IIFL Asset Management (Mauritius) Limited (Previously known as "IIFL Private Wealth (Mauritius) Ltd")

Financial statements

For the year ended 31 March 2017

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IIFL Asset Management (Mauritius) Limited (Previously known as "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
l 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 2017

The Directors are pleased to present their commentary together with the audited financial statements of IIFL Asset Management (Mauritius) Limited (Previously known as "IIFL Private Wealth (Mauritius) Ltd") (the "Company") for the year ended 31 March 2017.

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 10.

The directors has not declared/distributed an interim dividend for the year ended 31 March 2017 (2016: USD 39 per share on 69,975 shares amounting to USD 2,729,025) to the shareholders.

Change of name

The Company changed its name from IIFL Private Wealth (Mauritius) Ltd to IIFL Asset Management (Mauritius) Limited on 16 September 2016.

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 Asset Management (Mauritius) Limited (Previously known as "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 Asset Management (Mauritius) Limited (Previously known as "IIFL Private Wealth (Mauritius) Ltd")** under Section 166(d) of the Mauritius Companies Act during the financial year ended 31 March 2017.

....

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 2017....

KPMG

KPMG
KPMG Centre
31, Cybercity
Ebène
Mauritius

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Telefax	+230 406 9988
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 2017 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 9 to 42.

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 2017 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.

KPMG, a Mauritian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
Document classification: KPMG Confidential

KPMG

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

Report on the Audit of the Financial Statements (continued)

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of directors and the Certificate from company secretary. The other information does not include the financial statements and our auditors' report thereon.

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.

Directors' Responsibility 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.

KPMG

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

Report on the Audit of the Financial Statements (continued)

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.

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.

KPMG

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)

- 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.

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.

KPMG

KPMG
Ebène, Mauritius

Date: 28 APR 2017

Imtiaz Ajeda
Licensed by FRC

IIFL Asset Management (Mauritius) Limited (Previously known as "IIFL Private Wealth (Mauritius) Ltd")

Statement of financial position
as at 31 March 2017

	Note	**2017**	2016
		USD	USD
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	5	**5,371,320**	-
Equipment	6	**6,736**	10,508
Total non-current assets		**5,378,056**	10,508
Current assets			
Trade receivables	7	**2,238,043**	1,657,560
Prepayments and other receivables	8	**28,368**	16,036
Cash and cash equivalents	9	**4,207,364**	4,774,379
Total current assets		**6,473,775**	6,447,975
Total assets		**11,851,831**	6,458,483
Equity and liabilities			
Equity			
Stated capital	10	**69,975**	69,975
Retained earnings		**10,805,733**	5,180,572
Total equity		**10,875,708**	5,250,547
Liabilities			
Current liabilities			
Other payables	11	**933,795**	998,503
Tax liability	14	**42,328**	209,433
Total current liabilities		**976,123**	1,207,936
Total equity and liabilities		**11,851,831**	6,458,483

Approved by the Board of Directors on 28 APR 2017 and signed on its behalf by:

Parag Shah
....
Director

....
Director

The notes on pages 13 to 42 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2017

	Note	2017	2016
		USD	USD
Revenue			
Income from operations	12	**10,161,110**	13,271,124
Gain on financial assets at fair value through profit or loss	5	**271,320**	-
Total revenue		**10,432,430**	13,271,124
Operating expenses			
Salaries and allowances		**403,992**	355,884
Referral, marketing expenses & distribution fees		**3,540,227**	3,148,996
Professional expenses		**19,903**	195,024
Incentive fee		**-**	1,426,140
Advisory fees		**-**	308,367
Rent expenses	13	**13,701**	13,291
Audit fees		**7,820**	6,325
License fees		**85,000**	73,750
Fund running expenses		**539,896**	662,829
Depreciation	6	**4,865**	4,670
Other operating expenses		**25,736**	92,742
Total operating expenses		**4,641,140**	6,288,018
Profit before tax		**5,791,290**	6,983,106
Income tax expense	14	**(166,129)**	(209,433)
Profit for the year		**5,625,161**	6,773,673
Total comprehensive income attributable to:			
Owners of the Company		**5,625,161**	6,773,673

The notes on pages 13 to 42 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 March 2017

	Stated capital USD	Retained earnings USD	Total USD
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
Balance as at 01 April 2016	**69,975**	**5,180,572**	**5,250,547**
Total comprehensive income for the year:			
Profit for the year	**-**	**5,625,161**	**5,625,161**
Total comprehensive income for the year	**-**	**5,625,161**	**5,625,161**
Dividend distribution	**-**	**-**	**-**
Balance as at 31 March 2017	**69,975**	**10,805,733**	**10,875,708**

