

CARE Due Diligence Services



Due Diligence Report

Name of the Entity	WEALTH FIRST PORTFOLIO MANAGERS LIMITED
Location	Capitol House, 10 Paras-II, Near Campus Corner, Prahalad Nagar, Anand Nagar, Ahmedabad, Gujarat - 380051
Operational Status	Operational
Report Date	December 17, 2015

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CARE Due Diligence Report– STRENGTHS AND WEAKNESSES**Key Strengths**

- *Experienced management with defined organisational structure*
- *Established track record of business operations*
- *Funding support by promoters through equity share capital and unsecured loans in the past*
- *Support from group entities engaged in similar line of business*
- *Moderately leveraged capital structure and debt coverage indicators*

Key weaknesses

- *Fluctuating income with moderate profitability margins*
- *Working capital-intensive nature of operations leading to high utilization of working capital bank borrowings*
- *High dependency on capital markets which has inherent volatility driven by economical, political and social factors*
- *Presence in the highly regulated and competitive industry*

Note:

- *To undertake the due diligence, CARE has relied at the information provided by the management, their deputed/ instructed by the management and Draft Red Herring Prospectus.*
- *For undertaking the financial analysis, we have primarily relied on the following financial statements provided by the management:*
 - *Audited financials for the financial year ending March 31, 2011, audited by M/s Jaimin Deliwala & company and signed by Mr. Jaimin Deliwala dated August 02, 2011.*
 - *Audited financials for the financial year ending March 31, 2012, audited by M/s Jaimin Deliwala & company and signed by Mr. Jaimin Deliwala dated June 16, 2012.*
 - *Audited financials for the financial year ending March 31, 2013, audited by M/s Jaimin Deliwala & company and signed by Mr. Jaimin Deliwala dated July 04, 2013.*
 - *Audited financials for the financial year ending March 31, 2014, audited M/s Jaimin Deliwala & company and signed by Mr. Jaimin Deliwala dated July 27, 2014.*
 - *Audited financials for the financial yearending March 31, 2015, audited M/s Jaimin Deliwala & company and signed by Mr. Jaimin Deliwala dated July 29, 2015.*

DRHP consists of financials till March 31, 2015; thus, CARE has also considered financials till only March 31, 2015.

- *As a part of the due diligence exercise for NSE, CARE also*
 - *Reviews financials submitted by the company with Ministry of Corporate Affairs.*
 - *Undertakes Site visit and management discussion*
 - *Due Diligence with banker and auditors*
- *However, please note that*
 - *Due diligence exercise by CARE is not an audit and also not a recommendation for entering into any transaction with the entity.*
 - *One of the banker details are not provided in the DRHP as the bank has not yet given the consent to act as a banker to company; however, the company has received NOC for the IPO from the same bank.*
 - *CARE does not guarantee the accuracy, completeness or adequacy of any information on which this report is based. CARE is not responsible for any error / omissions for the results/opinions obtained for the use of this report.*
 - *Due diligence with customers and suppliers was not conducted, on account of the company is into sale of capital market related products (purchases through primary and secondary market) and Wealth and portfolio advisory services., the company has only retail customer base and does not have any supplier.*

BRIEF SNAPSHOT OF ENTITY

Name	Wealth First Portfolio Managers Limited				
Year of Incorporation	April 16, 2002				
Constitution	Public Limited				
Nature of Business	Sale of capital market related products and Wealth and portfolio advisory services.				
Industry	Financial Services				
Products and Services Portfolio	Government Bonds and securities, Mutual fund products distribution, retail broking and Wealth and portfolio advisory services.				
Registered Office	Capitol House, 10 Paras-II, Near Campus Corner, Prahalad Nagar, Anand Nagar, Ahmedabad, Gujarat - 380051				
Key Promoters name	Mr. Ashish Navnitlal Shah				
Key regulatory approvals, certifications and membership	AMFI Registered Mutual Fund Advisor, SEBI Registration Certificate and other required NSE and BSE approvals and certificates				
Major Brands	NA				
Name of the Auditor	M/s Jaimin Deliwala & Co.				
Major Existing Bankers	Kotak Mahindra Bank and HDFC Bank				
Total number of employees	35				
Total income for latest year	Rs. 16966.68 lakh (FY15)				
Wilful defaulter as per CIBIL	No as on September 30, 2015				
Litigations	Cases Against	Particulars	Nature and Number of Cases	Amount involved	Current status and managements response
	Tax Authorities (WFPML)	Income Tax	Civil – 4 (2008-09, 2010-11, 2011-12, 2012-13)	2008-09 – Rs. 2.04 lakh 2010-11 – Rs. 0.02 lakh 2011-12 – Rs. 0.01 lakh 2012-13 – Rs. 0.66 lakh	Pending with Tax authority
	Tax Authorities (WFPML)	Income Tax	Civil - 1	2009-10 – Rs. 0.11 lakh	Pending with Assessing Officer
Litigations relating to the promoters of the company					
	Tax Authorities (Mr. Ashish Shah)	Income Tax	Civil – 4 (2010-11, 2012-13, 2014-15)	2010-11 – Rs. 0.11 lakh 2012-13 – Rs. 0.27 lakh 2014-15 – Rs. 470 only	Pending with Tax authority
	Tax Authorities (Mr. Ashish Shah)	Income Tax	Civil - 1	2008-09 – Rs.0.94 lakh	Pending with Assessing Officer
	Tax Authorities (Mr. Hena Shah)	Income Tax	Civil - 1	2011-12 – Rs. 0.28 lakh	Pending with Assessing Officer

Background

Incorporated in 2002 as a DSFS Securities and Broking Private Limited company, further, renamed as Wealth First Portfolio Managers Private Limited in 2003 and later re-constituted in 2015, Wealth First

Portfolio Managers Limited (WFPML) is engaged into sale of capital market related products and wealth and portfolio advisory services and primarily offers to retail and HNI clients. WFPML purchases government bonds and securities through primary and secondary market and sells to retail and HNI clients (forming 96.90% of the total revenue in FY15 [refers to the period April 1 to March 31]). In addition, the company is also engaged in mutual funds products distribution, retail broking services and providing wealth and portfolio advisory services.

WFPML sells its financial products and services to retail and HNI (High Net Worth) clients through its marketing team in the domestic market only.

WFPML has five group companies namely, DSFS Share and Stockbroking Private Limited, Oraculo Stock Brokers Private Limited, Wealth First Commodities Private Limited, Dalal and Shah Fiscal Services Limited, Wealth First Advisors Private Limited and Ashish Navnitlal Shah HUF. All are engaged in similar line of business and share common office and common top management, thereby deriving operational synergies.

During FY15, the total operating income (TOI) of WFPML stood at Rs.16966.68 lakh (compared with Rs.14352.86 lakh in FY14), while net profit of the company stood at Rs.202.41 lakh in FY15 (compared with Rs.14.12 lakh in FY14). Furthermore, the company has reported TOI of Rs.4916.10 lakh and PAT of Rs. 67.12 lakh during H1FY16 (refers to the period April 1, 2015 to September 31, 2015).

ORGANISATION & MANAGEMENT: PROFILE OF THE PROMOTERS, MANAGEMENT & BOARD OF DIRECTORS

Details of key promoters

Name	Age	Designation	Educational qualification	Total years of experience	Years of association with company	Details of the past experience	Responsibilities handled
Mr. Ashish Navnitlal Shah	53	Managing Director	Bachelor of Engineering (Mechanical)	20 years	Since Inception	Worked for HPCL as a sales officer(Marketing Division) for 8 years	Overall Management
Mrs. Hena Ashish Shah	50	Executive Director	B.Sc.	15 Years	Since Inception	Worked in Bio technology sector	Administration

NA: Not Available

Comments:

- Mr. Ashish Navnitlal Shah is a mechanical engineer by profession however he has more than 20 years of experience in finance and wealth and portfolio advisory. Prior to starting this company he was working in HPCL (Hindustan Petroleum Corporation limited) as a sales officer for 8 years. He manages the entire business affairs at WFPML including planning and formulating the overall business strategy.
- Mrs. Hena Ashish Shah has done B.Sc. in Micro biology and has about 15 years of experience in Indian financial markets.
- The key promoters are well supported by experienced and qualified second line management, as detailed below.

Details of key management personnel

Name	Age	Designation	Educational qualification	Approx. total years of experience	Years of association with the company	Details of the past experience	Responsibilities handled
Mr. Ashish Navnitlal Shah	53	Managing Director	Bachelor of Engineering (Mechanical)	20 years	Since Inception	Worked for HPCL as a sales officer(Marketing Division) for 8 years	Overall Management
Mr.Manish Dhirajlal Kansara	43	Chief Financial Officer	Bachelor of Commerce and E D P in NIRMA University	20 Years	Since past 13 years	Worked for Dalal and Shah in Marketing And Administration department for 10 year	Heading Equity research and Account team & Support team
Mr. Aayush Kamleshbhai Shah	24	Company Secretary	Company Secretary	-	Since past 2 months	-	Secretarial Compliances
Mr. Rakesh Shah	NF	Fixed income and Operations head	Bachelor of Science and E D P in NIRMA University	20 Years	Since past 13 years	Worked for DALAL & SHAH in Marketing And Administration department for 10 year	(Fixed Income & operational Head)
Mr. Nirad Shah	NF	Wealth Management Head	Bachelor of Engineering And PGDBM (Finance)	14 Years	Since past 13 years	Worked for DALAL & SHAH as Software Developer for 2 Year	(Wealth Management Head)
Mr. Bhadresh Shah	NF	Equity Head	Bachelor Of Commerce And Edition Degree Journalism	18 Years	Since past 13 years	Worked For Gujarat Lease Finance Ltd As an Assistant Equity Officer	Direct Equity Dealing

NF – Not Furnished

Comments:

- The second line of management consists of various recently appointed key personnel with relevant education qualification and experience in the industry, with majority of them having more than a decade of experience in their respective fields.

