

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIFL TRUSTEE LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **IIFL TRUSTEE LIMITED** (the "Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

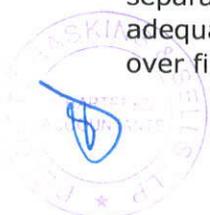
We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

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

1. As required by Section 143 (3) of the Act, we report to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance during the period from 8 November 2016 to 30 December 2016.

2. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the CARO 2016.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Pallavi A. Gorakshakar  
(Partner)  
(Membership No. 105035)

MUMBAI, 2 May 2017  
PG/SB/SS-2017



## **Report on Internal Financial Controls Over Financial Reporting**

### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **IIFL TRUSTEE LIMITED** (the "Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Pallavi A. Gorakshakar  
(Partner)  
(Membership No. 105035)

MUMBAI, 2 May 2017  
PG/SB/SS-2017



**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) The Company does not have any fixed assets and hence reporting under clause (i) of the CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and securities to which provision of section 185 and 186 of the Companies Act, 2013 apply and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been generally regular in depositing undisputed statutory dues, including Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. According to the information and explanations given to us, Provident Fund, Sales Tax, Custom Duty, Excise Duty and Employees' State Insurance dues are not applicable to the Company.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Service tax, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.



- (c) There are no dues of Income-tax, Service Tax and Value Added Tax as on 31 March 2017 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration. Hence reporting under clause (xi) of the CARO 2016 is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Pallavi A. Gorakshakar  
(Partner)  
(Membership No. 105035)

MUMBAI, 2 May 2017  
PG/SB/SS-2017



IIFL TRUSTEE LIMITED  
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in ₹)

Particulars	Note No	As at Mar 31, 2017	As at Mar 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	5,000,000	5,000,000
(b) Reserves and Surplus	4	1,881,321	(1,886,724)
(c) Money received against share warrants		-	-
<b>Sub total</b>		<b>6,881,321</b>	<b>3,113,276</b>
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non Current Liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred Tax Liability		-	-
(c) Other Long-term liabilities	5	300,000	300,000
(d) Long-term provisions		-	-
<b>Sub total</b>		<b>300,000</b>	<b>300,000</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables	6	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		125,000	37,500
(c) Other current liabilities	7	101,020	107,439
(d) Short-term provisions		-	-
<b>Sub total</b>		<b>226,020</b>	<b>144,939</b>
<b>TOTAL</b>		<b>7,407,341</b>	<b>3,558,215</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capitalwork-in-progress		-	-
(iv) Intangible assets under development		-	-
<b>Sub total</b>		<b>-</b>	<b>-</b>
(b) Non-current investments		-	-
(c) Deferred tax asset	8	-	765,373
(d) Long-term loans & advances	9	637,277	470,817
(e) Other non-current assets		-	-
<b>Sub total</b>		<b>637,277</b>	<b>1,236,190</b>
<b>(2) Current assets</b>			
(a) Current investments	10	2,500,000	-
(b) Inventories		-	-
(c) Trade receivables	11	3,293,525	1,695,661
(d) Cash and Cash Equivalent	12	802,539	504,414
(e) Short-term loans & advances	13	174,000	121,950
(f) Other current assets		-	-
<b>Sub total</b>		<b>6,770,064</b>	<b>2,322,025</b>
<b>TOTAL</b>		<b>7,407,341</b>	<b>3,558,215</b>
See accompanying notes Forming a Part of Financial Statements			

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors



*Pallavi A. Gorakshakar*  
Pallavi A. Gorakshakar  
Partner

*Atul Kumar Shukla*  
Atul Kumar Shukla  
Chairman  
(DIN: 00121601)

*R. Mohan*  
R. Mohan  
Director  
(DIN: 00012070)



Place : Mumbai  
Date : May 2, 2017

**IIFL TRUSTEE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

(Amount in ₹)