The notes on pages 13 to 42 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 March 2017

	2017	2016
	USD	USD
Cash flows from operating activities		
Profit before tax	**5,791,290**	6,983,106
Adjustments for:		
Depreciation	**4,865**	4,670
Gain on financial assets at fair value through profit or loss	**(271,320)**	-
Changes in:		
Trade receivables	**(580,482)**	(353,041)
Prepayments and other receivables	**(12,332)**	4,533
Other payables	**(64,709)**	207,814
	4,867,312	6,847,082
Tax paid	**(333,234)**	(9,177)
Net cash generated from operating activities	**4,534,078**	6,837,905
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	**(5,100,000)**	-
Acquisition of fixed assets	**(1,093)**	(8,489)
Net cash used in investing activities	**(5,101,093)**	(8,489)
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	**(567,015)**	4,100,391
Cash and cash equivalents at start	**4,774,379**	673,988
Cash and cash equivalents as at 31 March	**4,207,364**	4,774,379

The notes on pages 13 to 42 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 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 13 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 and fair value of financial instruments.

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.

(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 13).

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.

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

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

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

(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) 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

The Company classifies financial assets and financial liabilities into the following categories.

3 Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial assets at fair value through profit or loss:
- Designated as at fair value through profit or loss: mutual fund investments.

Financial assets at amortised cost:
- Loans and receivables: cash and cash equivalents and other receivables.

Financial liabilities at amortised cost:
Other liabilities: other payables.

The Company designates all equity investments at fair value through profit or loss on initial recognition because it manages these securities on a fair value basis in accordance with its investment strategy. Internal reporting and performance measurement of these securities are on a fair value basis.

For a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IAS 39, see Note 19.

(iii) Subsequent Recognition

Subsequent to initial recognition, all instruments classified as financial asset at fair value through profit or loss are measured at fair value with changes in their fair value other than impairment losses, are recognised in the statement of profit or loss and other comprehensive income.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

(iv) 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 instruments quoted in an active market at a mid price.

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.

3 Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(iv) Fair value measurement (continued)

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

(v) 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.

(vi) Impairment of assets

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.

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.

3 Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(vi) Impairment of assets (continued)

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.

(vii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(viii) 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.

3 Significant accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(viii) Offsetting (continued)

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.

(ix) Specific instruments

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.

(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 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.

(g) 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.

3 Significant accounting policies (continued)

(g) Equipment (continued)

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.

(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.

(h) Changes in accounting policies

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

(i) Standards and interpretations adopted in current year

There are no standards, interpretations or amendments to existing standards that are effective for the first time for financial year beginning on 1 April 2016 that would be expected to have a material impact on the Company except for the following:

***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 amendments was applied for annual periods beginning on 1 April 2016. The adoption of this standard might have no impact on the financial statements.

3 Significant accounting policies (continued)

(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 April 2016, and have been applied in preparing these financial statements wherever applicable. The Company plan to adopt these standards from the dates they become effective. These will be adopted in the period that they become mandatory unless otherwise indicated:

Standard/Interpretation		**Effective date Periods beginning on or after**
IAS 7	Disclosure Initiative	1 January 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted. The adoption of this standard is not expected to have a significant impact on the financial statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

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

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted. The adoption of this standard is not expected to have a significant impact on the 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

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 include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The directors are currently assessing the impact of this standard on the financial statements.

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 might have a significant impact on the Company, which may 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. The directors of the Company are currently assessing the impact of this standard on the financial statement.

(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.

(l) Comparative figures

Certain of the prior year figures have been reclassified in order to conform to the current year classification.

4. 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 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 following valuation methodology has been used to fair value investment designated at financial assets at fair value through profit or loss. The valuation technique applied is the net asset value method as described below:

Net asset value method

This valuation technique involves deriving the value of a business by reference to the value of its net assets. This valuation technique is likely to be appropriate for a business whose value derives mainly from the underlying fair value of its assets rather than its earnings.

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.

	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
31 March 2017				
Financial assets at fair value through profit or loss				
Mutual Fund investments, unlisted	**-**	**5,371,320**	**-**	**5,371,320**

4. 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 2016				
Financial assets at fair value through profit or loss				
Mutual Fund investments, unlisted	-	-	-	-

The Company has invested in fund 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. The price published is used for transaction in active market for such identical asset and this are classified as Level 2.

(iii) Determination of functional currency

Functional currency is the currency of primary economic environment in which the Company operates. Management has determined that the functional currency of the Company is USD. The majority of the Company's transactions are denominated in USD.

