



IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

DUBAI – United Arab Emirates

DIRECTORS' REPORT

AND

AUDITED FINANCIAL STATEMENTS

31 MARCH 2017



IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 March 2017

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DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 March 2017.

FINANCIAL RESULTS

During the year ended 31 March 2017, IIFL Private Wealth Management (Dubai) Limited ("the Company") earned revenues of AED 4,404,000 (2016: AED 4,404,000). The profit for the year amounted to AED 1,076,722 (2016: AED 1,467,805).

DIRECTORS

The Directors of the Company who served during the year were:

- Mr. Santhosh Thyagarajan
- Mr. Yatin Prakashchandra Shah
- Mr. Amit Nitin Shah

On behalf of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Amit Shah', is written over a dotted line.

Amit Shah
Director

P.O.Box 115064
Dubai
United Arab Emirates
25 April 2017



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*IIFL Private Wealth Management (Dubai) Limited is registered in the DIFC with registered number 0973
and is authorized and regulated by the DFSA*

RSM Dahman Auditors

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

Report on the Financial Statements

Opinion

We have audited the financial statements of IIFL Private Wealth Management (Dubai) Limited ("the Company") which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017 and its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the applicable provisions of the Dubai Financial Services Authority Prudential Rule Books, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Cont'd...

Independent Auditor's Report continued...

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Dahman

Signed by:

RSM Dahman



Basab Deb
Partner
No. 1006056
Dubai, United Arab Emirates
25 April 2017

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	31 March 2017 AED	31 March 2016 AED
ASSETS			
NON CURRENT ASSETS			
Furniture and equipment	4	4,618	29,154
CURRENT ASSETS			
Due from related parties	5a	982,491	255,491
Other receivables and prepayments	6	242,767	246,811
Bank balances	7	3,927,812	3,298,732
		5,153,070	3,801,034
Total assets		5,157,688	3,830,188
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	3,370,682	3,370,682
Retained earnings		1,157,970	81,248
Total equity		4,528,652	3,451,930
NON-CURRENT LIABILITIES			
Employees' end of service benefits	9	296,298	210,823
CURRENT LIABILITIES			
Payables and accruals	10	332,738	167,435
Total equity and liabilities		5,157,688	3,830,188

Independent auditors' report on pages (2) and (3).

These financial statements have been approved and authorised for issue by the Board of Directors on 25 April 2017 and signed on their behalf by:


 Santhosh Thyagarajan
 Director
 25 April 2017




 Amit Shah
 Director
 25 April 2017

The attached notes 1 to 15 form part of these financial statements.

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	<i>Note</i>	<i>Year ended 31 March 2017 AED</i>	<i>Year ended 31 March 2016 AED</i>
INCOME			
Revenues	11	4,404,000	4,404,000
Interest income		3,005	3,493
		<u>4,407,005</u>	<u>4,407,493</u>
EXPENSES			
General and administrative expenses	12	<u>3,330,283</u>	<u>2,939,688</u>
PROFIT FOR THE YEAR		1,076,722	1,467,805
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,076,722</u>	<u>1,467,805</u>

The attached notes 1 to 15 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

	<i>Share capital</i> AED (Note 8)	<i>Retained earnings</i> AED	<i>Total</i> AED
Balance at 1 April 2015	3,370,682	(1,386,557)	1,984,125
Profit for the year	-	1,467,805	1,467,805
Other comprehensive income	-	-	-
Total comprehensive income	-	1,467,805	1,467,805
Balance at 31 March 2016	3,370,682	81,248	3,451,930
Profit for the year	-	1,076,722	1,076,722
Other comprehensive income	-	-	-
Total comprehensive income	-	1,076,722	1,076,722
Balance at 31 March 2017	3,370,682	1,157,970	4,528,652

The attached notes 1 to 15 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 March 2017

