IIFL Asset Management (Mauritius) Limited

Financial statements

For the year ended 31 March 2020

IIFL Asset Management (Mauritius) Limited

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Corporate data

			Date of appointment	Date of resignation
Directors	:	Rohit Kumar	15 January 2019	-
		Maharoof Parokkot	15 January 2019	-

Administrator and company secretary : Trident Trust Company (Mauritius) Limited
5th Floor, Barkly Wharf
Le Caudan Waterfront
Port Louis
Republic of Mauritius

Registered office : 5th Floor, Barkly Wharf
Le Caudan Waterfront
Port Louis
Republic of Mauritius

Bankers : Standard Chartered Bank (Mauritius) Limited
6th Floor, Standard Chartered Tower
19, Bank Street
Cybercity, Ebène 72201
Republic of Mauritius

Standard Chartered Bank, Singapore
Marina Bay Financial Centre
Tower 1, Level 14
8 Marina Boulevard
Singapore 018981

SBM Bank (Mauritius) Ltd
SBM Tower, 1
Queen Elizabeth II Avenue
Port Louis
Republic of Mauritius

Legal Advisor : CITILAW
The Fabrique
Sir Virgil Naz Street
Port Louis
Republic of Mauritius

Independent auditors : KPMG
KPMG Centre
31, Cybercity
Ebène
Republic of Mauritius

Commentary of directors
for the year ended 31 March 2020

The directors are pleased to present their commentary together with the audited financial statements of IIFL Asset Management (Mauritius) Limited (the "Company") for the year ended 31 March 2020.

Principal activity

The principal activity of the Company is to act as CIS Manager to provide Investment Advisory services and Distribution of Financial Products. The Company holds a CIS Manager license, an Investment Advisor license and Investment Distribution of Financial Products Licence. The Company is also registered with Securities Exchange Board of India (SEBI) as a Category I Foreign Portfolio Investors (FPI). The Company is also an AMFI Registered Mutual Fund Advisory (ARMFA) – Overseas Distributor to distribute Mutual Fund products in India to overseas investors.

Results and dividends

The results for the year are disclosed in the statement of profit or loss and other comprehensive income.

The directors have not distributed any dividend for the year ended 31 March 2020 (31 March 2019: USD 11,755,800) to the shareholders.

Directors

The present membership of the Board is set out on page 1.

Statement of directors' responsibilities in respect of financial statements

Mauritius Companies Act requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment on the going concern of the Company in light of current pandemic, Covid-19 and determined that the going concern basis is still appropriate and believe that the business will continue in the year ahead.

Auditors

The auditors, KPMG, have indicated their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting.

The directors have pleasure in submitting the Company's report on corporate governance.

This report describes the main corporate governance framework and compliance of the Company with the disclosures required under the Code of Corporate Governance for Mauritius ('The Code'). Reasons for non-compliance are provided in the Corporate Governance Report, where applicable.

The eight principles of the Code of Corporate Governance are mentioned below:

- Principle 1 : Governance Structure
- Principle 2 : The Structure of the Board and its Committees
- Principle 3 : Director Appointment Procedures
- Principle 4 : Director Duties, Remuneration and Performance
- Principle 5 : Risk Governance and Internal Control
- Principle 6 : Reporting with Integrity
- Principle 7 : Audit
- Principle 8 : Relations with Shareholders and Other Key Stakeholders

1. Governance Structure

IIFL Asset Management (Mauritius) Limited (the "Company") was incorporated in Mauritius as a company liability limited by shares and is governed by the provisions laid down in the Mauritius Companies Act. The Company holds a Global Business licence issued by the Mauritius Financial Services Commission ("FSC") and has been authorised by the FSC to operate as a CIS Manager to conduct investment management services. The Company also holds an Investment Advisor (Unrestricted) Licence and a Distribution of Financial Products licence both issued by the FSC.

During the financial year under review, the Company has been providing the above-mentioned services to various companies/funds.

The Company is managed by a team of 2 executives who are based in Mauritius.

During the year ended 31 March 2020, the Board has assessed the requirements and provisions as specified in the National Code of Corporate Governance for Mauritius (2016) (the "Code") and will continue to take the necessary steps to ensure adherence thereto.

Role of the Board

The Board provides effective leadership and strategic guidance towards the achievement of the Company's strategy within a framework of robust risk management and sound internal controls alongside ensuring adherence of the Company to relevant legislations and policies.

Key responsibilities of the Board

The Board continuously monitors and adapts practices to reflect developments in corporate governance principles to ensure smooth business operations and optimal stakeholder engagement.

1. Governance Structure (continued)

Chairman

At each meeting, a chairman is appointed. The key role and responsibilities are as follows:

- Provides overall leadership to the Board;
- Ensures that the Board is effective in its duties of setting out and implementing the Company's strategy;
- Presides and conducts meetings effectively;
- Ensures that directors receive accurate, timely and clear information; and
- Maintains sound relations with shareholders.

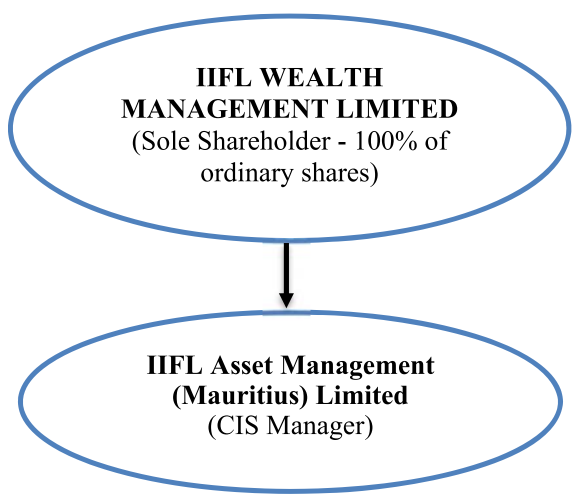
Professional development

The Board reviews the professional development needs of directors during the Board evaluation process and directors are encouraged to develop their skills and expertise continuously. They also receive regular updates on the latest trends and legislative acts affecting the business from management and/or other industry experts.

The Board undertakes regular internal review of the performance as well as effectiveness of the Board. However, as at 31 March 2020, no independent evaluator was appointed to evaluate the performance of the Board considering the size and nature of complexity/sophistication of the Company.

Shareholding structure of the Company

The Company is part of the IIFL group and the holding structure through which control of the Company is exercised is shown below.



IIFL Wealth Management Limited is the holding company which is incorporated in India and during the year ended 31 March 2020, it was listed on the stock exchange of India

During the year ended 31 March 2020, there was neither any corporate transaction nor any change in the corporate structure of the Company.

1. Governance structure (continued)

Board charter

The Board is of the view that the responsibilities of the directors should not be confined in a board charter and has consequently resolved not to adopt a board charter. The Constitution of the Company was adopted at incorporation and is in line with the Mauritius Companies Act. The Constitution sets out rules and regulations which needs to abide along with other local laws and regulations applicable to the Company.

The directors of the Company observe and foster high ethical standards and a strong ethical culture in the Company. Each director is deemed to allocate enough time to discharge their duties effectively.

Board meetings

The Board meets as and when required to discuss significant matters so as to ensure that the directors maintain overall control and supervision of the Company's affairs. The Company Secretary for its part ensures that proper notice of meeting along with the agenda and any other board materials to guide the Board on the various resolutions are circulated to all the directors well before the scheduled time of the meeting.

