

Company Registration No. 200715892R

IIFL (Asia) Pte. Ltd.

Directors' statement and Financial Statements

Year ended 31 March 2019

## General information

### Directors

Prabodh Kumar Agrawal  
Arun Vijay Chopra (Appointed on 4 March 2019)  
Amit Nitin Shah (Resigned on 4 March 2019)

### Company Secretary

Tan Wee Sin (Appointed on 25 January 2019)  
Lai Kuan Loong Victor (Appointed on 25 January 2019)

### Registered Office

6 Shenton Way  
#12-11/11A OUE Downtown 2  
Singapore 068809

### Auditor

Deloitte & Touche LLP, Singapore

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**IIFL (Asia) Pte. Ltd.**

**Directors' statement**

The directors are pleased to present their statement to the member together with the audited financial statements of IIFL (Asia) Pte. Ltd. (the "Company") for the financial year ended 31 March 2019.

**Opinion of the directors**

In the opinion of the directors,

(a) the accompanying statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**1. Directors**

The directors of the Company in office at the date of this statement are:

Prabodh Kumar Agrawal  
Arun Vijay Chopra

**2. Arrangements to enable directors to acquire benefits by means of the acquisition of shares or debentures**

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

**3. Directors' interests in shares or debentures**

The directors of the Company who held office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by Company under Section 164 of the Singapore Companies Act, Chapter 50, except as follows:

Name of directors and companies in which interests are held	Direct interest	
	At the beginning of financial year	At the end of financial year
<b>Ordinary shares of the ultimate holding company (IIFL Holdings Limited)</b>		
Prabodh Kumar Agrawal	2,731,019	2,731,019

IIFL (Asia) Pte. Ltd.

Directors' statement (cont'd)

**3. Directors' interests in shares or debentures (con'td)**

	Direct interest	
	At the beginning of financial year or date of appointment, if later	At the end of financial year
<b>Ordinary shares of a related company (IIFL Wealth Management Limited)</b>		
Amit Nitin Shah (Resigned on 4 March 2019)	2,718,421	1,568,421
Arun Vijay Chopra (Appointed on 4 March 2019)	28,198	35,198
<b>Options to subscribe for ordinary shares of the ultimate holding company (IIFL Holdings Limited)</b>		
Prabodh Kumar Agrawal	350,000	350,000
<b>Options to subscribe for ordinary shares of a related company (IIFL Wealth Management Limited)</b>		
Arun Vijay Chopra (Appointed on 4 March 2019)	32,812	25,812

By virtue of Section 7 of the Singapore Companies Act, the above directors with shareholdings are deemed to have an interest in the Company and in all the related corporations of the Company.

**4. Share options**

During the financial year, there was:

- (a) no option granted by the Company to any person to take up unissued shares of the Company;
- (b) no share issued by virtue of the exercise of options to take up unissued shares of the Company; and
- (c) At the end of the financial year, there was no unissued share of the Company under option.

**5. Auditor**

The auditors, Deloitte & Touche LLP, Singapore have expressed their willingness to accept re-appointment as auditor.

Prabodh Agrawal  
Director

Arun Chopra  
Director

Singapore

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF**

### **IIFL (Asia) PTE. LTD.**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of IIFL (Asia) Pte. Ltd. (the "Company") which comprise the statement of financial position of the Company as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 26.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 Accounting and Corporate Regulatory Authority ("ACRA") Code of *Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other Matters**

The financial statements of the Company for the year ended 31 March 2018 were audited by other firm of auditors who expressed an unmodified opinion on those financial statements in their report dated 27 April 2018.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF**

**IIFL (Asia) PTE. LTD.**

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

### **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 SSAs 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 SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

**IIFL (Asia) PTE. LTD.**

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's 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.
- (e) 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.