Details of the board of directors

Name	Age (Years)	Category	Education qualification	Total years of experience	Date of Appointment	Details of the past experience	Other directorships/ Association Chairman
Mr. Ashish Navnitlal Shah	53	Managing Director	Bachelor of Engineering (Mechanical)	20 years	September 10, 2015	Worked for HPCL as a sales officer(Marketing Division) for 8 years	<ul style="list-style-type: none"> ➤ Dalal and Shah Fiscal Services Limited ➤ Dalal and Shah Securities Private Limited ➤ Wealth First Commodities Private Limited ➤ DSFS Share and Stockbroking Private Limited ➤ DSFS Insurance Services Private Limited ➤ Jindal Worldwide Limited ➤ Ahimsa Industries Limited ➤ Shaival Reality Limited ➤ Acepro Advisors Private Limited*
Mrs. Hena Ashish Shah	50	Executive Director	B.Sc.	15 Years	April 16, 2002	Worked in Bio technology sector	<ul style="list-style-type: none"> ➤ Dalal and Shah Fiscal Services Limited ➤ Dalal and Shah Securities Private Limited ➤ DSFS Insurance Services Private Limited ➤ Wealth First Commodities Private Limited ➤ DSFS Share and Stockbroking Private Limited
Mr. Devanshu Rashmikant Mehta	53	Non-Executive and Independent Director	Bachelor of Engineering (Mechanical)	30 Years	September 02, 2015	Worked with Ingersoll – Rand (India) Limited, Alidhra Textiles Engineer Private Limited and Lohia	Nil

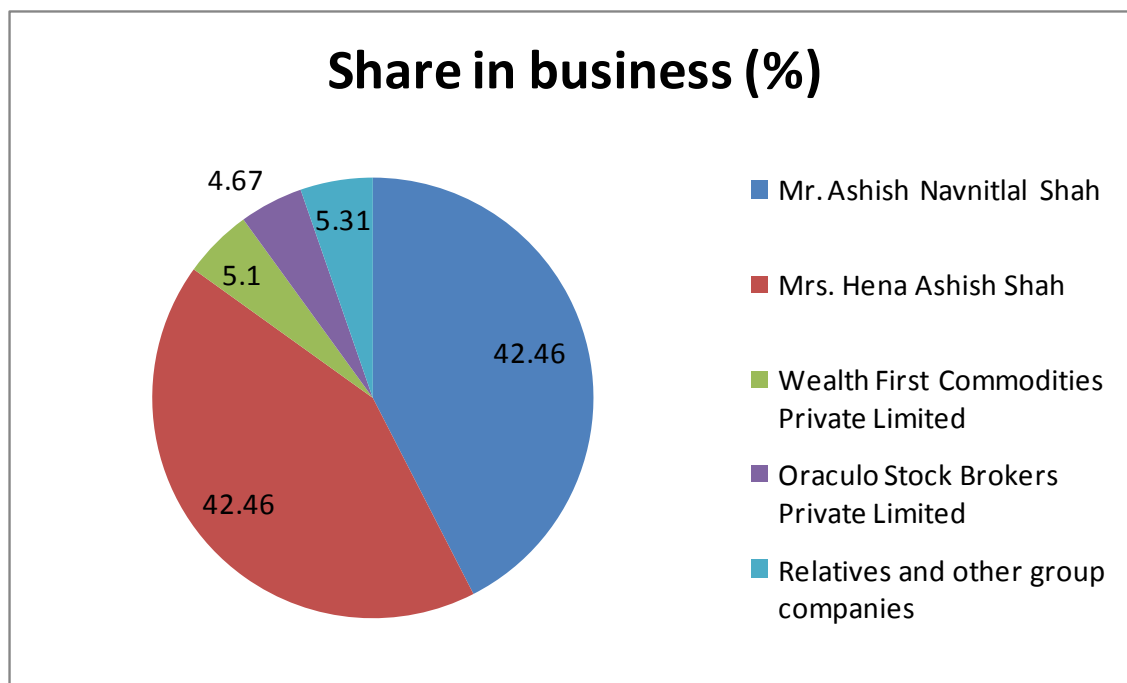
Name	Age (Years)	Category	Education qualification	Total years of experience	Date of Appointment	Details of the past experience	Other directorships/ Association Chairman
						Stalinger Limited	
Mr. Harish Virendra Gandhi	44	Non-Executive and Independent Director	Bachelor of Technology in Electrical Engineering M.S. in Electrical Engineering	15 Years	October 19, 2015	Worked with LCC international, Bain and Company, Inc. Dilithium Networks, Nokia India Pvt Ltd., Bharti Airtel Ltd., Canaan Partners, AIF Capital and M81 Consultants Pvt. Ltd.	➤ M81 Consultants Private Limited
Mr. Rajan Babubhai Mehta	52	Non-Executive and Independent Director	Bachelor of Engineering (Mechanical)	25 Years	October 19, 2015	Worked with DSP Merrill Lych (10 years), Merrill Lych London (4 Years) and others	<ul style="list-style-type: none"> ➤ Mycare Health Solutions Private Limited ➤ Wealth Advisors (India) Private Limited ➤ Brainworks Odyssey Private Limited ➤ Jagjivan Foundation ➤ Creditnet Private Limited ➤ Optionalysis Private Limited ➤ PPFAS Trustee Company Private Limited

*Mr. Ashish Navnitlal Shah is an Independent Director of Acepro Advisors Private Limited and does not hold any shares in Acepro Advisors Private Limited which is subsidiary of Sarthi Capital Advisors Private Limited (Lead Manager to the issue).

Comments:

- WFPMPL has two executive directors and three non-executive directors on the board.
- None of the directors are related to each other except Mr. Ashish shah and Mrs. Hena shah (Ms. Hena Shah is wife of Mr. Ashish shah).



ORGANISATION & MANAGEMENT: MANAGEMENT & OWNERSHIP STRUCTURE
Share holding pattern as on October 23, 2015


Name of share holder	No. of equity shares held	Share in business (%)
Mr. Ashish Navnitlal Shah	20,00,000	42.46
Mrs. Hena Ashish Shah	20,00,000	42.46
Wealth First Commodities Private Limited	2,40,000	5.10
Oraculo Stock Brokers Private Limited	2,20,000	4.67
Relatives and other group companies	2,50,000	5.31
Total	47,10,000	100.00

Comment:

The majority stakes (84.92 %) are held by Mr. Ashish Navnitlal Shah and Mrs. Hena Ashish Shah, while about 15.08% stakes are held by the remaining shareholders (Relatives and group companies).

Group Company details

(Rs. Lakh)

Name of the group company	DSFS Share and Stockbroking Private Limited	Oraculo Stock Brokers Private Limited	Wealth First Commodities Private Limited	Dalal and Shah Fiscal Services Limited	Wealth First Advisors Private Limited	Ashish Navnitlal Shah HUF						
Date of incorporation	April 16, 2002	October 29, 2002	May 30, 2002	July 28, 1992	June 01, 2001	April 28, 1963						
Registered office	Same as WFPML	Same as WFPML	Same as WFPML	Same as WFPML	Same as WFPML	501, Gardenia, 20 Shanti Sadan Soc, B/h Doctor House, Nr Parimal Garden, Ellisbridge, Ahmedabad - 380006						
Nature of business	capital market related products and wealth advisory services	capital market related products and wealth advisory services	capital market related products and wealth advisory services	capital market related products and wealth advisory services	capital market related products and wealth advisory services	capital market related products and wealth advisory services						
Financial Year	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Total Income	-	0.10	56.84	55.76	0.03	0.30	1862.12	1049.29	316.52	543.25	0.28	20.22
Net Profit/Loss	(0.01)	0.99	0.46	2.36	(0.03)	0.21	0.79	2.48	29.50	52.75	76.70	117.19
Net worth	22.67	22.76	54.39	56.75	64.99	65.21	39.16	41.64	156.69	207.35	33.77	57.92
Total Debt	-	-	34.63*	21.59*	10.00*	5.50*	-	-	5.03	0.29	19.62	16.48

*unsecured loan from promoters

Comments

WFPML has six other group companies namely DSFS Share and Stockbroking Private Limited, Oraculo Stock Brokers Private Limited, Wealth First Commodities Private Limited, Dalal and Shah Fiscal Services Limited, Wealth First Advisors Private Limited

and Ashish Navnitlal Shah HUF. Majority stakes in all the group companies are held by Mr. Ashish Navnitlal Shah and Mrs. Hena Ashish Shah.