For the year ended 31 March 2020, ten board meetings were held. The below table refers to the Board meeting attendance during the year.

Date of meeting	Mr. Maharoof Parokkot	Mr. Rohit Kumar
02 May 2019	✓	✓
10 May 2019	✓	✓
14 May 2019	✓	✓
22 May 2019	✓	✓
04 June 2019	✓	✓
11 July 2019	✓	✓
15 July 2019	✓	✓
16 July 2019	✓	✓
28 August 2019	✓	✓
30 August 2019	✓	✓
26 September 2019	✓	✓
23 October 2019	✓	✓
24 October 2019	✓	✓
06 November 2019	✓	✓
14 November 2019	✓	✓
28 November 2019	✓	✓
07 February 2020	✓	✓
14 February 2020	✓	✓

2. <u>The Structure of the Board and its Committees</u>

The Company is led by its Board, which has the ultimate responsibility for the overall stewardship and oversight of the organisation. The Board of directors is the Company's supreme governing body and has full power over the affairs of the Company. The Board of directors ensures that the Company operates in accordance with the Company's Constitution, Investment Management Agreements and other agreements in place.

The Company has a unitary board and consist of the below two mentioned directors:

Name of directors	Residency	Type	Gender
Mr. Maharoof Parokkot	Resident	Executive director	Male
Mr. Rohit Kumar	Resident	Executive director	Male

The Company has two executive directors who manage the affairs of the Company. Further, this is strengthened by the presence of Independent intermediaries like advisors, administrator as additional safeguards in meeting this principle. In this respect, the Company believes that it is not required to appoint independent directors at this stage. However, the Company will review its position, should there be the need of independent directors. The Board currently consists of male directors only and the presence of female representation on the Board of directors may be considered at a later stage.

Board committees

As the focal point of the corporate governance system, the Board is ultimately responsible and accountable for the performance and affairs of the organisation. Committees are mechanism for assisting the Board and its directors in discharging their duties through a more comprehensive evaluation of specific issues followed by well-considered recommendations to the Board.

Due to the size and nature of the Company, there was no sub-committee Audit Committee, Corporate Governance Committee, Board Risk Committee, Remuneration Committee and Nomination Committee) appointed during the year under review.

Directors' profile

Mr. Maharoof Parokkot

Maharoof Parokot has more than 14 years' of experience in Indian equity market. Prior to joining the Company as Associate Vice President, Maharoof was working with an Investment Management company in Mauritius as Associate Vice President. His first assignment was with ICICI where he was a team leader for ICICI web trade. Thereafter he joined India Infoline Ltd, Cochin as Area sales manager and moved on IIFL, Dubai as a Relationship Manager. Currently he is Senior Vice President Operations at IIFL Mauritius.

Mr. Rohit Kumar

Rohit Kumar has over twelve years' experience in equity markets and fund accounting. Rohit has a Master in Business Administration from ICFAI Business School, Hyderabad. Prior to the current role, Rohit was associated with various fund houses serving in Investment Management and fund administration functions in Mauritius, catering to the needs of global investment space.

3. Director Appointment Procedures

Induction process

The induction of new members, including new members of the Investment Committee, consists first of sharing all the constitutive documents of the Company and of the Funds under management, a presentation of the Investment Policy and Strategy, a full presentation of the governance structure of the Company and the Funds under management, and a detailed presentation of the portfolio companies of the Fund under management with focus on the main issues of the investee companies including Environmental and Social aspects. Finally, new members are required to disclose any conflict of interest.

The directors are aware that the Code recommends that each director should be elected (or re-elected as the case may be) every year at the Annual Meeting of shareholders. However, at each Annual Meeting of the Company, the directors are reconfirmed to office provided they are willing to continue in office.

None of the directors is over the age of 70 years and as such, no re-election is required in accordance with section 138(6) of the Mauritius Companies Act.

Company secretary

In accordance with the terms of the management agreement with Trident Trust Company (Mauritius) Limited, the latter provides corporate secretarial/administration services to the Company.

All directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring proper administration of board proceedings. The Company Secretary also provides guidance to the directors on matters of company law and with regards to their responsibilities in the statutory environment in which the Company operates.

4. Director Duties, Renumeration and Performance

Directors' duties

The directors of the Company observe and foster high ethical standards and a strong ethical culture in the Company. Each director is deemed to allocate enough time to discharge their duties effectively.

The directors are aware of their legal duties under the Mauritius Companies Act and the Constitution of the Company. Once appointed on the Board, the directors receive a copy of the Constitutive documents of the Company.

During the discharge of their duties, the directors are entitled to seek independent professional advice at the Company's expense and have access to the records of the Company.

4. Director Duties, Renumeration and Performance (continued)

Directors' Interests, conflicts of interest and related party transactions policy

As at 31 March 2020, the directors hold shares indirectly in the Company.

The Directors are aware that they have a duty to inform the Company as soon as they become aware that they are interested in a transaction. The Company Secretary keeps a register of interests and ensures that the latter is updated regularly. The register is also available to the shareholders of the Company upon request of the Company Secretary.

All related party transactions are done on an arms' length basis and are also disclosed in the notes of the financial statements of the Company.

Directors' remuneration

The current directors are also full-time officers of the Company and they receive a monthly remuneration as per their employment contracts which are approved at different layers before payment is done.

Performance evaluation

The Code encourages the Board to undertake a formal, regular and rigorous evaluation of its own performance and individual directors, and produce a development plan on an annual basis.

The Board and the Company Secretary will plan an evaluation of the performance of the Board, individual directors, its policies and procedures.

Information, information technology and information security governance

With the protection of the confidentiality, integrity and availability of information being critical to the smooth running of our activities, the Company seeks to foster a robust framework that upholds the security and performance of information and IT systems in adherence to regulatory and industry norms. The holding company, IIFL Wealth Management Limited has a website and is available on Google Play and App Store.

5. Risk Management and Internal Control

The Board is responsible for the system of internal control and risk management of the Company. The Board is committed to continuously maintain adequate internal control procedures with a view to safeguard the assets of the Company. Areas with high residual risks are continuously assessed and reviewed. The Board is also responsible for:

- Ensuring that structures and processes are in place to effectively manage risks;
- Identifying the principal risks and uncertainties that could potentially affect the Company;
- Ensuring that management has developed and implemented the relevant framework;
- Ensuring that systems and processes are in place for implementing, maintaining and monitoring internal controls;
- Identifying any deficiencies in the internal control system; and
- Ensuring that whistle-blowing rules and procedures are in place.

5. Risk Management and Internal Control (continued)

The Board has adopted an Internal Control Procedure manual at incorporation and ensures that the internal procedures and processes are adhered to. The Board regularly reviews and assesses the Internal Control Procedure manual of the Company. The Board is open to make amendments to the manual, as and when necessary, in view to make improvements in the internal procedures and processes.

The day to day activities are undertaken by the Company Secretary - Trident Trust Company (Mauritius) Limited, which needs to ensure that the necessary structures, processes and methods for identifying and monitoring any risks are in place. Hence, the Company relies on the internal controls of Trident Trust Company (Mauritius) Limited which is subject to an Internal control review and reporting by external auditors. Trident Trust Company (Mauritius) Limited holds an ISAE 3402 Type II audit for the year ended 31 March 2019.

