Annual Report

IIFL Private Wealth (Mauritius) Ltd

For the year ended
31 March 2016

IIFL Private Wealth (Mauritius) Ltd

Annual Report
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Reference I

CORPORATE GOVERNANCE REPORT

Statement of compliance

The Company is governed by the provisions laid down in the Mauritius Companies Act.

Responsibility and accountability

The Board of Directors ("Board") consists of the following directors:

- Sarju Subhash Vakil
- Mihir Shirish Parekh
- Parag Ranjitbhai Shah

The duties of a director under Mauritius Companies Act are circulated to all directors prior to their appointments. The Board recognises that adhering to good governance principles is not merely compliance with a set of rules and regulations, but entails aiming for the highest standards of corporate governance with a culture of best practice as a performance benchmark.

Performance evaluation

The Board is of the opinion that no formal assessment of the directors is required as the latter have been appointed keeping in mind their expertise and ability to add value to the Company's affairs.

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.

During the year under review, the Board met frequently for Board meetings. The Board meetings comprised of the directors being present in person or by alternate at all times.

Risk management system and sound internal controls

The directors have outsourced the day-to-day operations of the Company to service providers having sound system and controls in place. The year-end financials are subject to an independent audit. The Board monitors and evaluates the implementation of strategies, policies, management performance criteria and business plans. The Board regularly reviews processes and procedures to ensure the effectiveness of the Company's internal control.

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.

AUDITED FINANCIAL STATEMENTS

IIFL Private Wealth (Mauritius) Ltd

Financial statements

For the year ended 31 March 2016

IIFL Private Wealth (Mauritius) Ltd

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IIFL Private Wealth (Mauritius) Ltd

Corporate data

			Date of appointment
Directors	:	Sarju Subhash Vakil	09 September 2011
		Mihir Shirish Parekh	14 November 2011
		Parag Ranjitbhai Shah	14 November 2011

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
Independent auditors	:	KPMG KPMG Centre 31, Cybercity Ebène Republic of Mauritius
Bankers	:	Standard Chartered (Mauritius) Limited Unit 6A 6th Floor, Standard Chartered Tower 19, Cybercity Ebène Republic of Mauritius Standard Chartered (Singapore) Limited Marina Bay Financial Centre Tower 1, Level 24 8 Marina Boulevard Singapore-018981 State Bank of Mauritius Ltd SBM Tower 1 Queen Elizabeth II Avenue Port Louis Republic of Mauritius
Legal Advisor	:	CITILAW 5th Floor, Belmont House Intendance Street Port Louis Republic of Mauritius

Commentary of directors
for the year ended 31 March 2016

The Directors are pleased to present their commentary together with the audited financial statements of IIFL Private Wealth (Mauritius) Ltd (the "Company") for the year ended 31 March 2016.

Principal activities

The principal activity of the Company is to act as CIS Manager to provide Investment Advisory services and Distribution of Financial Products.

Results and dividends

The results for the year are disclosed in the statement of profit or loss and other comprehensive income on page 7.

The directors has declared/distributed an interim dividend at USD 39 per share on 69,975 shares amounting to USD 2,729,025 (2015: USD Nil) to the shareholders.

Directors

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

Directors' responsibility in respect of the financial statements

Company laws require the directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income 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, 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 to operate.

The directors' responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and believe that the business will continue in the year ahead.

Independent Auditors

The auditors, KPMG, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting of Shareholder.

IIFL Private Wealth (Mauritius) Ltd

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 Private Wealth (Mauritius) Ltd** under Section 166(d) of the Mauritius Companies Act during the financial year ended 31 March 2016.

TRIDENT TRUST COMPANY (MAURITIUS) LIMITED
The Common Seal of

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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: 28 APR 2016

KPMG
KPMG Centre
31, Cybercity
Ebène
Mauritius
T : + 230 406 9999
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BRN No.: F07000189
Website : www.kpmg.mu

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF IIFL PRIVATE WEALTH (MAURITIUS) LTD

Report on the Financial Statements

We have audited the financial statements of IIFL Private Wealth (Mauritius) Ltd (the "Company") which comprise the statement of financial position as at 31 March 2016 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 March 2016 and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 34.

