# Deloitte Haskins & Sells LLP

Chartered Accountants
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## INDEPENDENT AUDITOR'S REPORT

**To The Members of IIFL Alternate Asset Advisors Limited**
**Report on the Audit of the Financial Statements**

### Opinion

We have audited the accompanying financial statements of IIFL Alternate Asset Advisors Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report including Annexures to Directors' Report, but does not include the financial statements and our auditor's report thereon. The Directors' report including Annexures to Directors' Report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and we do not and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Directors' report including Annexures to Directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other 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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 SAs, we exercise professional judgment 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report 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 including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 the requirements of section 197(16) of the Act, as amended, The company has not paid remuneration to its director during the period, hence reporting as per the provisions of section 197 of the Act is not applicable.

h) 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 required to be transferred, to the Investor Education and Protection Fund by the Company

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") 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 Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

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

Place: Mumbai
Date: 13 May 2019

**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 ALTERNATE ASSET ADVISORS LIMITED** (the "Company") as of 31 March 2019 in conjunction with our audit of the Ind AS 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. 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 respective 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 Institute of Chartered Accountants of India 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 2019, based on the criteria for internal financial control over financial reporting 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 issued by the Institute of Chartered Accountants of India.

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

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

Place: Mumbai
Date: 13 May 2019

**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 tangible 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) According to the information and explanations given to us, the Company has granted unsecured loans to companies, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as 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) of the 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 Provident Fund, Income-tax, Goods & Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities. According to the information and explanations given to us Employees State Insurance, Excise Duty and Customs Duty are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods & Service Tax, cess and other material statutory dues in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(c) There are no dues of Income tax and Goods & Service Tax which have not been deposited as on 31 March 2019 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders. There were no term loans from banks, financial institutions or government.

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of private placement of Redeembale Non convertible debentures during the year for the purposes for General corporate purpose and onward lending. Pending the deployment of the proceeds of NCDs for the purpose as mentioned in the respective Disclosure Documents, the same were temporarily deployed in Liquid Mutual Funds and other investments.

(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) According to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year and 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 Act, 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 the CARO 2016 is not applicable.

(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 holding Company or persons connected with them and hence provisions of section 192 of the Act 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)

Place: Mumbai
Date: 13 May 2019

**IIFL ALTERNATE ASSET ADVISORS LIMITED**
**BALANCE SHEET AS AT MARCH 31, 2019**

(₹ in Mn)

| SR. No. | Particulars | Note No. | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|---|---|
| | **ASSETS** | | | | |
| 1 | **Financial Assets** | | | | |
| (a) | Cash and cash equivalents | 4 | 0.32 | 2.84 | 148.14 |
| (b) | Receivables | 5 | | | |
| | (I) Trade receivables | | 95.62 | 39.12 | - |
| | (II) Other receivables | | 29.47 | 32.63 | - |
| (c) | Loans | 6 | 2,193.60 | - | - |
| (d) | Investments | 7 | 126.11 | 2,690.10 | - |
| (e) | Other financial assets | 8 | 31.92 | 0.04 | 0.23 |
| 2 | **Non-Financial Assets** | | | | |
| (a) | Current tax assets (net) | | 31.82 | 1.54 | 2.34 |
| (b) | Deferred tax assets (net) | 9 | 3.07 | 1.16 | 3.22 |
| (c) | Other intangible assets | 10 | 1.87 | 3.14 | - |
| (d) | Other non-financial assets | 11 | 1.65 | 1.25 | 1.62 |
| | **Total Assets** | | **2,515.45** | **2,771.82** | **155.55** |
| | **LIABILITIES AND EQUITY** | | | | |
| | **LIABILITIES** | | | | |
| 1 | **Financial Liabilities** | | | | |
| (a) | Payables | | | | |
| | (I)Trade payables | | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 12 | 51.79 | 10.97 | 0.18 |
| (b) | Debt securities | 13 | 50.00 | - | - |
| (c) | Borrowings (other than debt securities) | 14 | - | 2,570.00 | - |
| (d) | Other financial liabilities | 15 | 90.40 | 2.06 | 0.04 |
| 2 | **Non-Financial Liabilities** | | | | |
| (a) | Provisions | 16 | 0.78 | 0.69 | 0.12 |
| (b) | Other non-financial liabilities | 17 | 8.51 | 4.59 | 0.30 |
| 3 | **EQUITY** | | | | |
| (a) | Equity share capital | 18 | 2.49 | 0.50 | 0.50 |
| (b) | Other equity | 19 | 2,311.48 | 183.01 | 154.41 |
| | **Total Liabilities and Equity** | | **2,515.45** | **2,771.82** | **155.55** |

See accompanying Notes to the Financial Statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Pallavi A. Gorakshakar**
Partner

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

**Pankaj Fitkariwala**
Director
(DIN: 07356813)

**Umang Papneja**
Director
(DIN: 07357053)

Place : Mumbai
Dated: May 13, 2019

**IIFL ALTERNATE ASSET ADVISORS LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

(₹ In Mn)

| SR. No. | Particulars | Note No. | 2018-19 | 2017-18 |
|---|---|---|---|---|
| 1 | **Revenue from operations** | | | |
| (a) | Interest income | 20 | 191.24 | 10.72 |
| (b) | Dividend & Distribution income on investments | 21 | 25.11 | (0.02) |
| (c) | Fees and commission income | 22 | 216.19 | 41.03 |
| (d) | Net gain on fair value changes | 23 | 96.82 | 23.49 |
| (e) | Sale of products | | 205.95 | - |
| | **Total revenue from operations** | | **735.31** | **75.22** |
| 2 | **Other income** | 24 | 0.19 | 0.04 |
| 3 | **Total income (1+2)** | | **735.50** | **75.26** |
| | **Expenses** | | | |
| (a) | Finance costs | 25 | 298.78 | 9.19 |
| (b) | Fees and commission expenses | | 34.68 | 9.81 |
| (c) | Purchases of Stock-in-trade | | 205.62 | - |
| (d) | Employee benefits expenses | 26 | 16.90 | 10.89 |
| (e) | Depreciation, amortization and impairment | 10,12 | 1.31 | 0.73 |
| (f) | Others expenses | 27 | 19.75 | 8.16 |
| 4 | **Total expenses** | | **577.04** | **38.78** |
| 5 | **Profit before tax (3-4)** | | **158.46** | **36.48** |
| 6 | **Tax expense:** | | | |
| (a) | Current tax | 28 | 26.28 | 4.27 |
| (b) | Deferred tax | 28 | (0.37) | 3.50 |
| 7 | **Profit for the year (5-6)** | | **132.55** | **28.71** |
| 8 | **Other comprehensive income** | | | |
| | (i) Items that will not be reclassified to profit or loss | | | |
| | - Remeasurements of Employee Benefits | | (0.10) | (0.16) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | 0.03 | 0.05 |
| | Other comprehensive income | | **(0.07)** | **(0.11)** |
| 9 | **Total comprehensive income for the year (7+8) (Comprising profit and other comprehensive income for the year)** | | **132.48** | **28.60** |
| 10 | **Earnings per equity share** | | | |
| | Basic (Rs.) | 29 | 725.10 | 574.12 |
| | Diluted (Rs.) | 29 | 725.10 | 574.12 |

See accompanying Notes to the Financial Statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Pallavi A. Gorakshakar**
Partner

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

**Pankaj Fitkariwala**
Director
(DIN: 07356813)

**Umang Papneja**
Director
(DIN: 07357053)

Place : Mumbai
Dated: May 13, 2019

**IIFL ALTERNATE ASSET ADVISORS LIMITED**
**STATEMENT OF CASHFLOW FOR THE YEAR ENDED MARCH 31, 2019**

(₹ in Mn)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| **A. Cash flows from operating activities** | | |
| **Profit before tax** | 158.46 | 36.48 |
| **Adjustments for:** | | |
| Depreciation & amortisation | 1.31 | 0.73 |
| Provisions for employee benefits | (0.07) | 0.25 |
| Net changes in fair value through Profit and Loss of investments | | |
| - Realised | (99.28) | (23.49) |
| - Unrealised | 2.46 | - |
| Provision for Expected credit loss | 0.00# | - |
| Employee share based payments | 0.04 | 0.03 |
| Interest income | (191.24) | (10.72) |
| Interest expenses | 298.66 | 9.19 |
| Dividend & Distribution Income from investments | (25.11) | 0.02 |
| **Operating profit before working capital changes** | **145.24** | **12.50** |
| **Changes in working Capital :** | | |
| (Increase)/ Decrease in Financial/Non-financial Assets | (87.60) | (69.13) |
| Increase/ (Decrease) in Financial/Non-financial Liabilities | 133.10 | 17.23 |
| **Cash generated from operations** | **190.74** | **(39.40)** |
| **Cash flow before extraordinary item** | | |
| Net income tax(paid) / refunds | (56.17) | (6.93) |
| **Net cash used in operating activities (A)** | **134.57** | **(46.33)** |
| **B. Cash flows from investing activities** | | |
| Purchase of investments | (37,191.25) | (11,357.89) |
| Sale of investments | 39,876.03 | 8,691.28 |
| Interest received | 191.24 | 10.72 |
| Dividend income | 1.18 | (0.02) |
| Purchase/sale of Property, plant and equipment (includes intangible assets) | (0.04) | (3.87) |
| Intercorporate Deposit - given | (3,380.21) | (1,124.50) |
| Intercorporate Deposit - received | 1,186.61 | 1,124.50 |
| **Net cash generated from/(used in) investing activities (B)** | **683.56** | **(2,659.78)** |
| **C. Cash flows from financing activities** | | |
| Issuance of share capital | 1.99 | - |
| Securities premium received | 1,996.00 | - |
| Debt securities issued | 250.00 | - |
| Debt securities redeemed | (200.00) | - |
| Borrowings - taken | 47,606.50 | 7,551.00 |
| Borrowings - repaid | (50,176.50) | (4,981.00) |
| Interest paid | (298.64) | (9.19) |
| **Net cash (used in)/ generated from financing activities (C)** | **(820.65)** | **2,560.81** |
| **Net (decrease)/increase in cash and cash equivalents (A+B+C)** | **(2.52)** | **(145.30)** |
| Opening Cash & cash equivalents | 2.84 | 148.14 |
| **Closing Cash & cash equivalents** | **0.32** | **2.84** |

# Amount less than ₹ 10,000.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Pallavi A. Gorakshakar**
Partner

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

**Pankaj Fitkariwala**
Director
(DIN: 07356813)

**Umang Papneja**
Director
(DIN: 07357053)

Place : Mumbai
Dated: May 13, 2019

IIFL ALTERNATE ASSET ADVISORS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2019

(₹ in Mn)

| Particulars | Equity attributable to owners of the Company | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Equity Share Capital | Reserves & Surplus | | | | Total Other Equity | |
| | | Securities Premium | General Reserve | Debenture Redemption Reserve (DRR) | Retained Earnings | | |
| Balance as at 1st Apr, 2018 | 0.50 | - | - | | 183.01 | 183.01 | 183.51 |
| Shares issued during the year | 1.99 | 1,998.00 | | | | 1,998.00 | 2,000.00 |
| Share issue expenses | | (2.00) | | | | (2.00) | (2.00) |
| Profit for the year | | | | | 132.55 | 132.55 | 132.55 |
| Other comprehensive income | | | | | (0.07) | (0.07) | (0.07) |
| Dividends | | | | | | - | - |
| Transfer (to)/from other reserves | | - | 50.00 | (50.00) | | - | - |
| DRR Created during the year | | | | 62.50 | (62.50) | - | - |
| Balance at the 31 Mar 2019 | 2.49 | 1,996.00 | 50.00 | 12.50 | 252.99 | 2,311.49 | 2,313.98 |

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in Mn)

| Particulars | Equity Attributable to Owners of the Company | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Equity Share Capital | Other Equity | | | | Total Other Equity | |
| | | Securities Premium | General Reserve | Debenture Redemption Reserve (DRR) | Retained Earnings | | |
| Balance as at 1st Apr, 2017* | 0.50 | - | | | 154.41 | 154.41 | 154.91 |
| Profit for the year | | | | | 28.71 | 28.71 | 28.71 |
| Other Comprehensive income | | | | | (0.11) | (0.11) | (0.11) |
| Balance at the 31 Mar 2018 | 0.50 | - | - | - | 183.01 | 183.01 | 183.51 |

*Refer Note 3

**Securities Premium**

The amount received in excess of face value of the equity shares is recognised in Securities premium.