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

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

*Deloitte Touche W*

Public Accountants and  
Chartered Accountants  
Singapore

30 August 2019

**IIFL (Asia) Pte. Ltd.**  
**Statement of Financial Position as at March 31, 2019**

	Note	As at Mar 31, 2019	As at Mar 31, 2018
		S\$	S\$
<b>ASSETS</b>			
<b>Current assets</b>			
a. Financial Assets			
i. Cash and cash equivalents	4	75,608	87,815
ii. Refundable deposits		340	340
b. Other receivables and prepayments	5	7,667	7,658
<b>Total current assets</b>		<b>83,615</b>	<b>95,813</b>
<b>Non-current assets</b>			
Financial Assets			
Investments in subsidiaries	6	6,330,000	6,330,000
<b>Total non-current assets</b>		<b>6,330,000</b>	<b>6,330,000</b>
<b>Total Assets</b>		<b>6,413,615</b>	<b>6,425,813</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Financial Liabilities			
Accrued expenses and other payables	7	17,989	12,435
<b>Total current liabilities</b>		<b>17,989</b>	<b>12,435</b>
<b>Equity</b>			
a. Equity share capital	8	14,000,000	14,000,000
b. Accumulated losses		(7,604,374)	(7,586,622)
<b>Total Equity</b>		<b>6,395,626</b>	<b>6,413,378</b>
<b>Total Equity and Liabilities</b>		<b>6,413,615</b>	<b>6,425,813</b>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



IIFL (Asia) Pte. Ltd.

Statement of profit or loss and other comprehensive income for the year ended March 31, 2019

	Note	2019	2018
		S\$	S\$
<b>Expenses</b>			
Net foreign exchange gain/(loss)		2,957	(6,240)
Other operating expenses	9	(20,709)	(18,344)
<b>Total expenses</b>		<b>(17,752)</b>	<b>(24,584)</b>
<b>Loss before income tax</b>		<b>(17,752)</b>	<b>(24,584)</b>
Income tax expense	10	-	-
<b>Loss for the year, representing total comprehensive loss for the year</b>		<b>(17,752)</b>	<b>(24,584)</b>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**IIFL (Asia) Pte. Ltd.**  
**Statement of changes in equity for the year ended March 31, 2019**

	Share Capital S\$	Accumulated losses S\$	Total Equity S\$
Balance at 1 April 2017	14,000,000	(7,562,038)	6,437,962
Loss for the year, representing total comprehensive loss for the year	-	(24,584)	(24,584)
Balance at 31 March 2018	14,000,000	(7,586,622)	6,413,378
Loss for the year, representing total comprehensive loss for the year	-	(17,752)	(17,752)
Balance at 31 March 2019	14,000,000	(7,604,374)	6,395,626

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**IIFL (Asia) Pte. Ltd.**  
**Cash flow statement for the year ended March 31, 2019**

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
<b>Cash flows from operating activities</b>		
Loss before income tax	(17,752)	(24,584)
<b>Operating cash flows before movements in working capital</b>		
(Increase)/decrease in other receivables and prepayments	(9)	886
Increase in accrued expenses and other payables	5,554	-
<b>Net cash flows used in operating activities</b>	(12,207)	(23,698)
<b>Net decrease in cash and cash equivalents for the year</b>	(12,207)	(23,698)
Cash and cash equivalents at beginning of year	87,815	111,513
<b>Cash and cash equivalents at end of year (Note 4)</b>	75,608	87,815

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**IIFL (Asia) Pte. Ltd.**  
**Notes to the financial statements for the year ended March 31, 2019**

**1 Corporate information**

IIFL (Aisa) Pte. Ltd. (the "Company") is a private limited company incorporated in the Republic of Singapore whose registered office is at 6 Shenton Way, #12-11/11A OUE Downtown 2, Singapore 068809. The Company was incorporated on 29 August, 2007.

The Company's immediate holding company, IIFL Wealth Management Limited (IIFLW), a public limited company incorporated in India, had acquired the entire share of the Company from IIFL Holdings Limited (formerly known as India Infoline Limited) on 30 December 2014. IIFLW is a subsidiary of IIFL Holdings Limited and accordingly, IIFL Holdings Limited continues to be the ultimate holding company.