This report is made solely to the entity'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 entity'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 entity and the entity's member, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

KPMG

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF IIFL PRIVATE WEALTH (MAURITIUS) LTD (CONTINUED)

Report on the Financial Statements (continued)

Auditors' Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of IIFL Private Wealth (Mauritius) Ltd as at 31 March 2016 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.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the entity 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 entity as far as it appears from our examination of those records.

KPMG

KPMG
Ebène, Mauritius

Date: **28 April 2016**

Imtiaz Ajeda
Licensed by FRC

IIFL Private Wealth (Mauritius) Ltd

Statement of financial position
as at 31 March 2016

	Note	**2016**	2015
		USD	USD
Assets			
Non-current assets			
Equipment	4	**10,508**	6,689
Total non-current assets		**10,508**	6,689
Current assets			
Trade receivables	5	**1,657,560**	1,304,519
Prepayments and other receivables	6	**16,036**	20,569
Cash and cash equivalents	7	**4,774,379**	673,988
Total current assets		**6,447,975**	1,999,076
Total assets		**6,458,483**	2,005,765
Equity and liabilities			
Equity			
Stated capital	8	**69,975**	69,975
Retained earnings		**5,180,572**	1,135,924
Total equity		**5,250,547**	1,205,899
Liabilities			
Current liabilities			
Other payables	9	**998,503**	790,689
Tax liability	12	**209,433**	9,177
Total current liabilities		**1,207,936**	799,866
Total equity and liabilities		**6,458,483**	2,005,765

Approved by the Board of Directors on 28 APR 2016 and signed on its behalf by:

Parag Shah

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Director ***Director***

The notes on pages 10 to 34 form an integral part of these financial statements.

IIFL Private Wealth (Mauritius) Ltd

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2016

	Note	2016	2015
		USD	USD
Revenue			
Income from operations	10	13,271,124	6,707,870
Total revenue		13,271,124	6,707,870
Operating expenses			
Salaries and allowances		355,884	322,999
Referral, marketing expenses & distribution fees		3,148,996	3,198,918
Professional expenses		195,024	205,419
Incentive fee		1,426,140	1,568,607
Advisory fees		308,367	318,538
Rent expenses	11	13,291	9,377
Audit fees		6,325	6,000
License fees		73,750	56,200
Fund running expenses		662,829	390,781
Depreciation	4	4,670	3,020
Other operating expenses		92,742	46,431
Total operating expenses		6,288,018	6,126,290
Profit before tax		6,983,106	581,580
Income tax expense	12	(209,433)	(9,177)
Profit for the year		6,773,673	572,403
Total comprehensive income attributable to:			
Owners of the Company		6,773,673	572,403

The notes on pages 10 to 34 form an integral part of these financial statements.

IIFL Private Wealth (Mauritius) Ltd

Statement of changes in equity
for the year ended 31 March 2016

	Stated capital USD	Retained earnings USD	Total USD
Balance as at 01 April 2014	69,975	563,521	633,496
Total comprehensive income for the year:			
Loss for the year	-	572,403	572,403
Total comprehensive income for the year	-	572,403	572,403
Balance as at 31 March 2015	69,975	1,135,924	1,205,899
Balance as at 01 April 2015	**69,975**	**1,135,924**	**1,205,899**
Total comprehensive income for the year:			
Profit for the year	**-**	**6,773,673**	**6,773,673**
Total comprehensive income for the year	**-**	**6,773,673**	**6,773,673**
Dividend distribution	**-**	**(2,729,025)**	**(2,729,025)**
Balance as at 31 March 2016	**69,975**	**5,180,572**	**5,250,547**

The notes on pages 10 to 34 form an integral part of these financial statements.