Indemnities and Insurance

A combined Directors' and officers' liability Insurance, Professional Indemnity and Crime Insurance policy has been subscribed to by the Company. The policy for the period from 1 June 2019 to 31 May 2020 provides cover for the risks arising out of the acts or omissions of the Directors and Officers of the Company. The cover does not provide insurance against fraudulent, malicious or willful acts or omissions.

6. Reporting with integrity

The directors are responsible for preparing an annual report and financial statements in accordance with applicable laws and regulations. Mauritius Companies Act requires the directors to prepare financial statements for each financial year in accordance with International Financial Reporting Standards ("IFRS").

The directors are responsible for keeping adequate accounting records, explaining the Company's transactions and disclosing with reasonable accuracy and at any time, the financial position of the Company. The directors have the duty to safeguard the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors have made an assessment and confirms that the Company's financial statements have been prepared on a going concern basis. A set of the financial statements have been tabled for review and approval by the Board of directors, before filling with the Financial Services Commission ("FSC") on an annual basis. Quarterly management accounts are filled with the FSC within 45 days after quarter end.

Environmental impact

Due to the nature of the Company's activities, the Company has no adverse impact on environment, no impact on Health & Safety issues.

7. Audit

With a view to ensuring the overall adequacy of the Company's internal control framework, the Board evaluates the independence and effectiveness of the external auditor on an ongoing basis before making a recommendation on their appointment, retention and removal.

The external auditors are appointed to hold office till the next Annual meeting and there is an automatic re-appointment of the auditors at each Annual Meeting unless the Shareholder or the auditor decides otherwise.

7. Audit (continued)

The Board also discusses and reviews, with the external auditor, the engagement letter, audit plan, terms, nature and scope of the audit function, procedure and engagement and audit fee. The Board meets with the external auditors as and when required to discuss any audit related matters.

For the year ended 31 March 2020, KPMG Mauritius was appointed as auditors of the Company and the audit remuneration amounts to USD 10,000 excluding re-imbursement and any out of pocket expenses.

Due to the size of the Company, nature of its business activities and the fact that the daily administration is being handled by Trident Trust Company (Mauritius) Limited, the Board is of the view that no internal auditor is required at this stage. Should the Board believe that such a function is required, they will appoint an internal auditor.

The Board monitors and evaluates the services of the Administrator from time to time and the Board regularly reviews processes and procedures to ensure the effectiveness of the Company's internal control.

8. Relations with shareholders and other key stakeholders

Responsiveness to shareholder and stakeholder concerns

The Board of directors places great importance on open and transparent communication with its shareholders. The Board stays apprised of shareholder's and stakeholders' opinion in whatever ways are most practical and efficient. The Board keeps the shareholder informed on any material events that may affect the organization.

The Board provides twenty one days' notice of the annual meeting and other shareholder meetings. Appropriate papers of the annual meeting and other shareholder meetings are also provided.

Other disclosures

Co-operation with regulatory authorities

The Company adopts a policy of full compliance. Accordingly, the Company responds to any queries or clarifications from the regulatory authorities (Financial Services Commission, Mauritius Revenue Authority and Registrar of Companies). The Company Secretary ensures that the Company is compliant with the Mauritius Companies Act, the conditions of its Global Business License and the tax undertakings.

Dividend policy

The Company do not have any formal dividend policy.

Payment of dividends is subject to the profitability of the Company, cash flow, working capital and capital expenditure requirements.

For the year under review, no dividend was paid by the Company.

Directors' Statement of Compliance to Code of Corporate Governance
for the year ended 31 March 2020

Name of Entity: IIFL Asset Management (Mauritius) Limited

Reporting period: For the year ended 31 March 2020.

We, the directors of the Company, confirm that to the best of our knowledge that the Company has complied with the principles set out in the National Code of Corporate Governance for Mauritius (2016).

Rohit Kumar
Director

Maharoof Parokkot
Director

IIFL Asset Management (Mauritius) Limited

Certificate from company secretary
Under Section 166 (d) of the Mauritius Companies Act

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **IIFL Asset Management (Mauritius) Limited** under Section 166(d) of the Mauritius Companies Act during the year ended 31 March 2020.

....

for and on behalf of
Trident Trust Company (Mauritius) Limited
Company secretary

Registered Office:

5th Floor
Barkly Wharf
Le Caudan Waterfront
Port Louis
Republic of Mauritius

Date: 08 June 2020

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BRN No. F07000189
Website www.kpmg.mu

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF IIFL ASSET MANAGEMENT (MAURITIUS) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IIFL Asset Management (Mauritius) Limited (the Company), which comprise the statement of financial position as at 31 March 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 50.

In our opinion, these financial statements give a true and fair view of the financial position of IIFL Asset Management (Mauritius) Limited as at 31 March 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act.

Basis for opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Corporate data, Commentary of directors, Corporate governance report, Directors' statement of compliance to code of corporate governance and Certificate from the company secretary. The other information does not include the financial statements and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF IIFL ASSET MANAGEMENT (MAURITIUS) LIMITED

Report on the audit of financial statements (continued)

Other Information (continued)

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF IIFL ASSET MANAGEMENT (MAURITIUS) LIMITED

Report on the audit of financial statements (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF IIFL ASSET MANAGEMENT (MAURITIUS) LIMITED

Report on the audit of financial statements

Other matter

This report is made solely to the Company's member, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's member, those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Mauritius Companies Act

We have no relationship with or interests in the Company other than in our capacities as auditors and tax advisors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Services Act Circular letter CL280218

Our responsibility under the Financial Services Act Circular letter CL280218 is to report on the compliance with the Code of Corporate Governance disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Company has complied with the requirements of the Code.

KPMG

KPMG
Ebène, Mauritius

Mervyn Lam Hung
Licensed by FRC

Date: **08 June 2020**

Statement of financial position
As at 31 March 2020

	Note	2020 USD	2019 USD
Assets			
Non-current assets			
Capital work-in-progress	14	-	36,818
Equipment	13	2,980	5,692
Right-to-use assets	18	3,792	-
Total non-current assets		6,772	42,510
Current assets			
Financial assets at fair value through profit or loss	15	1,133,021	1,188,675
Trade receivables	8	624,076	4,008,629
Prepayment and other receivables	9	19,271	46,188
Cash and cash equivalents	7	4,482,363	4,715,290
Total current assets		6,258,731	9,958,782
Total assets		6,265,503	10,001,292
Equity and liabilities			
Equity			
Stated capital	22	69,975	69,975
Retained earnings		2,734,542	9,101,075
Total equity		2,804,517	9,171,050
Liabilities			
Current liabilities			
Trade and other payables	21	3,460,986	680,315
Tax liability	10	-	149,927
Total current liabilities		3,460,986	830,242
Total equity and liabilities		6,265,503	10,001,292

Approved and authorised for issue by the Board of Directors on 08 June 2020 and signed on its behalf by:

....
Maharoof Parokkot
Director

Rohit Kumar
....
Rohit Kumar
Director

The notes on pages 21 to 50 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2020