The principal activity of the Company is investment holding.

The financial statements of the Company for the year ended March 31, 2019 were authorised for issue by the Board of Directors on August 30, 2019.

**2 Summary of significant accounting policies**

**2.1 Basis of accounting**

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs"). The financial statements are presented in Singapore dollars ("SGD" or "\$\$").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

**IIFL (Asia) Pte. Ltd.**  
**Notes to the financial statements for the year ended March 31, 2019**

**2 Summary of significant accounting policies (cont'd)**

Exemption from preparing consolidated financial statements:

No consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") have been prepared as the Company is a partially-owned subsidiary of the ultimate holding company.

The Company's ultimate holding company prepares consolidated financial statements which could be obtained at IIFL Centre, 9th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, West Mumbai, 400013, Maharashtra, India.

**2.2 Adoption of new and revised standards**

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after April 1, 2018. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets. Details of these new requirements as well as their impact on the financial statements are described below.

The Company applied FRS 109 with an initial application date of 1 April 2018. The Company has not restated the comparative information, which continues to be reported under FRS 39.

The significant accounting policies for financial instruments under FRS 109 is as disclosed below.

Classification and measurement of financial assets and financial liabilities

The Company has applied the requirements of FRS 109 to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The classification of financial assets is based on two criteria: the Company's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the Company's financial assets and financial liabilities.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Company were issued but not yet effective:

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
INT FRS 123: Uncertainty over Income tax treatments	April 1, 2019
Improvements to FRS 12 Income Taxes (March 2018)	April 1, 2019
Amendments to FRS 1 Presentation of Financial Statements and FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material	April 1, 2020

Management anticipates that the adoption of the above/other FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements in the period of their initial adoption.

IIFL (Asia) Pte. Ltd.

Notes to the financial statements for the year ended March 31, 2019

**2 Summary of significant accounting policies (cont'd)**

**2.3 Financial Instruments**

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**2.4 Investments in subsidiaries**

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

**2.5 Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of the non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**2 Summary of significant accounting policies (cont'd)**

**2.6 Financial assets (before April 1, 2018)**

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instruments. When financial assets are recognised initially, they are measured at fair value and in the case of financial assets not at fair value through profit or loss, plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classifications as follows.

**Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process. The company classifies the cash and cash equivalents and other receivables as loans and receivables.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

IIFL (Asia) Pte. Ltd.

Notes to the financial statements for the year ended March 31, 2019

**2 Summary of significant accounting policies (cont'd)**

**2.6 Financial assets (before April 1, 2018) (Cont'd)**

Impairment of financial assets (cont'd)

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, they include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present values of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written-off against the carrying value of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**2.7 Financial assets (from April 1, 2018)**

Classification of financial assets

Financial assets that meet both the following conditions are measured at amortised cost:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and cash equivalents, other receivables and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.



IIFL (Asia) Pte. Ltd.

Notes to the financial statements for the year ended March 31, 2019

**2 Summary of significant accounting policies (cont'd)**

**2.7 Financial assets (from April 1, 2018)**

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognized using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL area portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

IIFL (Asia) Pte. Ltd.  
Notes to the financial statements for the year ended March 31, 2019

**2 Summary of significant accounting policies (cont'd)**

**2.7 Financial assets (from April 1, 2018)**

Impairment of financial assets (cont'd)

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations; or
- significant changes in the expected performance and behavior of the borrower.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

IIFL (Asia) Pte. Ltd.

Notes to the financial statements for the year ended March 31, 2019

**2 Summary of significant accounting policies (cont'd)**

**2.7 Financial assets (from April 1, 2018) (cont'd)**

Definition of default

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

IIFL (Asia) Pte. Ltd.