IIFL Private Wealth (Mauritius) Ltd

Statement of cash flows
for the year ended 31 March 2016

	2016	2015
	USD	USD
Cash flows from operating activities		
Profit before tax	**6,983,106**	581,580
Adjustments for:		
Depreciation	**4,670**	3,020
Tax written off	**-**	148
Changes in:		
Trade receivables	**(353,041)**	(906,272)
Prepayments and other receivables	**4,533**	(681)
Other payables	**207,814**	451,534
	6,847,082	129,329
Refund of tax	**-**	11,352
Tax paid	**(9,177)**	-
Net cash generated from operating activities	**6,837,905**	140,681
Cash flows from investing activities		
Acquisition of fixed assets	**(8,489)**	(4,255)
Net cash used in investing activities	**(8,489)**	(4,255)
Cash flows from financing activities		
Dividend distribution	**(2,729,025)**	-
Net cash used in financing activities	**(2,729,025)**	-
Net increase in cash and cash equivalents	**4,100,391**	136,426
Cash and cash equivalents at start	**673,988**	537,562
Cash and cash equivalents as at 31 March	**4,774,379**	673,988

The notes on pages 10 to 34 form an integral part of these financial statements.

1 General

IIFL Private Wealth (Mauritius) Ltd (the "Company") was incorporated as a private company limited by shares in the Republic of Mauritius on 15 December 2010 and was granted a Category 1 Global Business Licence on 16 December 2010. 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 principal activity of the Company is to act as a CIS Manager and to provide Investment Management and Advisory services to the Funds as specified in Note 11 to these financial statements.

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 II 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.

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").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) 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.

2 Basis of preparation (continued)

(d) Use of the estimates and judgement

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.

Note 4, 5 and 6 – Impairment test: key assumptions underlying recoverable amounts;

3 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, except those disclosed in note 3(i).

(a) Revenue recognition

Revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

Management fees are recognised on an accrual basis in accordance with the respective terms of contract between the Company and funds (refer to Note 11).

As an investment manager, the Company is responsible for managing the assets of the Fund or Funds. It is responsible for overall administration and supervision of business and affairs of the Fund or Funds. In turn, the Company receives management fees as per the Investment Management Agreement, read with the addendums made on a time to time basis.

Income from advisory fees and other fees are recognised on an accrual basis on the completion of the services as per terms of agreements.

(b) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

3 Significant accounting policies (continued)

(b) Taxation (continued)

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 the following temporary differences: 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, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 temporary difference 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.

(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 statement of profit or loss and other comprehensive income.

(d) Impairment of assets

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

3 Significant accounting policies (continued)

(d) Impairment of assets (continued)

(ii) Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. All impairment are recognized in the income statement. Impairment is reversed if the reversal can be related objectively to an event after the impairment was recognised.

Losses are recognised in profit or loss and reflected in an allowance account against trade and other receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(iii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses, if any are recognised in profit or loss.

3 Significant accounting policies (continued)

(e) *Financial instruments*

(i) Classification

The Company classifies its financial assets and financial liabilities into the categories below.

Non – derivative financial assets – measurements

Loans and receivables

These assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade receivables and other receivables.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, demand deposits, short term deposits in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ii) Non-derivative financial liabilities – measurement

Non-derivative 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.

Non-derivative financial liabilities comprise other payables.

(iii) Recognition

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3 Significant accounting policies (continued)

(e) Financial instruments (continued)

(iv) 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.

(v) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

3 Significant accounting policies (continued)

(f) 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.

(g) Expenses

Expenses are accounted for in the statement of profit or loss and other comprehensive income on the accruals basis.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Equipment

(i) Recognition and measurement

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

(ii) 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 its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of profit or loss or other comprehensive income.

3 Significant accounting policies (continued)

(h) Equipment (continued)

(iii) 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

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

(i) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

(j) Adoption of new and amended accounting standards and interpretation

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these financial statements. Those which are relevant to the Company are set out below. The Company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Standards	**Effective dates**
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Disclosure Initiative (Amendments to IAS 1)	1 January 2016
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
IFRS 9 *Financial Instruments*	1 January 2018
IFRS 16 *Leases*	1 January 2019

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

3 Significant accounting policies (continued)

(j) Adoption of new and amended accounting standards and interpretation (continued)

Clarification of Acceptable Methods of Depreciation and Amortisation **(Amendments to IAS 16 and IAS 38)**

The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Company does not use revenue-based amortisation method to calculate the depreciation charge for the year. Accordingly, the adoption of this standard will not have any impact on the financial statements.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Disclosure Initiative **(Amendments to IAS 1)**

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income. The adoption of this standard shall not have any impact on the financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

IFRS 15 *Revenue from contracts with customers*

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Company is currently in the process of performing a more detailed assessment of the impact of this standard on the Company and will provide more information in the year ending 31 March 2017 financial statements.