Particulars	Note No	2016-2017	2015-2016
<b>INCOME :</b>			
Revenue from Operations	14	10,138,248	4,911,206
Other Income	15	191,116	66,530
<b>Total Revenue</b>		<b>10,329,364</b>	<b>4,977,736</b>
<b>EXPENSES :</b>			
Employee Benefit Expenses		-	-
Other Expenses	16	4,944,549	4,280,033
Finance Charges	17	4,030	1,009
Depreciation and Amortisation		-	-
Provision & Write off		-	-
<b>Total Expenditure</b>		<b>4,948,579</b>	<b>4,281,042</b>
<b>Profit before tax</b>		<b>5,380,785</b>	<b>696,694</b>
Tax expense			
Current tax		1,026,002	132,755
MAT credit gains		(178,635)	(112,450)
Deferred tax expenses		765,373	221,895
Short / (excess) provision for income tax		-	-
<b>Net tax expense</b>		<b>1,612,740</b>	<b>242,200</b>
<b>Profit for the year</b>		<b>3,768,045</b>	<b>454,494</b>
<b>Earnings Per Share - Basic</b>	18	7.54	0.91
<b>Earnings Per Share - Diluted</b>	18	7.54	0.91
<b>Face Value Per Share</b>		10.00	10.00
See accompanying notes Forming a Part of Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors



Pallavi A. Gorakshakar  
Partner

Atul Kumar Shukla  
Chairman  
(DIN: 00121601)

R. Mohan  
Director  
(DIN: 00012070)



Place : Mumbai  
Date: May 2, 2017

**IIFL TRUSTEE LIMITED**  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	2016-2017	2015-2016
<b>A. Cash flows from operating activities</b>		
Net profit before taxation and extraordinary item	5,380,785	696,694
Adjustments for:		
Interest expenses	-	49
Profit on sale of Investments	(191,116)	(65,713)
<b>Operating profit before working capital changes</b>	<b>5,189,669</b>	<b>631,030</b>
Changes in working capital :		
(Increase)/ Decrease in Current/Non Current Assets	(1,649,915)	(1,639,095)
Increase/ (Decrease) in Current/Non Current Liabilities	81,082	420,364
<b>Cash generated from/ (used in) operations</b>	<b>3,620,836</b>	<b>(587,701)</b>
Net income tax(paid) / refunds	(1,013,827)	(467,649)
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>2,607,009</b>	<b>(1,055,350)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of Investments	(27,940,000)	(3,550,000)
Sale of Investments	25,631,116	3,615,713
<b>Net cash generated from/ (used in) investing activities (B)</b>	<b>(2,308,884)</b>	<b>65,713</b>
<b>C. Cash flows from financing activities</b>		
ICD taken	-	52,000
ICD paid	-	(52,000)
Interest Paid	-	(49)
<b>Net cash generated from/ (used in) financing activities (C)</b>	<b>-</b>	<b>(49)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>298,125</b>	<b>(989,686)</b>
Opening Cash and Cash Equivalents	504,414	1,494,100
<b>Closing Cash and Cash Equivalents (Refer Note 19)</b>	<b>802,539</b>	<b>504,414</b>
See accompanying notes forming part of the financial statements		

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors

*Pallavi A. Gorakshakar*

**Pallavi A. Gorakshakar**  
Partner



*Atul Kumar Shukla*

**Atul Kumar Shukla**  
Chairman  
(DIN: 00121601)

*R. Mohan*

**R. Mohan**  
Director  
(DIN: 00012070)



Place : Mumbai  
Date: May 02, 2017

## IIFL TRUSTEE LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2017

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### Note 1. Corporate Information:

IIFL Trustee Limited (formerly India Infoline Trustee Company Limited) (the 'Company') is a public limited company incorporated under the Companies Act, 1956. The Company is a 100% subsidiary of IIFL Wealth Management Limited and it acts as a Trustee to IIFL Mutual Fund and IIFL Alternative Investment Funds.

### Note 2. Significant Accounting Policies:

#### 2.1 Basis of preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable accounting standards as prescribed under section 133 of Companies Act, 2013 (Act). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 2.3 Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or market / fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if such diminution is other than temporary. For investment in Mutual funds, the net Assets value (NAV) declared by the Mutual Funds as at the balance sheet date is considered as the fair value.

