,317	-	9,317
<b>Rent Expenses</b>					
IIFL Facilities Services Limited	-	-	-	5,636,804	5,636,804
	-	-	-	-	-
<b>Other Funds Received:</b>					
IIFL Wealth Management Limited	-	268,749	-	-	268,749
	-	(1,505,887)	-	-	(1,505,887)
India Infoline Limited	-	-	-	49,213	49,213
	-	-	-	-	-
<b>Other Funds Paid:</b>					
IIFL Holdings Limited	-	-	-	-	-
	(1,231,637)	-	-	-	(1,231,637)
India Infoline Limited	-	-	-	34,704	34,704
	-	-	-	(34,828)	(34,828)



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**

**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**

Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
India Infoline Media & Research Services Limited	-	-	-	-	-
	-	-	-	(455,186)	(455,186)
IIFL Wealth Management Limited	-	3,831,657	-	-	3,831,657
	-	(8,279,967)	-	-	(8,279,967)
IIFL Asset Management Limited	-	-	-	-	-
	-	-	(903,413)	-	(903,413)
<b>ICD Taken:</b>					
IIFL Investment Adviser & Trustee Serviced Limited	-	-	500,000	-	500,000
	-	-	-	-	-
<b>ICD Repaid:</b>					
IIFL Investment Adviser & Trustee Serviced Limited	-	-	500,000	-	500,000
	-	-	-	-	-
<b>ICD Given:</b>					
IIFL Wealth Management Limited	-	-	-	-	-
	-	(15,500,000)	-	-	(15,500,000)
India Infoline Finance Limited	-	-	-	-	-
	-	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	-	30,000,000	-	30,000,000
	-	-	-	-	-
<b>ICD Received back:</b>					
IIFL Wealth Management Limited	-	20,218,418	-	-	20,218,418
	-	(31,415,000)	-	-	(31,415,000)
India Infoline Finance Limited	-	-	-	-	-
	-	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	-	30,000,000	-	30,000,000
	-	-	-	-	-
<b>Allocation / Reimbursement of Expenses Paid:</b>					
IIFL Wealth Management Limited	-	10,116,446	-	-	10,116,446
	-	(7,121,993)	-	-	(7,121,993)
<b>Allocation / Reimbursement of Expenses Received:</b>					
IIFL Asset Management Limited	-	-	256,942	-	256,942
	-	-	-	-	-

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

(Amount in ₹)

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
<b>ICD Given:</b>					
IIFL Wealth Management Limited	-	-	-	-	-
	-	(25,960,027)	-	-	(25,960,027)
<b>Sundry receivables</b>					
India Infoline Commodities Limited	-	-	-	-	-
	-	-	-	(23,943)	(23,943)



**FINANCIALS OF IIFL DISTRIBUTION SERVICES LIMITED**  
**(FORMERLY KNOWN AS IIFL DISTRIBUTION SERVICES PRIVATE LIMITED)**  
**Notes forming part of the Financial Statements for the year ended March 31, 2016 (Continued)**

**Note :**

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

**Note 28. Earnings and Expenses in Foreign Currency:**

Particulars	(Amount in ₹)	
	2015-2016	2014-2015
<b>Earnings in Foreign Currency</b>		
Manpower Service Fee	5,976,218	6,023,564
<b>Total</b>	<b>5,976,218</b>	<b>6,023,564</b>

**Note 29.** The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same have been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2016, are as under:

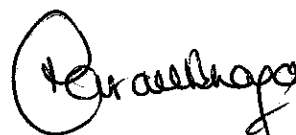
Minimum Lease Rentals	(Amount in ₹)	
	As At March 31,2016	As At March 31,2015
Up to one year	16,910,412	-
One to five years	29,593,221	-
Over five years	-	-

**Note 30. Details of Inter Corporate Deposits:**

During the year, the Company has placed Inter Corporate Deposits the details of which are mentioned in Note No 27. The period of ICD's is generally up to 1 year renewable thereafter, placed on arm's length basis at prevailing market interest rates of 11.50% p.a. for the purpose of meeting working capital and business requirements.

**Note 31.** Previous year figures have been regrouped, re-classified and rearranged, wherever considered necessary.

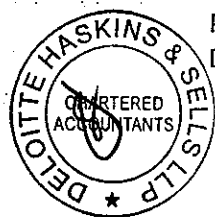
For and on behalf of Board of Directors



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



**R. Mohan**  
 Director  
 (DIN: 00012070)



Place : Mumbai  
 Date : May 4, 2016