	Notes	Year ended 31 March 2017 AED	Year ended 31 March 2016 AED
OPERATING ACTIVITIES			
Profit for the year		1,076,722	1,467,805
<i>Adjustments for:</i>			
Depreciation	4	24,536	38,544
Finance charges		1,783	1,891
Interest income	11	(3,005)	(3,493)
Provision for employees' end of service benefits	9	85,475	73,495
		<u>1,185,511</u>	<u>1,578,242</u>
<i>Working capital changes:</i>			
Increase in due from related parties	5a	(727,000)	(3,500)
Decrease / (Increase) in other receivables and prepayments	6	4,044	(53,657)
Increase in payables and accruals	10	165,303	102,819
Cash generated from operations		627,858	1,623,904
Finance charges paid		(1,783)	(1,891)
Interest income		3,005	3,493
Net cash generated from operating activities		<u>629,080</u>	<u>1,625,506</u>
INVESTING ACTIVITIES			
Purchase of equipment	4	-	(6,904)
Net cash used in investing activities		<u>-</u>	<u>(6,904)</u>
FINANCING ACTIVITIES			
Net cash used in financing activities		<u>-</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS		629,080	1,618,602
Cash and cash equivalents at the beginning of the year		<u>3,298,732</u>	<u>1,680,130</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>3,927,812</u>	<u>3,298,732</u>
Represented by:			
Bank balances	7	<u>3,920,812</u>	<u>3,298,732</u>

The attached notes 1 to 15 form part of these financial statements.

1 LEGAL STRUCTURE AND PRINCIPAL ACTIVITIES

IIFL Private Wealth Management (Dubai) Limited ("the Company") was established as a limited liability company on 28 September 2010 under the Companies Law, DIFC Law No. (2) of 2009. On 31 October 2010, the Company was authorized and licensed by the Dubai Financial Services Authority (DFSA).

The Company has been granted a prudential "Category 4" license by Dubai Financial Services Authority (DFSA) and is engaged in the business of arranging credit or deals in investments and advising on financial products or credit. The Company is wholly owned by IIFL Wealth Management Limited ("the Parent Company"), a company incorporated in India.

The registered office of the Company is office no. 808, Liberty House, Dubai International Financial Center, Dubai, UAE and its postal address is P.O. Box 115064, Dubai, UAE.

The financial statements were authorized for issue in accordance with a resolution of the Directors on 25 April 2017.

2 BASIS OF PREPARATION

The financial statements have prepared under the historical cost convention and have been presented in UAE Dirhams, which is the Company's functional and presentation currency.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and applicable provisions of the DFSA Prudential Rulebooks.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

a) New and amended standards, and interpretations effective for the first time and applied but with no material effect on the financial statements:

For the preparation of these financial statements, the following new or amended pronouncements are effective for the first time for the financial year beginning on or after 1 January 2016 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS – e.g. IFRS 14 Regulatory Deferral Accounts (issued in January 2014) - since they are not relevant to the Company.

The application of these amended IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 titled *Disclosure Initiative* (issued in December 2014)
- Amendments to IAS 16 and IAS 38 titled *Clarification of Acceptable Methods of Depreciation and Amortisation* (issued in May 2014)
- Amendments to IAS 16 and IAS 41 titled *Agriculture: Bearer Plants* (issued in June 2014)
- Amendment to IAS 19 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendment to IFRS 5 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendment to IFRS 7 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendment to IAS 34 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendments to IAS 27 titled *Equity Method in Separate Financial Statements* (issued in August 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 28 titled *Investment Entities: Applying the Consolidation Exception* (issued in December 2014)
- Amendments to IFRS 11 titled *Accounting for Acquisitions of Interests in Joint Operations* (issued in May 2014)

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

a) New and amended standards, and interpretations issued but not yet effective and not early adopted:

The Company has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2016.

The Directors anticipate that the new standards and amendments will be adopted in the Company financial statements when they become effective. The Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

- Amendments to IAS 7 titled *Disclosure Initiative* (issued in January 2016)
- Amendments to IAS 12 titled *Recognition of Deferred Tax Assets for Unrealised Losses* (issued in January 2016)
- Amendments to IFRS 2 titled *Classification and Measurement of Share-based Payment Transactions* (issued in June 2016)
- Amendments to IFRS 4 titled *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued in September 2016)
- IFRS 9 *Financial Instruments* (issued in July 2014)
- Amendments to IFRS 10 and IAS 28 titled *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued in September 2014)
- IFRS 15 *Revenue from Contracts with Customers* (issued in May 2014 and amended for clarifications in April 2016)
- IFRS 16 *Leases* (issued in January 2016)