**General Reserve**

On Redemption of debentures, the debenture redemption reserve was transferred to General Reserve

**Retained Earnings**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

**Debenture Redemption Reserve (DRR)**

The Company has issued Non-convertible debentures and created DRR in terms of the Companies (Share capital and Debenture) Rules,2014 (as amended). The amounts credited to DRR may not be utilised except to redeem the debentures.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Pallavi A. Gorakshakar**
Partner

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

**Pankaj Fitkariwala**
Director
(DIN: 07356813)

**Umang Papneja**
Director
(DIN: 07357053)

Place : Mumbai
Dated: May 13, 2019

**IIFL ALTERNATE ASSET ADVISORS LIMITED**
**Notes forming part of Financial Statements for the year ended March 31, 2019**

**Note 1. Corporate Information:**
IIFL Alternate Asset Advisors Limited (the "Company") is a public limited company incorporated under the Companies Act, 1956. The Company acts as an Investment Manager to schemes of Alternative Investment Funds. The Company has also obtained Portfolio Management services license from Securities Exchange Board of India (SEBI) and carries out the said services

**Note 2. Significant Accounting Policies**

**a) Statement of Compliance:**
The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment
Upto the year ended March 31, 2018, the Company prepared its financial statements in accordance with the requirements of Indian GAAP (IGAAP), as per standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2017. Refer note 3 for the details of first-time adoption exemptions availed by the Company.

b) These financials statements have been approved for issue by the Board of Directors of the Company at their meeting held on May 13, 2019.

**b) Revenue Recognition**
Revenue is recognised when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The following is a description of principal activities from which the Group generates its revenue.

• Investment/Fund Management and Trustee fees: The fees are a series of a similar services and a single performance obligation satisfied over a period of time. These are recognised in accordance with the arrangements entered into with the respective customers.

• Portfolio Management fees: The fees are a series of a similar services and a single performance obligation satisfied over a period of time. These are billed on a monthly / quarterly basis.

• Others: Revenue is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction.

• Investments related Income
- Interest income on investments and loans is accrued on a time basis by reference to the principal outstanding and the effective interest rate including interest on investments that may be classified as fair value through profit or loss or fair value through other comprehensive income.
- Dividend/ distribution income is accounted in the period in which the right to receive the same is established.

**c) Intangible assets**
**Measurement at recognition:**

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles are not capitalized and the related expenditure is recognized in the Combined Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets with finite useful life are carried at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets with indefinite useful lives, that are acquired separately, are carried at cost/fair value at the date of acquisition less accumulated impairment loss, if any.

**Amortization:**

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Combined Statement of Profit and Loss.
The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

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**Estimated useful economic life of the assets is as under:**

| Class of assets | Useful life in years |
|---|---|
| Software | 3 |

**Derecognition:**

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Combined Statement of Profit and Loss when the asset is derecognized.

**d) Impairment**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. Assets that are subject to depreciation and amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Impairment losses, if any, are recognized in the combined Statement of Profit and Loss and included in depreciation and amortization expenses.

Impairment losses are reversed in the combined Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

**e) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement:**

the Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial assets.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

**Subsequent measurement:**

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

i. The Company's business model for managing the financial asset and
ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost
ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
iii. Financial assets measured at fair value through profit or loss (FVTPL)

**i. Financial assets measured at amortized cost:**

A financial asset is measured at the amortized cost if both the following conditions are met:

a) the Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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**ii. Financial assets measured at FVTOCI:**

A financial asset is measured at FVTOCI if both of the following conditions are met:

- the Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the above category, income by way of interest and dividend, provision for impairment are recognized in profit or loss and changes in fair value (other than on account of above income or expense) are recognized in other comprehensive income and accumulated in other equity. On disposal of such debt instruments at FVOCI financial assets,,the cumulative gain or loss previously accumulated in other equity is reclassified to combined Statement of Profit and Loss.

**iii. Financial assets measured at FVTPL:**

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in associate Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Combined Statement of Profit and Loss.

**Derecognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. the Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. the Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. the Company neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Combined Statement of Profit and Loss.

**Impairment of financial assets:**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not measured at FVTPL. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

• Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

• The Company measures the loss allowance on financial assets at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent cash shortfalls that will result if default occurs within the 12 months weighted by the probability of default after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

• When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables and financial assets arising from transactions with in the scope of Ind AS 115 the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and forward-looking information.

The Company writes off a financial asset when there is information indicating that the obligor is in severe financial difficulty and there is no realistic prospect of recovery.

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Notes forming part of Financial Statements for the year ended March 31, 2019

**Financial Liabilities**

**Initial recognition and measurement:**
The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Having regards to the terms and structure of issuance, Financial Liabilities are categorized as follows
(i) recognized at amortised costs
(ii) recognized at fair value through profit and loss (FVTPL) including the embedded derivative component if any, which is not separated.
(iii) where there is an embedded derivative as part of the financial liability, such embedded derivative is separated and recorded at fair value and the remaining component is categorized as on amortised costs.

**Subsequent measurement:**
(i) All financial liabilities of the Company are categorized as subsequently measured at amortized cost are subsequently measured using the effective interest method.

(ii) All financial liabilities of the Company categorized at fair value are subsequently measured at fair value through profit and loss statement.

(iii) For derivatives embedded in the liability, the embedded derivative is subsequently measured at fair value through profit and loss and the liability is subsequently measured at amortised cost using the effective interest method.

**Derecognition:** A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**f) Derivative financial instruments**
The Company enters into derivative financial contracts, which are initially recognized at fair value at the date the contracts are entered into and subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the statement of profit and loss unless the derivative is designated and effective as a hedging instrument
In a financial instrument involving embedded derivative, which is separated from the host contract, such embedded derivative component is accounted separately from the underlying host contract and is initially recognized at fair value and is subsequently remeasured at fair value at each reporting period and the resulting gain or loss is recognized in the statement of profit and loss unless the derivative is designated and effective as a hedging instrument.

**g) Fair Value**
The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantages market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the combined financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 —inputs that are unobservable for the asset or liability
For assets and liabilities that are recognized in the combined financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

**h) Measurement of foreign currency items at reporting date**
Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Nonmonetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

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**i) Income Taxes**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

**Current tax:**

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Combined Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

**Deferred tax:**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction(other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The deferred tax assets (net) and deferred tax liabilities (net) are determined separately for the Parent and each subsidiary company, as per their applicable laws and then aggregated.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the respective group company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

**Presentation of current and deferred tax:**

Current and deferred tax are recognized as income or an expense in the Combined Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

the Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

**j) Provisions and Contingencies**

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

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

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 embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

**k) Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less.

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**l) Employee Benefits**

**Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. the Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.
Post-Employment Benefits:

**I. Defined contribution plans:**
Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. the Company's contributions to defined contribution plans are recognised in the Combined Statement of Profit and Loss in the financial year to which they relate. The Holding Company and its Indian subsidiaries operate defined contribution plans pertaining to Employee State Insurance Scheme and Government administered Pension Fund Scheme for all applicable employees and the Holding Company operates a Superannuation scheme for eligible employees. A few Indian Subsidiaries also operate Defined Contribution Plans pertaining to Provident Fund Scheme.
Recognition and measurement of defined contribution plans: the Company recognizes contribution payable to a defined contribution plan as an expense in the Combined Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

**II. Defined benefit plans:**
Gratuity is post-employment benefit and is in the nature of defined benefit plan. The liability recognized in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

**Recognition and measurement of defined benefit plans:**
The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.
All expenses represented by current service cost, past service cost if any and net interest on the defined benefit liability (asset) are recognized in the Combined Statement of Profit and Loss. Remeasurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Combined Statement of Profit and Loss in the subsequent periods.

**m) Lease accounting**
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
Assets taken on lease:
In respect of operating leases, lease rentals are recognized as an expense in the Combined Statement of Profit and Loss on straight line basis over the lease term unless
i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or
ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases
In respect of assets obtained on finance leases, assets are recognised at lower of the fair value at the date of acquisition and present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. The excess of lease payments over the recorded lease obligations are treated as 'finance charges' which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations.

**n) Borrowing Cost**
Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

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**IIFL ALTERNATE ASSET ADVISORS LIMITED**
**Notes forming part of Financial Statements for the year ended March 31, 2019**

**o) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Holding Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

**p) Share-based Compensation**

The Company recognises compensation expense relating to share-based payments in the net profit using fair value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to income on a straight line basis over the requisite service period for each separately vesting portion of the award as if the award was in substance, multiple awards with a corresponding increase to ESOP Reserve.

**q) Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

**r) Recent Accounting pronouncements**

The Ministry of Corporate Affairs has notified the Indian Accounting Standard (Ind AS) - 116, Leases effective April 1, 2019. The Company is in the process of studying the impact on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit /loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments that the companies have to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit / tax loss, tax bases, unused tax losses, unused tax credits and tax rates. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is evaluating impact of the above amendment.

Amendment of Ind AS 12 – Income taxes in connection with accounting of dividend distribution - The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensives income or equity according to where the entity originally recognized those past transactions or events. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is evaluating the impact of the above.

**s) KEY ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**- Property, Plant and Equipment**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The lives are based on historical experience with similar assets and are based on changes in technical or commercial obsolescence.

**- Defined Benefit Obligation**

The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

**- Fair value measurement of Financial Instruments**

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

**- Expected Credit Loss**

The provision for expected credit loss involves estimating the probability of default and loss given default based on the past experience and other factors.

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**Note 3. First time adoption of Ind AS**

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2017 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, derecognising items of assets or liabilities which are not permitted to be recognised by Ind AS, reclassifying items from I-GAAP to Ind AS as required, and applying Ind AS to measure the recognised assets and liabilities. The exemptions availed by the Company are as follows:

(i) The Company has adopted the carrying value determined in accordance with I-GAAP for all of its property plant and equipment and intangible assets as deemed cost of such assets at the transition date.

(ii) The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2017

(iii) The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, as permitted by Ind AS 101, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition.