Notes to the financial statements for the year ended March 31, 2019

**2 Summary of significant accounting policies (cont'd)**

**2.7 Financial assets (from April 1, 2018) (cont'd)**

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**2.8 Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Accrued expenses and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method except for short-term balances when the effect of discounting is immaterial.

Derecognition of financial liabilities

The Company derecognises financial liabilities when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit and loss.

Equity instruments

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted from share capital.

**2.9 Foreign Currency transactions**

Transactions in foreign currencies are measured in the functional currency are recorded on the initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**2.10 Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

IIFL (Asia) Pte. Ltd.

Notes to the financial statements for the year ended March 31, 2019

**2 Summary of significant accounting policies (cont'd)**

**2.11 Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**2.12 Taxes**

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the country where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

IIFL (Asia) Pte. Ltd.

Notes to the financial statements for the year ended March 31, 2019

**2 Summary of significant accounting policies (cont'd)**

**2.13 Related parties**

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); or
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**2.14 Share capital and share issue expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

IIFL (Asia) Pte. Ltd.

Notes to the financial statements for the year ended March 31, 2019

**3 Significant accounting judgements and estimates**

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(i) Critical judgements in applying the Company's accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be SGD. Major costs of providing services including major operating expenses are primarily influenced by fluctuations in SGD.

**(ii) Key sources of estimation uncertainty**

Management is of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

IIFL (Asia) Pte. Ltd.  
Notes to the financial statements for the year ended March 31, 2019

**4 Cash and cash equivalents**

	2019 S\$	2018 S\$
Cash at bank	75,608	87,815
	<b>75,608</b>	<b>87,815</b>

Cash and cash equivalents are denominated in the following currencies:

	2019 S\$	2018 S\$
Singapore dollars	2,361	7,269
United States dollars	73,247	80,546
	<b>75,608</b>	<b>87,815</b>

**5 Other receivables and prepayments**

	2019 S\$	2018 S\$
Prepaid expenses	467	530
Other receivables	7,200	7,128
<b>Total</b>	<b>7,667</b>	<b>7,658</b>

Other receivables are denominated in the following currencies:

	2019 S\$	2018 S\$
United States dollars	7,200	7,128
	<b>7,200</b>	<b>7,128</b>

**6 Investments in subsidiaries**

	2019 S\$	2018 S\$
Unquoted equity shares, at cost	6,330,000	6,330,000
	<b>6,330,000</b>	<b>6,330,000</b>

The details of the subsidiaries were as follows:

Name of Subsidiaries	Principal activities	Country of incorporation and place of business	Cost of investments		Effective equity interest	
			2019 S\$	2018 S\$	2019 %	2018 %
IIFL Securities Pte. Ltd. (i)	Investment advisory services	Republic of Singapore	1,030,000	1,030,000	100	100
IIFL Capital Pte. Ltd. (i)	Investment fund management and advisory services	Republic of Singapore	5,300,000	5,300,000	100	100

(i) Audited by Deloitte & Touche LLP, Singapore (Previous year: Audited by Ernst & Young LLP, Singapore)



**IIFL (Asia) Pte. Ltd.**  
**Notes to the financial statements for the year ended March 31, 2019**

	<b>2019</b>		<b>2018</b>	
<b>7</b>	<b>S\$</b>		<b>S\$</b>	
<b>Accrued expenses and other payables</b>				
Accrued expenses and other payables		17,989		12,435
<b>Total</b>		<u>17,989</u>		<u>12,435</u>
<b>8</b>	<b>2019</b>		<b>2018</b>	
<b>Share Capital</b>	<b>No. of shares</b>	<b>S\$</b>	<b>No. of shares</b>	<b>S\$</b>
<b>Issued and fully paid:</b>				
At the beginning and end of year	14,000,000	14,000,000	14,000,000	14,000,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