Employee Profile

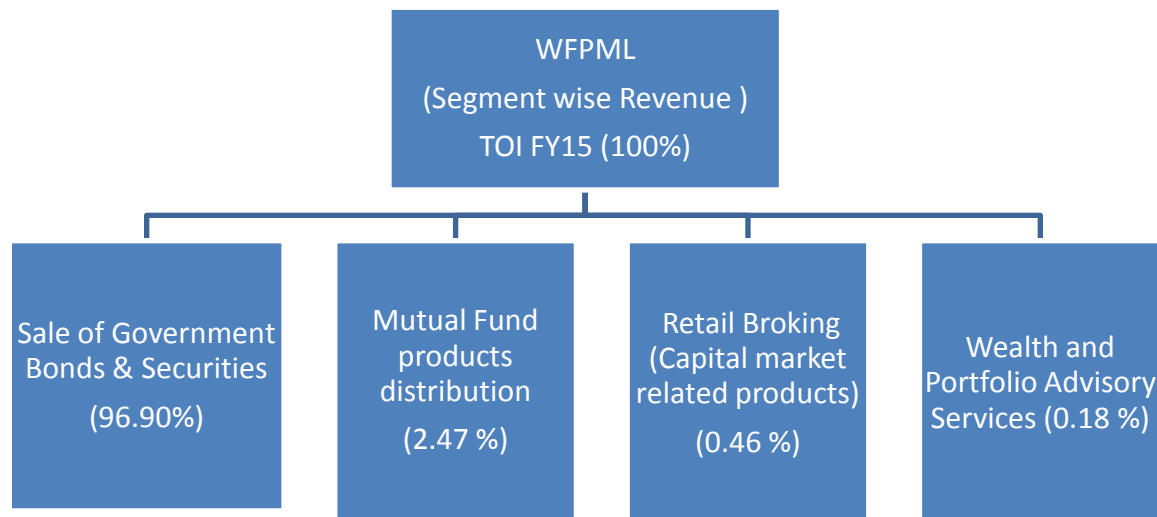
Particulars	Nos.
Skilled	28
Semi-Skilled Employees	07
Total Employees	35

Department-wise break-up

Particulars	Nos.
Administration	08
Finance & Accounts	03
Company Secretary and Compliance Officer	01
Sales and Marketing	16
Others	07
Total	35

Comment:

- The major decisions are taken by the MD Mr. Ashish Shah who is further supported by the second line of management. Further, the company has a strong human resource pool with qualified personnel consisting of CAs, MBAs and post graduates having relevant industry experience. However, the key decisions are taken by the management.
- The level of professionalism seems to be good and they have healthy number of skilled employees for the organization.

BUSINESS PROFILE: OPERATIONS OVERVIEW
BUSINESS PROFILE ANALYSIS


WFPML is engaged into sale of capital market related products and Wealth and portfolio advisory services primarily to retail and HNI clients. WFPML purchases government bonds and securities through primary and secondary market and sells to retail and HNI clients. In addition, the company is also engaged in providing Mutual funds products distribution, retail broking services and wealth and portfolio advisory services.

As far as wealth and portfolio advisory services are concerned the company provides these services to retails and HNI investors to meet the investor's financial target by considering risk and other factors with proper investment strategy and planning.

WFPML sells its financial products and services to retail and HNI (High Net Worth) clients through the help of its marketing team present in the market. Major part of the revenue comes from selling of government bonds and securities (96.90 % during FY15) and remaining from Mutual funds products distribution in form of commission (2.47 % during FY15), retail broking business (0.46 % during FY15) and wealth and portfolio advisory services (0.18 % during FY15).

WFPML is registered member of Bombay Stock Exchange limited and National Stock Exchange of India Limited. It is also registered with CDSL as depository participants and AMFI (Association of Mutual Funds of India) for mutual funds products distributions.

OPERATIONS OVERVIEW

Nature of activity	Sale of capital market related products and Wealth and portfolio advisory services
Industry segment	Financial Services
Products & Services Offered	Government Bonds and securities, Mutual fund products distribution, retail broking and Wealth and portfolio management services.
Registered Office	Capitol House, 10 Paras-II, Near Campus Corner, Prahalad Nagar, Anand Nagar, Ahmedabad, Gujarat - 380051
Area of the Office	Approx. 8000 sq. ft
Ownership of Office	Leased
Location advantage	Yes
Marketing Setup	The company undertakes sales efforts from head office

Comments:

- WFPML has its registered office located at Ahmadabad, Gujarat. The company operates through its registered office only. It does not have branches anywhere.
- WFPML markets its products through business promotions and participates in various activities, which helps the company to promote its products and services and also understand customer’s needs.
- At present, the company consists of 35 professionals with MBA’s and CFA’s who are based at Ahmedabad office. The team has vast experience in the field of mutual funds industry, capital markets, wealth management and advisory services.

Segment-wise revenue analysis

(Rs. Lakh)

Particulars	FY11	FY12	FY13	FY14	FY15	Q1FY16
1. Sale of government bonds and securities	25677.95	20789.24	19622.38	13868.89	16176.43	4552.92
<i>% y-o-y growth</i>		-19.04	-5.61	-29.32	16.64	-71.85
% contribution to total revenue	99.31	98.62	98.45	97.06	96.90	93.64
2. Mutual funds product distribution	177.00	289.34	301.38	406.92	411.56	242.06
<i>% y-o-y growth</i>		63.47	4.16	35.02	1.14	-41.18
% contribution to total revenue	0.68	1.37	1.51	2.85	2.47	4.98
3. Retail broking	0.89	0.71	7.24	12.81	76.25	44.44
<i>% y-o-y growth</i>		-20.22	919.72	76.93	495.24	-41.72
% contribution to total revenue	0.00	0.00	0.04	0.09	0.46	0.91
4. Wealth and portfolio advisory service	-	-	-	-	29.89	22.59
<i>% y-o-y growth</i>						-24.42
% contribution to total revenue	-	-	-	-	0.18	0.46
Total Revenue	25855.83	21079.28	19931.00	14288.62	16694.24	4862.00
<i>% y-o-y growth</i>		-18.47	-5.45	-28.31	16.84	-70.88

Comments:

- Income from sale of government bonds and securities is the major revenue contribution segment over the last 4 years. However, there have been significant fluctuations in total revenue of the company during FY11 to FY15. Although, the total operating income of the company during FY15 surged 16.64% to Rs.16176.43 lakh as compared to Rs. 13868.89 lakh during FY14. However, during FY11, it was Rs. 25677.95 lakh and then gradually declined till FY14 due to sluggish capital market conditions.
- There have been significant fluctuations in total revenue primarily due to lousy performance of Indian capital markets and slowdown at global level during the period; however in recent times the overall scenario has been changing on account of strong policy reforms and corrective measures taken by governments.

- Retail participation has also been increasing in the Indian capital market especially in equity segment and fixed income assets group.

CUSTOMERS & SUPPLIERS ANALYSIS

CUSTOMER’S PROFILE

WFPML sells its financial products and services to retail and HNI (High Net Worth) clients through its marketing team in the domestic market only.

WEPML purchases government bonds and securities through primary and secondary market and sales to retail and HNI clients. The company is also engaged in providing Mutual funds products distribution, retail broking services and wealth and portfolio advisory services to retail and HNI clients.

SUPPLIERS’ PROFILE

NA (Not Applicable)

BUSINESS ACTIVITY DETAILS

Key Raw materials	NA
Level of Raw Material Price fluctuation risk	NA
Quality Certifications	NA
Level of value addition	NA

INDUSTRY ANALYSIS

Name of the industry	Financial Services
Products and Services Portfolio	Government Bonds and securities, Mutual fund products distribution, retail broking and Wealth and portfolio management services.
Overall Industry risk	Moderate
Level of competition	Moderate

INDUSTRY WRITE-UP:
Introduction

The India's financial services sector consists of the capital markets, insurance sector and non-banking financial companies (NBFCs). India's gross domestic savings (GDS) as a percentage of Gross Domestic Product (GDP) has remained above 30 per cent since 2004. It is projected that national savings in India will reach US\$ 1,272 billion by 2019. Over 95 per cent of household savings in India are invested in bank deposits and only 5 per cent in other financial asset classes. The asset management industry in India is among the fastest growing in the world. Total asset under management (AUM) of the mutual fund industry clocked a Compound Annual Growth Rate (CAGR) of 12.05 per cent over FY07-15 to reach US\$ 179.6 billion. Corporate investors accounted for around 45.9 per cent of total AUM in India, while High Net Worth Individuals (HNWI) and retail investors account for 28.6 per cent and 22.9 per cent, respectively. India's equity market turnover has increased significantly in recent years. The annual turnover value in the National Stock Exchange (NSE) witnessed a CAGR of 20.7 per cent between FY96 and FY15 to reach US\$ 718 billion.

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payments banks to be created recently thereby adding to the types of entities operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64 per cent of the total assets held by the financial system.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for Micro and Small Enterprises, issuing guideline to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by both government and private sector, India is undoubtedly one of the world's most vibrant capital markets. The Government of India has taken various steps to deepen the reforms in the capital markets, including simplification of the Initial Public Offer (IPO) process which allows qualified foreign investors (QFIs) to access the Indian bond markets.

Market Size

The size of banking assets in India reached US\$ 1.46 trillion as on November 13, 2015 and is expected to touch US\$ 28.5 trillion by FY25. Banks total credit stood at US\$ 1.02 trillion as on November 13, 2015. The Association of Mutual Funds in India (AMFI) data show that assets of the mutual fund industry have reached a size of Rs 12.95 trillion (US\$ 194 billion) as of November 2015. During April 2015 to September 2015 period, the life insurance industry recorded a new premium income of Rs 562.86 billion (US\$ 8.4 billion), indicating a growth rate of 14.45 per cent. The general insurance industry recorded a 12.6 per cent growth in Gross Direct Premium underwritten in FY2016 upto the month of October 2015 at Rs 550 billion (US\$ 8.23 billion).

India's life insurance sector is the biggest in the world with about 360 million policies, which are expected to increase at a compounded annual growth rate (CAGR) of 12-15 per cent over the next five years. The insurance industry is planning to hike penetration levels to five per cent by 2020, and could top the US\$ 1 trillion mark in the next seven years. The total market size of India's insurance sector is projected to touch US\$ 350-400 billion by 2020.

India is the fifteenth largest insurance market in the world in terms of premium volume, and has the potential to grow exponentially in the coming years. Life insurance penetration in India is just 3.9 per cent of GDP, more than doubled from 2000. A fast growing economy, rising income levels and improving life expectancy rates are some of the many favorable factors that are likely to boost growth in the sector in the coming years.