**Equity Reconciliation**

(₹ in Mn)

| Particulars | As at 1st April 2017 | As at 31st March 2018 | Notes |
|---|---|---|---|
| As per IGAAP | 154.91 | 178.23 | |
| Fair value of investments | - | 5.69 | 1 |
| ESOP Compensation Cost | - | (0.03) | 2 |
| Deferred tax impact on above adjustments | - | (0.38) | 3 |
| **As per Ind AS** | **154.91** | **183.51** | |

**Reconciliation of Total Comprehensive Income**

(₹ in Mn)

| Particulars | As at 31st March 2018 | Notes |
|---|---|---|
| Net income under Indian GAAP | 23.31 | |
| Change in fair value of investments | 5.69 | 1 |
| Actuarial gain/ loss recognised in other comprehensive income | 0.16 | 4 |
| ESOP Compensation Cost | (0.03) | 2 |
| Deferred tax impact on above adjustments | (0.42) | 3 |
| **Net Income as per Ind AS** | **28.71** | |
| Other Comprehensive Income | (0.11) | 4 |
| **Total Comprehensive Income as per Ind AS** | **28.60** | |

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IIFL ALTERNATE ASSET ADVISORS LIMITED
Notes forming part of Financial Statements for the year ended March 31, 2019

(₹ in Mn)

Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2018

| Sr. No. | Particulars | As at March 31, 2018 | | | |
|---|---|---|---|---|---|
| | | As per IGAAP | Ind AS adjustments | As per Ind AS | Notes |
| | ASSETS | | | | |
| | | | | | |
| 1 | Financial Assets | | | | |
| (a) | Cash and cash equivalents | 2.84 | | 2.84 | |
| (b) | Receivables | - | | - | |
| | (I) Trade receivables | 39.12 | | 39.12 | |
| | (II) Other receivables | 32.63 | | 32.63 | |
| (c) | Investments | 2,684.41 | 5.69 | 2,690.10 | 1 |
| (d) | Other financial assets | 0.04 | | 0.04 | |
| | | | | | |
| 2 | Non-Financial Assets | | | | |
| (a) | Current tax assets (net) | 1.54 | | 1.54 | |
| (b) | Deferred tax assets (net) | 1.54 | (0.38) | 1.16 | 3 |
| (c) | Other intangible assets | 3.14 | | 3.14 | |
| (d) | Other non-financial assets | 1.25 | | 1.25 | |
| | | | | | |
| | Total Assets | 2,766.51 | 5.31 | 2,771.82 | |
| | LIABILITIES AND EQUITY | | | | |
| | | | | | |
| | LIABILITIES | | | | |
| 1 | Financial Liabilities | | | | |
| (a) | Payables | | | | |
| | Trade payables | | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | - | | - | |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 10.97 | | 10.97 | |
| (b) | Borrowings (other than debt securities) | 2,570.00 | | 2,570.00 | |
| (c) | Other financial liabilities | 2.03 | 0.03 | 2.06 | 2 |
| | | | | | |
| 2 | Non-Financial Liabilities | | | | |
| (a) | Provisions | 0.69 | | 0.69 | |
| (b) | Other non-financial liabilities | 4.59 | | 4.59 | |
| | | | | | |
| 3 | EQUITY | | | | |
| (a) | Equity share capital | 0.50 | | 0.50 | |
| (b) | Other equity | 177.73 | 5.28 | 183.01 | |
| | | | | | |
| | Total Liabilities and Equity | 2,766.51 | 5.31 | 2,771.82 | |

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**Effect of Ind AS adoption on the Balance Sheet as at 1st April, 2017** (₹ in Mn)

| Sr. No. | Particulars | As at April 1, 2017 | | | |
|---|---|---|---|---|---|
| | | As per IGAAP | Ind AS adjustments | As per Ind AS | Notes |
| | **ASSETS** | | | | |
| | | | | | |
| 1 | **Financial Assets** | | | | |
| (a) | Cash and cash equivalents | 148.14 | | 148.14 | |
| (b) | Other financial assets | 0.23 | | 0.23 | |
| | | | | | |
| 2 | **Non-Financial Assets** | | | | |
| (a) | Current tax assets (net) | 2.34 | | 2.34 | |
| (b) | Deferred tax assets (net) | 3.22 | - | 3.22 | |
| (c) | Other non-financial assets | 1.62 | | 1.62 | |
| | | | | - | |
| | **Total Assets** | 155.55 | - | 155.55 | |
| | **LIABILITIES AND EQUITY** | | | | |
| | | | | | |
| | **LIABILITIES** | | | | |
| 1 | **Financial Liabilities** | | | | |
| (a) | Payables | | | | |
| | Trade payables | | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | - | | - | |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 0.18 | | 0.18 | |
| (b) | Other financial liabilities | 0.04 | - | 0.04 | |
| | | | | - | |
| 2 | **Non-Financial Liabilities** | | | - | |
| (a) | Provisions | 0.12 | | 0.12 | |
| (b) | Other non-financial liabilities | 0.30 | | 0.30 | |
| | | | | | |
| 3 | **EQUITY** | | | | |
| (a) | Equity share capital | 0.50 | | 0.50 | |
| (b) | Other equity | 154.41 | - | 154.41 | |
| | | | | | |
| | **Total Liabilities and Equity** | 155.55 | - | 155.55 | |

**Notes**

1. As per IGAAP, Investments were valued at lower of Cost and Market Value. However as per Ind AS, Investments classified at Fair value through Profit and loss are to recognised at Fair Value and hence the Company has restated its investments to reflect the market value and correspnding impact being taken to Statement of Profit and Loss .
2. ESOP charge is accounted for using fair value method. The portion of ESOP charge payable to holding company is accordingly measured and recognised at fair value. Under I-GAAP ESOP charge was calculated based on intrinsic value method.
3. Deferred tax is the tax impact of all the adjustments between IGAAP and Ind AS.
4. Actuarial gains and losses pertaining to defined benefit obligations and re-measurement pertaining to return on plan assets are recognised in Other Comprehensive Income in accordance with Ind AS 19 and are not reclassified to profit or loss.
5. The Company has adjusted on Apr 1, 2017 (the transition date) IGAAP numbers. Assets and Liabilities as per IGAAP are reconciled with numbers as per Ind AS by reclassification or as required by Ind AS and applying Ind AS in measurement of recognised assets and liabilities.

6. There is no impact on Cash Flow due to first time adoption of Ind AS.

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IIFL ALTERNATE ASSET ADVISORS LTD.

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**Note 4. Cash and Cash Equivalents** (₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| **Cash and Cash Equivalents (As per Ind AS 7 Statement of Cashflows)** | | | |
| Balance with banks | | | |
| -In current accounts | | | |
| - In client account | - | - | - |
| - Others | 0.32 | 2.84 | 8.12 |
| In Deposit accounts (with original maturity of three months or less) | - | - | 140.02 |
| **Cash and cash equivalents (As per Ind AS 7 Statement of Cashflows)** | **0.32** | **2.84** | **148.14** |

**Note 5. Receivables (Refer Note 31)** (₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| **(i) Trade receivables** | | | |
| Receivables considered good - Unsecured | 95.62 | 39.12 | - |
| **Total (i)- Gross** | **95.62** | **39.12** | - |
| Less: Impairment loss allowance | 0.00# | - | - |
| **Total (i)- Net** | **95.62** | **39.12** | - |
| **(ii) Other receivables** | | | |
| Receivables considered good - Unsecured | 29.47 | 32.63 | - |
| **Total (ii)- Gross** | **29.47** | **32.63** | - |
| Less: Impairment loss allowance | - | - | - |
| **Total (ii)- Net** | **29.47** | **32.63** | - |

# Amount less than ₹ 10,000.

a) No trade or other receivables are due from directors or from other officers of the Company either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any directors is a partner, director or a member as at 31st March 2019, 31st March 2018, 1st April 2017.

b) There are no trade recievables with significant increase in credit risk (SICR) as at 31st March 2019, 31st March 2018, 1st April 2017.

c) There are no credit impaired receivables as at 31st March 2019, 31st March 2018, 1st April 2017.

d) Other receivables include receivables on sale of Investments aggregating to ₹ 26.23 mn (31/03/2018-Nil, 31/03/2017-Nil)

e) No trade receivables and other receivables are interest bearing.

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Note 6. Loans

(₹ in Mn)

| Loans | As at Mar 31, 2019 | | | | | | As at Mar 31, 2018 | | | | | | As at Apr 1, 2017 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | At Fair value | | | | | | At Fair value | | | | | | At Fair value | | | | |
| | Amortised cost | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | Subtotal | Total | Amortised cost | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | Subtotal | Total | Amortised cost | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | Subtotal | Total |
| (A) | | | | | | | | | | | | | | | | | | |
| (i) Term loans* | 2,193.60 | - | - | - | - | 2,193.60 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total (A) -Gross | 2,193.60 | | | | | 2,193.60 | - | - | - | - | - | - | - | - | - | - | - | - |
| Less:Impairment loss allowance | - | - | - | - | - | - | | | | | - | - | | | | | - | - |
| Total (A) - Net | 2,193.60 | - | - | - | - | 2,193.60 | - | - | - | - | - | - | - | - | - | - | - | - |
| (B) | | | | | | | | | | | | | | | | | | |
| (i) Unsecured | 2,193.60 | - | - | - | - | 2,193.60 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total (B)-Gross | 2,193.60 | - | - | - | - | 2,193.60 | - | - | - | - | - | - | - | - | - | - | - | - |
| (C ) | | | | | | | | | | | | | | | | | | |
| (I) Loans in India | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (i) Public Sector | 2,193.60 | - | - | - | - | 2,193.60 | - | - | - | - | - | - | - | - | - | - | - | |
| (ii) Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Less: Impairment loss allowance | - | - | - | - | - | - | - | | | | | - | - | - | - | - | - | - |
| Total(C) (I)-Net | 2,193.60 | - | - | - | - | 2,193.60 | - | - | - | - | - | - | - | - | - | - | - | - |
| (II)Loans outside India | | | | | | | | | | | | | | | | | | |
| Less: Impairment loss allowance | - | - | - | - | - | - | - | - | - | - | | - | - | - | - | - | - | - |
| Total (C) (II)- Net | | | | | | | | | | | | | | | | | | |
| Total C(I) and C(II) | 2,193.60 | - | - | - | - | 2,193.60 | - | - | - | - | - | - | - | - | - | - | - | - |

* Includes Loan to related parties- Refer Note 35

IIFL ALTERNATE ASSET ADVISORS LIMITED
Notes forming part of Financial Statements for the year ended March 31, 2019

Note 7. Investments

(₹ in Mn)

| Investments | As at Mar 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amortised cost | At Fair value | | | | Others | Total |
| | | Through other comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | Subtotal | | |
| | 1 | 2 | 3 | 4 | 5=2+3+4 | 6 | 7=1+5+6 |
| (A) | | | | | | | |
| Debt securities | - | - | 0.27 | - | 0.27 | | 0.27 |
| Alternate invetment funds | - | - | 125.84 | - | 125.84 | | 125.84 |
| Total (A) | - | - | 126.11 | - | 126.11 | | 126.11 |
| (B) | | | | | | | |
| i) Investments outside India | - | - | - | - | - | | - |
| ii) Investments in India | - | - | 126.11 | - | 126.11 | - | 126.11 |
| Total (B) | - | - | 126.11 | - | 126.11 | - | 126.11 |
| (C) | | | | | - | | - |
| Less: Allowance for impairment loss | - | - | - | - | - | | - |
| | | | | | - | | - |
| Total- Net (D) = A-C | - | - | 126.11 | - | 126.11 | | 126.11 |

| Investments | As at Mar 31, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amortised cost | At Fair value | | | | Others | Total |
| | | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | Subtotal | | |
| | 8 | 9 | 10 | 11 | 12=9+10+11 | 13 | 14=8+12+13 |
| (A) | | | | | | | |
| Debt securities | - | - | - | - | - | | - |
| Alternate invetment funds | - | - | 2,690.10 | - | 2,690.10 | | 2,690.10 |
| Total (A) | - | - | 2,690.10 | - | 2,690.10 | | 2,690.10 |
| (B) | | | | | | | |
| i) Investments outside India | - | - | - | - | - | | - |
| ii) Investments in India | - | - | 2,690.10 | - | 2,690.10 | - | 2,690.10 |
| Total (B) | - | - | 2,690.10 | - | 2,690.10 | - | 2,690.10 |
| (C) | | | | | - | | - |
| Less: Allowance for impairment loss | - | - | - | - | - | | - |
| | | | | | - | | - |
| Total- Net (D) = A-C | - | - | 2,690.10 | - | 2,690.10 | | 2,690.10 |

| Investments | As at Apr 1, 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amortised cost | At Fair value | | | | Others | Total |
| | | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | Subtotal | | |
| | 15 | 16 | 17 | 18 | 19=16+17+18 | 20 | 21=15+19+20 |
| (A) | | | | | - | | - |
| Debt securities | - | - | - | - | - | | - |
| Alternate invetment funds | - | - | - | - | - | | - |
| Total (A) | - | - | - | - | - | | - |
| (B) | | | | | | | |
| i) Investments outside India | - | - | - | - | - | | - |
| ii) Investments in India | - | - | - | - | - | - | - |
| Total (B) | - | - | - | - | - | - | - |
| (C) | | | | | - | | - |
| Less: Allowance for impairment loss | - | - | - | - | - | | - |
| | | | | | - | | - |
| Total- Net (D) = A-C | - | - | - | - | - | | - |