3 Significant accounting policies (continued)

(j) Adoption of new and amended accounting standards and interpretation (continued)

IFRS 15 ***Revenue from contracts with customers (continued)***

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 ***Financial Instruments***

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement.*

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

IFRS 16 ***Leases***

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases,* and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The Company is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

IIFL Private Wealth (Mauritius) Ltd

Notes to the financial statements
for the year ended 31 March 2016

4 Equipment

	Computer Equipment	Office Equipment	Furniture	Total
	USD	USD	USD	USD
Cost				
At 1 April 2014	7,913	3,487	168	11,568
Additions	3,342	913	-	4,255
At 31 March 2015	11,255	4,400	168	15,823
At 1 April 2015	**11,255**	**4,400**	**168**	**15,823**
Additions	**8,307**	**182**	**-**	**8,489**
At 31 March 2016	**19,562**	**4,582**	**168**	**24,312**
Depreciation/ Impairment				
At 01 April 2014	4,543	1,518	53	6,114
Charge for the year	2,188	798	34	3,020
At 31 March 2015	6,731	2,316	87	9,134
At 1 April 2015	**6,731**	**2,316**	**87**	**9,134**
Charge for the year	**3,735**	**901**	**34**	**4,670**
At 31 March 2016	**10,466**	**3,217**	**121**	**13,804**
Net book values				
At 31 March 2015	4,524	2,084	81	6,689
At 31 March 2016	**9,096**	**1,365**	**47**	**10,508**

5 Trade receivables

	2016	2015
	USD	USD
Management fee receivable	**1,159,010**	635,020
Distribution fees receivable	**486,357**	524,165
Other trade receivables	**12,193**	145,334
	1,657,560	1,304,519

6 Prepayments and other receivables

	2016	2015
	USD	USD
Loan to employees	**10,865**	15,264
Other prepaid expenses	**5,171**	5,305
	16,036	20,569

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 State Bank of Mauritius Ltd amounting to **USD 4,774,379** (2015: USD 673,988).

	2016	2015
	USD	USD
Standard Chartered (Mauritius) Limited	**4,704,178**	528,548
Standard Chartered (Singapore) Limited	**60,848**	134,539
State Bank of Mauritius Ltd	**9,353**	10,901
	4,774,379	673,988

8 Stated capital

	2016	2015
	USD	USD
69,975 Ordinary shares (2015: 69,975) of USD 1 each, fully paid	**69,975**	69,975

The shares in 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 during the year.

9 Other payables

	2016	2015
	USD	USD
Referral fees	**828,139**	649,058
Provision	**110,440**	87,310
Other payables	**50,748**	45,931
Other accruals	**9,176**	8,390
	998,503	790,689

10 Income from operations

	2016	2015
	USD	USD
Management fees	**4,076,154**	3,605,735
Advisory fees	**-**	11,856
Other fees	**9,194,970**	3,090,870
	13,271,124	6,707,870

11 Summary of agreements

Investment Management Agreement

The Company has entered into Investment Management Agreement with the following entities:

- EMERGING INDIA FOCUS FUNDS dated 30 June 2011 for providing investment manager service and is entitled to receive the management fees, performance fees, and other fees;

- Asia Vision Fund dated 16 April 2012 for providing investment manager service and is entitled to receive the management fees, performance fees and other fees;

- EM Resurgent Fund dated 16 April 2012 for providing investment manager service and is entitled to receive the management fees, performance fees, and other fees;

- Abner India Diversified Growth Fund dated 5 November 2012 for providing investment manager service and is entitled to receive the management fees, performance fees and other fees;