#### 2.4 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.6 Taxation:

Tax expense comprises current and deferred tax.

##### Income Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.



## IIFL TRUSTEE LIMITED

### Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)

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#### Deferred Tax

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arises.

#### Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

#### 2.7 Revenue Recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- Trustee Fees are accounted on accrual basis.
- Distribution Fee/Commission is recognized on accrual basis in accordance with the terms agreed with the counter party.

#### 2.8 Other Income Recognition:

- Interest Income is recognized on accrual basis.
- Dividend income is recognized when the right to receive payment is established.
- Profit or loss on sale of investments is recognized on the trade date reckoning the weighted average cost.

#### 2.9 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

#### 2.10 Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The Company has not issued any financial Instrument that entitles or may entitle its holder to acquire equity shares in future.

#### 2.11 Provisions, Contingent Liabilities and Contingent Assets:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets are neither recognized nor disclosed in the financial statements.



**IIFL TRUSTEE LIMITED****Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)****2.12 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**2.13 Borrowing Costs**

Borrowing costs include interest and amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

**2.14 Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**Note 3. Share Capital:**

(a) The Authorized, Issued, Subscribed and fully paid up share capital comprises of equity shares having a par value of ₹ 10/- as follows

(Amount in ₹)

Authorised:	As at March 31, 2017	As at March 31, 2016
10,000,000 (P.Y. 10,000,000) Equity Shares of ₹ 10 each	100,000,000	100,000,000
<b>Issued Subscribed and Paid Up :</b>		
500,000 (P.Y. 500,000) Equity Shares of ₹ 10 each	5,000,000	5,000,000
<b>Total</b>	<b>5,000,000</b>	<b>5,000,000</b>

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

(Amount in ₹)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	500,000	5,000,000	500,000	5,000,000
Add: Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>500,000</b>	<b>5,000,000</b>	<b>500,000</b>	<b>5,000,000</b>

**(c) Terms/Rights attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of the preferential amounts in proportion to their shareholdings.

**(d) Details of shares held by holding company:**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	% holding	Numbers	% holding
IIFL Wealth Management Limited & its nominees	500,000	100%	500,000	100%

**(e) Details of shareholders holding more than 5% shares in the Company:**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	% holding	Numbers	% holding
IIFL Wealth Management Limited & its nominees	500,000	100%	500,000	100%



**IIFL TRUSTEE LIMITED****Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

(f) During the period of 5 years immediately preceding the Balance Sheet date, the Company has not issued any equity shares without payment being received in cash, bonus shares and has not bought back any equity shares

**Note 4. Reserves and Surplus:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Surplus/ (Deficit) in Statement of Profit and Loss</b>		
Opening balance	(1,886,724)	(2,341,218)
Profit for the year	3,768,045	454,494
<b>Closing balance</b>	<b>1,881,321</b>	<b>(1,886,724)</b>

**Note 5. Other Long-term Liabilities:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Deposits – Trust Corpus	300,000	300,000
<b>Total</b>	<b>300,000</b>	<b>300,000</b>

**Note 6. Trade Payables:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Other Liabilities Payables	-	-
Provision for Expenses	125,000	37,500
<b>Total</b>	<b>125,000</b>	<b>37,500</b>

Trade payable includes ₹ Nil (previous year - ₹ Nil) payable to “suppliers” referred under the Micro, Small and Medium Enterprises Development Act, 2006. No Interest has been paid/is payable by the Company during the year to “Suppliers” referred under the Act. The aforementioned is based on the response received by the Company to its inquiries with suppliers with regards to applicability under the said Act. This has been relied upon by the auditors

**Note 7. Other Current Liabilities:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Statutory Liabilities Payable	101,020	107,439
<b>Total</b>	<b>101,020</b>	<b>107,439</b>

**Note 8. Deferred Tax Asset:**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
On Carried forward Business Loss	-	765,373
<b>Total</b>	<b>-</b>	<b>765,373</b>