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**Notes forming part of Financial Statements for the year ended March 31, 2019**

| Investments at FVTPL | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| Name of Investment | No. of Units | Total Amount (₹ in Mn) | No. of Units | Total Amount (₹ in Mn) |
| **Investment in Debt Securities include :** | | | | |
| IIFL WEALTH FINANCE LIMITED SERIES - IFRS-01 BR NCD 05DC19 FACE VALUE RS 1 LAC | 1 | 0.10 | - | - |
| ECL FINANCE LIMITED SR-I9J603A BR NCD 05FB20 FACE VALUE RS 1 LAC | 1 | 0.17 | - | - |
| | | | | |
| | | 0.27 | | - |
| | | | | |
| **Investment in Alternate investment funds include :** | | | | |
| BLUME VENTURES (OPPORTUNITIES) FUND II | 260,000.00 | 25.60 | - | - |
| IA ALL CAP FUND | - | - | 5,645,048.00 | 54.52 |
| IA DIVERSIFIED FUND | - | - | 7,500,000.00 | 75.85 |
| IIFL ASSET REVIVAL FUND SERIES 2 | - | - | 10,000,000.00 | 141.15 |
| IIFL ASSET REVIVAL FUND SERIES 3 | - | - | 2,941,414.09 | 38.11 |
| IIFL BEST OF CLASS FUND 1 | - | - | 10,000,000.00 | 118.96 |
| IIFL BLENDED FUND - SERIES A | - | - | 2,552,091.07 | 24.24 |
| IIFL BLENDED FUND - SERIES C | - | - | 3,012,500.00 | 29.53 |
| IIFL CASH OPPORTUNITIES FUND | - | - | 9,326,065.00 | 112.68 |
| IIFL FOCUSED EQUITY STRATEGIES FUND | - | - | 6,581,767.51 | 82.76 |
| IIFL INCOME OPPORTUNITIES SERIES DEBT ADVANTAGE | - | - | 18,867,792.09 | 201.66 |
| IIFL LONG TERM EQUITY GROWTH FUND | - | - | 1,000,000.00 | 10.54 |
| IIFL LONG TERM GROWTH FUND I | - | - | 10,000,000.00 | 103.24 |
| IIFL PHOENIX CASH OPPORTUNITIES FUND | - | - | 2,896,148.43 | 31.65 |
| IIFL RE ORGANIZE INDIA EQUITY FUND | - | - | 4,984,299.23 | 44.95 |
| IIFL REAL ESTATE FUND DOMESTIC SERIES 3 | - | - | 30,633,224.76 | 310.27 |
| IIFL REAL ESTATE FUND DOMESTIC SERIES 4 | - | - | 34,326,678.87 | 354.06 |
| IIFL SEED VENTURES FUND 1 | - | - | 18,584,493.69 | 302.11 |
| IIFL SELECT EQUITY FUND | - | - | 2,038,086.15 | 19.92 |
| IIFL SELECT SERIES 1 | - | - | 1,680,799.34 | 21.06 |
| IIFL SPECIAL OPPORTUNITIES FUND | - | - | 6,401,914.27 | 72.27 |
| IIFL SPECIAL OPPORTUNITIES FUND - SERIES 2 | - | - | 6,457,772.53 | 71.43 |
| IIFL SPECIAL OPPORTUNITIES FUND - SERIES 3 | - | - | 6,504,538.40 | 71.15 |
| IIFL SPECIAL OPPORTUNITIES FUND - SERIES 4 | - | - | 11,622,636.50 | 116.27 |
| IIFL SPECIAL OPPORTUNITIES FUND - SERIES 5 | - | - | 5,127,973.10 | 50.90 |
| IIFL SPECIAL OPPORTUNITIES FUND - SERIES 7 | - | - | 5,000,000.00 | 50.26 |
| IIFL YIELD ENHANCER FUND | - | - | 31,454,614.09 | 130.32 |
| INDIA HOUSING FUND | - | - | 5,000,000.00 | 50.24 |
| INDIAREIT FUND SCHEME I | 188.91 | 0.81 | - | - |
| MALABAR VALUE FUND | 855,837.93 | 99.43 | - | - |
| | | | | |
| | | 125.84 | | 2,690.10 |
| Total | | 126.11 | | 2,690.10 |

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Note 8. Other financial assets

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| Other deposits | 0.09 | - | - |
| Advances to Group/Holding company | 31.83 | 0.04 | 0.20 |
| Receivable from Employees | - | - | 0.03 |
| Total | 31.92 | 0.04 | 0.23 |

Note 9. Deferred Taxes

Significant components of deferred tax assets and liabilities recorded in the Balance Sheet and changes recorded in income tax expense for the year ended March 31, 2019 are as follows:

(₹ in Mn)

| | Opening balance as at Apr 1, 2018 | Recognised in profit or loss | MAT credit utilised/ Created | Recognised in/reclassified from OCI | Closing balance as at Mar 31, 2019 |
|---|---|---|---|---|---|
| Deferred tax assets: | | | | | |
| Difference between book base and tax base of property, plant & equipment, investment property and intangible assets | - | 0.00# | - | - | 0.00# |
| Impairment of Assets | - | 0.00# | - | - | 0.00# |
| Retirement benefits for employees | 0.16 | 0.05 | - | 0.03 | 0.24 |
| Unutilised MAT credit | 1.39 | - | 1.51 | - | 2.90 |
| Total deferred tax assets (A) | 1.55 | 0.05 | 1.51 | 0.03 | 3.14 |
| | | | | | |
| Deferred tax liabilities: | - | - | - | - | |
| Difference between book base and tax base of property, plant & equipment, investment property and intangible assets | 0.01 | (0.01) | - | - | - |
| Unrealised profit on investments etc. | 0.38 | (0.31) | - | - | 0.07 |
| Total deferred tax liabilities (B) | 0.39 | (0.32) | - | - | 0.07 |
| | | | | | |
| Deferred tax assets (A - B) | 1.16 | 0.37 | 1.51 | 0.03 | 3.07 |

Significant components of deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(₹ in Mn)

| | Opening balance as at Apr 1, 2017 | Recognised in profit or loss | MAT credit utilised/ Created | Recognised in/reclassified from OCI | Closing balance as at Mar 31, 2018 |
|---|---|---|---|---|---|
| Deferred tax assets: | | | | | |
| Carried forward tax losses | 3.21 | (3.21) | - | - | - |
| Retirement benefits for employees | 0.01 | 0.11 | - | 0.04 | 0.16 |
| Unutilised MAT credit | - | - | 1.39 | - | 1.39 |
| Total deferred tax assets (A) | 3.22 | (3.10) | 1.39 | 0.04 | 1.55 |
| | | | | | |
| Deferred tax liabilities: | | | | | |
| Difference between book base and tax base of property, plant & equipment, investment property and intangible assets | - | 0.01 | - | - | 0.01 |
| Unrealised profit on investments etc. | - | 0.38 | - | - | 0.38 |
| Total deferred tax liabilities (B) | - | 0.39 | - | - | 0.39 |
| | | | | | |
| Deferred tax assets (A - B) | 3.22 | (3.49) | 1.39 | 0.04 | 1.16 |

# Amount less than ₹ 10,000.

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**Notes forming part of Financial Statements for the year ended March 31, 2019**

**Note 10. Other Intangible Assets**

| **Particulars** | **(₹ in Mn)** |
|---|---|
| **Software/Intangible assets** | |
| **Gross Carrying value as on April 01, 2018** | 3.87 |
| Additions | 0.04 |
| Deductions / adjustments during the year | - |
| **As at March 31, 2019** | **3.91** |
| **Amortisation** | |
| **Upto April 01, 2018** | 0.73 |
| Amortisation for the year | 1.31 |
| **Upto March 31, 2019** | **2.04** |
| **Net Block as at March 31, 2019** | **1.87** |

**Other Intangible Assets (Previous year)**

| **Particulars** | **(₹ in Mn)** |
|---|---|
| **Software/Intangible assets** | |
| **Gross Carrying value as on April 01, 2017*** | - |
| Additions | 3.87 |
| **As at March 31, 2018** | **3.87** |
| **Amortisation** | |
| **Upto April 01, 2017** | - |
| Amortisation for the year | 0.73 |
| **Upto March 31, 2018** | **0.73** |
| **Net Block as at March 31, 2018** | **3.14** |

*Refer Note 3 for exemptions availed

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Notes forming part of Financial Statements for the year ended March 31, 2019

**Note 11. Other Non Financial Assets**

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| Prepaid expenses - Unsecured | 1.65 | 1.20 | - |
| Advances recoverable in cash or in kind or for value to be received – Unsecured | - | 0.05 | 1.62 |
| Total | 1.65 | 1.25 | 1.62 |

**Note 12. Payables**

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| Trade payables | | | |
| (i)Total outstanding dues of micro enterprises and small enterprises (Refer note 12.1) | - | - | - |
| (ii)Total outstanding dues of creditors other than micro enterprises and small enterprises | 51.79 | 10.97 | 0.18 |
| Total | 51.79 | 10.97 | 0.18 |

**12.1. Disclosure under The Micro, Small and Medium Enterprises Development Act, 2006**

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2016 (MSMED) on the basis of confirmations sought from suppliers on registration with the specified authority under MSMED:

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| (a) Principal amount remaining unpaid to any supplier at the year end | - | - | - |
| (b) Interest due thereon remaining unpaid to any supplier at the year end | - | - | - |
| (c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year | - | - | - |
| (d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act | - | - | - |
| (e) Amount of interest accrued and remaining unpaid at the year end | - | - | - |
| (f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act | - | - | - |

There are no amounts due to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose. This has been relied upon by the auditors. No interest is payable in respect of the same.

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**Note 13. Debt Securities**

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | | | | As at Mar 31, 2018 | | | | As at Apr 1, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At Amortised cost | At Fair value Through profit or loss | Designated at fair value through profit or loss | Total | At Amortised cost | At Fair value Through profit or loss | Designated at fair value through profit or loss | Total | At Amortised cost | At Fair value Through profit or loss | Designated at fair value through profit or loss | Total |
| | 1 | 2 | 3 | 4=1+2+3 | 1 | 2 | 3 | 4=1+2+3 | 1 | 2 | 3 | 4=1+2+3 |
| Bonds/ Debentures | - | 50.00 | - | 50.00 | - | - | - | - | - | - | - | - |
| Total | - | 50.00 | - | 50.00 | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | |
| Debt securities in India | - | 50.00 | - | 50.00 | - | - | - | - | - | - | - | - |
| Debt securities outside India | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | 50.00 | - | 50.00 | - | - | - | - | - | - | - | - |

| Residual maturity | As at Mar 31, 2019 | | As at Mar 31, 2018 | | As at Apr 1, 2017 | |
|---|---|---|---|---|---|---|
| At Amortised cost | Balance outstanding | Interest rate % (p.a) * | Balance outstanding | Interest rate % (p.a) | Balance outstanding | Interest rate % (p.a) |
| Above 5 years | - | - | - | - | - | - |
| 1-5 years | 50.00 | 12.72% | - | - | - | - |
| Less than 1 year | - | - | - | - | - | - |

*indicates Effective Interest Rate

The Secured Listed Non-Convertible Debentures of the Company are Secured by pari passu charge on investment in AIF units (present and future) receivables of the Company to the extent equal to the principal and interest amount of the Debentures outstanding at any point of time.