5. Financial assets at fair value through profit or loss

	2017	2016
	USD	USD
Mutual Fund investments; *unquoted*	**5,371,320**	-
	5,371,320	-
Balance at beginning of the year	**-**	-
Additions during the year	**5,100,000**	-
Balance at end of the year	**5,100,000**	-
Unrealised gain on fair value of financial assets held at fair value through profit or loss	**271,320**	-
Fair value at end of the year	**5,371,320**	-

6. Equipment

	Computer Equipment	Office Equipment	Furniture	Total
	USD	**USD**	**USD**	**USD**
Cost				
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
At 1 April 2016	**19,562**	**4,582**	**168**	**24,312**
Additions	**1,093**	**-**	**-**	**1,093**
At 31 March 2017	**20,655**	**4,582**	**168**	**25,405**
Depreciation/ Impairment				
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
At 1 April 2016	**10,466**	**3,217**	**121**	**13,804**
Charge for the year	**4,206**	**625**	**34**	**4,865**
At 31 March 2017	**14,672**	**3,842**	**155**	**18,669**
Net book values				
At 31 March 2016	9,096	1,365	47	10,508
At 31 March 2017	**5,983**	**740**	**13**	**6,736**

7. Trade receivables

	2017	2016
	USD	USD
Management fee receivable	**1,528,438**	1,159,010
Distribution fees receivable	**691,973**	486,357
Advisory fees receivable	**16,250**	-
Other trade receivables	**1,382**	12,193
	2,238,043	1,657,560

8. Prepayments and other receivables

	2017	2016
	USD	USD
Loan to employees	**12,373**	6,431
Loan to Key Management Personnel	**-**	4,434
Other prepaid expenses	**15,995**	5,171
	28,368	16,036

9. 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 4,207,364** (2016: USD 4,774,379).

	2017	2016
	USD	USD
Standard Chartered (Mauritius) Limited	**4,164,598**	4,704,178
Standard Chartered (Singapore) Limited	**31,007**	60,848
State Bank of Mauritius Ltd	**11,759**	9,353
	4,207,364	4,774,379

10. Stated capital

	2017	2016
	USD	USD
69,975 Ordinary shares (2016: 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.

11. Other payables

	2017	2016
	USD	USD
Referral fees	**621,132**	828,139
Provision	**195,501**	110,440
Other payables	**105,687**	50,748
Other accruals	**11,476**	9,176
	933,795	998,503

12. Income from operations

	2017	2016
	USD	USD
Management fees	**6,675,713**	10,053,596
Distribution fees	**3,376,267**	3,168,975
Advisory fees	**26,250**	-
Other fees	**82,880**	48,553
	10,161,110	13,271,124

13. 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 and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund;

- Asia Vision Fund dated 16 April 2012 for providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM or in the subscription agreement of the fund;

- EM Resurgent Fund dated 16 April 2012 for providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM or in the subscription agreement of the fund;

- Abner India Diversified Growth Fund dated 5 November 2012 for providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM or in the subscription agreement of the fund;

- 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 any other fees as 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 any other fees as 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 and any other fees as mentioned in agreement. 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 and any other fees as mentioned in the PPM or in the subscription agreement of the fund

- 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 any other fees as mentioned in the agreement The investment activities of this fund commenced in the month of April 2013.

13. 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 any other fees as mentioned 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 and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund..

- 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, and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund.

- IIFL Opportunities Fund 4 ("IOF 4") dated 26 October 2015 providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund.

- IIFL Opportunities Fund 5 ("IOF 5") dated 17 December 2015 providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund.

- IIFL Opportunities Fund 6 ("IOF 6") dated 12 April 2016 providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund.

- IIFL DYNAMIC OPPORTUNITIES FUND ("IDOF") dated 5 March 2015 providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund.

- Strategic India Equity Fund ("SIEF") dated 12 April 2016 providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund.

- HFIOF Feeder Fund ("HFIOF") dated 23 February 2016 providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund.

- HEIF Feeder Fund ("HEIF") dated 23 February 2016 providing investment manager service and is entitled to receive the management fees and any other fees as mentioned in the PPM, supplement or in the subscription agreement of the fund.

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

13. Summary of agreements (continued)

Distribution / Placement Agreement /Facilitation/Introducer/ Service 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:

- Anchor International Investment Ltd effective from 1 January 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;
- 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;
- BSI Bank Limited dated 23 April 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
- Latitude Capital Partners Limited dated 28 March 2016
- HDFC Asset Management Company Limited dated 27 January 2017;
- HDFC Bank Ltd dated 12 July 2016
- Regis Capital Limited dated 1 September 2016
- Financial Advisors(India)Private Limited dated 16 January, 2017

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:

13. Summary of agreements (continued)

Investment Advisory Agreement (continued)

- 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;
- Kotak Mahindra Asset Management Company Limited dated 14 March 2017

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.