Investment corpus in India's pension sector is expected to cross US\$ 1 trillion by 2025, following the passage of the Pension Fund Regulatory and Development Authority (PFRDA) Act 2013.

Investments/Developments

Foreign Direct Investment in the insurance sector stood at US\$ 341 million in March-September, 2015, showing a growth of 152 per cent compared to the same period last year.

Insurance firm AIA Group Ltd has decided to increase its stake in Tata AIA Life Insurance Co Ltd, a joint venture owned by Tata Sons Ltd and AIA Group from 26 per cent to 49 per cent.

Canada-based Sun Life Financial Inc plans to increase its stake from 26 per cent to 49 per cent in Birla Sun Life Insurance Co Ltd, a joint venture with Aditya Birla Nuvo Ltd, through buying of shares worth Rs 1,664 crore (US\$ 249 million).

>Nippon Life Insurance, Japan's second largest life insurance company, has signed definitive agreements to invest Rs 2,265 crore (US\$ 348 million) in order to increase its stake in Reliance Life Insurance from 26 per cent to 49 per cent.

The Securities and Exchange Board of India (SEBI) plans to gradually introduce more commodity products and allow more participants in the commodity derivatives market in India.

The Reserve Bank of India (RBI) has granted in-principle licenses to 10 applicants to open small finance banks, which will help expanding access to financial services in rural and semi-urban areas, thereby giving fillip to Prime Minister's financial inclusion initiative.

The Reserve Bank of India (RBI) has also given in-principle approval to 11 entities to open payment banks which is expected to result in widening the reach of banking services and thereby improve the extent of financial inclusion as envisaged by the government. The setting up of 11 new payments banks can potentially free up Rs 1,400,000 crore (US\$ 210 billion) per annum to fund the infrastructure sector, as per a study by the State Bank of India.

A Reserve Bank of India (RBI) committee headed by Deputy Governor Mr Gandhi has recommended granting commercial banking license to multi-state urban cooperative banks(UCB) having business of more than Rs 20,000 crore (US\$ 3 billion).

India's largest microfinance company Bandhan has set up Bandhan Bank Ltd, banking and financial services company, post the receipt of license from RBI.

India has moved a step closer to having a Singapore- or Dubai-like financial hub, with the Securities and Exchange Board of India (SEBI) approving a framework for international financial centres (IFCs).

The RBI has allowed bonds issued by multilateral financial institutions like World Bank Group, the Asian Development Bank and the African Development Bank in India as eligible securities for interbank borrowing. The move will further develop the corporate bonds market, RBI said in a notification.

Government Initiatives

Several measures have been outlined in the Union Budget 2015-16 that aim at reviving and accelerating investment which, inter alia, include fiscal consolidation with emphasis on expenditure reforms and continuation of fiscal reforms with rationalization of tax structure.

The Government has also announced several schemes to improve the extent of financial inclusion. The Prime Minister of India has launched the Micro Unit Development and Refinance Agency (MUDRA) to fund and promote microfinance institutions (MFIs), which would in turn provide loans to small and vulnerable sections of the business community. Financial Services Secretary Mr Hasmukh Adhia has announced that the ministry will launch a campaign for loans under Pradhan Mantri Mudra Yojana (PMMY) in order to double loan disbursement to the small business sector to over Rs 100,000 crore (US\$ 15 billion).

Government of India's 'Jan Dhan' initiative for financial inclusion is gaining momentum, as the number of bank accounts opened by July 15, 2015 has more than doubled to 169 million from 68.7 million at end of October 2014, Government of India aims to extend insurance, pension and credit facilities to those excluded from these benefits under the Pradhan Mantri Jan Dhan Yojana (PMJDY). The Union Cabinet Minister has also approved the Pradhan Mantri Suraksha Bima Yojana which will provide affordable personal accident and life cover to a vast population.

The Union Cabinet has approved 100 per cent Foreign Direct Investment (FDI) under the automatic route for non-bank entities that operate White Label Automated Teller Machine (WLA), subject to certain conditions.

Minister of Finance Mr Arun Jaitley has formally declared the merger of Forward Markets Commission (FMC) with Securities and Exchange Board of India (SEBI), which help convergence of regulations in the commodities and equity derivatives markets.

The Insurance Regulatory and Development Authority of India (IRDA), as part of its endeavor to increase insurance sector growth, has allowed a new distribution avenue called the 'point of sale' person, who will be allowed to sell simple standardized insurance products in the non-life and health insurance segments, which are largely pre-underwritten.

Road Ahead

India is today one of the most vibrant global economies, on the back of robust banking and insurance sectors. The country is projected to become the fifth largest banking sector globally by

2020, as per a joint report by KPMG-Confederation of Indian Industry (CII). The report also expects bank credit to grow at a compound annual growth rate (CAGR) of 17 per cent in the medium term leading to better credit penetration. Life Insurance Council, the industry body of life insurers in the country also projects a CAGR of 12–15 per cent over the next few years for the financial services segment.

Also, the relaxation of foreign investment rules has received a positive response from the insurance sector, with many companies announcing plans to increase their stakes in joint ventures with Indian companies. Over the coming quarters there could be a series of joint venture deals between global insurance giants and local players. The relaxation in the foreign direct investment (FDI) limit to 49 per cent can result in additional investments up to Rs 60,000 crore (US\$9 billion).

Exchange Rate Used: INR 1 = US\$ 0.0150 as on December 08, 2015

Source: <http://www.ibef.org>

SITE VISIT REPORT:

Registered Office

Location of Registered Office	Capitol House, 10 Paras-II, Near Campus Corner, Prahalad Nagar, Anand Nagar, Ahmedabad, Gujarat – 380051
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Sites visited	Capitol House, 10 Paras-II, Near Campus Corner, Prahalad Nagar, Anand Nagar, Ahmedabad, Gujarat – 380051
Site visit date	December 11, 2015
Presence in a cluster	No
Area of the unit	Approx. 8000 Sq. Ft
No. of employees at site	34
Ownership of premises	Leased*
Other facilities	No

*Ownership of the office premises belongs to promoter Mr. Ashish N. Shah and it is leased out to WFPML for the business purpose. The duration of the lease period is from April 01, 2014 to April 01, 2019.

Adequacy of Office Facilities

Availability of land for future expansion	No
Site layout	Structured
Adequacy of insurance coverage	Fully
Source of power	Gujarat State Electricity Board
Adequacy of power	Adequate
Presence of labour union	No
Industrial relations	Good
Level of work safety	Good
Adequacy of storage facilities	Adequate

FINANCIAL PERFORMANCE - PROFITABILITY STATEMENT
(Rs. In Lakh)

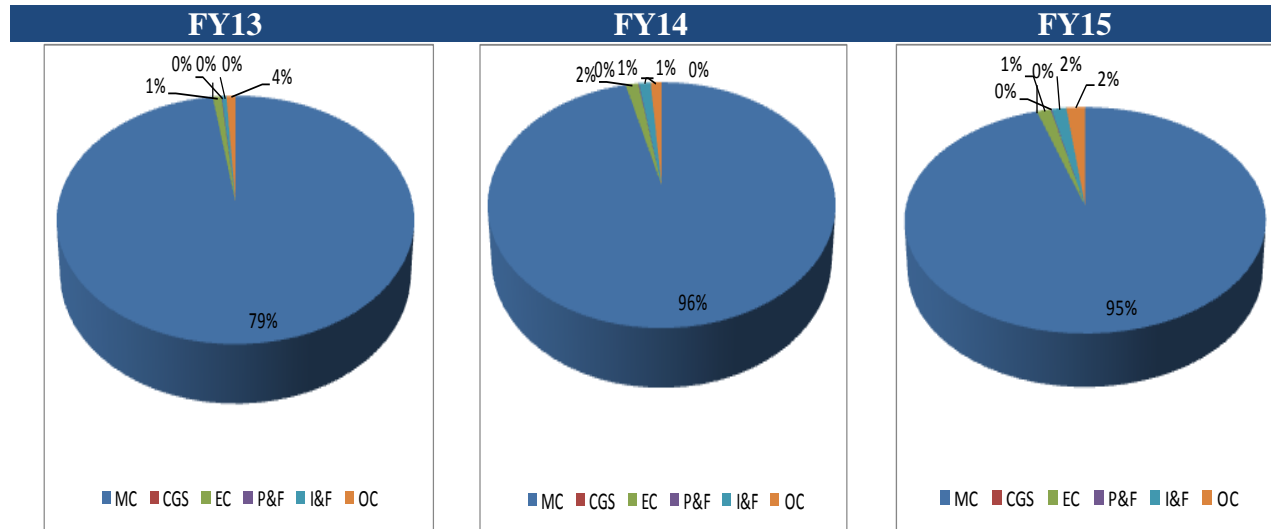
Period Ends on:	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Result Type:	Actual	Actual	Actual	Actual	Actual
Number of months in current financial year	12	12	12	12	12
Gross Sales	25,855.84	21,079.29	19,931.00	14,288.62	16,694.23
Net Sales	25,855.84	21,079.29	19,931.00	14,288.62	16,694.23
Other Income(related to operations)	11.92	18.49	35.29	64.24	235.50
Total Operating Income	25,867.76	21,097.78	19,966.29	14,352.86	16,929.73
Material Costs	25,586.39	20,781.59	19,474.26	13,781.23	15,950.37
Power and Fuel	10.78	8.64	14.10	13.98	14.72
Employee Costs	184.61	153.23	178.47	195.26	239.36
Other Manufacturing Expenses	2.81	7.89	11.02	4.89	56.58
Other Expenses	50.12	70.75	62.53	77.04	124.00
Selling Expenses	0.95	33.90	83.47	53.96	41.13
Cost of Sales	25,835.66	21,056.01	19,823.86	14,126.36	16,426.16
PBILDT	32.09	41.77	142.42	226.49	503.57
Depreciation	17.12	21.81	22.15	27.17	48.32
PBIT	14.97	19.96	120.27	199.32	455.25
Interest and Finance Charges	1.77	23.46	91.14	179.01	250.80
Operating Profit Before Tax (OPBT)	13.20	-3.50	29.13	20.31	204.44
Operating Profit After Tax (OPAT)	9.60	-368.48	19.54	14.12	171.43
Non Operating Income / (Expense)	-	3.46	-1.03	-	36.95
Profit Before Tax (PBT)	13.20	-0.04	28.10	20.31	241.40
Cash Adjustments	-	-	-0.20	-	-
Adjusted Profit Before Tax (APBT)	13.20	-0.04	27.91	20.31	241.40
Tax	3.60	5.81	8.97	7.17	48.51
Provision for Deferred Tax	-	-1.84	0.23	-0.99	-9.53
ADJUSTED PROFIT AFTER TAX (APAT)	9.60	-4.01	18.72	14.12	202.41
Gross Cash Accruals	26.72	15.97	41.10	40.31	241.21