**IIFL TRUSTEE LIMITED**
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**
**Note 9. Long Term Loans and Advances:**
**(Amount in ₹)**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, Considered good</b>		
Advance Income Tax & Tax Deducted at Source (net of provision ₹ 1,158,757/- , Previous year ₹ 132,755/-)	346,192	358,367
MAT Credit Entitlement	291,085	112,450
<b>Total</b>	<b>637,277</b>	<b>470,817</b>

**Note 10. Current Investments (At lower of cost and fair value, unless otherwise stated):**
**(Amount in ₹)**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Units	Amount	Units	Amount
<b>Quoted: Non-Trade Investment</b>				
<b>Investments in Mutual Fund</b>				
ICICI Prudential Flexible Income Fund (NAV-₹ 311.6753)	8,029.832	2,500,000	-	-
<b>Total</b>		<b>2,500,000</b>		<b>-</b>
Aggregate Value of Quoted Investments		2,500,000		-
Market Value of Quoted Investments		2,502,700		-

**Note 11. Trade Receivables:**
**(Amount in ₹)**

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	-	-
- Considered doubtful	-	-
Trade Receivables outstanding for a period less than six months from the date they were due for payment		
- Considered good	3,293,525	1,695,661
- Considered doubtful	-	-
<b>Total</b>	<b>3,293,525</b>	<b>1,695,661</b>

**Note 12. Cash and cash equivalents:**
**(Amount in ₹)**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Cash and Cash equivalents (As per As 3 Cash Flow Statements)</b>		
Cash in hand	-	-
Balances with banks		
- In Current accounts	802,539	504,414
- In Deposit accounts (Original Maturity 3 months or less)	-	-
<b>Total</b>	<b>802,539</b>	<b>504,414</b>



**IIFL TRUSTEE LIMITED****Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as required by MCA notification S.O. 3407(E), dated the 8th November, 2016 has been provided in the Table below:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 13. Short Term Loans and Advances:****(Amount in ₹)**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, Considered Good</b>		
Service Tax Receivable	174,000	121,950
<b>Total</b>	<b>174,000</b>	<b>121,950</b>

**Note 14. Revenue from operations:****(Amount in ₹)**

Particulars	2016-2017	2015-2016
Trusteeship Fees	10,138,248	4,911,206
<b>Total</b>	<b>10,138,248</b>	<b>4,911,206</b>

**Note 15. Other Income:****(Amount in ₹)**

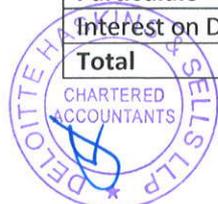
Particulars	2016-2017	2015-2016
Profit on sale of current investments	191,116	65,713
Interest on Income Tax Refund	-	817
<b>Total</b>	<b>191,116</b>	<b>66,530</b>

**Note 16. Other Expenses:****(Amount in ₹)**

Particulars	2016-2017	2015-2016
Bank Charges	101	664
Exchange and statutory Charges	20,355	
Legal and Professional Charges	576,540	361,944
Rates and Taxes	3,828	7,425
Remuneration to Auditors :		
- Statutory Audit (net of Service Tax input credit)	125,000	25,000
- Swachh Bharat Cess	125	
Commission & sitting fees to non-executive directors	4,218,600	3,885,000
<b>Total</b>	<b>4,944,549</b>	<b>4,280,033</b>

**Note 17. Finance Cost:****(Amount in ₹)**

Particulars	2016-2017	2015-2016
Interest on Delayed payment of Taxes	4,030	1,009
<b>Total</b>	<b>4,030</b>	<b>1,009</b>



**IIFL TRUSTEE LIMITED****Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

**Note 18.** Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share' as prescribed u/s 133 of the Companies Act 2013.

(Amount in ₹)

PARTICULARS		2016-2017	2015-2016
<b>BASIC &amp; DILUTED EPS</b>			
Profit after tax as per Statement of Profit and Loss	A	3,768,045	454,494
Weighted Average Number of Shares	B	500,000	500,000
Face Value of Equity Shares (₹) fully paid		10	10
Basic & Diluted EPS (₹)	A/B	7.54	0.91

**Note 19. Capital and Other Commitments**

The Company does not have any outstanding commitments of capital expenditure, as on the balance sheet date of preparing financial statements.