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 OPPORTUNITIES FUND 5
- IIFL Opportunities Fund 6
- Strategic India Equity Fund
- IIFL DYNAMIC OPPORTUNITIES FUND

13. Summary of agreements (continued)

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.

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

	2017	2016
Future minimum lease payments	**USD**	USD
Less than one year	**13,701**	13,291
Between one and five years	**5,127**	5,537
More than five years	**-**	-
Amounts recognized in profit or loss		
Lease expense	**13,701**	13,291

14. 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:

	2017	2016
	USD	USD
Current tax expense:		
Current period charge	**166,123**	209,433

	2017	2016
Reconciliation of effective taxation:	**USD**	USD
Profit before taxation	**5,791,920**	6,983,106
Income tax at 15%	**868,694**	1,047,466
Non allowable expenses	**3,431**	701
Other deductible items	**(41,510)**	(1,003)
Tax adjustment from previous year	**6**	-
Foreign tax credit	**(664,492)**	(837,731)
Tax charged for the year	**166,129**	209,433

14. Taxation (continued)

Recognised in statement of financial position

Tax due at beginning of year	**209,433**	9,177
Tax charges	**166,123**	209,433
Tax adjustment from previous year	**6**	-
Tax payment	**(333,234)**	(9,177)
Tax written off	**-**	-
Tax due at end of year	**42,328**	209,433

15. 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 2017, 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
IIFL Opportunities Fund 1 ("IOF 1")	The Company acts as Investment manager to IOF 1

15. Related party transactions (continued)

Name of related party	**Nature of relationship**
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 Opportunities Fund 6 ("IOF 6")	The Company acts as Investment manager to the IOF 6
IIFL DYNAMIC OPPORTUNITIES FUND ("IDOF")	The Company acts as Investment manager to the IDOF
Strategic India Equity Fund ("SIEF")	The Company acts as Investment manager to the SIEF
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 Nil** at **31 March 2017** (2016: USD 4,434) are granted at preferential rates as applicable to staff. The outstanding loan amount of USD 4,434 was reimbursed during the year ended 31 March 2017.

No Directors' fees have been incurred during the year under review (2016: USD 30,000) and salaries of **USD 147,099** (2016: USD 130,689) have also been incurred for the Directors.

15. Related party transactions (continued)

Name of company	Nature of transactions	Transactions for the year		Outstanding Balance	
		2017	2016	**2017**	2016
		USD	USD	**USD**	USD
EMERGING INDIA FOCUS FUNDS	Management fees & other fees income	**682,177**	1,096,361	**68,652**	93,136
Asia Vision Fund	Management & other Fees income	**256,208**	238,600	**42,587**	38,285
Abner India Diversified Growth Fund	Management fees income	**32,819**	22,154	**2,881**	2,567
HIDDEN CHAMPIONS FUND	Management fees	**202,758**	-	**36,124**	-
Tantallon India Fund	Management fees & Other fees income	**58,085**	8,386	**28,338**	7,541
POLO TITANIUM (MAURITIUS) LIMITED.	Other fees income	**15,916**	9,612	**-**	9,612
LAKEDALE FUND	Management Fees	**451**	988	**97**	85
IIFL Private Wealth Management (Dubai) Limited	Referral & marketing fees expense	**1,200,000**	1,200,000	**(200,000)**	-
IIFL Private Wealth Hong Kong Ltd	Referral fees expense	**309,291**	309,402	**-**	-
IIFL Wealth (UK) Ltd.	Referral fees & Incentive fees expense	**506,611**	626,212	**(75,070)**	(86,282)
IIFL Securities Pte Ltd	Referral fees & Advisory fees expense	**898,820**	563,996	**(195,234)**	(197,810)

15. Related party transactions (continued)

Name of company	Nature of transactions	Transactions for the year		Outstanding Balance	
		2017	2016	**2017**	2016
		USD	USD	**USD**	USD
IIFL inc.	Referral fees & Facilitation fees expenses	**300,000**	300,000	**-**	300,000
IIFL Private Wealth (Suisse) SA	Referral and marketing fee expenses	**30,361**	30,847	**-**	30,876
IIFL Wealth Management Limited	Ordinary shares	**-**	-	**69,975**	69,975
Trident Trust Company (Mauritius) Limited	Administration fees	**288,950**	370,233	**44,880**	43,321

16. 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.

16. Financial instruments and risk management (continued)

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.