Comments:

Revenue analysis

Parameters	FY11	FY12	FY13	FY14	FY15
Net Sales	25855.84	21079.29	19931.00	14288.62	16694.23
<i>% y-o-y growth</i>	NA	-18.47%	-5.45%	-28.31%	16.84%
Other Income (related to operations)	11.92	18.49	35.29	64.24	235.50
<i>% y-o-y growth</i>	NA	55.12%	90.86%	82.03%	266.59%
Total Operating Income	25867.76	21097.78	19966.29	14352.86	16929.73
<i>% y-o-y growth</i>	NA	-18.44%	-5.36%	-28.11%	17.95%

- WFPML's total operating income, primarily comprises of sale of government bond and mutual funds products distribution (Approx. 98% during FY15).
- Income from sale of government bonds and securities is the major revenue contribution segment over the last 4 years. However, there have been significant fluctuations in total revenue of the company during FY11 to FY15. Although, the total operating income of the company during FY15 surged 16.64% to Rs.16176.43 lakh as compared to Rs. 13868.89 lakh during FY14. However, during FY11, it was Rs. 25677.95 lakh and then gradually declined till FY14 due to sluggish performance of Indian capital market and slowdown at global level during the period.
- Furthermore, the company has been able to expand its business profile during these years (FY11 to FY15) leading to various capital market products and customized range of services being provided to clients as reflected by gradual decrease in contribution of government bonds and mutual funds in the total operating income.
- Other income increased significantly from Rs.11.92 lakh in FY11 to Rs.235.50 lakh in FY15, mainly on account of increase in the interest and dividend received.

FINANCIAL PERFORMANCE - COST STRUCTURE


MC= Material cost EC = Employee cost Dep = Depreciation I&F = Interest and finance charges
OC = Other cost

Comments:

Material cost constituted the highest proportion in the cost structure during FY13-FY15. It majorly consists of cost of purchase of bond and other securities. Furthermore, the employee costs have also increased from Rs.195.26 lakh in FY14 to Rs.239.36 lakh in FY15 mainly on account of increase in scale of business driven by skilled and professional employees. While power and fuel cost increased from Rs. 13.98 lakh in FY14 to Rs. 14.72 lakh in FY15. Fixed capital charges (depreciation and finance costs) covered 1.78 portions of the total costs for FY15.

Material cost

Parameters	FY11	FY12	FY13	FY14	FY15
Material cost (Rs. lakh)	25586.39	20781.59	19474.26	13781.23	15950.37
% y-o-y growth	NA	-18.78%	-6.29%	-29.23%	15.74%
As % to total operating income	98.91%	98.50%	97.54%	96.02%	94.22%
As % to cost of sales	99.04%	98.70%	98.24%	97.56%	97.10%

- WFPML's material cost majorly consists of cost of purchase of bond and other securities. It decreased from Rs.25586.39 lakh in FY11 to Rs. 13781.23 lakh in FY14 due to decline in the

total scale but again increased to Rs. 15950.37 lakh during FY15 owing to increase in demand.

- Material cost as % of TOI is being decreased since FY11; it decreased from 98.91% in FY11 to 94.22% in FY15, due to high demand of fixed income group instruments in the financial market.

Selling & other operating cost items

Parameters	FY11	FY12	FY13	FY14	FY15
Selling Expenses (Rs. lakh)	0.95	33.9	83.47	53.96	41.13
% y-o-y	NA	3468.42%	146.22%	-35.35%	-23.78%
% of TOI	0.00%	0.16%	0.42%	0.38%	0.24%
% of cost of sales	0.00%	0.16%	0.42%	0.38%	0.25%
Other operating Expenses (Rs. lakh)	50.12	70.75	62.53	77.04	124
% y-o-y	NA	41.16%	-11.62%	23.20%	60.96%
% of TOI	0.19%	0.34%	0.31%	0.54%	0.73%
% of cost of sales	0.19%	0.34%	0.32%	0.55%	0.75%

- WFPML's, selling expense mainly comprises of business promotion, advertisement, commission and brokerage expense The overall selling expense has decreased marginally in FY15 as compared to FY14 but increased significantly compare with Rs. 0.95 lakh in FY11.
- Other operating expenses primarily comprise of travelling allowance, rent, vehicle repair and maintenance, legal, professional and consulting fees and others. It has increased significantly during FY15.

Employee cost

Parameters	FY12	FY13	FY14	FY15
Employee cost (Rs. lakh)	184.61	153.23	178.47	195.26
% y-o-y growth	NA	-17.00%	16.47%	9.41%
As % to total operating income	0.71%	0.73%	0.89%	1.36%
As % to cost of sales	0.71%	0.73%	0.90%	1.38%

- Being into services sector, WFPML employs considerable number of qualified professionals for overlooking operations. The total number of employees with the company at registered

office stood at 35 which houses qualified professionals such as MBA's, CFA's and CA's having significant experience in financial market.

- Employee cost has increased during FY15 mainly on account of yearly hike in existing employee's salary and newly hired professionals.

Depreciation

Parameters	FY12	FY13	FY14	FY15
Depreciation (Rs. lakh)	17.12	21.81	22.15	27.17
% y-o-y growth	NA	27.39%	1.56%	22.66%
As % of total operating income	0.07%	0.10%	0.11%	0.19%
Depreciation rate (% of average gross block)	7.59	5.00	4.75	5.26

- Depreciation expense increase by 22.66% in FY15 primarily due to additions in asset amounting to Rs.5.18 lakh during FY15, which primarily include Air conditioner, computers and refrigerator.
- Depreciation is charged on WDV method as per the useful life prescribed under 'schedule II' of the Companies Act, 2013.

Interest and finance charges

Parameters	FY12	FY13	FY14	FY15
Interest and Finance Charges (Rs. lakh)	1.77	23.46	91.14	179.01
% y-o-y growth	NA	1225.42%	288.49%	96.41%
As % of TOI	0.01%	0.11%	0.46%	1.25%

- The interest and finance charge increased considerably during FY15, mainly on account of increase in bank charges, OD interest charges and interest expense incurred towards car loan.

FINANCIAL PERFORMANCE - BALANCE SHEET:ASSETS
(Rs. In Lakh)

Period Ends on:	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Result Type:	Actual	Actual	Actual	Actual	Actual
Gross Block	225.51	210.39	255.46	261.36	263.45
Accumulated Depreciation	-121.64	-120.30	-142.36	-169.53	-223.97
Net Block	103.87	90.09	113.10	91.83	39.48
NET FIXED ASSETS	103.87	90.09	113.10	91.83	39.48
Other Investments	13.00	44.54	83.12	63.20	5.00
TOTAL INVESTMENTS :net of provision	13.00	44.54	83.12	63.20	5.00
Finished Goods	1,708.68	229.75	1,705.78	1,972.17	710.88
TOTAL INVENTORIES	1,708.68	229.75	1,705.78	1,972.17	710.88
Receivables : More than 6 months	-	-	-	-	-
Receivables : Less than 6 months	-3.96	38.66	28.13	-5.66	7.52
TOTAL RECEIVABLES	-3.96	38.66	28.13	-5.66	7.52
Current Loans; Advances; current assets related to operations	30.05	51.14	31.55	107.12	11.47
Cash and Bank Balances	-	6.42	-	42.74	216.54
Advance Tax Paid	-	-	-	-	-
TOTAL OTHER CURRENT ASSETS	30.05	57.56	31.55	149.87	228.01
TOTAL CURRENT ASSETS related to operations	1,734.77	325.97	1,765.46	2,116.39	946.41
TOTAL ASSETS	1,879.80	476.84	1,979.55	2,319.28	1,103.06

Comments:
Fixed assets

- WFPML's fixed asset primarily comprise building, office equipments, vehicles, and computers & peripherals.
- The company during FY14 purchased fixed assets worth Rs.5.90 lakh approximately, which mainly comprises computers and air conditioners, Furthermore, during FY15, the company made additions to its fixed asset amounting to Rs.5.18 lakh, which primarily include Air conditioner, computers and refrigerator.

Inventories

Parameters	March 2013	March 2014	March 2015
Finished Goods (Rs. lakh)	1705.78	1972.17	710.88
<i>Average Finished Goods Inventory Period (days)</i>	18	48	30
Total inventories (Rs. lakh)	1705.78	1972.17	710.88
<i>Average Inventory Period (days)</i>	18	48	30
Total inventory as % of total assets	86.17%	85.03%	64.45%

- Total inventory comprises value of bonds and securities as on March 31, 2015.
- The inventory period stood at 30 days as on March 31, 2015. It decreased from 48 days in FY14, however, sale of the bonds and securities are depend on the developments in the Indian economy and Indian capital market.