	Note	2020	2019
		USD	USD
Revenue			
Income from operations	16	**1,594,807**	12,864,200
Net gain on financial assets at fair value through profit or loss	15	**180,606**	243,987
Total revenue		**1,775,413**	13,108,187
Operating expenses			
Salaries and allowances		**255,347**	313,047
Referral, marketing expenses and distribution fees	17	**238,556**	4,824,191
Professional expenses		**7,283**	30,840
Incentive fee		**15,588**	45,937
Advisory fees		**-**	(71,606)
Rent expenses		**1,730**	14,367
Audit fees		**13,345**	10,975
Finance costs		**28,422**	-
Fund running expenses		**500,681**	964,987
Depreciation on: Equipment	13	**2,712**	3,899
Right-to-use assets	18	**11,423**	-
Business support expenses	19	**5,900,000**	-
Capital work-in-progress written off	14	**81,818**	-
Impairment loss	8	**101,044**	-
Other operating expenses		**983,765**	1,720,779
Total operating expenses		**8,141,714**	7,857,416
(Loss)/profit before taxation		**(6,366,301)**	5,250,771
Taxation	10	**(232)**	(149,927)
(Loss)/profit for the year		**(6,366,533)**	5,100,844
Total comprehensive income attributable to:			
Owner of the Company		**(6,366,533)**	5,100,844

The notes on pages 21 to 50 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 March 2020

	Stated capital USD	Retained earnings USD	Total USD
Balance as at 1 April 2018	69,975	15,756,031	15,826,006
Total comprehensive income and profit for the year	-	5,100,844	5,100,844
Transactions with owners of the Company			
Dividend distribution	-	(11,755,800)	(11,755,800)
Balance as at 31 March 2019	69,975	9,101,075	9,171,050
Balance as at 1 April 2019	**69,975**	**9,101,075**	**9,171,050**
Total comprehensive income and loss for the year	**-**	**(6,366,533)**	**(6,366,533)**
Balance as at 31 March 2020	**69,975**	**2,734,542**	**2,804,517**

The notes on pages 21 to 50 form an integral part of these financial statements.

IIFL Asset Management (Mauritius) Limited

Statement of cash flows
for the year ended 31 March 2020

	Notes	2020	2019
		USD	USD
Cash flows from operating activities			
(Loss)/profit before taxation		**(6,366,301)**	5,250,771
Adjustments for:			
Depreciation (equipment and right-to-use assets)	13,18	**14,135**	3,899
Impairment loss	8	**101,044**	-
Net gain on financial assets at fair value through profit or loss		**(180,606)**	(243,987)
Interest income		**(23,802)**	-
Finance costs		**28,422**	-
Capital work-in-progress written off	14	**81,818**	-
Changes in:			
Trade receivables		**3,283,509**	(1,642,805)
Prepayments and other receivables		**41,641**	(7,244)
Other payables		**2,773,952**	(945)
		(246,188)	3,359,689
Taxation paid		**(150,159)**	(49,649)
Net cash (used in)/generated from operating activities		**(396,347)**	3,310,040
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss	15	**(519,788)**	-
Disposal of financial assets at fair value through profit or loss	15	**626,756**	10,279,114
Net proceeds from return of capital	15	**114,568**	-
Advance paid towards capital work-in-progress	14	**(45,000)**	(36,818)
Acquisition of equipment		**-**	(4,812)
Interest income received		**23,802**	-
Net cash generated from investing activities		**200,338**	10,237,484
Cash flows from financing activities			
Loan received		**2,900,000**	-
Loan repaid		**(2,900,000)**	-
Interest expenses paid		**(28,422)**	-
Lease payments	18	**(8,496)**	-
Dividend distribution		**-**	(11,755,800)
Net cash used in financing activities		**(36,918)**	(11,755,800)
Net change in cash and cash equivalents		**(232,927)**	1,791,724
Cash and cash equivalents at beginning of the year		**4,715,290**	2,923,566
Cash and cash equivalents as at end of the year	7	**4,482,363**	4,715,290

The notes on pages 21 to 50 form an integral part of these financial statements.

1. General

IIFL Asset Management (Mauritius) Ltd (the "Company") was incorporated as a private company limited by shares in the Republic of Mauritius on 15 December 2010 under the name of IIFL Private Wealth (Mauritius) Ltd and was granted a Category 1 Global Business Licence on 16 December 2010. The Company changed name on 16 September 2016. The Company's registered office is 5th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Republic of Mauritius.

The Company is a holder of a Category 1 Global Business License under the Mauritius Companies Act and the Financial Services Act 2007. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies, the Company has chosen to retain the United States dollar ("USD") as its reporting currency.

The Company holds a CIS Manager license, an Investment Advisor license and Investment Distribution of Financial Products Licence. The Company is also registered with Securities Exchange Board of India (SEBI) as a Category I Foreign Portfolio Investors (FPI). The Company is also an AMFI Registered Mutual Fund Advisory (ARMFA) – Overseas Distributor to distribute Mutual Fund products in India to overseas investors.

The principal activity of the Company is to act as a CIS Manager and to provide Investment Management and Advisory services to the Funds. However, the Company has ceased its activity as a CIS Manager to the Funds as from 19 July 2019. But the Company will continue to provide advisory and distribution services to its overseas funds. The Company also envisage for new opportunities.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in compliance with the Mauritius Companies Act and in accordance with International Financial Reporting Standards ("IFRS") and the interpretations adopted by the International Accounting Standards Board ("IASB"). The financial statements were authorised for issue by the Board of directors on date stamped on page 17.

(b) Basis of measurement

The financial statements have been prepared on the going concern principle using the historical cost basis, except for financial assets at fair value measured at fair value through profit or loss under IFRS 9.

3. Functional and presentation currency

Functional currency is the currency of primary economic environment in which the Company operates. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect to the underlying transactions, event and conditions. Management has determined that the denominated functional currency of the Company is USD. The majority of Company's transactions are denominated in USD.

The financial statements are thus prepared in USD which is the functional currency of the Company. Transaction and balance in other currencies are translated into reporting currency for presentation in these financial statements.

4. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is the determination of functional currency (refer to note 3).

B. Assumptions and estimates uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities for the year ended 31 March 2020 is included in the Note 6 and relates to the determination of fair value of financial instruments as well as determination of the Expected Credit Loss (ECL).

5. Financial instruments and risk management

(a) Exposure

The Company has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Risk management structure

The Company maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Company's Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the activities of the Investment Manager and is ultimately responsible for the overall risk management approach within the Company.

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from financial assets at fair value through profit or loss, cash and cash equivalents, trade receivables and other receivables.

5. Financial risk review and risk management (continued)

(c) Credit risk (continued)

(i) Management of credit risk

The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit risk standards set out in the Company's prospectus. Credit risk is monitored on an ongoing basis by the Investment Manager in accordance with policies and procedures in place and is reported to the Board of Directors.

The Company manages its exposure to credit risk by dealing with counterparties that has a good credit rating and group companies. Management does not expect related parties to fail to meet its obligations. The credit risk is monitored on an ongoing basis in accordance with policies and procedures in place and is reported to the Board of Directors.