Topics covered by these standards / interpretations are either not relevant for the preparations of this set of IFRS financial statements or the Company does not foresee that the application of these standards/interpretations will result in a significant impact on figures and disclosures on the reporting period they will be adopted except in certain cases where it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

3.2 SIGNIFICANT ACCOUNTING POLICIES

Furniture and equipment

Furniture and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation of furniture and equipment are charged using the straight line method so as to provide for the full cost of assets over their estimated useful lives. The principal categories of assets and their estimated useful lives are as follows:

	<u>Years</u>
Office equipment	5
Furniture and fixtures	5

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

3.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement:

The Company recognizes financial assets on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets are recognized at fair value which is normally the transaction price.

Subsequent measurement:

Subsequent measurement of financial assets depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial assets in one of the following four categories:

- a) *Financial assets at fair value through profit and loss:* Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives. All changes in fair value relating to assets at fair value through profit and loss are charged to the statement of profit or loss and other comprehensive income as incurred.

For the year ended on 31 March 2017, the Company did not carry any financial assets classified in this category.

- b) *Loans and receivables:* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Company intends to sell immediately or in the near term cannot be classified in this category. These assets are carried at cost minus any reduction for impairment or un-collectability. The amount of loss is recognized in the statement of profit or loss and other comprehensive income.

Typically, due from related parties and other receivables are included in this category.

- c) *Held to maturity financial assets:* These are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

For the year ended on 31 March 2017, the Company did not carry any financial assets classified in this category.

- d) *Available for sale financial assets:* These are non-derivative financial assets that are designated either as available for sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available for sale financial assets are recognized directly in equity until the security is disposed off or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in profit or loss.

For the year ended on 31 March 2017, the Company did not carry any financial assets classified in this category.

Impairment and un-collectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, any impairment loss is recognized in the profit or loss. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value;
- (b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

3.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement:

The Company recognizes financial liabilities on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial liabilities are recognized at fair value which is normally the transaction price.

Subsequent measurement:

Subsequent measurement of financial liabilities depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial liabilities in one of the following two categories:

- a) *Liabilities at fair value through profit and loss:* Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives. All changes in fair value relating to liabilities at fair value through profit and loss are charged to profit or loss.

For the year ended on 31 March 2017, the Company did not carry any financial liabilities held for trading or designated as at fair value through profit and loss.

- b) *Other financial liabilities:* All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortized cost using the effective interest method.

Typically, payables and accruals are included in this category.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of bank balances.

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees on the basis prescribed under the DIFC Law No. 3 of 2012. The entitlement to these benefits is usually based upon the employees' final salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

3.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following recognition criteria must also be met before revenue is recognised:

Revenue represents income from marketing support and referral services, and is recognised in accordance with the terms of the contract.

Foreign currencies

Transactions in foreign currencies are recorded in AED at the approximate rates of exchange prevailing at the time of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of statement of financial position. All differences are taken to the statement of profit or loss and other comprehensive income.

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Contingencies

Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will be recognised as provision. Contingent assets are not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Most significant accounting estimates and judgments

In preparing its financial statements in conformity with International Financial Reporting Standards, the Company has to make significant judgment, estimates and assumptions that impact the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors such estimates and assumptions to ensure that they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures from differing from estimates. Key judgment, estimates and assumptions are subject to management approval.

As at 31 March 2017

3.2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Most significant accounting estimates and judgments (continued)**

At the reporting date, management has mainly made the following key judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements:

- *Estimated useful life*

The Company follows the guidance of IAS 16 to determine estimated useful life of furniture and equipment. This determination requires significant judgment. In making this judgment, the management estimates the period over which an asset is expected to be available for use by the Company.