- IIFL Capital Ganges Fund dated 8 February 2013 for providing investment manager service and is entitled to receive the management fees, performance fees and other fees;Management Fee Agreement between EMERGING INDIA FOCUS FUNDS, the Company and Global Macro Asset Management Limited ("GMAML") dated 5 June 2012 for making all the decision in connection with the investment, including without limitation approving acquisition and disposition of investments and effecting transactions for GOF. Pursuant to this agreement, the company receives management fees and placement fees as per the terms mentioned in the agreement;

- Management Fee Agreement between EM Resurgent Fund, the Company and Global Macro Asset Management Limited ("GMAML") dated 18 September 2012 for making all the decision in connection with the investment, including without limitation approving acquisition and disposition of investments and effecting transactions for GOF. Pursuant to this agreement the Company receives management fees and placement fee as per the terms mentioned in the agreement.

- Polo Titanium (Mauritius) Limited dated 22 January 2013 for providing investment manager service and is entitled to receive the management fees, performance fees and other fees. The investment activities of this fund commenced in the month of April 2013.

- Lakedale Fund dated 6 January 2014 for providing investment manager service and is entitled to receive the management fees, performance fees and other fees

- Management Fee Agreement between Polo Titanium (Mauritius) Limited, the Company and Global Macro Asset Management Limited ("GMAML") dated 15 March 2013 for making all the decision in connection with the investment, including without limitation approving acquisition and disposition of investments and effecting transactions for GOF. Pursuant to this agreement the Company receives management fees and placement fee as per the terms mentioned in the agreement. The investment activities of this fund commenced in the month of April 2013.

11 Summary of agreements (continued)

Investment Management Agreement (continued)

- Management Fee Agreement between IIFL Capital Ganges, the Company and Global Macro Asset Management Limited ("GMAML") effective from 1 November 2014 for making all the decision in connection with the investment, including without limitation approving acquisition and disposition of investments and effecting transactions for GOF. Pursuant to this agreement the Company receives management fees and placement fee as per the terms mentioned in the agreement. The investment activities of this fund commenced in the month of November 2014.

- IIFL Opportunities Fund 1 ("IOF 1") dated 29 January 2015 providing investment manager service and is entitled to receive the management fees, performance fees and other fees.

- Hidden Champions Fund (formerly known as IIFL Opportunities Fund 2) ("HCF") dated 5 March 2015 providing investment manager service and is entitled to receive the management fees, performance fees and other fees.

- IIFL Opportunities Fund 4 ("IOF 4") dated 26 October 2015 providing investment manager service and is entitled to receive the management fees, performance fees and other fees.

- IIFL DYNAMIC OPPORTUNITIES FUND ("IDOF") dated 5 March 2015 providing investment manager service and is entitled to receive the management fees, performance fees and other fees.

The above companies are together referred as the Funds throughout the financial statements.

Distribution / Placement Agreement /Facilitation and Referral Agreement

The Company has entered into Distribution / Placement and Referral agreements with the following entities to act as distributors or to act as a referral agent for the funds where the Company is acting as its Investment Manager. The fees to these distributors or referral agents are paid as per the terms mentioned in those agreements:

- Bank Julius Baer Company dated 13 October 2011;
- IIFL Private Wealth (UK) Limited dated 1 July 2012;
- IIFL Private Wealth Hong Kong Ltd dated 18 July 2012;
- IIFL Private Wealth Management (Dubai) Limited dated 6 March 2012;
- Triple A Investment Management Limited dated 19 June 2012;
- Asia Alternate Assets Partners (Caymans) Limited dated 16 November 2015;
- Synergy Asset Management SA dated 12 December 2012;
- GEM Trading LLC dated 1 July 2011;
- Generation Asset Management Service Ltd dated 12 March 2013;
- BSI Bank Limited dated 23 April 2013;

11 Summary of agreements (continued)

Distribution / Placement Agreement /Facilitation and Referral Agreement (continued)

- Gateway Capital Limited dated 11 March 2013;
- Global Dynamic Opportunities Fund Ltd dated 13 March 2013;
- IIFL Securities Private Limited dated 1 August 2012;
- IIFL Private Wealth (Suisse) SA dated 5 March 2015

Investment Advisory Agreement

The Company has entered into advisory agreement with the following entities for providing non biding advisory services for the funds for which the Company is acting as an investment manager. The fees to these Investment Advisors are paid as per the terms mentioned in their agreement:

- Motilal Oswal Asset Management Company Ltd dated 1 August 2011;
- Anchor International Investment Ltd effective from 1 January 2011;
- AUM Asset Management Limited dated 14 November 2011;
- Aaroha Pte Ltd dated 20 July 2012;
- Arrow Capital Management (UK) Ltd formerly know as Generation Systematic Solutions Limited dated 17 June 2013;
- HDFC Asset Management Company Limited dated 30 July 2013;
- Hugo Fund Services SA dated 15 January 2015;
- UCAP AM Asia Pte Ltd dated 5 March 2015;
- Fortitude Management ltd date 15 October 2015;
- Kaleidoscope Consulting FZE dated 2 November 2015;

The Company has further entered into Consultancy agreement with David Samon dated 14 October 2015 and Sanchita Dhruv Gupta dated 30 January 2015 for marketing expertise.

11 Summary of agreements (continued)

Management Agreement & Administration Agreement

The Company has entered into a Management Agreement with Trident Trust Company (Mauritius) Limited on 19 February 2013, effective from 1 August 2012 to provide administration and statutory services as defined in the Management Agreement for the following funds:

- Emerging India Focus Funds
- EM Resurgent Fund
- Asia Vision Fund

The Company has entered into a Management Agreement with Trident Trust Company (Mauritius) Limited and the following funds to provide administration and statutory services as defined in the Management Agreement:

- Abner India Diversified Growth Fund
- IIFL Capital Ganges Fund
- Polo Titanium (Mauritius) Limited
- Lakedale Fund
- Tantallon India Fund
- IIFL Opportunities Fund 1
- Hidden Champions Fund (formerly known as IIFL Opportunities Fund 2)
- IIFL Opportunities Fund 4 ("IOF 4")
- IIFL DYNAMIC OPPORTUNITIES FUND

Lease Agreement

On 1 August 2012, the Company entered into a lease agreement with Trident Trust Company (Mauritius) Limited ("Trident"). Pursuant to the lease agreement, Trident is leasing its premises of approximately 20 square metres at 5th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Republic of Mauritius. The lease period is three years from the commencement date of 1 August 2012 and shall be automatically renewed after the 1 August 2015 for another period of three years. The lease payment is to be made as per the terms and conditions as stipulated in the lease agreement.

11 Summary of agreements (continued)

Lease Agreement (continued)

At 31 March, the future minimum lease payments under non-cancellable leases were as follows:

	2016	2015
Future minimum lease payments	**USD**	USD
Less than one year	**13,291**	9,377
Between one and five years	**5,537**	3,598
More than five years	**-**	-

	2016	2015
Amounts recognized in profit or loss	**USD**	USD
Lease expense	**13,291**	9,377

12 Taxation

Income tax

Under the current laws and regulations, the Company is subject to tax in Mauritius on its chargeable income at the rate of 15%. The Company is however eligible for a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritius tax payable on its foreign source income. The effective tax rate is thus reduced by 3%. Capital gains of the Company are exempt from tax in Mauritius.

Recognised in statement of profit or loss and other comprehensive income:

	2016	2015
	USD	USD
Current tax expense:		
Current period charge	**209,433**	9,177

	2016	2015
Reconciliation of effective taxation:	**USD**	USD
Profit before taxation	**6,983,106**	581,580
Income tax at 15%	**1,047,466**	87,237
Non allowable expenses	**701**	453
Other deductible items	**(1,003)**	(761)
Tax losses utilized	**-**	(41,046)
Foreign tax credit	**(837,731)**	(36,706)
Tax charge	**209,433**	9,177

12 Taxation (continued)

Recognised in statement of financial position	**2016**	2015
	USD	USD
Tax due /(advance) at beginning of year	**9,177**	(11,500)
Refund of tax	**-**	11,352
Tax charges	**209,433**	9,177
Tax payment	**(9,177)**	-
Tax written off	**-**	148
Tax due at end of year	**209,433**	9,177

No deferred tax asset has been recognised in respect of accumulated tax losses of USD NIL (2015: USD 232,596).