The cash and cash equivalents are held with Standard Chartered (Mauritius) Limited, Standard Chartered (Singapore) Limited and SBM Bank (Mauritius) Ltd. Standard Chartered (Mauritius) Limited and Standard Chartered (Singapore) Limited, which are wholly owned subsidiaries of Standard Chartered Bank Plc, had a short term issuer credit rating of A-2 from Standard and Poor's Investor Services. SBM Bank (Mauritius) Ltd has a short term issuer credit rating of Not-Prime and a long term credit rating of Ba1 from Moody's Investor Services.

(ii) Exposure to credit risk

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	2019
	USD	USD
Trade receivables	**624,076**	4,008,629
Other receivables	**14,724**	46,188
Cash and cash equivalents	**4,482,363**	4,715,290
	5,121,163	8,770,107

Ageing of trade receivables that were impaired in 2020 but not impaired in 2019 are as follows:

	2020		2019	
	Gross carrying amount	**Expected credit losses**	Gross carrying amount	Expected credit losses
	USD	**USD**	USD	USD
1-90 days past due	**199,223**	**-**	905,209	-
91-180 days past due	**27,403**	**-**	2,358,999	-
More than 181 days past due	**498,494**	**101,044**	744,421	-
	725,120	**101,044**	4,008,629	-

5. Financial risk review and risk management (continued)

(c) Credit risk (continued)

Expected Credit Loss ("ECL") assessment

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. In calculating the loss allowance, a provision matrix has been used based on historical observed loss rated over the expected life of the receivables adjusted for forward-looking estimates.

Amounts arising from ECL

Impairment on cash and cash equivalents and other receivables has been measured on a 12-month expected losses basis and reflects the short maturities of the exposures. The expected credit losses on cash and cash equivalents and other receivables was not material for the year ended and hence not recognised. The following was however written off during the year given that the Company has assessed that there is uncertainty in recovering the balance.

	2020	2019
	USD	USD
Balance at 1 April	**4,008,629**	2,365,824
Movement during the year	**(3,283,509)**	1,642,805
ECL provision movement	**(101,044)**	-
Closing balance at 31 March	**624,076**	4,008,629

The Company monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published ratings, the Company supplements this by reviewing available press and regulatory information about counterparties.

12-months and lifetime probabilities of default are based on historical data and the liquid assets available as at reporting date.

	Life time ECL	
	Not credit-impaired 2020	Not credit-impaired 2019
	USD	USD
Balance at 1 April	**4,008,629**	2,365,824
Movement during the year	**(3,283,509)**	1,642,805
Closing balance at 31 March	**725,120**	4,008,629

An ECL of **USD 101,044** (2019: USD Nil) in respect of trade receivables was recognised. Cash and cash equivalents amounting to **USD 4,482,363** (31 March 2019: USD 4,715,290) have not been included in the ageing. The expected credit loss on cash and cash equivalents is immaterial due to its low credit risk.

5. Financial risk review and risk management (continued)

(c) Credit risk (continued)

(ii) Exposure to credit risk (continued)

The maximum exposure to credit risk for financial assets at the reporting date by geographic region is as follows:

	2020	2019
	USD	USD
Domestic	**4,371,541**	5,687,098
India	**409,156**	2,547,954
Bermuda	**164,956**	366,910
Singapore	**175,510**	168,145
	5,121,163	8,770,107

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk of the Company is monitored on a timely basis by the directors.

The Company maintains sufficient balance with banks to cater its day to day working capital needs. Besides, the Company also enjoys adequate financial support from its holding company.

The table above shows the undiscounted cash flows of the Company's financial liabilities on the basis of their earliest possible contractual maturity.

Non-derivative financial liabilities

	Contractual cash flows	**On call**	**Less than one year**
	USD	**USD**	
31 March 2020			
Trade and other payables	**3,460,986**	**3,363,939**	**97,047**
31 March 2019			
Other payables	680,315	556,129	124,186

(e) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the financial instruments. The Company's exposure to market risk is determined by a number of factors, including market volatility, interest rates and foreign currency exchange rates. The Company's strategy for market risk is driven by the Company's investment objective. The Company's market risk and the market positions are managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place.

5. Financial risk review and risk management (continued)

(e) Market risk

(i) Interest rate risk

<u>*Exposure to interest rate risk*</u>

The Company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Company's interest-bearing financial instruments, the Company's policy is to transact in financial instruments that mature or reprice in the short-term, i.e. no longer than 12 months. Accordingly, the Company would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

A change in interest rate will not have a significant impact on the financial statements.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests in securities that are denominated in currencies other than the USD. Accordingly, the value of the Company's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Company will necessarily be subject to foreign exchange risks.

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	31 March 2020		31 March 2019	
	USD	**USD**	USD	USD
United States Dollar (USD)	**5,839,099**	**3,448,391**	7,361,406	561,660
Indian Rupees (INR)	**409,156**	**-**	2,547,953	-
Singapore Dollar (SGD)	**-**	**-**	-	103,960
Mauritius Rupees (MUR)	**5,929**	**8,990**	3,235	4,796
Swiss Franc (CHF)	**-**	**3,605**	-	9,899
	6,254,184	**3,460,986**	9,912,594	680,315

Prepayments of **USD 4,547** (31 March 2019: USD 46,188), equipment of **USD 2,980** (31 March 2019: USD 5,692), right-to-use asset of **USD 3,792** (31 March 2019: Nil) and work in progress of **USD Nil** (31 March 2019: USD 36,818) have been excluded from the financial assets.

Sensitivity analysis

The following table indicates the approximate change in the changes in mutual fund in response to reasonable possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date. The Company is mainly exposed to the Indian rupee.

5. Financial risk review and risk management (continued)

(e) Market risk

(ii) Currency risk (continued)

Sensitivity analysis (continued)

The below increase and decrease in the USD against each relevant foreign currency is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	Percentage	**Effect on changes in equity**	
		2020	2019
		USD	USD
Increase in INR	**9%** (2019: 3%)	**(33,784)**	(74,212)
Decrease in INR	**9%** (2019: 3%)	**40,466**	78,803
Increase in SGD	**2%**	**-**	2,038
Decrease in SGD	**2%**	**-**	(2,122)

	Percentage	**Effect on changes in equity**	
		2020	2019
		USD	USD
Increase in MUR	**16%** (2019: 4%)	**422**	60
Decrease in MUR	**16%** (2019: 4%)	**(583)**	(65)
Increase in CHF	**4%**	**(150)**	381
Decrease in CHF	**4%**	**139**	(412)

(iii) *Price risk*

Price risk is the risk of unfavourable changes in fair values of mutual funds as a result of changes in the value of individual shares.

Management has determined that a fluctuation of 2% in the unobservable input is reasonably possible considering the economic environment in which the investee companies operate.

The sensitivity analysis below has been determined based on the exposure to fund price risks at the reporting date. The analysis is based on the assumption that the fair value had increased/decreased by 2% with all other variables held constant. If fund prices had been 2% higher/lower, the effect on net profit and equity for the year ended would have been as follows:

	Increase/ decrease in funds price	**Effect on profit before tax and equity**	
		2020	2019
		USD	USD
Change in share price	+2%	**22,660**	23,774
	-2%	**(22,660)**	(23,774)

5. Financial risk review and risk management (continued)

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its investment objective of generating returns to investors. The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors.