Sundry debtors

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Total Receivables (Rs. lakh)	-3.96	38.66	28.13	-5.66	7.52
<i>Average Collection Period (days)</i>	NF	NF	NF	NF	NF
<i>As % of net sales</i>	-0.02%	0.18%	0.14%	-0.04%	0.05%
As % of total assets	-0.21%	8.11%	1.42%	-0.24%	0.68%

- The total receivable outstanding remained moderate at Rs.7.52 lakh as on March 31, 2015 (comprising of only 0.05% of net sales) with negligible collection period days. Being a financial instrument and services provider, WFPML receives the fees for services provides and financial product sales before getting into contract or at the time of contract with the client.

Ageing analysis of debtors

(Rs. crore)

Particulars	< one month	1-3 months	3-6 months	Total
Debtors as on March 31, 2015	7.42	-	-	7.42
Debtors as on March 31, 2014	-	-	-	-
Debtors as on March 31, 2013	28.12	-	-	28.12
Debtors as on March 31, 2012	38.66	-	-	38.66

- For the past three balance sheet dates ending on March 31, 2015; with the efficient receivable management and being a capital market player, the company doesn't have any significant debtor's amount due at the time of every financial year end.

Other current assets
(Rs. Lakh)

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Other current assets	30.05	57.56	31.55	149.87	228.01
As % of total assets	1.60%	12.07%	1.59%	6.46%	20.67%
Other operating current assets	1734.77	325.97	1765.46	2116.39	946.41
Cash & bank balances	0	6.42	0	42.74	216.54
Cash on hand	0.00	10.05	0.00	7.04	13.37
Balances with banks	0.00	-3.63	0.00	35.70	203.17

- Other operating current assets mainly comprise of cash and bank balance, brokerage receivable from other financial institutes, interest on bank FDs, and other prepaid expenses.
- Cash & bank balances have increased significantly in FY15 mainly on account fixed deposits with banks and amount received from clients at the end of financial year.

FINANCIAL PERFORMANCE - BALANCE SHEET: LIABILITIES
(Rs. In Lakh)

Period Ends on:	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Result Type:	Actual	Actual	Actual	Actual	Actual
Total Paid Up Equity Share Capital	114.25	117.75	117.75	117.75	117.75
Share Application Money pending allotment	35.00	-	-	-	-
GROSS RESERVES	160.67	188.17	206.88	214.12	393.54
NET RESERVES	160.67	188.17	206.88	214.12	393.54
TANGIBLE NET WORTH	309.92	305.92	324.63	331.87	511.29
NET LONG TERM DEBT	-	-	-	-	-
Working capital Bank Borrowings	687.03	-	1,616.98	1,853.16	510.59
Loans & Advances from promoters ;other affiliated cos.	-	155.50	3.52	87.05	0.97
Other Short Term Loans & Advances	-	-	9.57	15.00	19.98
TOTAL SHORT TERM DEBT	687.03	155.50	1,630.07	1,955.21	531.54
Creditors for goods	869.26	-1.54	0.70	0.12	-8.14
Advances; deposits recd from customers :related to ops.	-	-	-	-	-
Other Current Liabilities :related to ops.	6.20	18.20	16.38	21.74	21.34
TOTAL CURRENT LIABILITIES	875.46	16.66	17.08	21.85	13.19
Provision for Taxes	13.38	6.60	15.38	18.95	65.08
Other Provisions ; regular	-0.09	-0.08	-0.08	-0.08	-
TOTAL SHORT TERM PROVISIONS	13.29	6.52	15.30	18.86	65.08
TOTAL CURRENT LIABILITIES AND PROVISIONS; RELATED TO OPERATIONS	888.75	23.18	32.38	40.72	78.28
TOTAL OUTSIDE LIABILITIES	687.03	155.50	1,630.07	1,955.21	531.54
TOTAL LIABILITIES	1,879.80	476.84	1,979.55	2,319.28	1,103.06

Comments:
Equity share capital

- WFPML had an authorized share capital of 20,00,000 equity shares with a face value of Rs.10 each as on March 31, 2015, however, during FY15, the company has recently increased its authorized share capital to 70,00,000 lakh equity shares with a face value of Rs.10 each.
- It has an issued, subscribed and paid up capital of 11,77,500 equity shares of Rs. 10 each fully paid up as on March 31, 2015.

Long-term borrowings

- The company doesn't have any long term debt outstanding with any bank or financial institutions as on March 31, 2015.

Short-term borrowings

- Short-term borrowings consist of cash credit facility having total sanctioned limit of Rs. 475 lakh (worth Rs. 508.14 lakh outstanding as on March 31, 2015) till March 31, 2015. Furthermore, WFPML has enhanced its cash credit facility limit to Rs. 1475 lakh in April, 2015 and later on to Rs. 1525 lakh in September, 2015.
- Short-term borrowings also includes current vehicle loan repayment, deposits from clients and unsecured loan from promoters which are payable within the next financial year.

Trade payable

(Rs lakh)

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Trade payable (Rs. lakh)	869.26	-1.54	0.7	0.12	-8.14
<i>Average Creditors Period (days)</i>	0	7	-0.01	0.01	-0.09
As % of total liabilities	46.24%	-0.32%	0.04%	0.01%	-0.74%

- WFPML's trade payables shows negative balance owing to advance given to the Edelweiss Advisors.

Short-term provision

(Rs. Lakh)

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Total short-term provisions	13.29	6.52	15.30	18.86	65.08
Provision for income tax	13.38	6.60	15.38	18.95	65.08
Other Provision	-0.09	-0.08	-0.08	-0.08	0.00
As % of total liabilities	0.71%	1.37%	0.77%	0.81%	5.90%

- Total short-term provision mainly comprises provision for income tax and provision for dividend distribution tax.

Details of the related party transaction and relations
(Rs. Lakh)

Name of related Party	Nature of transaction	Nature of Relationship	March 2011	March 2012	March 2013	March 2014	March 2015
Mr. Ahish Shah	Directors Remuneration	Promoters	26.25	30.00	35.00	35.00	35.00
Mrs. Hena Shah			3.50	3.00	10.00	10.50	10.50
Mr. Swapnil A shah	Salary	Relatives of promoters	-	-	8.50	7.18	6.00
Mr. Misha A Shah			-	-	-	-	5.70
Oraculo stock Brokers Private Limited	Brokerage	Group Company	-	22.05	-	-	39.62
Mr. Ashish Shah	Purchase of Securities	Promoters	1522.11	501.15	1356.81	1636.94	-
Mrs. Hena Shah		Promoters	-	5.00	-	-	-
Mr. Swapneel Shah		Relatives of promoters	-	-	10.06	-	-
Dalal & Shah Fiscal Services Limited		Group Company	513.12	2.26	211.53	254.54	50.36
Oraculo stock Brokers Private Limited		Group Company	-	-	58.02	-	-
Ashish N Shah HUF		Group Company	-	105.02	14.56	-	-
Mr. Navnitlal P Shah		Relatives of promoters	-	-	11.63	9.75	-
Navnitlal P Shah HUF		Enterprises under significant influence of Key Management Personnel	-	-	31.29	-	-
Mr. Vipin P Shah		Relatives of promoters	-	-	10.06	19.83	-
Vipin P Shah HUF		Enterprises under significant influence of Key Management Personnel	-	-	29.35	9.75	-
Mrs. Kusumben N Shah		Relatives of promoters	-	-	10.06	19.83	-
Wealth First Advisors Private		Group Company	532.85	26.19	-	-	-

Limited							
Dalal & Shah Fiscal Services Limited	Sale of Securities	Group Company	-	-	-	612.14	-
Wealth First Advisors Private Limited		Group Company	-	-	-	566.84	-
Mr. Ashish Shah	Rent	Promoters	-	-	-	-	9.00
Bakers Studeo	Business Promotion	under significant influence of Key Management Personnel	-	-	-	-	-
Mrs. Hena Shah	Loan and Advances given/Repaid during the year	Promoters	5.32	8.65	92.76	18.00	0.05
Oraculo stock Brokers Private Limited		Group Company	80.90	34.55	-	-	-
Mrs. Hena Shah	Loan and Advances received during the year	Promoters	5.31	78.65	17.76	78.65	0.97
Oraculo stock Brokers Private Limited		Group Company	80.90	34.55	-	-	-

Outstanding Balance as at the end of the year

(Rs lakh)