**IIFL (Asia) Pte. Ltd.**  
**Notes to the financial statements for the year ended March 31, 2019**

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
<b>9 Other operating expenses</b>		
Brokerage related Expenses	184	-
Bank Charges	60	52
Legal & Professional Fees	14,878	8,893
Miscellaneous Expenses	-	812
Remuneration to Auditors :		
Audit Fees	5,587	8,587
	<u>20,709</u>	<u>18,344</u>
<b>10 Income tax expense</b>		
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Current income tax	-	-
	<u>-</u>	<u>-</u>
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Loss before income tax	(17,752)	(24,584)
Tax at statutory tax rate of 17% ( 2018 :17%)	(3,018)	(4,179)
Adjustments :		
- Income not subject to tax	(503)	-
- Non-deductible expense	-	1,060
- Deferred tax assets not recognised	3,521	3,119
Income tax recognised in profit or loss	<u>-</u>	<u>-</u>

As at 31 March 2019, the Company has unutilised losses amounting to approximately S\$ 3,981,542 (2018: S\$3,960,338) available for offset against future taxable profits, subject to the agreement of tax authorities and compliance with certain provisions of the Income Tax Act. Deferred tax has not been recognised in line with the accounting policy stated in Note 2.12.

**IIFL (Asia) Pte. Ltd.**  
**Notes to the financial statements for the year ended March 31, 2019**

**11 Financial risk management objectives and policies**

**(a) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements**

The Company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements.

**(b) Financial risk management objectives and policies**

The Company's principal financial instruments comprise cash and cash equivalents for the Company's daily operations.

The Company does not hold or issue derivative financial instruments for speculative purposes. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

The financial risks arising from the Company's operations are credit risk, foreign currency risk and liquidity risk. The Board of directors review and agrees policies for managing each of these risks and they are summarised below:

**(c) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from cash at bank.

The Company does not have any significant credit exposure to any single counterparty or any company or counterparties having similar characteristics. Cash is placed with a reputable international bank.

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet. No financial asset of the Company is either past due or impaired.

**(d) Foreign currency risk**

Foreign currency risk is the risk that arises from the change in price of one currency against another because of changes in foreign currency exchange rates.

The Company is exposed to movements in the foreign currency exchange rates other than in its functional currency, the SGD. The Company reviews its exposure to foreign currency risk on a regular basis.

As at 31 March 2019, the Company's cash and cash equivalents and other current assets are exposed to approximately S\$ 80,447 (2018: S\$ 87,674) of United States dollars ("USD" or "US\$").

The following table demonstrates the sensitivity of the Company's equity to changes in the value of the trade and other current assets resulting from a reasonable possible change in USD against SGD, with all other variables held constant:

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
USD - strengthened by 5% (2018: 5%)	4,022	4,384
USD - weakened by 5% (2018: 5%)	<u>(4,022)</u>	<u>(4,384)</u>

IIFL (Asia) Pte. Ltd.

Notes to the financial statements for the year ended March 31, 2019

**11 Financial risk management objectives and policies (cont'd)**

**(e) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company's policy on liquidity risk management is to maintain sufficient cash and the availability of funding. The Company's financial assets and liabilities are short-term in nature which mitigates the risk of default on financial obligations.

***Maturity analysis of financial liabilities***

All Financial liabilities in 2018 and 2019 are repayable on demand or due within 1 year from the end of the reporting date.

**(d) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's exposure to the risk of changes in interest rates relates primarily to its cash and cash equivalents. The management considers that the impact of changes in interest rates on its cash and cash equivalents is minimal.

**(e) Fair Value of financial assets and financial liabilities**

Fair value of the Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis, but for which fair value disclosure is required.

The carrying amounts of cash and cash equivalents, refundable deposits and accrued expenses and other payables approximate their fair values due to the relatively short-term maturity of these financial instruments.

**12 Capital management policies and objectives**

The directors consider shareholders' equity as the Company's capital. The objective of the Company's capital management is to ensure that it continues to meet local regulatory total risk requirements and maintain satisfactory financial resources to support its business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders and monitor the liquid capital requirement by monthly review of financial resources to ensure that the capital is managed in an effective manner.