6. Fair values of financial instruments

(i) Valuation models

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for asset or liability.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes asset or liability valued using: quoted market prices in active markets for similar asset or liability; quoted prices for identical or similar asset or liability in markets that are considered less than active; or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs). This category includes all assets or liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the investment's valuation. This category includes asset or liability that are valued based on the quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the asset or liability.

The objective of valuation technique is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

(ii) Fair value hierarchy – Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

6. Fair values of financial instruments (continued)

(ii) Fair value hierarchy – Financial instruments measured at fair value (continued)

	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
31 March 2020				
Financial assets at fair value through profit or loss				
Fund investments, unlisted	**-**	**-**	**1,133,021**	**1,133,021**

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
31 March 2019				
Financial assets at fair value through profit or loss				
Fund investments, unlisted	-	-	1,188,675	1,188,675

The Company has invested in funds which are not quoted in an active market. Investments in those funds are valued based on the Net Asset Value (“NAV”) per share published by the Administrator of those funds.

(iii) Financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value and hence no fair value hierarchy disclosure has been made in the financial statements.

7. Cash and cash equivalents

Cash and cash equivalents represents the current account balances maintained with Standard Chartered (Mauritius) Limited, Standard Chartered (Singapore) Limited and SBM Bank (Mauritius) Ltd amounting to **USD 4,482,363** (31 March 2019: USD 4,715,290). An amount of 20,000 Mauritian Rupees has been given as guarantee on the State Bank of Mauritius Ltd account.

	2020	2019
	USD	USD
Standard Chartered (Mauritius) Limited	**4,315,648**	4,554,134
Standard Chartered (Singapore) Limited	**160,786**	157,921
SBM Bank (Mauritius) Ltd	**5,833**	3,235
Cash in hand	**96**	-
	4,482,363	4,715,290

8. Trade receivables

	2020	2019
	USD	USD
Management fees receivable	**197,028**	497,041
Distribution fees receivable	**528,092**	3,287,017
Advisory fees receivable	**-**	224,571
	725,120	4,008,629
Impairment loss	**(101,044)**	-
	624,076	4,008,629

9. Prepayment and other receivables

	2020	2019
	USD	USD
Other prepaid expenses	**4,547**	46,188
Other receivables	**14,724**	-
	19,271	46,188

10. Taxation

The Company holds a Category 1 Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities.

In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of Shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of the income of the Company from tax in Mauritius, with the remaining 20% of the income to be subject to a 15% tax, resulting in effective tax rate on of 3%.

The Company is centrally managed and controlled from Mauritius and is hence tax resident in Mauritius. It holds a valid Tax Residence Certificate from the Mauritius Revenue Authority which is renewable on an annual basis subject to meeting certain conditions.

(a) Income tax

	2020	2019
Reconciliation of effective taxation:	**USD**	USD
(Loss)/profit before taxation	**(6,366,301)**	5,250,771
Income tax at 15%	**(954,945)**	787,616
Non allowable expenses on depreciation, bad debts, and other expenses	**17,710**	614
Non-taxable income on unrealised gain, foreign exchange and annual allowance	**(13,758)**	(38,597)
Exempt income on interest income (partial) and capital gains	**(16,551)**	-
Foreign tax credit	**-**	(599,706)
Tax adjustment from previous year	**232**	-
Deferred tax asset not recognised	**967,544**	-
Tax charged for the year	**232**	149,927

10. Taxation (continued)

(a) Income tax (continued)

	2020	2019
	USD	USD
Current tax liability		
Tax due at beginning of year	**149,927**	49,649
Tax charges	**-**	149,927
Tax adjustment from previous year	**232**	-
Tax payment	**(150,159)**	(49,649)
Tax due at end of year	**-**	149,927

(b) Total tax charge

	2020	2019
	USD	USD
Current tax expense:		
Taxation charge	**232**	149,927

The Company did not raise a deferred tax asset on the estimated tax losses of USD 6,450,291 due to uncertainty with regards to the Company's ability to generate future taxable income in the near future.

11. Contingent liabilities and capital commitments

There are no other contingent liabilities as at 31 March 2020 (31 March 2019: Nil).

12. Capital risk management

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger Group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the Group's capital management objectives. Being the holder of a CIS Manager license and an Investment Advisor (Unrestricted) Licence, the Company is required under the Securities Act 2005 and Securities (Collective Investment Schemes and Closed End Funds) Regulations 2008 to maintain a minimum unimpaired capital of MUR 1,000,000 and MUR 600,000 respectively. The Company has an unimpaired stated capital of USD 2,804,517 at reporting date, which complies with the minimum required amount as at 31 March 2020.

The Company defines "Capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Company as Capital. The capital structure of the Company as at 31 March 2020 was made up of stated capital and retained earnings.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Group. The results of the Directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

13. Equipment

	Computer Equipment	Office Equipment	Furniture	Electrical Equipment	Total
	USD	**USD**	**USD**	**USD**	**USD**
Cost					
At 1 April 2018	21,642	4,582	2,046	66	28,336
Additions	4,812	-	-	-	4,812
At 31 March 2019	26,454	4,582	2,046	66	33,148
At 1 April 2019	**26,454**	**4,582**	**2,046**	**66**	**33,148**
Additions	**-**	**-**	**-**	**-**	**-**
At 31 March 2020	**26,454**	**4,582**	**2,046**	**66**	**33,148**
Depreciation					
At 1 April 2018	18,926	4,174	447	10	23,557
Charge for the year	3,291	219	376	13	3,899
At 31 March 2019	22,217	4,393	823	23	27,456
At 1 April 2019	**22,217**	**4,393**	**823**	**23**	**27,456**
Charge for the year	**2,197**	**173**	**329**	**13**	**2,712**
At 31 March 2020	**24,414**	**4,566**	**1,152**	**36**	**30,168**
Net book values					
At 31 March 2019	4,237	189	1,223	43	5,692
At 31 March 2020	**2,040**	**16**	**894**	**30**	**2,980**

14. Capital work-in-progress

	2020	2019
	USD	USD
Opening balance	**36,818**	-
Advance for installation of customised solution	**45,000**	36,818
Written off	**(81,818)**	-
	-	36,818

The Company was being considered to provide sophisticated features to the operating IT. However, during the testing phase, it was realised that the software required significant enhancements and customisation and much larger outlay than originally estimated. Hence, the project was stopped and amounts outstanding in capital work-in-progress against the said project has been written off.

15. Financial assets at fair value through profit or loss

	2020	2019
	USD	USD
Fund investments; *unquoted*	**1,133,021**	1,188,675
Balance at beginning of the year	**1,188,675**	6,108,131
Additions during the year	**519,788**	1,015,671
Return of capital	**(129,292)**	-
Disposals during the year	**(626,756)**	(6,179,114)
Balance at end of the year	**952,415**	944,688
Net gain on fair value of financial assets held at fair value through profit or loss	**180,606**	243,987
Fair value at end of the year	**1,133,021**	1,188,675

The Company has acquired investments which have been classified as current assets as at 31 March 2020 considering its investment objective and strategy.