4 FURNITURE AND EQUIPMENT

	<i>Office equipment</i> AED	<i>Furniture and fixtures</i> AED	<i>Total</i> AED
<i>Cost:</i>			
At 1 April 2015	10,299	177,389	187,688
Additions during the year	6,904	-	6,904
At 31 March 2016	17,203	177,389	194,592
Additions during the year	-	-	-
At 31 March 2017	17,203	177,389	194,592
<i>Depreciation:</i>			
At 1 April 2015	5,678	121,216	126,894
Charge for the year	3,066	35,478	38,544
At 31 March 2016	8,744	156,694	165,438
Charge for the year	3,841	20,695	24,536
At 31 March 2017	12,585	177,389	189,974
<i>Net carrying amounts:</i>			
At 31 March 2016	8,459	20,695	29,154
At 31 March 2017	4,618	-	4,618

5 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, shareholders and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of comprehensive income are as follows:

	<i>Year ended 31 March 2017</i> AED	<i>Year ended 31 March 2016</i> AED
Revenue – marketing support fees (Note 11)	4,404,000	4,404,000
Remuneration to directors* (Note 12)	2,477,815	1,200,000
Remuneration to key management personnel (Note 12)	-	919,083

*For the year ended 31 March 2017, remuneration to directors included remuneration to key management personnel as the Senior Executive Officer had been appointed as a director during the year.

As at 31 March 2017

5(a) DUE FROM RELATED PARTIES

Balances with related parties included in the statement of financial position are as follows:

	31 March 2017	31 March 2016
	AED	AED
India Infoline Limited (Group Company)	248,491	248,491
IIFL Holdings Limited (Ultimate Parent Company)	-	7,000
IIFL Asset Management (Mauritius) Limited (Group Company)	734,000	-
	<u>982,491</u>	<u>255,491</u>

Terms and conditions of transactions with related parties

The transactions with related parties are made at terms equivalent to those that prevails in arm's length transactions. Above outstanding balances at the year-end arises in normal course of business and are unsecured, interest free and settlement occurs generally in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to the amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

6 OTHER RECEIVABLES AND PREPAYMENTS

	31 March 2017	31 March 2016
	AED	AED
Prepayments	179,182	137,592
Deposits	34,904	28,784
Accrued interest – Fixed deposit	116	31
Other receivables	28,565	80,404
	<u>242,767</u>	<u>246,811</u>

7 BANK BALANCES

	31 March 2017	31 March 2016
	AED	AED
Cash in Bank:		
Current accounts	3,532,964	2,905,188
Fixed deposits	394,848	393,544
	<u>3,927,812</u>	<u>3,298,732</u>

The current accounts are held with local bank. The fixed deposits are held with a local commercial bank and they carry interest at commercial rates.

8 SHARE CAPITAL

	31 March 2017	31 March 2016
	AED	AED
<u>Authorized:</u>		
1,000,000 ordinary shares of USD 1 (AED 3.67) each	<u>3,670,000</u>	<u>3,670,000</u>
<u>Subscribed, issued and fully paid:</u>		
918,442 ordinary shares of USD 1 (AED 3.67) each	<u>3,370,682</u>	<u>3,370,682</u>

As at 31 March 2017

8 SHARE CAPITAL (continued)Capital management risk

The Company objectives when managing capital are to ensure the Company ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of investments and optimize benefits for the shareholders to maintain an optimal capital structure and to reduce the cost of capital.

Capital resources as defined by the DFSA Prudential Rulebooks are as follows:

	31 March 2017 AED	31 March 2016 AED
Elements of Common Equity Tier 1 (CET1) Capital	4,528,652	3,451,930
Less: Deductions from CET1 Capital	-	-
CET1 Capital	4,528,652	3,451,930
Elements of Additional Tier 1 (AT1) Capital	-	-
Less: Deductions from (AT1) Capital	-	-
Tier 1 Capital (CET1 + AT1 Capital)	4,528,652	3,451,930
Elements of Additional Tier 2 (T2) Capital	-	-
Less: Deductions from (T2) Capital	-	-
Capital resources (Tier 1 + Tier 2 Capital)	<u>4,528,652</u>	<u>3,451,930</u>

Capital requirement applicable to the Company in accordance with PIB Rule 3.5 of the DFSA Prudential Rulebooks is the higher of:

	31 March 2017 AED	31 March 2016 AED
Base capital requirement (BCR)	<u>36,500</u>	<u>36,500</u>
Expenditure based capital requirement (EBCR) (as notified to the firm)	<u>365,000</u>	<u>365,000</u>
Expenditure based capital requirement (EBCR) (based on actual expense)	<u>334,865</u>	<u>308,246</u>

The Company is in compliance with minimum capital adequacy requirement as at 31 March 2017.