Exposure to credit risk

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

	2017	2016
	USD	USD
Trade receivables	**2,238,043**	1,657,560
Other receivables	**12,373**	10,865
Cash and cash equivalents	**4,207,364**	4,774,379
	6,457,780	6,442,804

Ageing of trade receivables and other receivables is as follows:

	2017		2016	
	Amount outstanding	**Provision made**	Amount outstanding	Provision made
	USD	**USD**	USD	USD
0 to 30 days	**1,841,792**	**-**	1,041,622	-
30 to 180 days	**362,260**	**-**	603,650	-
180 days and above	**46,364**	**-**	23,153	-
	2,250,416	-	1,668,425	-

Cash and cash equivalents amounting to **USD 4,207,364** (2016: USD 4,774,379) have not been included in the ageing.

16. Financial instruments and risk management (continued)

Credit risk (continued)

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

	2017	2016
	USD	USD
Domestic	**4,367,410**	4,937,725
India	**290,816**	419,078
Bermuda	**1,750,914**	1,006,528
Singapore	**47,258**	73,275
United Kingdom	**1,382**	6,198
	6,457,780	6,442,804

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**
	USD	**USD**
31 March 2017		
Other payables	**933,795**	**933,795**
31 March 2016		
Other payables	998,503	998,503

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.

16. Financial instruments and risk management (continued)

Fair value (continued)

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
	2017	**2017**	2016	2016
	USD	**USD**	USD	USD
Financial assets at fair value through profit or loss				
Mutual Fund, unquoted	**5,371,320**	**5,371,320**	-	-
Loans and receivables:				
Trade receivables	**2,238,043**	**2,238,043**	1,657,560	1,657,560
Other receivables	**12,373**	**12,373**	10,865	10,865
Cash and cash equivalents	**4,207,364**	**4,207,364**	4,774,379	4,774,379
Other financial liabilities:				
Other payables	**933,795**	**933,795**	(998,503)	(998,503)

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.

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 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' 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.

16. Financial instruments and risk management (continued)

Market risk (continued)

Price risk

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

Management has determined that a fluctuation of 5% 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 mutual fund price risks at the reporting date. The analysis is based on the assumption that the fair value had increased/decreased by 5% with all other variables held constant. If mutual fund prices had been 5% higher/lower, the effect on net profit and equity for the year would have been as follows:

	Increase/ decrease in mutual funds price	**Effect on profit before tax and equity**	
		2017	2016
		USD	USD
	+5%	**268,566**	
Change in share price	-5%	**(268,566)**	-

Currency risk

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

	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	2017	**2017**	2016	2016
	USD	**USD**	USD	USD
United States Dollar (USD)	**11,526,526**	**663,493**	6,014,374	714,412
Indian Rupees (INR)	**290,815**	**-**	419,077	-
Singapore Dollar (SGD)	**-**	**195,232**	-	197,810
Great Britain Pound (GBP)	**-**	**75,070**	-	86,281
Mauritius Rupees (MUR)	**11,759**	**-**	9,353	-
	11,829,100	**933,795**	6,442,804	998,503

Prepayments of **USD 15,995** (2016: USD 5,171) and equipment of **USD 6,736** (2016: USD 10,508) have been excluded from the financial assets.

16. Financial instruments and risk management (continued)

Market risk (continued)

Currency risk (continued)

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.

A 10% increase and decrease in the USD against the 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.

	Effect on changes in equity	
	2017	2016
	USD	USD
Increase in INR	**(26,434)**	(38,098)
Decrease in INR	**32,313**	46,564
Increase in SGD	**17,748**	17,983
Decrease in SGD	**21,692**	(21,979)
Increase in GBP	**6,825**	7,844
Decrease in GBP	**(8,341)**	(9,587)
Increase in MUR	**(1,069)**	(850)
Decrease in MUR	**1,307**	1,039

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.

17. 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 MUR 1,000,000 and MUR 600,000 respectively. The Company complied with this requirement as at 31 March 2017.

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.

18. 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 Nil** for the year ended 31 March 2017 (2016:USD 568).

There are no other contingent liabilities and capital commitments as at 31 March 2017 (2016: Nil).

19. 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:

	2017	2016
Financial assets	**USD**	USD
Financial assets at fair value through profit or loss		
Mutual Fund, unquoted	**5,371,320**	-
Loans and receivables		
Trade receivables	**2,238,043**	1,657,560
Other receivables	**12,373**	10,865
Cash and cash equivalents	**4,207,364**	4,774,379
	6,457,780	6,442,804
Financial liabilities		
Other financial liabilities		
Other payables	**933,794**	998,503

20. Holding company

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