16. Income from operations

	2020	2019
	USD	USD
Management fees	**465,107**	3,775,570
Distribution fees	**1,105,898**	4,504,433
Advisory fees	**-**	4,495,224
Interest income	**23,802**	88,973
	1,594,807	12,864,200

17. Referral, marketing expenses and distribution fees

	2020	2019
	USD	USD
Referral fees	**238,556**	1,135,588
Marketing fees	**-**	3,688,603
	238,556	4,824,191

18. Leases

Lease as lessee

The Company leases office space. On 1 August 2012, the Company entered into a lease agreement with Trident Trust Company (Mauritius) Limited ("Trident"). Lease payments are renegotiated annually to reflect market rentals. The addendum 1 dated 13 December 2018 was valid till 1 August 2019. During the year ended 31 March 2020, the Addendum 2 dated 8 August 2019 was extended till 1 August 2020.

18. Leases (continued)

(i) Right-to-use assets

Right-to-use assets related to leased properties that do not meet the definition of investment property.

	2020	2019
	USD	USD
Balance at start	**-**	-
Additions to right-to-use assets	**15,215**	-
Depreciation	**(11,423)**	-
Balance at end	**3,792**	-

(ii) Amounts recognised profit or loss

	2020	2019
	USD	USD
Interest on lease liabilities	**153**	-
Expenses related to short term leases	**-**	-

(iii) Lease liabilities

Maturity analysis – contractual undiscounted cash flows	**2020**	2019
	USD	USD
Less than one year	**6,727**	14,367
One to five years	**-**	-
More than five years	**-**	-
Total undiscounted lease liabilities	**6,727**	14,367

Lease liabilities included in the statement of financial position at 31 March	**2020**
	USD
Current	**6,719**
Non-current	**-**

Amount recognised in the statement of cash flows	**2020**
	USD
Total cash outflow for lease	**8,496**

31 March 2019 – Operating leases under IAS 17

	2019
	USD
Lease expense	**14,367**

19. Business support expenses

The Company entered into a Service Agreement dated 18 October 2019 with IIFL Capital Pte. Ltd effective from 1 April 2019. IIFL Capital Pte. Ltd was to provide business support/ advisory services to the Company from time to time. A fees of USD 5,900,000 was paid for the services provided for the year ended 31 March 2020 (31 March 2019: Nil).

20. Classification of financial assets and financial liabilities

The following table analyses the classifications of the financial assets and liabilities under IFRS 9 for the year ended 31 March 2020:

	Financial assets at fair value through profit or loss	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Total**
31 March 2020	**USD**	**USD**	**USD**	**USD**
Financial assets				
Cash and cash equivalent	**-**	**4,482,363**	**-**	**4,482,363**
Other receivables	**-**	**14,724**	**-**	**14,724**
Trade receivables	**-**	**624,076**	**-**	**624,076**
Financial assets at fair value through profit or loss	**1,133,021**	**-**	**-**	**1,133,021**
	1,133,021	**5,121,163**	**-**	**6,254,184**
Financial liabilities				
Trade and other payables	**-**	**-**	**3,460,986**	**3,460,986**
31 March 2019				
Financial assets				
Cash and cash equivalent	-	4,715,290	-	4,715,290
Other receivables	-	-	-	-
Trade receivables	-	4,008,629	-	4,008,629
Financial assets at fair value through profit or loss	1,188,675	-	-	1,188,675
	1,188,675	8,723,919	-	9,912,594
Financial liabilities				
Trade and other payables	-	-	680,315	680,315

The financial instruments not accounted for at fair value through profit or loss and amortised cost are short-term financial assets and liabilities whose carrying amounts approximate fair value.

21. Trade and other payables

	2020	2019
	USD	USD
Referral fees	**94,647**	553,483
Other payables (see below)	**3,262,573**	2,646
Accrued expenses	**97,047**	124,186
Lease liability (Note 18 (iii))	**6,719**	-
	3,460,986	680,315

Other payables are paid as and when they fall due.

22. Stated capital

	2020	2019
	USD	USD
69,975 Ordinary shares of USD 1 each, fully paid	**69,975**	69,975

The stated capital of the Company comprise of ordinary shares of USD 1 each and each share shall have equal rights on distribution of income and capital.

The entire ordinary shares are held by IIFL Wealth Management Limited.

23. Related party transactions and balances

The Company, in the normal course of business, enters into transactions with companies that fall within the definition of a 'related party'.

During the year ended 31 March 2020, the Company had the following related parties:

Name of related party	**Nature of relationship**
IIFL Wealth Management Limited	Parent company
IIFL Inc	Fellow Subsidiary
IIFL Private Wealth Management (Dubai) Limited	Fellow Subsidiary
IIFL Capital Pte. Ltd	Service Provider as from 18 October 2019
IIFL Private Wealth Hongkong Ltd	Fellow Subsidiary
IIFL Wealth (UK) Ltd	Group Company
IIFL Securities Pte Ltd	Fellow Subsidiary
Rohit Kumar	Director – Key Management Personnel ("KMP")
Maharoof Parokkot	Director – Key Management Personnel ("KMP")

Name of entity	**Nature of transactions**	**Transactions for the year**		**Outstanding Balance**	
		2020	2019	**2020**	2019
		USD	USD	**USD**	USD
IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED	Interest on loan	**28,269**	-	**-**	-
IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED	Referral & marketing fees expense	**-**	2,100,000	**-**	5,000

23. Related party transactions and balances (continued)

Name of entity	Nature of transactions	Transactions for the year		Outstanding Balance	
		2020	2019	**2020**	2019
		USD	USD	**USD**	USD
IIFL PRIVATE WEALTH HONG KONG LTD	Referral fees expense	**-**	76,469	**-**	-
IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED	Loan received	**2,200,000**	-	**-**	-
IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED	Loan repaid	**(2,200,000)**	-	**-**	-
IIFL WEALTH (UK) LTD.	Marketing fees & Incentive fees expense	**-**	1,303,073	**-**	-
IIFL SECURITIES PTE LTD	Referral fees expense	**191,213**	395,538	**42,643**	103,960
IIFL SECURITIES PTE LTD	Loan received	**700,000**	-	**-**	-
IIFL SECURITIES PTE LTD	Loan repaid	**(700,000)**	-	**-**	-
IIFL Capital Pte. Ltd	Business Support	**5,900,000**	-	**3,200,000**	-
IIFL CAPITAL INC.	Referral fees expense	**-**	485,000	**-**	210,000
IIFL INC.	Reimbursement of expense	**-**	1,525,000	**-**	-
IIFL PRIVATE WEALTH (SUISSE) SA	Referral and marketing fee expenses	**-**	3,029	**-**	-
IIFL Capital (Canada) Ltd	Referral and marketing fee expenses	**-**	282,500	**-**	55,000
IIFL Wealth Management Limited	Ordinary shares	**-**	-	**69,975**	69,975

24. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company.

(a) Revenue recognition

The Company recognises revenue primarily from management and advisory fees. Revenue is measured based on the consideration specified in a contract with customer. The Company recognises revenue when it transfers control over a service to a customer.