Explanatory Notes

| Particulars | As at March 31, 2019 |
|---|---|
| Debentures include : | |
| Market Linked Non Convertible Debenture of Face Value Rs. 1,00,000 Each Redeemable on 22/05/2020 | 50.00 |

**Note 14. Borrowings (other than Debt securities)**

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | | | | As at Mar 31, 2018 | | | | As at Apr 1, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At Amortised Cost | At Fair Value Through profit or loss | Designated at fair value through profit or loss | Total | At Amortised Cost | At Fair Value Through profit or loss | Designated at fair value through profit or loss | Total | At Amortised Cost | At Fair Value Through profit or loss | Designated at fair value through profit or loss | Total |
| | 1 | 2 | 3 | 4=1+2+3 | 1 | 2 | 3 | 4=1+2+3 | 1 | 2 | 3 | 4=1+2+3 |
| Term loans | | | | | | | | | | | | |
| - from related parties | - | - | - | - | 2,570.00 | - | - | 2,570.00 | - | - | - | - |
| Total | - | - | - | - | 2,570.00 | - | - | 2,570.00 | - | - | - | - |

| Residual maturity | As at March 31, 2019 | | As at March 31, 2018 | | As at April 1, 2017 | |
|---|---|---|---|---|---|---|
| At Amortised cost | Balance outstanding | Interest rate % (p.a) | Balance outstanding | Interest rate % (p.a) | Balance outstanding | Interest rate % (p.a) |
| Above 5 years | - | - | - | - | - | - |
| 1-5 years | - | - | - | - | - | - |
| Less than 1 year | - | - | 2,570.00 | 7.85% - 8.70% | - | - |

1. Term Loans repayable from related parties are unsecured.

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**Note 15. Other Financial Liabilities**

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| Interest accrued | 0.82 | - | - |
| Payable to holding co / group companies | 0.86 | 2.06 | 0.04 |
| Others | 88.72 | - | - |
| **Total** | **90.40** | **2.06** | **0.04** |

**15.1** No amount was required to be transferred in Investor Education and Protection fund account as per Section 125 of Companies Act, 2013 on account of Unclaimed Dividend and Unclaimed dues on account of NCD.

**Note 16. Provisions:**

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| Provision for employee benefits | | | |
| - Gratuity | 0.78 | 0.38 | 0.05 |
| - Compensated absences | - | 0.31 | 0.07 |
| **Total** | **0.78** | **0.69** | **0.12** |

**Note 17. Other Non Financial Liabilities:**

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| Statutory Remittance | 8.51 | 4.59 | 0.30 |
| **Total** | **8.51** | **4.59** | **0.30** |

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Note 18. Share Capital:

(a) The authorised, issued, subscribed and fully paid up share capital comprises of equity shares having a par value of ₹ 10/- as follows:

| Authorised : | As at Mar 31, 2019 | | As at Mar 31, 2018 | | As at Apr 1, 2017 | |
|---|---|---|---|---|---|---|
| | No. of shares | ₹ in Mn | No. of shares | Amount | No. of shares | ₹ in Mn |
| Equity Shares of ₹ 10 each | 300,000 | 3.00 | 50,000 | 0.50 | 50,000 | 0.50 |
| | | | | | | |
| Issued, Subscribed and Paid Up: Equity Shares of ₹ 10 each fully paid | 249,481 | 2.49 | 50,000 | 0.50 | 50,000 | 0.50 |
| | | | | | | |
| Total | | 2.49 | | 0.50 | | 0.50 |

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

| Particulars | As at Mar 31, 2019 | | As at Mar 31, 2018 | | As at Apr 1, 2017 | |
|---|---|---|---|---|---|---|
| | No. of shares | ₹ in Mn | No. of shares | Amount | No. of shares | ₹ in Mn |
| At the beginning of the year | 50,000 | 0.50 | 50,000 | 0.50 | 50,000 | 0.50 |
| Add: Issued during the year | 249,481 | 1.99 | - | - | - | - |
| Outstanding at the end of the year | 299,481 | 2.49 | 50,000 | 0.50 | 50,000 | 0.50 |

(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 of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Details of shares held by Ultimate Holding Company:

| Particulars | As at Mar 31, 2019 | | As at Mar 31, 2018 | | As at Apr 1, 2017 | |
|---|---|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding | No. of shares | % holding |
| IIFL Wealth Management Limited & its nominees | 299,481 | 100% | 50,000 | 100% | 50,000 | 100% |

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

| Particulars | As at Mar 31, 2019 | | As at Mar 31, 2018 | | As at Apr 1, 2017 | |
|---|---|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding | No. of shares | % holding |
| IIFL Wealth Management Limited & its nominees | 299,481 | 100% | 50,000 | 100% | 50,000 | 100% |

(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.

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Note 19. Other Equity:

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 | As at Apr 1, 2017 |
|---|---|---|---|
| Securities premium | 1,996.00 | - | - |
| General reserve | 50.00 | - | - |
| Debenture Redemption Reserve | 12.50 | - | - |
| Retained earnings | 252.98 | 183.01 | 154.41 |
| **Total** | **2,311.48** | **183.01** | **154.41** |

Note 20. Interest Income

(₹ in Mn)

| Particulars | 2018-19 | | | | 2017-18 | | | |
|---|---|---|---|---|---|---|---|---|
| | On financial assets measured at fair value through OCI | On financial assets measured at amortised cost | Interest income on financial assets classified at fair value through profit or loss | Total | On financial assets measured at fair value through OCI | On financial assets measured at amortised cost | Interest income on financial assets classified at fair value through profit or loss | Total |
| Interest on loans | - | 2.94 | - | 2.94 | - | 6.97 | - | 6.97 |
| Interest income from investments | - | 188.30 | - | 188.30 | - | 3.60 | - | 3.60 |
| Interest on deposits with banks | - | - | - | - | - | 0.15 | - | 0.15 |
| **Total** | - | **191.24** | - | **191.24** | - | **10.72** | - | **10.72** |

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**Note 21. Dividend & Distribution income on investments** (₹ in Mn)

| Particualrs | 2018-19 | 2017-18 |
|---|---|---|
| Dividend Income | 1.18 | - |
| Distribution income on investments | 23.93 | (0.02) |
| **TOTAL** | **25.11** | **(0.02)** |

**Note 22. Fee and Commission Income**

Disaggregation of fee and commission income

(₹ in Mn)

| Particualrs | 2018-19 | 2017-18 |
|---|---|---|
| Distribution Fees | 76.23 | 24.58 |
| Investment / Fund Management Fees | 139.96 | 16.45 |
| **TOTAL** | **216.19** | **41.03** |

**Note 23. Net Gain/Loss On Fair Value Change:-**

(₹ in Mn)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| (A) Net gain/ (loss) on financial instruments at fair value through profit or loss | | |
| (i) On trading portfolio | | |
| - Investments | 96.82 | 23.49 |
| - Others | - | - |
| **Total net gain/(loss) on fair value changes (C)** | **96.82** | **23.49** |
| (B) Fair value changes: | | |
| -Realised | 99.28 | 23.49 |
| -Unrealised | (2.46) | - |
| **Total net gain/(loss) on fair value changes(D) to tally with (C)** | **96.82** | **23.49** |

**Note 24. Other Income**

(₹ in Mn)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Interest income on Income Tax refund | 0.19 | 0.04 |
| **Total** | **0.19** | **0.04** |

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**Note 25. Finance Cost**

(₹ in Mn)

| Particulars | 2018-19 | | | 2017-18 | | |
|---|---|---|---|---|---|---|
| | On financial liabilities measured at fair value through profit or loss | On financial liabilities measured at amortised cost | Total | On financial liabilities measured at fair value through profit or loss | On financial liabilities measured at amortised cost | Total |
| Interest on borrowings | - | 298.66 | 298.66 | - | 9.19 | 9.19 |
| Other interest expense | - | 0.12 | 0.12 | - | - | - |
| **Total** | - | **297.78** | **298.78** | - | **8.19** | **9.19** |

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Note 26. Employee Benefit Expenses

(₹ in Mn)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Salaries and wages | 15.91 | 10.20 |
| Contribution to provident and other funds | 0.66 | 0.40 |
| Share based payments to employees | 0.04 | 0.03 |
| Staff welfare expenses | 0.36 | 0.01 |
| Gratuity expense | 0.16 | 0.05 |
| Leave encashment | (0.23) | 0.20 |
| **Total** | **16.90** | **10.89** |

**26.1. Gratuity Abridged Disclosure Statement as Per Indian Accounting Standard 19 (Ind AS 19) for the year 2018-19**

| Particulars | 2018-2019 | 2017-2018 |
|---|---|---|
| Type of benefit | Gratuity | Gratuity |
| Country | India | India |
| Reporting currency | INR | INR |
| Reporting standard | Indian Accounting Standard 19 (Ind AS 19) | Indian Accounting Standard 19 (Ind AS 19) |
| Funding status | Unfunded | Unfunded |
| Starting period | 01-Apr-18 | 01-Apr-17 |
| Date of reporting | 31-Mar-19 | 31-Mar-18 |
| Period of reporting | 12 Months | 12 Months |

| Assumptions (previous period) | | |
|---|---|---|
| Expected return on plan assets | N.A. | N.A. |
| Rate of discounting | 7.71% | 7.26% |
| Rate of salary increase | 7.50% | 5.00% |
| Rate of employee turnover | For service 4 years and below 15% p.a. & thereafter 7.50% p.a. | For service 4 years and below 7.50% p.a. & thereafter 5% p.a |
| Mortality rate during employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Mortality rate after employment | N.A. | N.A. |

| Assumptions (current period) | | |
|---|---|---|
| Expected return on plan assets | N.A. | N.A. |
| Rate of discounting | 7.59% | 7.71% |
| Rate of salary increase | 7.50% | 7.50% |
| Rate of employee turnover | For service 4 years and below 15% p.a. & thereafter 7.50% p.a. | For service 4 years and below 15% p.a. & thereafter 7.50% p.a. |
| Mortality rate during employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Mortality rate after employment | N.A. | N.A. |

| Table showing change in the present value of projected benefit obligation | | |
|---|---|---|
| Present value of benefit obligation at the beginning of the period | 0.38 | 0.05 |
| Interest cost | 0.03 | 0.00 |
| Current service cost | 0.13 | 0.05 |
| Past service cost | - | - |
| Liability transferred in/ acquisitions | 0.33 | 0.11 |
| (Liability transferred out/ divestments) | (0.20) | - |
| Actuarial (gains)/losses on obligations - due to change in demographic assumptions | - | (0.01) |
| Actuarial (gains)/losses on obligations - due to change in financial assumptions | 0.01 | 0.07 |
| Actuarial (gains)/losses on obligations - due to experience | 0.10 | 0.10 |
| Present value of benefit obligation at the end of the period | 0.78 | 0.38 |