9 EMPLOYEES' END OF SERVICE BENEFITS

Movement in the provision for employees' end of service benefits is as follows:

	31 March 2017 AED	31 March 2016 AED
Balance at beginning	210,823	137,328
Provided for the year	<u>85,475</u>	<u>73,495</u>
Closing balance	<u>296,298</u>	<u>210,823</u>

10 PAYABLES AND ACCRUALS

	31 March 2017 AED	31 March 2016 AED
Professional fees payable	17,440	17,435
Staff payables	300,000	150,000
Accrued expenses	15,298	-
	<u>332,738</u>	<u>167,435</u>

As at 31 March 2017

11 REVENUES

	<i>Year ended</i> 31 March 2017 AED	<i>Year ended</i> 31 March 2016 AED
Marketing support fees (Note 5)	4,404,000	4,404,000

12 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Year ended</i> 31 March 2017 AED	<i>Year ended</i> 31 March 2016 AED
Salaries and benefits:		
<i>Directors' remuneration (Note 5)</i>	2,477,815	1,200,000
<i>Key management personnel (Note 5)</i>	-	919,083
<i>Other employees</i>	64,469	58,080
Other staff costs	110,820	117,902
Compliance and regulatory fees	55,162	55,237
Professional and legal fees	229,240	226,818
Rent expenses	191,606	181,921
Communication charges	54,092	47,567
Traveling expenses	37,614	37,506
Loss on exchange	4,100	12,500
Depreciation (note 4)	24,536	38,544
Finance charges	1,783	1,891
Other administrative expenses	79,046	42,639
	<u>3,330,283</u>	<u>2,939,688</u>

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

The financial assets of the Company comprise cash in bank, other receivables due from related parties. The financial liabilities of the Company comprise payables and accruals. The accounting policies for financial assets and liabilities are set out in note (3.2).

The following table summarizes the carrying amount of financial assets and liabilities recorded at year end by IAS 39 category:

	31 March 2017 AED	31 March 2016 AED
FINANCIAL ASSETS		
Cash and cash equivalents	3,927,812	3,298,732
Financial assets at fair value through profit or loss		
- those designated as such upon initial recognition	-	-
- those classified as held for trading	-	-
Available for sale investments	-	-
Loans and receivables	1,046,076	364,710
Held-to-maturity investments	-	-
Total financial assets	<u>4,973,888</u>	<u>3,663,442</u>

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	31 March 2017 AED	31 March 2016 AED
FINANCIAL LIABILITIES		
At fair value through profit or loss	-	-
Measured at amortised cost:		
- Borrowings	-	-
- Derivative financial instruments	-	-
- Other financial liabilities	332,738	167,435
Total financial liabilities	<u>332,738</u>	<u>167,435</u>

14 COMMITMENTS AND CONTINGENCIES

Future minimum rentals payable under operating leases as at 31 March are as follows:

	31 March 2017 AED	31 March 2016 AED
Within one year	-	193,688
After one year but not more than five years	-	-
	<u>-</u>	<u>193,688</u>

15 FINANCIAL RISK MANAGEMENTFair value

The management believes that the fair values of the Company's financial instruments are not materially different from their carrying values at the reporting date due to short term maturities of these instruments.

Interest rate risk

The Company is not exposed to any interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables and investment securities.

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally of bank accounts, trade and other receivables.

The Company has policies in place to ensure that the sales of services are provided to customers with an appropriate credit history. Amounts due from related parties are considered recoverable by the management. The Company's bank accounts are placed with reputable and established commercial banks.

The entire revenue is earned by the Company based on the contracts entered with related parties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company limits its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's undiscounted financial liabilities at 31 March 2017, based on contractual payment dates, mature within 3 months of the year end.

Currency risk

The functional and reporting currency used by the Company is AED. There are no significant exchange rate risks as significantly all financial assets and liabilities are denominated in AED or USD to which AED is fixed.