The five-step model for revenue recognition is as follows:

- Identify the contract with customers;
- Identify the performance obligations in the contract;
- Determine the transaction price of the contract;
- Allocate the transaction price to each performance obligations in the contracts; and
- Recognise revenue as each performance obligation is satisfied.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms, and the related accounting policies:

Type of service	Source of revenue	Nature, timing of satisfaction of performance obligations, significant payment terms
Investment management services	Management Fees	The Company had entered into Investment Management Agreement to provide investment management services to funds as specified in Note 23 (the "Funds") and are entitled to Management fees. These are calculated on the applicable percentage rates based on the applicable Net Asset Values of the Fund as stipulated in the Investment Management Agreement between the Company and the Fund (Daily, Weekly and Monthly). Management fees are recognised on an accrual basis in accordance with the respective agreements between the Company and the Funds. The Management Fees are payable at start of the subsequent month. However, the Company has terminated the Investment Management Agreement as from 19 July 2019 and thus the Company is not rendering the Investment Manager activity to the Funds with effect from 19 July 2019. The income generated from the Management fees has decreased as compared to the year ended 31 March 2019.
Advisory and distribution services	Advisory fees and Distribution fees	The advisory fee income and distribution fee income are recognised over time in line with the provisions of distribution / advisory agreements on completion of the services rendered in accordance with the respective agreements between the Company and the parties (Note 23).

24. Significant accounting policies (continued)

(a) Revenue recognition (continued)

Net movement from financial instruments at fair value through profit or loss

Net movement from financial instruments at fair value through profit or loss (FVTPL) includes all realised and unrealised fair value changes and foreign exchange differences.

Net realised movement from financial instruments at fair value through profit or loss is calculated using the First-In First Out method.

(b) Taxation

The tax expense for the year comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (USD) at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to USD at the closing exchange rate ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to USD at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences arising on translation are recognised in profit or loss.

24. Significant accounting policies (continued)

(d) Financial assets and financial liabilities

(i) Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(ii) Classification and subsequent measurement

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

All other financial assets of the Company are measured at FVTPL.

The Company classifies its financial assets as:

- Financial assets measured at FVTPL: Investments in equity securities.
- Financial assets measured at amortised cost: cash and cash equivalent, trade and other receivables.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the Company investment strategy which is fund investments in which it trades and realises cashflows through sale of the assets.
- the financial assets performance is evaluated on a fair value basis and measured at FVTPL.
- the financial asset is subject to market risk that can be caused by a change in the market value of the investment. The Company market risk and position is being managed on a daily basis by the Investment Manager.
- the compensation is based on the fair value of the investments.
- the Company has disposed all its prior investments and acquired new ones considering its investment objectives and strategy.

The Company has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents, other receivables and trade receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes fund investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

24. Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Company classify its trade and other payables as a financial liability at amortised cost and are subsequently measured at effective cost using the effective interest rate.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Financial assets: Subsequent measurement

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Cash and cash equivalents and trade and other receivables are included under this category.

24. Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Subsequent measurement (continued)

Financial assets at fair value through profit or loss: These assets are subsequently measured at fair value. Net gains and losses are disclosed separately on the face of the statement of profit or loss and other comprehensive income. Realised gain is computed by subtracting cost of investment from the sale proceeds and cost of investment is calculated using the First In First Out (FIFO) method. Investments in equity securities are included under this category.

Financial liabilities – classification and subsequent measurement

Financial liabilities – at amortised cost

Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

The Company includes in this category trade and other payables.

(iii) Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures the instruments based on the closing NAV of the Funds.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting year during which the change has occurred.

(iv) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

24. Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(v) Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any held); or
- The financial asset is more than 180 days due.

The Company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

24. Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(v) Impairment (continued)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(vi) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or has expired.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

There is no offsetting of financial instruments applied as on reporting in the statement of financial position.

(viii) Specific instruments

<u>Cash and cash equivalents</u>

Cash comprises deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment.

24. Significant accounting policies (continued)

(e) Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(f) Expenses

Expenses are accounted for in statement of profit or loss on the accruals basis.

(g) Equipment

Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an equipment has different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognised net within "other income" in statement of profit or loss and other comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Subsequent costs

The costs of replacing part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost can be measured reliably. The costs of the day-to-day servicing of the equipment are recognised in statement of profit or loss or other comprehensive income.

Depreciation

Depreciation is recognised in statement of profit or loss and other comprehensive income on a straight line method basis over the estimated useful lives of each part of an item of equipment.

The useful lives for the purpose of calculating depreciation charge are as follows:

Computer equipment	3 years
Office equipment	5 years
Furniture	5 years
Right-to-use assets	5 years

24. Significant accounting policies (continued)

(g) Equipment (continued)

Depreciation (continued)

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

(h) *Leases*

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 24 (j).

Policy applicable from 1 April 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of property the Company has elected not to separate non-lease components (i.e. electricity and maintenance) and account for the lease and associated non-lease components as a single lease component.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

24. Significant accounting policies (continued)

(h) *Leases (continued)*

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) New standards, interpretations, and amendments to published standards not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2020 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
The IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 April 2020 but may be applied earlier. However, the directors do not expect significant change – the refinements are not intended to alter the concept of materiality.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

24. Significant accounting policies (continued)

(i) New standards, interpretations, and amendments to published standards not yet effective (continued)

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The directors of the Company do not envisage any material impact of the adoption of the standard on the financial statements.

(j) New standards, amendments and interpretations adopted during the year

There has been amendments and interpretations that have become effective for the current year. The Company has adopted the following new interpretation during the year:

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The Company does not have any material impact of the adoption of the standard on the financial statements.

IFRS 16 Leases

The Company applied IFRS 16 using the modified retrospective under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly,. the comparative information presented for 2019 is not restated— i.e. it is presented, as previously reported, under IAS 17 and related interpretations The details of the changes in accounting policies are disclosed below. Additionally. the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

24. Significant accounting policies (continued)

(j) New standards, amendments and interpretations adopted during the year (continued)

IFRS 16 Leases (continued)

As a lessee

As a lessee, the Company leases an office space. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these — i.e. these are on-balance sheet.

The Company has recognised a lease liability at the date of initial application for lease previously classified as operating lease applying IAS 17. The lessee has measured that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application i.e. 1 April 2019. The Company has chosen to measure right-of-use at an amount equal to lease liability after adjusting the amount for accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application and therefore there is no adjustment to the opening retained earnings balance.

Impact on financial statements

On transition to IFRS 16, the Company recognised an additional USD 15,215 of right-of-use assets and USD 15,215 of lease liabilities.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 3.5%. The rate at 1 April 2019 since as from this date right-to-use assets was considered give the adoption of IFRS 16.

	1 April 2019
	USD
Recognition exemption for:	
Short-term leases	-
Leases of low value items	-

25. Holding company

IIFL Wealth Management Limited, a company incorporated in India, is the holding company of IIFL Asset Management (Mauritius) Limited. IIFL Wealth Management Limited is listed on the Stock Exchange of India.

26. Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern in the year ahead considering, amongst other things, liquidity and capital at its disposal. The going concern basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities will occur in the ordinary course of business. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

27. Events after reporting date

In early 2020, the existence of a new coronavirus (COVID-19) was confirmed and since this time COVID-19 has spread across the world. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global equity and bond markets. However, the analysis of the financial year ended 31 March 2020, it can be determined that the Company continues to engage effectively in its focus areas and operations are seamlessly carried out by the team. Moreover, the directors have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but not limited to, twelve months from date of authorisation of these financial statements. Based on this assessment, no material impact is expected on the Company from COVID-19 and the directors are of the view that sufficient cash flow would be available for the operations of the Company for the foreseeable future.

There were no material post balance sheet date events after reporting date that could affect the financial statements as at 31 March 2020.