13 Related party transactions

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 2016, the Company had the following related party relationships:

Name of related party	**Nature of relationship**
IIFL Wealth Management Limited	Parent company
EMERGING INDIA FOCUS FUNDS ("EIFF")	The Company acts as Investment manager to EIFF
Asia Vision Fund ("AVF")	The Company acts as Investment manager to AVF
EM Resurgent Fund ("EMRF")	The Company acts as Investment manager to EMRF
Abner India Diversified Growth Fund ("ABNER")	The Company acts as Investment manager to ABNER
POLO TITANIUM (MAURITIUS) LIMITED ("POLO")	The Company acts as Investment manager to POLO
IIFL Capital Ganges Fund ("IIFL Ganges)	The Company acts as Investment manager to IIFL Ganges
LAKEDALE FUND ("Lakedale")	The Company acts as Investment manager to Lakedale

13 Related party transactions (continued)

IIFL Opportunities Fund 1 ("IOF 1")	The Company acts as Investment manager to IOF 1
Hidden Champions Fund (formerly known as IIFL Opportunities Fund 2) ("HCF")	The Company acts as Investment manager to HCF
IIFL Opportunities Fund 4 ("IOF 4")	The Company acts as Investment manager to the IOF 4
IIFL OPPORTUNITIES FUND 5 ("IOF 5")	The Company acts as Investment manager to the IOF 5
IIFL DYNAMIC OPPORTUNITIES FUND ("IDOF")	The Company acts as Investment manager to the IDOF
IIFL Inc	Fellow Subsidiary
IIFL Private Wealth Management (Dubai) Limited	Fellow Subsidiary
IIFL Private Wealth Hongkong Ltd	Fellow Subsidiary
IIFL Wealth (UK) Ltd	Fellow Subsidiary
IIFL Securities Pte Ltd	Fellow Subsidiary
IIFL Private Wealth (Suisse) SA	Fellow Subsidiary
Mihir Shirish Parekh	Director – Key Management Personnel ("KMP")
Parag Ranjitbhai Shah	Director – Key Management Personnel ("KMP")
Sarju Subhash Vakil	Director – Key Management Personnel ("KMP")

Transactions with key management personnel

The loans to KMP amounting to **USD 4,434** at **31 March 2016** (2015: USD 1,290) are granted at preferential rates as applicable to staff.

Directors' fees of USD 30,000 (2015: Nil) have been incurred during the year under review.

13 Related party transactions (continued)

Name of company	Nature of transactions	Transactions for the year		Outstanding Balance	
		2016	2015	**2016**	2015
		USD	USD	**USD**	USD
Emerging India Focus Funds	Management fees & other fees income	**1,096,361**	901,521	**93,136**	263,826
Asia Vision Fund	Management & other Fees income	**238,600**	437,124	**38,285**	40,378
Abner India Diversified Growth Fund	Management fees income	**22,154**	16,983	**2,567**	3,219
Polo Titanium (Mauritius) Limited	Other fees income	**9,612**	1,466	**9,612**	-
Lakedale Fund	Management Fees	**988**	1,043	**85**	1,043
IIFL Private Wealth Management (Dubai) Limited	Referral & marketing fees expense	**1,200,000**	1,200,000	**-**	-
IIFL Private Wealth Hong kong Ltd	Referral fees expense	**309,402**	622,684	**-**	51,589
IIFL Wealth (UK) Ltd.	Referral fees expense	**626,212**	621,049	**86,282**	44,539
IIFL Securities Pte Ltd	Advisory fees expense	**563,996**	164,234	**197,810**	164,234
IIFL inc.	Referral fees expenses	**300,000**	280,000	**300,000**	-
IIFL Private Wealth (Suisse) SA	Referral and marketing fee expenses	**30,847**	30,876	**-**	30,876
IIFL Wealth Management Limited	Ordinary shares	**-**	-	**69,975**	69,975
Trident Trust Company (Mauritius) Limited	Administration fees	**370,233**	-	**43,321**	26,231

14 Financial instruments and risk management

Overview

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

- credit risk;
- liquidity risk;
- operational risk; and
- market 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.