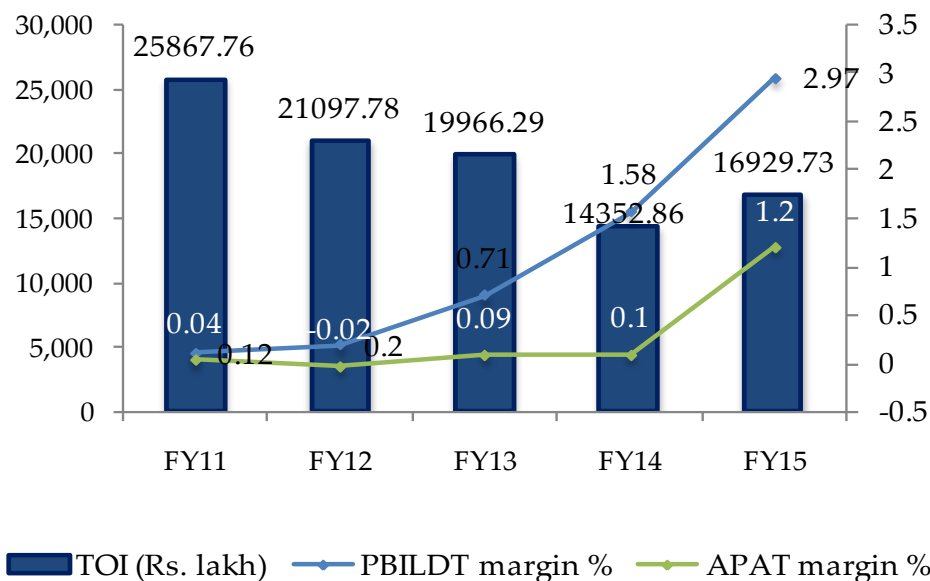
Name of related Party	Nature of transaction	Nature of Relationship	March 2011	March 2012	March 2013	March 2014	March 2015
Mrs. Hena Shah	Receivables	Promoter	0.23	-	-	-	-
Mrs. Kusumben N Shah		Relatives of promoters	-	-	-	-	-
Wealth First Advisors Private Limited		Group Company	0.26	-	-	-	-
Mr. Ahish Shah	Payable	Promoters	-	87.00	3.52	80.50	6.13
Mrs. Hena Shah		Promoters	0.97	0.05	-	75.00	-

Dividend Policy

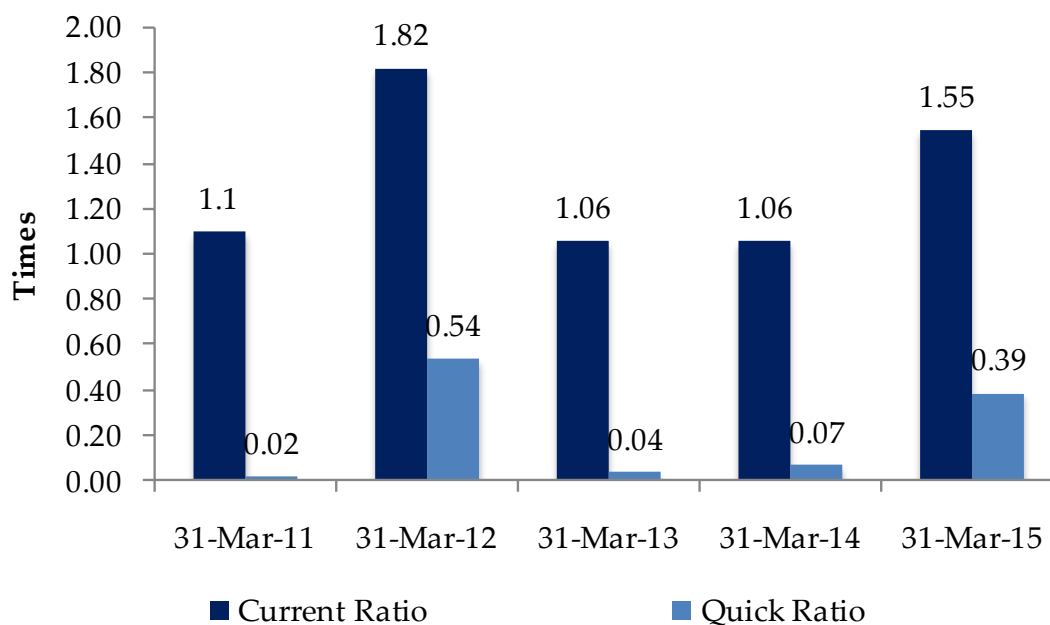
- WFPML does not have a formal dividend policy. However the company has declared dividend of Rs.5.89 lakh (dividend rate - 5%) in FY14 and Rs.11.78 lakh (dividend rate - 10%) in FY15.

FINANCIAL PERFORMANCE - SUMMARY OF RATIOS

Period Ends on:	March 2011	March 2012	March 2013	March 2014	March 2015
Result Type:	Actual	Actual	Actual	Actual	Actual
KEY FINANCIAL RATIOS					
Growth Ratios					
Growth in Net sales	-	-18.47	-5.45	-28.31	16.84
Growth in Total Operating Income	-	-18.44	-5.36	-28.11	17.95
Growth in PBILDT	-	30.16	240.96	59.03	122.34
Growth in APAT	-	-141.75	-566.96	-24.55	1,333.19
Profitability Ratios					
Gross Margin	1.04	1.41	2.29	3.55	4.46
PBILDT Margin	0.12	0.20	0.71	1.58	2.97
PBIT Margin	0.06	0.09	0.60	1.39	2.69
OPBT Margin	0.05	-0.02	0.15	0.14	1.21
OPAT Margin	0.04	-1.75	0.10	0.10	1.01
APAT Margin	0.04	-0.02	0.09	0.10	1.20
Operating ROCE	-	2.88	10.58	9.77	28.14
ROCE (Total)	-	3.24	9.93	9.43	29.80
RONW	-	-1.30	5.94	4.30	48.01
Return on Total Assets		-0.84	0.95	0.61	18.35
Average Cost of Borrowings	-	5.57	10.21	9.99	20.17
Turnover Ratios					
Operating Capital Turnover Ratio	-	30.42	17.57	7.04	10.47
Fixed Assets Turnover Ratio	-	96.80	85.72	55.54	64.52
Working Capital Turnover Ratio	-	36.73	19.61	7.54	11.50
Average Raw Material Inventory Period	-	16.79	17.89	48.04	30.28
Average Inventory Period (days)	-	16.60	17.65	47.04	29.47
Average Collection Period (days)	-	0.30	0.60	0.28	0.02
Average Creditors Period (days)	-	7.42	-0.01	0.01	-0.09
Working Capital Cycle (days)	-	9.48	18.26	47.32	29.58
Solvency Ratios					
Debt Equity Ratio	-	-	-	-	-
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	2.22	0.51	5.02	5.89	1.04
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	2.22	0.51	5.02	5.89	1.04
Adjusted Debt Equity Ratio	-	-	-	-	-
Adjusted Overall Gearing	2.22	0.51	5.02	5.89	1.04
Term Debt (including CPLTD) / Gross Cash Accruals	-	-	-	-	-
Total Debt / Gross Cash Accruals	25.71	9.74	39.66	48.51	2.20
Interest Coverage (PBILDT / Interest)	18.13	1.78	1.56	1.27	2.01
PBIT / Interest	8.46	0.85	1.32	1.11	1.82
Adjusted Interest Coverage	18.13	1.78	1.56	1.27	2.01
Current Ratio	1.10	1.82	1.06	1.06	1.55
Quick Ratio	0.02	0.54	0.04	0.07	0.39

FINANCIAL PERFORMANCE – PROFITABILITY Analysis
Profitability Analysis

Comments:

- The company is engaged into financial services and various investment instruments primarily for retail and HNI clients. During FY15, the total operating income (TOI) of WFPML grew to Rs.16966.68 lakh as compared with Rs.14352.86 lakh in FY14.
- The overall profit margin of the company has increased significantly in FY15 on account of increase in brokerage income, fees received from wealth and portfolio advisory services along with higher interest and dividend received during the year.
- The PBILDT margin and PAT margin have witnessed steady rise in past five years. PBILDT margin stood at 2.97% in FY15 as against 0.12% in FY11 and PAT margin stood at 1.20 % in FY15 as against 0.10% in FY14.
- Moreover, during FY12 the company had incurred losses on account of decrease in the total operating income and low sales realization.

FINANCIAL PERFORMANCE - LIQUIDITY ANALYSIS
Liquidity Analysis

Liquidity Ratio

Particulars	March 31, 2013	March 31, 2014	March 31, 2015
Working Capital Turnover Ratio	19.61	7.54	11.50
Average Inventory Period (days)	17.65	47.04	29.47
Average Collection Period (days)	0.60	0.28	0.02
Average Creditors Period (days)	-0.01	0.01	-0.09
Working Capital Cycle (days)	18.26	47.32	29.58

Comments:

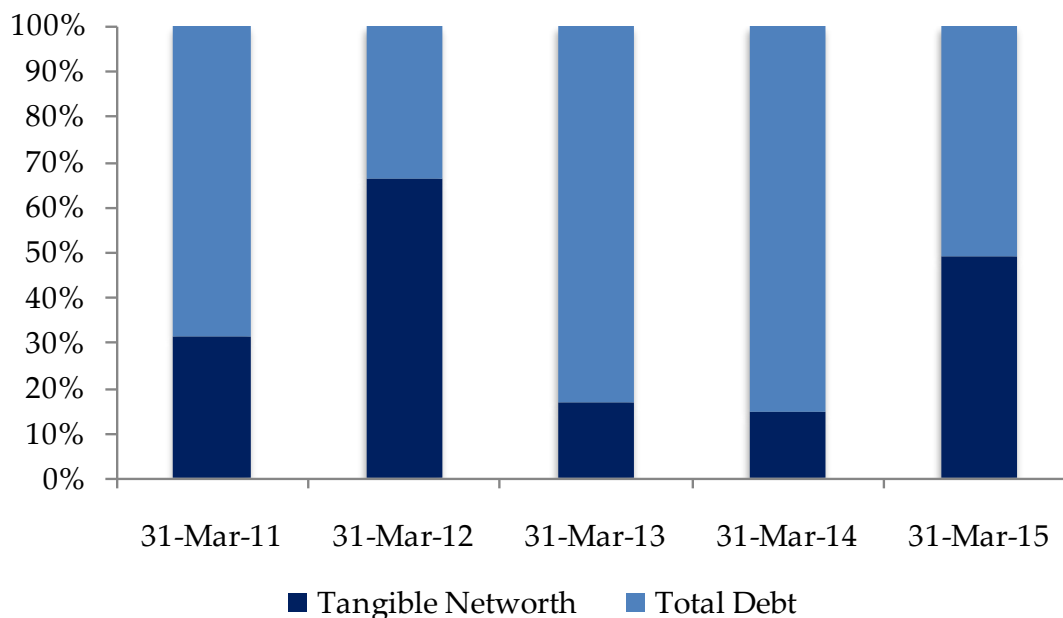
- WFPML's liquidity profile is moderate marked by moderate current ratio and low quick ratio and moderate level of utilization of its working capital limits. While the current ratio was at 1.55 times and quick ratio was at 0.39 times as on March 31, 2015.
- The operations of WFPML are working capital intensive in nature (with average utilization of around 62% of cash credit facility of Rs. 525 lakh from Kotak Bank during the three months ending November 2015 and 96% of cash credit facility of Rs. 1000 lakh from HDFC bank during the six months ending November 2015)
- Furthermore, the operating cycle of the company is comfortable marked by comfortable levels of inventory in form of financial instruments and negligible collection period

reason being, WFPML receives the fees for services provides and financial product sales before getting into contract or at the time of contract with the client

- The working capital cycle of the company is majorly being funded by working capital borrowings. Moreover, the company plans to utilize the issues proceed to meet the working capital requirement of the company.