**Note 20.** The Company does not have any contingent liability not provided for, as on the balance sheet date of preparing financial statements.

**Note 21.** There are no pending litigations by and on the Company as on the balance sheet date.

**Note 22. Segment Reporting:**

In the opinion of the management, there is only one reportable business segment of Trusteeship Services as envisaged by AS 17 'Segment Reporting', as prescribed under section 133 of the Act. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

**Note 23. Related Party Disclosures:**

Related party disclosures for the year ended March 31, 2017

**a) List of Related parties:**

Nature of relationship	Name of party
<b>Ultimate Holding Company</b>	IIFL Holdings Limited
<b>Holding Company</b>	IIFL Wealth Management Limited
<b>Fellow Subsidiaries</b>	IIFL Distribution Services Limited IIFL Investment Advisors and Trustee Services Limited IIFL Asset Management Limited IIFL Alternate Asset Advisors Limited India Alternatives Investment Advisors Private Limited (Upto 31 <sup>st</sup> March 2017) IIFL Wealth Finance Limited IIFL Private Wealth Management (Dubai) Limited IIFL (Asia) Pte. Limited IIFL Inc IIFL Private Wealth Hong Kong Limited IIFL Asset Management (Mauritius) Ltd (Formerly IIFL Private Wealth (Mauritius) Ltd) IIFL Private Wealth (Suisse) SA IIFL Securities Pte. Limited



**IIFL TRUSTEE LIMITED**
**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

	IIFL Capital Pte. Limited
<b>Group Companies</b>	India Infoline Finance Limited India Infoline Limited India Infoline Insurance Services Limited India Infoline Commodities Limited IIFL Realty Limited India Infoline Housing Finance Limited India Infoline Media and Research Services Limited IIFL Capital Limited India Infoline Commodities DMCC IIFL Wealth (UK) Limited IIFL Capital Inc. India Infoline Foundation IIFL Properties Private Limited IIFL Asset Reconstruction Limited India Infoline Insurance Brokers Limited
<b>Key Management Personnel</b>	-
<b>Other related parties</b>	Mr. Karan Bhagat Mr. Yatin Shah Mr. Amit Shah  Mrs. Shilpa Bhagat Mrs. Ami Shah Mrs. Dhara Shah  Probability Sports LLP Naykia Realty Private Limited Kyrush Investments Yatin Investment

**b) Significant Transaction with Related Parties**
**(Amount in ₹)**

<b>Nature of Transaction</b>	<b>Holding Company</b>	<b>Fellow Subsidiaries</b>	<b>Group Companies</b>	<b>Key Managerial Person</b>	<b>Total</b>
<b><u>ICD Repaid</u></b>					
	-	-	-	-	-
IIFL Wealth Management Ltd	(52,000)	-	-	-	<b>(52,000)</b>
<b><u>ICD Taken</u></b>					
	-	-	-	-	-
IIFL Wealth Management Ltd	(52,000)	-	-	-	<b>(52,000)</b>
<b><u>Interest Expense on ICD</u></b>					
	-	-	-	-	-
IIFL Wealth Management Ltd	(49)	-	-	-	<b>(49)</b>
<b><u>Other Funds Paid</u></b>					
IIFL Investment Adviser & Trustee Services Limited	-	34,800	-	-	<b>34,800</b>
	-	-	-	-	-



**IIFL TRUSTEE LIMITED**

**Notes forming part of the Financial Statements for the year ended March 31, 2017 (Continued)**

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**Note:**

- I Figures in bracket represents previous year figures.
- II Related parties are identified and certified by the management.

**Note 24.** Previous year figures have been re-grouped, re-classified & rearranged wherever considered necessary to confirm to current year's presentation.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: May 2, 2017



  
**Atul Kumar Shukla**  
Chairman  
(DIN: 00121601)



**R. Mohan**  
Director  
(DIN: 00012070)