25 April 2017

RSM Dahman
P. O. Box 11855
Dubai
United Arab Emirates

Dear Sir,

This representation letter is provided in connection with your audit of the financial statements of IIFL Private Wealth Management (Dubai) Limited ("the Company"), for the year ended 31 March 2017, a copy of which is attached. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board (IASB) and the applicable provisions of the Dubai Financial Services Authority (DFSA) Prudential Rulebooks.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We acknowledge, as management of the Company, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above present fairly, in all material respects the financial position, financial performance and cash flows of the Company and in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board (IASB) and the applicable provisions of the Dubai Financial Services Authority (DFSA) Prudential Rulebooks, and are free of material misstatements, including omissions. We have approved the financial statements.
2. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
3. Each element of the financial statements is properly classified, described and disclosed in accordance with International Financial Reporting Standards.
4. As management of the Company, we believe that the Company has a system of internal controls adequate to permit the preparation of accurate financial statements in accordance with International Financial Reporting Standards.

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED
Level 8, Unit 8, Liberty House, P.O.Box 115064, Dubai, U.A.E.
Desk: +971 4 3863661 Fax: +971 4 3863662

IIFL Private Wealth Management (Dubai) Limited is registered in the DIFC with registered number 0973 and is authorized and regulated by the DFSA



B. Fraud and Error

1. We acknowledge that we are responsible for the design and implementation of internal controls to prevent and detect fraud and error.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Company.
4. There are no unadjusted audit differences during the year pertaining to the audit of the financial statements.

C. Compliance with Laws and Regulations

1. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
2. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

D. Completeness of Information

1. We have made available to you all financial records and related data and all minutes of the meetings relevant to you held through the year to the most recent meeting.
2. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
3. We confirm the completeness of information provided regarding the identification of related parties.

E. Recognition, Measurement and Disclosure

1. We believe that the significant assumptions underlying the fair value measurements and disclosures used in the preparation of the financial statements are reasonable and appropriate in the circumstances.
2. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
3. We have disclosed to you, and the Company has complied with, all aspects of contractual agreements that could have a material effect on the in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

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F. Ownership of Assets

1. The Company has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Company's assets, nor has any asset been pledged as collateral. All assets to which the Company has satisfactory title appear in the balance sheet.
2. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no line of credit arrangements.

G. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We are not aware of any pending or threatened litigation, or unasserted claims or assessments that are required to be accrued or disclosed and we have not consulted a lawyer concerning litigation, claims or assessments.
3. We have recorded or disclosed as appropriate, all liabilities, both actual and contingent and all guarantees that we have given to third parties. We also confirm that all provisions for liabilities made in the books relate to an obligation, legal or constructive, that exists at the balance sheet date.

H. Equity

1. We have properly recorded or disclosed in the financial statements the share capital and other requirements.

I. Going Concern

1. We have taken account of all relevant information in assessing the appropriateness of the going concern basis and we are satisfied that the company will continue as going concern for the foreseeable future and for at least one year after the balance sheet date.

J. Subsequent Events

1. There have been no events subsequent to year end which require adjustment of or disclosure in the financial statements or notes thereto.

K. Other matters

1. We confirm that, to the best knowledge and belief, the Company has complied with the international sanction laws and regulations which include but are not limited to financial sections regulations administered by the US Office of Foreign Assets Control (OFAC) as well as local sanctions laws and regulations applicable to the Company. In particular and to the best of our knowledge, the Company is not listed on any sanctions lists and has not knowingly entered into transactions that are in breach of any known sanctions issued against individuals or entities. No allegations of such breaches have come to our notice.
2. We confirm the completeness and accuracy of the related party transactions (i.e. affiliated companies, major shareholders, directors, senior management or any other persons whose position could enable them to enter into transactions with the Company other than at arm's length) during the year as set out in note 5 to the financial statements.

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PRIVATE WEALTH MANAGEMENT

3. We confirm that, as at 31 March 2017, the carrying values of the Company's financial assets and liabilities (that are not carried at fair value) are not significantly different to their fair values.
4. We confirm that the terms of the different revenue streams of the Company have been appropriately disclosed in note 11 of the financial statements

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Santhosh Thyagarajan
Director and Senior Executive Officer



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