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| Particulars | 2018-2019 | 2017-2018 |
|---|---|---|
| **Amount recognized in the balance sheet** | | |
| (Present value of benefit obligation at the end of the period) | (0.78) | (0.38) |
| Fair value of plan assets at the end of the period | - | - |
| Funded status (surplus/ (deficit)) | (0.78) | (0.38) |
| Net (liability)/asset recognized in the balance sheet | (0.78) | (0.38) |

| | | |
|---|---|---|
| **Net interest cost for current period** | | |
| Present value of benefit obligation at the beginning of the period | 0.38 | 0.05 |
| (fair value of plan assets at the beginning of the period) | - | - |
| Net liability/(asset) at the beginning | 0.38 | 0.05 |
| | | |
| Interest cost | 0.03 | 0.00 |
| (Interest income) | - | - |
| Net interest cost for current period | 0.03 | 0.00 |

| | | |
|---|---|---|
| **Expenses recognized in the statement of profit or loss for current period** | | |
| Current service cost | 0.13 | 0.05 |
| Net interest cost | 0.03 | 0.00 |
| Past service cost | - | - |
| (Expected contributions by the employees) | - | - |
| (Gains)/losses on curtailments and settlements | - | - |
| Net effect of changes in foreign exchange rates | - | - |
| Expenses recognized | 0.16 | 0.06 |

| | | |
|---|---|---|
| **Expenses recognized in the other comprehensive income (OCI) for current period** | | |
| Actuarial (gains)/losses on obligation for the period | 0.10 | 0.16 |
| Return on plan assets, excluding interest income | - | - |
| Change in asset ceiling | - | - |
| Net (income)/expense for the period recognized in oci | 0.10 | 0.16 |

| | | |
|---|---|---|
| **Balance sheet reconciliation** | | |
| Opening net liability | 0.38 | 0.05 |
| Expenses recognized in statement of profit or loss | 0.16 | 0.06 |
| Expenses recognized in OCI | 0.10 | 0.16 |
| Net liability/(asset) transfer in | 0.33 | 0.11 |
| Net (liability)/asset transfer out | (0.20) | - |
| (Benefit paid directly by the employer) | - | - |
| (Employer's contribution) | - | - |
| Net liability/(asset) recognized in the balance sheet | 0.78 | 0.38 |

| | | |
|---|---|---|
| **Other details** | | |
| No of active members | 6 | 8 |
| Per month salary for active members | 0.33 | 0.37 |
| Weighted average duration of pbo | 12.00 | 12.00 |
| Average expected fs | 9.00 | 9.00 |
| Projected benefit obligation (pbo) | 0.78 | 0.38 |
| Prescribed contribution for next year (12 months) | - | - |

| | | |
|---|---|---|
| Maturity analysis of the benefit payments | | |
| 1st following year | 0.04 | 0.02 |
| 2nd following year | 0.04 | 0.02 |
| 3rd following year | 0.06 | 0.02 |
| 4th following year | 0.06 | 0.03 |
| 5th following year | 0.06 | 0.03 |
| Sum of years 6 to 10 | 0.30 | 0.16 |
| Sum of years 11 and above | 1.51 | 0.83 |

| | | |
|---|---|---|
| Sensitivity analysis | | |
| PBO on current assumptions | 0.78 | 0.38 |
| Delta effect of +1% change in rate of discounting | (0.07) | (0.04) |
| Delta effect of -1% change in rate of discounting | 0.08 | 0.04 |
| Delta effect of +1% change in rate of salary increase | 0.07 | 0.04 |
| Delta effect of -1% change in rate of salary increase | (0.07) | (0.03) |
| Delta effect of +1% change in rate of employee turnover | (0.00) | (0.00) |
| Delta effect of -1% change in rate of employee turnover | 0.00 | 0.00 |

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**26.2 Defined Contribution Plans:**
The Group has recognised the following amounts as an expense and included in the Employee Benefit Expenses.

(₹ in Mn)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Contribution to provident fund | 0.66 | 0.40 |
| **Total** | **0.66** | **0.40** |

The Company contributes to recognised provident fund for qualifying employees. Under the scheme, the Company is required to contribute specified percentage of payroll costs to fund the benefits.

**Note 27. Other Expenses:-**

(₹ in Mn)

| Particulars | As at Mar 31, 2019 | As at Mar 31, 2018 |
|---|---|---|
| Operations and Fund Management expenses | 11.14 | 1.77 |
| Rent and energy cost | 3.55 | 1.62 |
| Insurance | - | 0.09 |
| Repairs & Maintenance | 0.03 | 0.01 |
| Marketing, Advertisement and Business promotion expenses | - | 0.07 |
| Travelling & Conveyance | 0.36 | - |
| Legal & professional fees | 0.90 | 2.35 |
| Communication | 0.20 | 0.09 |
| Software Charges / Technology Cost | 1.66 | 0.77 |
| Office & Other Expenses | 0.46 | 0.34 |
| Remuneration to Auditors : | | |
| Audit Fees (net of GST input credit) | 0.23 | 0.15 |
| Goods & Service tax | - | 0.00# |
| Corporate Social Responsibility Expenses & Donation (Refer Note 33) | 1.22 | 0.90 |
| **Total** | **19.75** | **8.16** |

# Amount less than ₹ 10,000.

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**Note 28. Income taxes**

Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/ (income)

(₹ in Mn)

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---|---|---|---|
| | Statement of Profit and Loss: | | |
| (a) | Profit and Loss section: | | |
| | (i) Current Income tax : | | |
| | Current income tax expense | 26.18 | 4.13 |
| | Tax expense in respect of earlier years | 0.10 | 0.14 |
| | | 26.28 | 4.27 |
| | (ii) Deferred Tax: | | |
| | Tax expense on origination and reversal of temporary differences | (0.37) | 3.50 |
| | | (0.37) | 3.50 |
| | **Income tax expense reported in the statement of profit or loss [(i)+(ii)]** | 25.91 | 7.77 |
| (b) | Other Comprehensive Income (OCI) Section: | | |
| | (i) Items not to be reclassified to profit or loss in subsequent periods: | | |
| | (A) Deferred tax expense/(income): | | |
| | On re-measurement of defined benefit plans | 0.03 | 0.05 |
| | | 0.03 | 0.05 |
| | **Income tax expense reported in the other comprehensive income [(i)+(ii)]** | 0.03 | 0.05 |

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

(₹ in Mn)

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---|---|---|---|
| (a) | **Profit/(loss) before tax** | 158.46 | 36.48 |
| (b) | Income tax expense at tax rates applicable to individual entities | 46.14 | 10.05 |
| (c ) | (i) Tax on income subject to lower tax rate | - | - |
| | (A) Gains on investments (including fair valuation) | (10.77) | (3.60) |
| (d) | (ii) Tax on Income exempt from Tax | - | - |
| | (A) Income from Investments (Including tax sufferred income on investment in AIF) | (9.68) | 0.01 |
| | (iii) Tax on expense not tax deductible | - | - |
| | (A) Expenses not allowable as tax deductible as per tax laws | 0.18 | 0.13 |
| | (vi) Tax effect of losses of current year on which no deferred tax benefit is recognised | - | 0.79 |
| | (ix) Effect on deferred tax due to change in Income tax | (0.01) | (0.26) |
| | (vi) Tax effect on various other items | 0.05 | 0.65 |
| | **Total effect of tax adjustments [(i) to (xii)]** | **(20.23)** | **(2.28)** |
| (e) | Tax expense recognised during the year | **25.91** | **7.77** |
| | Effective tax rate | 16.35% | 21.29% |

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**Note 29. Earnings Per Share:**

Basic and diluted earnings per share ["EPS"] computed in accordance with INDAS 33 'Earnings per share".

| Particulars | | 2018-19 | 2017-18 |
|---|---|---|---|
| **BASIC** | | | |
| Profit after tax as per Statement of Profit and Loss | A | 132.55 | 28.71 |
| Weighted average number of shares subscribed | B | 182,805 | 50,000 |
| Face value of equity shares (in ₹) fully paid | | 10 | 10 |
| Basic EPS (₹) | A/B | 725.10 | 574.12 |
| | | | |
| **DILUTED** | | | |
| Profit after tax as per Statement of Profit and Loss | A | 132.55 | 28.71 |
| Weighted average number of shares subscribed | B | 182,805 | 50,000 |
| Diluted EPS (₹) | A/B | 725.10 | 574.12 |

**Note 30. Contingent Liabilities at Balance Sheet date:** **(₹ in Mn)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| In respect of Income tax demand * | 86.61 | - |
| **Total** | **86.61** | **-** |

* Amount paid under protest with respect to income tax demand ₹ 1.73 mn

Management believes that the ultimate outcome of above matters will not have a material adverse impact on its financial position, results of operations and cash flows. In respect of above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements pending at various authorities.

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* MUMBAI *

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IIFL ALTERNATE ASSET ADVISORS LIMITED
Notes forming part of Financial Statements for the year ended March 31, 2019

Note 31. Disclosure Pursuant to Ind AS 107 "Financial Instruments: Disclosures"

Financial Risk Management

31A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk assessement on various components is described below:

1) Lending operations – Loans

The Lending Operations of the Group has a well-defined framework within which credit risk is assumed, managed and monitored. Credit risk management function closely oversees management and control of credit risks and associated operational risks. The credit proposals are evaluated having regard to specified prudent exposure limits and approved by appropriate authority approved by the Board of Directors of the entity engaged in lending business (the Board). The risk management policies including exposure limits are defined and reviewed along with the Board.

The carrying amount of Loans arising from lending business which may be subject to credit risk are as per table below:

1) Trade and other receivables

The Company's trade receivables primarily include receivables from mutual funds, alternative investment funds, customers under Portfolio Mnaagement scheme and Advisory services arrangements. The Company has made lifetime expected credit loss provision based on provision matrix which takes into account historical experience in collection and credit losses.

**Movement in the Expected Credit Loss/ Impairment Loss allowance with regards to trade receivables for F.Y 18-19 , F.Y 17-18 and 01/04/2017 is as follows :**

| Particulars | Year Ended 31/03/2019 | Year Ended 31/03/2018 | As on 01/04/2017 |
|---|---|---|---|
| Balance at the beginning of the year | - | - | - |
| Movement in expected credit loss allowances on trade receivable | 0.00# | - | - |
| Balance at the end of the year | 0.00# | - | - |

# Amount less than ₹ 10,000.

2) Others

In addition to the above, balances and deposits with banks, investments in bonds, debt securities and in units of funds, derivative financial instruments and other financial assets also have exposure to credit risk.

Credit risk on balances and deposits with banks is limited as these balances are generally held with banks and financial institutions with high credit ratings and/or with capital adequacy ratio above the prescribed regulatory limits.

The credit risk in respect of Derivative Financial Instruments and investments in bonds, debt securities and in units of funds classified as Fair Value through Profit or Loss is priced in the fair value of the respective instruments.

Credit Risk on Other Financial assets is considered very low as the counterparty is mainly stock exchanges.

31B. Liquidity Risk

Liquidity risk refers to the risk that the Group may not be able to meet its short-term financial obligations. The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of credit lines. Further, The Group has well defined Asset Liability Management (ALM) Framework with an appropriate organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Group seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

The following table shows the maturity profile of Financial liabilities:

| | As at 31st March 2019 | | | |
|---|---|---|---|---|
| Financial liabilities | Total | Less than 1 months | 1 months to 6 months | 6 months to 1 year |
| Trade Payables | 51.79 | 51.52 | 0.27 | - |
| Other financial liabilities | 90.40 | 90.22 | 0.18 | - |
| Total | 142.19 | 141.74 | 0.45 | |

| | As at 31st March 2018 | | | |
|---|---|---|---|---|
| Financial liabilities | Total | Less than 1 months | 1 months to 6 months | 6 months to 1 year |
| Trade Payables | 10.98 | (25.92) | 36.90 | - |
| Borrowings (Other than Debt Securities) | 2,570.00 | 2,570.00 | - | - |
| Other financial liabilities | 2.06 | 2.06 | - | - |
| Total | 2,583.04 | 2,546.14 | 36.90 | - |

| | As at 01st April 2017 | | | |
|---|---|---|---|---|
| Financial liabilities | Total | Less than 1 months | 1 months to 6 months | 6 months to 1 year |
| Trade Payables | 0.17 | (32.71) | 32.89 | - |
| Other financial liabilities | 0.04 | 0.04 | - | - |
| Total | 0.21 | (32.67) | 32.89 | |

31C. Market Risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in futures cash flows that may result from a change in the price of a financial instrument.

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**Note 31. Disclosure Pursuant to Ind AS 107 "Financial Instruments: Disclosures" (continued)**

**31C.1 Currency Risk**

The Company does not run a proprietary trading position in foreign currencies and foreign currency denominated instruments.However the group does have some exposure to foreign currencies through its business operations or by mainitaing cash balance and Fixed deposits in currencies other than reporting/functional currencies.

The carrying amount of Financial assets and liabilities subject to foreign exchange risk for FY 2018-2019 are as below:

**31C.2 Interest rate risk**

The Company has measured interest rate risk sensitivity on financial assets and liabilities on financial instruments accounted for on amortised cost basis.