Risk management structure

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations, and arises from the Company's receivables from customers and cash and cash equivalents.

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 counter party 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 State Bank of Mauritius Ltd. Standard Chartered (Mauritius) Limited and Standard Chartered (Singapore) Limited which are wholly owned subsidiary of Standard Chartered Bank Plc had a short term issuer credit rating of A-2 from Standard and Poor's Investor Services.

14 Financial instruments and risk management (Continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2016	2015
	USD	USD
Trade receivables	**1,657,560**	1,304,519
Other receivables	**10,865**	15,264
Cash and cash equivalents	**4,774,379**	673,988
	6,442,804	1,993,771

Ageing of trade receivables and other receivables and cash and cash equivalents is as follows:

	2016		2015	
	Amount outstanding	**Provision made**	Amount outstanding	Provision made
	USD	**USD**	USD	USD
0 to 30 days	**5,816,001**	-	1,561,686	-
30 to 180 days	**603,650**	-	432,085	-
180 days and above	**23,153**	-	-	-
	6,442,804	-	1,993,771	-

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

	2016	2015
	USD	USD
Domestic	**4,937,725**	863,178
India	**419,078**	313,070
Bermuda	**1,006,528**	325,303
Singapore	**73,275**	492,220
United Kingdom	**6,198**	-
	6,442,804	1,993,771

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.

14 Financial instruments and risk management (Continued)

Liquidity risk (continued)

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
	USD	**USD**
31 March 2016		
Other payables	**998,503**	**998,503**
31 March 2015:		
Other payables	790,689	790,689

Fair value

The Company's financial assets and liabilities include trade and other receivables, cash and cash equivalents and other payables. The carrying amounts of these financial assets and liabilities approximate their fair values and thus, no valuation technique has been applied to determine fair value.

Accordingly, no fair value level of hierarchy is disclosed.

The fair values for both financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value
	2016	**2016**	2015	2015
	USD	**USD**	USD	USD
Loans and receivables:				
Trade receivables	**1,657,560**	**1,657,560**	1,304,519	1,304,519
Other receivables	**10,865**	**10,865**	15,264	15,264
Cash and cash equivalents	**4,774,379**	**4,774,379**	673,988	673,988
Other financial liabilities:				
Other payables	**(998,503)**	**(998,503)**	(790,689)	(790,689)

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.

14 Financial instruments and risk management (Continued)

Operational risk (continued)

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.

Market risk

Market risk is the risk that changes in market prices such as interest rate, equity prices and foreign exchange rates will affect the Company's income or value of its holding of financial instruments. The Company thus does not have any market risk as there are no investments and all exposure are in functional currency.

Interest rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing, with the exception of cash and cash equivalents.

Interest income from cash deposits may fluctuate in amount, in particular due to changes in the interest rates. The Company has not earned any interest income from bank balances. Thus no sensitivity analysis for interest rate risk has been presented.

15 Capital risk management

The Company's primary objectives 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 and Investment (Unrestricted) Advisor Licence, the Company is required under the Securities Act to maintain a minimum unimpaired capital of MUR1,000,000 and MUR 600,000 respectively. The Company complied with this requirement as at 31 March 2016.

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 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.

16 Contingent liabilities and capital commitments

The Company has given bank guarantee placed with State Bank of Mauritius Ltd as expatriate guarantee for spouse and dependant of employees of the Company with Government of Mauritius for **USD 568** for the year ended 31 March 2016 (2015:USD 4,224).

There are no other contingent liabilities and capital commitments as at 31 March 2016 (2015: Nil).

17 Classification of financial assets and financial liabilities

The following table analyses the carrying amounts of the financial assets and liabilities by category as defined in IAS 39:

	2016	2015
	USD	USD
Financial assets		
Loans and receivables		
Trade receivables	**1,657,560**	1,304,519
Other receivables	**10,865**	15,264
Cash and cash equivalents	**4,774,379**	673,988
	6,442,804	1,993,771
Financial liabilities		
Other financial liabilities		
Other payables	**998,503**	790,689

18 Holding company

IIFL Wealth Management Limited, company incorporated in India, is the holding entity of IIFL Private Wealth (Mauritius) Ltd.