Average monthly fund-based (Cash Credit) working capital utilization level
(Rs. Lakh)

Month	Sanctioned limit		Drawing Power		Avg. Monthly Utilization		Maximum monthly utilisation	
	Kotak Bank	HDFC Bank	Kotak Bank	HDFC Bank	Kotak Bank	HDFC Bank	Kotak Bank	HDFC Bank
Nov 2014	475.00	-	475.00	-	240.02	-	462.69	-
Dec 2014	475.00	-	475.00	-	229.22	-	461.07	-
Jan 2015	475.00	-	475.00	-	289.92	-	445.59	-
Feb 2015	475.00	-	475.00	-	115.05	-	396.86	-
March 2015	475.00	-	475.00	-	267.24	-	508.14	-
April 2015	475.00	1000.00	475.00	1000.00	317.04	293.83	508.19	858.00
May 2015	475.00	1000.00	475.00	1000.00	366.18	898.73	456.39	918.39
June 2015	475.00	1000.00	475.00	1000.00	330.34	930.88	465.07	938.39
July 2015	475.00	1000.00	475.00	1000.00	66.99	931.03	304.26	938.38
August 2015	475.00	1000.00	475.00	1000.00	283.00	926.27	477.63	930.53
Sept 2015	525.00	1000.00	525.00	1000.00	334.50	975.53	501.28	989.53
October 2015	525.00	1000.00	525.00	1000.00	391.59	980.47	515.50	989.53
Nov 2015	525.00	1000.00	525.00	1000.00	245.06	981.53	532.40	989.53

FINANCIAL PERFORMANCE - FINANCIAL FLEXIBILITY
Capital Structure

Capital Structure Ratio

Particulars	March 31, 2013	March 31, 2014	March 31, 2015
Debt Equity Ratio	-	-	-
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	5.02	5.89	1.04
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	5.02	5.89	1.04
Adjusted Debt Equity Ratio	-	-	-
Adjusted Overall Gearing	5.02	5.89	1.04
Average Cost of Borrowings	10.21	9.99	20.17
Total Outside Liabilities to Networth	5.02	5.89	1.04*

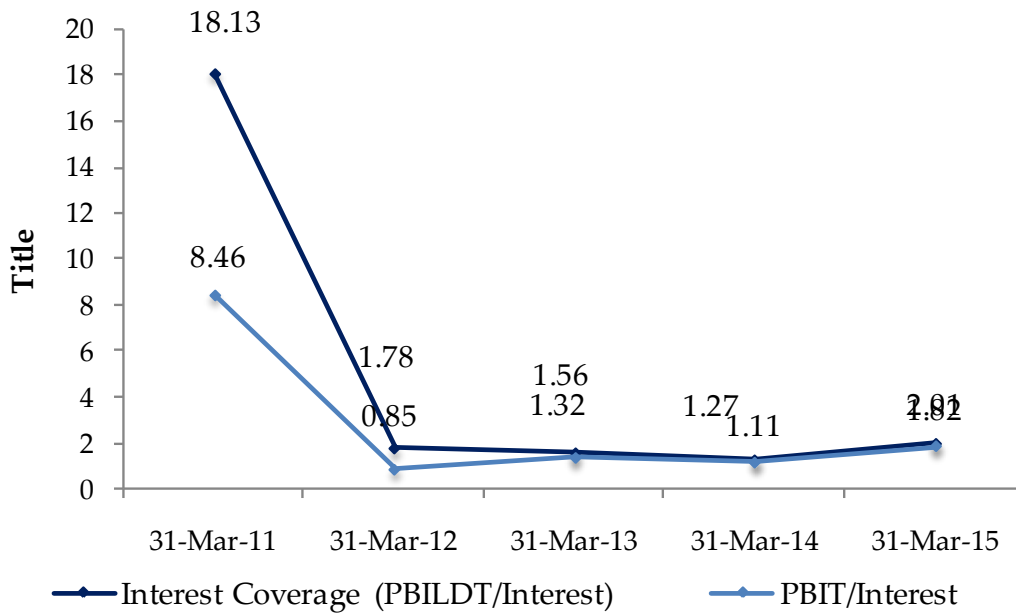
* Adjusted for negative balance of trade payables which is transferred to loans and advances in assets schedule

Comments:

As on March 31, 2015, there is no long term debt associated with the company. The overall capital structure of the company has remained comfortable mainly on account of lower reliance on external borrowings (primarily long term) and accretion of profits to reserves as the overall gearing has substantially improved from 5.89 times in FY14 to 1.04 times in FY15. With comfortable gearing ratio and no dues from creditors, the total outside liabilities to net worth has also improved significantly in FY15.

FINANCIAL PERFORMANCE - DEBT PROTECTION INDICATORS

Debt Coverage



Comments:

Being a working capital intensive nature of operations, the debt coverage indicators of WFPML remained moderate marked by total debt to GCA of 2.20 times as on March 31, 2015 (as against 48.51 times during FY14), and interest coverage of 2.01 times during FY15 (compared with 1.27 times during FY14).

RECENT FINANCIALS

Particular	H1FY16* (Rs. Lakh)
Total Income	4916.10
PBILDT	151.96
Interest and finance charges	57.75
Depreciation	8.39
PAT	67.12
GCA	94.21
Total Debt	1537.3
Net worth	575.33
PBILDT Margin (%)	3.09
PAT Margin (%)	1.37
Interest Coverage (times)	2.63
Overall gearing (times)	2.67
Total debt/GCA (years)	16.32

*Provisional numbers (as per DRHP)

BANKERS & AUDITORS DUE DILIGENCE

Stake holder		Feedback
Bankers & Lenders- Kotak Bank	Mr. Sandip Chatterjee	Satisfactory
	Associate Vice President, Gujarat Region	
	079-66105885, 9825304545	
	December 9, 2015	
HDFC Bank Limited*	NA	NA
Auditor – Jaimin Deliwala & Co.	Mr. Jaimin Deliwala	Satisfactory
	Proprietor	
	079-26406025	
	December 9, 2015	

*WFPML has received NOC for the IPO dated October 16, 2015 from HDFC bank, however the company has yet to receive the consent to act as a banker to company from HDFC bank.

Key Findings

Key Findings	Company Comment	CARE Comment
High reliance on promoters in key decision making.	As per the management, WFPML employs considerable number of qualified professionals for overlooking operations. The total number of employees with the company at registered office stood at 35 which houses qualified professionals such as MBA's, CFA's and CA's having significant experience in financial market	<i>Though the WFPML has qualified personnel to manage operations but the key decisions are taken by promoters only. Going forward, the ability of the company to separate management and ownership function remains to be seen.</i>
High reliance on WC bank borrowings	The company purchases governments bond and securities through primary and secondary markets and later on sales to retail and HNI clients, which requires huge working capital requirement.	<i>CARE understands that in order to cater the market demand of government bonds and securities, it has to keep the sufficient number of securities with them. However, the ability of the company to manage the working capital cycle efficiently and minimize the use of working capital limits would be critical.</i>
Operational linkages with group company	All 5 the group companies of WFPML are engaged in similar line of business as WFPML, further, the promoters and top management is common in most of the companies.	<i>There are operational synergies being derived by the common management and similar nature of business along with sale and purchase of securities with group entities.</i>
Performance dependent on Indian Capital Markets	The management acknowledges that the performance of entire financial services sector is depend on the macro factors such as growth of Indian economy, various factors at global level which influences the performance of capital market of country.	<i>The risk of macro factors can't be controlled by the company, however, the company is looking forward to diversified its business and expand its revenue drivers. During the period the company has introduced many other products to its portfolio.</i>

Credit Analysis & Research Ltd.

Head Office Mumbai

Mr. D.R. Dogra
Managing Director
E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi
Dy. Managing Director
E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi
Vice President - Bank Loan & Instrument Rating
Services
Mobile: +91-9819009839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Vice President - Bank Loan & Financial
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

JAIPUR

Mr. Harsh Raj Sankhla
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 - 94139 69100
Tel: +91-141-402 0213 / 14
E-mail: harshraj.sankhla@careratings.com

BENGALURU

Mr. Dinesh Sharma
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@careratings.com

KOLKATA

Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

CHANDIGARH

Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

NEW DELHI

Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

CHENNAI

Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

PUNE

Mr. Rahul Patni
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail: rahul.patni@careratings.com

HYDERABAD

Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

CIN: L67190MH1993PLC071691