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding floating rate debt and lending.The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts.

**31C.3. Other Price Risk (including Equity Linked Investments)**

Other price risk is related to the change in market reference price of the derivative financial instruments, investments and debt securities which are fair valued and exposes the Company to price risks.

liabilities subject to price risk is as below:

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 01st April 2017 |
|---|---|---|---|
| **Financial Assets** | | | |
| Investments | 126.11 | 2,690.10 | - |
| | 126.11 | 2,690.10 | - |
| **Financial Liabilities** | | | |
| Debt securities | 50.00 | - | - |
| | 50.00 | - | - |

A hypothetical 100 basis point shift in the benchmark rate will have impact on the profit and loss as below:

| | 2018-19 | 2017-18 |
|---|---|---|
| **Increase of 100 basis point** | | |
| Impact on Profit and Loss after tax | 0.54 | 17.50 |
| Impact on Equity | 0.54 | 17.50 |
| **Decrease of 100 basis point** | | |
| Impact on Profit and Loss after tax | (0.54) | (17.50) |
| Impact on Equity | (0.54) | (17.50) |

**31D.Capital Management**

The Group's capital management is intended to create value for shareholders. The assessment of Capital level and requirements are assessed having regard to long- and short term strategies of the Group and regulatory capital requirements of its businesses and constituent entities.

**31E. Category Wise Classification for applicable Financial Assets and Liabilities**

| Sr No. | Particulars | As at 31st March 2019 | | | |
|---|---|---|---|---|---|
| | | Measure at amorised cost | Measured at fair value through profit or loss(P/L) | Measured at fair value through other comprehensive income (OCI) | Total |
| | **Financial Assets** | | | | |
| (a) | Cash and cash equivalents | 0.32 | - | - | 0.32 |
| (d) | Receivables | | | | |
| | (i) Trade receivables | 95.62 | - | - | 95.62 |
| | (ii) Other receivables | 29.47 | - | - | 29.47 |
| (e) | Loans | 2,193.60 | | | 2,193.60 |
| (f) | Investments | - | 126.11 | - | 126.11 |
| (g) | Other financial assets | 31.92 | - | - | 31.92 |
| | **Total** | **2,350.95** | **126.11** | - | **2,477.06** |
| | **Financial Liabilities** | | | | |
| (b) | Payables | | | | |
| | (I)Trade payables | | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | - | - | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 51.79 | - | - | 51.79 |
| (c) | Debt securities | - | 50.00 | - | 50.00 |
| (f) | Other financial liabilities | 90.40 | - | - | 90.40 |
| | **Total** | **142.19** | **50.00** | - | **192.19** |

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Note 31. Disclosure Pursuant to Ind AS 107 "Financial Instruments: Disclosures" (continued)

| Sr No. | Particulars | As at 31st March 2018 | | | |
|---|---|---|---|---|---|
| | | Measure at amorised cost | Measured at fair value through profit or loss(P/L) | Measured at fair value through other comprehensive income (OCI) | Total |
| | **Financial Assets** | | | | |
| (a) | Cash and cash equivalents | 2.84 | - | - | 2.84 |
| (d) | Receivables | | | | |
| | (i) Trade receivables | 39.13 | - | - | 39.13 |
| | (ii) Other receivables | 32.62 | - | - | 32.62 |
| (f) | Investments | - | 2,690.10 | - | 2,690.10 |
| (g) | Other financial assets | 0.04 | - | - | 0.04 |
| | **Total** | **74.63** | **2,690.10** | - | **2,764.73** |
| | **Financial Liabilities** | | | | |
| (b) | Payables | | | | |
| | (I)Trade payables | | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | - | - | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 10.98 | - | - | 10.98 |
| (d) | Borrowings (other than debt securities) | 2,570.00 | - | - | 2,570.00 |
| (f) | Other financial liabilities | 2.06 | - | - | 2.06 |
| | **Total** | **2,583.04** | - | - | **2,583.04** |

| Sr No. | Particulars | As at 01st April 2017 | | | |
|---|---|---|---|---|---|
| | | Measure at amorised cost | Measured at fair value through profit or loss(P/L) | Measured at fair value through other comprehensive income (OCI) | Total |
| | **Financial Assets** | | | | |
| (a) | Cash and cash equivalents | 148.14 | - | - | 148.14 |
| (b) | Other financial assets | 0.23 | - | - | 0.23 |
| | **Total** | **148.37** | - | - | **148.37** |
| | **Financial Liabilities** | | | | |
| (a) | Payables | | | | - |
| | (I)Trade payables | | | | - |
| | (i) total outstanding dues of micro enterprises and small enterprises | - | - | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 0.17 | - | - | 0.17 |
| (b) | Other financial liabilities | 0.04 | - | - | 0.04 |
| | **Total** | **0.21** | - | - | **0.21** |

**Financial assets measured at amortised cost:**
The carrying amounts of trade receivables, loans, advances and cash and other bank balances are considered to be the same as their fair values due to their short term nature.

**Financial liabilities measured at amortised cost:**
The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short term nature. The carrying amounts of borrowings with floating rate of interest are considered to be close to the fair value.

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**Notes forming part of Financial Statements for the year ended March 31, 2019**
**Note 31. Disclosure Pursuant to Ind AS 107 "Financial Instruments: Disclosures" (continued)**

**31E.1. Fair values of financial instruments**

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

– Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. This include NAVs of the schemes of mutual funds.

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

– Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company uses widely recognised valuation methods to determine the fair value of common and simple financial instruments, such as interest rate swaps, optins, which use only observable market data as far as practicable. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps.

**31E. 1a. Financial instruments measured at fair value – Fair value hierarchy**

The following table 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. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

| | Recurring fair value measurements at 31.03.2019 | | | |
|---|---|---|---|---|
| **Financial instruments measured at fair value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial Assets** | | | | |
| Investments in debt securities | - | 0.27 | - | 0.27 |
| Investments in Alternate Investment Funds* | - | - | 125.84 | 125.84 |
| **Total Assets** | - | **0.27** | **125.84** | **126.11** |

| | Recurring fair value measurements at 31.03.2018 | | | |
|---|---|---|---|---|
| **Financial instruments measured at fair value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial Assets** | | | | |
| Investments in Alternate Investment Funds | - | - | 2,690.10 | 2,690.10 |
| **Total Assets** | - | - | **2,690.10** | **2,690.10** |

*The fair values of these investments are determined basis the NAV published by the funds.

Reconciliation of Level 3 fair value measurements

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Opening Balance | 2,690.10 | - |
| Total gains or losses | - | - |
| - in profit or loss | 8.75 | (0.02) |
| MTM Gain / ( Loss ) | 0.96 | 5.69 |
| Purchases | 2,738.94 | 2,687.78 |
| Disposal/ Settlements | (5,312.91) | (3.35) |
| Transfer out of Level 3 | - | - |
| **Closing Balance** | **125.84** | **2,690.10** |

**31E. 1b Fair value of financial assets and financial liabilities measured at amortised cost**

| Financial Assets and liabilities which are measured at amortised cost for which fair | As at 31st March 2019 | | As at 31st March 2018 | | As at Apr 1, 2017 | |
|---|---|---|---|---|---|---|
| | **Carrying Value** | **Fair Value** | **Carrying Value** | **Fair Value** | **Carrying Value** | **Fair Value** |
| **Financial Assets** | | | | | | |
| Cash and cash equivalents | 0.32 | 0.32 | 2.84 | 2.84 | 148.14 | 148.14 |
| **Receivables** | | | | | | |
| (i) Trade receivables | 95.62 | 95.62 | 39.13 | 39.13 | - | - |
| (ii) Other receivables | 29.47 | 29.47 | 32.62 | 32.62 | - | - |
| Loans | 2,193.60 | 2,193.60 | - | - | - | - |
| Other financial assets | 31.92 | 31.92 | 0.04 | 0.04 | 0.23 | 0.23 |
| **Financial Liabilities** | | | | | | |
| (I)Trade payables | | | | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | - | - | - | | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 51.79 | 51.79 | 10.98 | 10.98 | 0.17 | 0.17 |
| Borrowings | - | - | 2,570.00 | 2,570.00 | - | - |
| Other financial liabilities | 90.40 | 90.40 | 2.06 | 2.06 | 0.04 | 0.04 |

**Financial assets measured at amortised cost:**

The carrying amounts of cash and cash equivalents and other bank balances ,trade and other receivables, loans and other financial assets are considered to be the same as their fair values due to their short term nature.

**Financial liabilities measured at amortised cost:**

The carrying amounts of trade payables and other financial liabilities are considered to be the same as their fair values due to their short term nature. The carrying amounts of borrowings with floating rate of interest are considered to be close to the fair value.

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**Note 32.** The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding Company/group companies, which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the Company were identified and recovered/recoverable from the Company based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual expenses were difficult to determine.

**Note 33. Corporate Social Responsibility**
During the year 2018-19 , the Company has spent ₹ 0.98 mn (P.Y. ₹0.90 mn) as against ₹ 0.98 mn (P.Y. ₹ 0.83 mn) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility (CSR). The Company was focused on implementing long term high impact projects approved by the CSR Committee. The Company is committed to supporting development of the country by contributing to achieving the sustainable development goals and all its activities are directed towards this. Going forward these projects will be consolidated and scaled to achieve a larger and deeper impact. The key focus areas includes maintenance of environmental sustainability, education and health areas.

**Note 34. Segment Reporting**
In the opinion of the management, there is only one reportable business segment - Wealth Management as envisaged by Ind AS 108 'Operating Segments', 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 segment based on geography has not been presented as the Company operates primarily in India.

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Note 35. Related Party Disclosures:
Related party disclosures for the year ended 31st March, 2019

a) List of Related Parties:

| Nature of relationship | Name of party |
|---|---|
| Director/ Key Managerial Personel | Mr. Yatin Shah, Director |
| | Mr. Umang Papneja, Director |
| | Mr. Mohan Radhakrishnan, Director |
| Holding Company | IIFL Wealth Management Limited |
| Other Related Parties * (Ultimate Holding Company) | IIFL Holdings Limited |
| Fellow Subsidiaries | IIFL Investment Adviser and Trustee Services Limited |
| | IIFL Wealth Finance Limited |
| | IIFL Trustee Limited |
| | IIFL Asset Management Limited |
| | IIFL Distribution Services Limited |
| | IIFL Wealth Securities IFSC Limited (w.e.f June 22, 2018) |
| | IIFL Wealth Advisors (India) Limited (w.e.f November 22, 2018) |
| | IIFL Altiore Advisors Private Limited (w.e.f November 05, 2018) |
| | IIFL Wealth Employee Benefit Trust (upto March 31, 2018) |
| | IIFL Wealth Employee Welfare benefit Trust (w.e.f August 01, 2018) |
| | IIFL Private Wealth Management (Dubai) Limited |
| | IIFL (Asia) Pte. Limited |
| | IIFL Inc. |
| | IIFL Private Wealth Hong Kong Limited |
| | IIFL Asset Management (Mauritius) Limited (Formerly IIFL Private Wealth |
| | IIFL Private Wealth (Suisse) SA (upto Feb 28, 2019) |
| | IIFL Securities Pte. Limited |
| | IIFL Capital (Canada) Limited |
| | IIFL Capital Pte. Limited |
| Other Related Parties * (Group Companies) | IIFL Securities Limited (Formerly known as India Infoline Limited) |
| | IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited) |
| | India Infoline Finance Limited |
| | IIFL Home Finance Limited |
| | IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers |
| | IIFL Management Services Limited (Formerly India Infoline Insurance Services |
| | IIFL Wealth (UK) Limited |
| | IIFL Capital Inc. |
| | IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited) |
| | Samasta Microfinance Limited (w.e.f March 01, 2017) |
| | Clara Developers Private Limited |
| | IIFL Asset Reconstruction Limited (w.e.f May 09, 2017) |
| Other related parties | Mr. Karan Bhagat |
| | Mr. Amit Shah (resigned w.e.f. January 24, 2019) |
| | Mr. Nirmal Jain |
| | Mr. Venkataraman Rajamani |
| | General Atlantic Singapore Fund Pte Limited |
| | Ms. Shilpa Bhagat (Spouse of Mr. Karan Bhagat) |
| | Ms. Ami Shah (Spouse of Mr. Yatin Shah) |
| | Ms. Madhu Jain (Spouse of Mr. Nirmal Jain) |
| | Ms. Aditi Athavankar (Spouse of Venkataraman Rajamani) |
| | Mr. Prakashchandra Shah (Relative of Mr. Yatin Shah) |
| | India Infoline Foundation |
| | Kyrush Investments |
| | Kyrush Realty Private Limited |
| | Naykia Realty Private Limited |
| | India Alternatives Investment Advisors Private Limited (Fellow Subsidiary Upto March 31, 2017) |
| | Yatin Investment |
| | Orpheous Trading Private Limited |
| | Ardent Impex Private Limited |
| | 5paisa Capital Limited |
| | 5paisa P2P Limited |
| | 5paisa Insurance Brokers Limited |
| | MNJ Consultants Private Limited |
| | Sunder Bhawar Ventures Private Limited |
| | Sunder Bhanwar Holiday Home Private Limited ( Upto Mar 04, 2018) |
| | Khimji Kunverji & Co (Chartered Accountant Firm of Mr. Nilesh Vikamsey) |
| | Yatin Prakash Shah (HUF) |
| | Nirmal Madhu Family Private Trust |
| | Kalki Family Private Trust |
| | Kush Family Private Trust |
| | Kyra Family Private Trust |
| | Bhagat Family Private Trust |
| | Kyrush Family Private Trust |
| | Naykia Family Private Trust |
| | Prakash Shah Family Private Trust |
| | Naysa Shah Family Private Trust |
| | Kiaah Shah Family Private Trust |

*Date of Demerger – 1 April 2018 being the appointed date in terms of the Composite Scheme of Arrangement amongst India Infoline Finance Limited ("IIFL Finance"), IIFL Holdings Limited ("IIFL Holdings"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") approved by the Board of Directors of the Holding Company at its meeting held on January 31, 2018, and approved by the National Company Law Tribunal Bench at Mumbai (Tribunal) on March 07, 2019 under the applicable provisions of the Companies Act, 2013. The disclosures hereunder are on the basis of the said scheme becoming effective from April 1, 2018.

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Notes forming part of Financial Statements for the year ended March 31, 2019

b) Significant Transactions with Related Parties

(₹ in Mn)

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Other Related Parties * (Group Companies) | Other related Parties | Total |
|---|---|---|---|---|---|
| **Share Capital** | | | | | |
| IIFL Wealth Management Limited | 1.99 | - | - | - | 1.99 |
| | - | - | - | - | - |
| **Securities Premium** | | | | | |
| IIFL Wealth Management Limited | 1,998.00 | - | - | - | 1,998.00 |
| | - | - | - | - | - |
| **Sale of Inventory** | | | | | |
| IIFL Investment Adviser & Trustee Services Limited | - | 201.86 | - | - | 201.86 |
| | - | - | - | - | - |
| **Purchase of Investment:** | | | | | |
| IIFL Wealth Management Limited | 140.41 | - | - | - | 140.41 |
| | - | - | - | - | - |
| IIFL Wealth Finance Limited | - | 2,454.60 | - | - | 2,454.60 |
| | - | - | - | - | - |
| India Infoline Finance Limited | - | - | 290.00 | - | 290.00 |
| | - | - | - | - | - |
| India Home Finance Limited | - | - | 510.00 | - | 510.00 |
| | - | - | - | - | - |
| Samasta Microfinance Limited | - | - | 219.54 | - | 219.54 |
| | - | - | - | - | - |
| **Sale of Investment:** | | | | | |
| IIFL Wealth Finance Limited | - | 1,782.36 | - | - | 1,782.36 |
| | - | (0.06) | - | - | (0.06) |
| India Infoline Finance Limited | - | - | 139.61 | - | 139.61 |
| | - | - | - | - | - |
| India Home Finance Limited | - | - | 147.13 | - | 147.13 |
| | - | - | - | - | - |
| **ICD Given:** | | | | | |
| IIFL Wealth Management Limited | 2,299.61 | - | - | - | 2,299.61 |
| | (1,124.50) | - | - | - | (1,124.50) |
| IIFL Asset Management Limited | - | 1,010.00 | - | - | 1,010.00 |
| | - | - | - | - | - |
| IIFL Wealth Finance Limited | - | 70.60 | - | - | 70.60 |
| | - | - | - | - | - |
| **ICD Received Back :** | | | | | |
| IIFL Wealth Management Limited | 118.01 | - | - | - | 118.01 |
| | (1,124.50) | - | - | - | (1,124.50) |
| IIFL Asset Management Limited | - | 1,010.00 | - | - | 1,010.00 |
| | - | - | - | - | - |
| IIFL Wealth Finance Limited | - | 58.60 | - | - | 58.60 |
| | - | - | - | - | - |
| **ICD Taken:** | | | | | |
| IIFL Wealth Management Limited | 8,715.90 | - | - | - | 8,715.90 |
| | (3,721.00) | - | - | - | (3,721.00) |
| IIFL Investment Adviser & Trustee Services Limited | - | 416.50 | - | - | 416.50 |
| | - | - | - | - | - |
| IIFL Wealth Finance Limited | - | 35,000.70 | - | - | 35,000.70 |
| | - | (2,720.00) | - | - | (2,720.00) |
| IIFL Asset Management Limited | - | 3,473.40 | - | - | 3,473.40 |
| | - | (1,110.00) | - | - | (1,110.00) |
| **ICD Repaid:** | | | | | |
| IIFL Wealth Management Limited | 8,715.90 | - | - | - | 8,715.90 |
| | (3,721.00) | - | - | - | (3,721.00) |
| IIFL Investment Adviser & Trustee Services Limited | - | 416.50 | - | - | 416.50 |
| | - | - | - | - | - |
| IIFL Wealth Finance Limited | - | 36,460.70 | - | - | 36,460.70 |
| | - | (1,260.00) | - | - | (1,260.00) |
| IIFL Asset Management Limited | - | 4,583.40 | - | - | 4,583.40 |
| | - | - | - | - | - |

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b) Significant Transactions with Related Parties (continued)

(₹ in Mn)

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Other Related Parties * (Group Companies) | Other related Parties | Total |
|---|---|---|---|---|---|
| **Interest Income on ICD :** | | | | | |
| IIFL Wealth Management Limited | 2.86 | - | - | - | 2.86 |
| | (6.97) | - | - | - | (6.97) |
| IIFL Wealth Finance Limited | - | 0.08 | - | - | 0.08 |
| | - | - | - | - | - |
| **Interest Expenses on ICD :** | | | | | |
| IIFL Wealth Management Limited | 74.87 | - | - | - | 74.87 |
| | (4.88) | - | - | - | (4.88) |
| IIFL Investment Adviser & Trustee Services Limited | - | 0.58 | - | - | 0.58 |
| | - | - | - | - | - |
| IIFL Wealth Finance Limited | - | 116.40 | - | - | 116.40 |
| | - | (3.46) | - | - | (3.46) |
| IIFL Asset Management Limited | - | 100.81 | - | - | 100.81 |
| | - | (0.84) | - | - | (0.84) |
| **Interest Expense on Investment :** | | | | | |
| IIFL Wealth Management Limited | 1.24 | - | - | - | 1.24 |
| | - | - | - | - | - |
| **Interest income on NCD** | | | | | |
| IIFL Wealth Finance Limited | - | 5.09 | - | - | 5.09 |
| | - | - | - | - | - |
| India Infoline Finance Limited | - | - | 1.05 | - | 1.05 |
| | - | - | - | - | - |
| India Home Finance Limited | - | - | 0.76 | - | 0.76 |
| | - | - | - | - | - |
| **Fees/Expenses Incurred/Reimbursed For Services Procured** | | | | | |
| IIFL Wealth Management Limited | 45.00 | - | - | - | 45.00 |
| | - | - | - | - | - |
| IIFL Investment Adviser & Trustee Services Limited | - | 22.13 | - | - | 22.13 |
| | - | (23.60) | - | - | (23.60) |
| IIFL Distribution Services Limited | 0.06 | - | - | - | 0.06 |
| | (0.00)# | - | - | - | (0.00)# |
| **Corporate Social Responsibility Expense (CSR)** | | | | | |
| India Infoline Foundation Limited | - | - | - | 0.98 | 0.98 |
| | - | - | - | - | - |
| **Allocation / Reimbursement of expenses Received:** | | | | | |
| IIFL Wealth Management Limited | 51.48 | - | - | - | 51.48 |
| | - | - | - | - | - |
| **Allocation / Reimbursement of expenses Paid:** | | | | | |
| IIFL Wealth Management Limited | 5.46 | - | - | - | 5.46 |
| | (2.40) | - | - | - | (2.40) |
| **Other Funds Received:** | | | | | |
| IIFL Wealth Management Limited | - | - | - | - | - |
| | (0.01) | - | - | - | (0.01) |
| IIFL Distribution Services Limited | - | - | - | - | - |
| | - | (1.04) | - | - | (1.04) |
| IIFL Investment Adviser & Trustee Services Limited | - | - | - | - | - |
| | - | (0.31) | - | - | (0.31) |
| IIFL Asset Management Limited | - | 0.33 | - | - | 0.33 |
| | - | - | - | - | - |
| Wealth Advisors (India) Pvt Ltd | - | 0.06 | - | - | 0.06 |
| | - | - | - | - | - |
| **Other Funds Paid:** | | | | | |
| IIFL Wealth Management Limited | 1.37 | - | - | - | 1.37 |
| | (0.76) | - | - | - | (0.76) |
| IIFL Distribution Services Limited | - | - | - | - | - |
| | - | (0.64) | - | - | (0.64) |
| IIFL Asset Management Limited | - | - | - | - | - |
| | - | (0.05) | - | - | (0.05) |
| Wealth Advisors (India) Pvt Ltd | - | 0.19 | - | - | 0.19 |
| | - | - | - | - | - |

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS * MUMBAI *

IIFL ALTERNATE ASSET ADVISORS LTD. *

IIFL ALTERNATE ASSET ADVISORS LIMITED
Notes forming part of Financial Statements for the year ended March 31, 2019

(c) Amount due to / from related parties (Closing Balances):

(₹ In Mn)

| Nature of Transaction | Holding Company | Fellow Subsidiaries | Other Related Parties * (Group Companies) | Other related Parties | Total |
|---|---|---|---|---|---|
| **Sundry Payables** | | | | | |
| IIFL Wealth Management Limited | - | - | - | - | - |
| | (1.44) | - | - | - | (1.44) |
| IIFL Wealth Finance Limited | - | - | - | - | - |
| | - | (0.33) | - | - | (0.33) |
| IIFL Asset Management Limited | - | - | - | - | - |
| | - | (0.25) | - | - | (0.25) |
| IIFL Investment Adviser & Trustee Services Limited | - | 13.62 | - | - | 13.62 |
| | - | - | - | - | - |
| Wealth Advisors (India) Pvt Ltd | - | 0.13 | - | - | 0.13 |
| | - | - | - | - | |
| **Sundry Receivables :** | | | | | |
| IIFL Wealth Management Limited | 34.98 | - | - | - | 34.98 |
| | - | - | - | - | - |
| IIFL Investment Adviser & Trustee Services Limited | - | - | - | - | - |
| | - | (25.49) | - | - | (25.49) |
| IIFL Wealth Finance Limited | - | 17.57 | - | - | 17.57 |
| | - | - | - | - | |
| IIFL Securities Limited | - | - | - | - | - |
| | - | - | (0.04) | - | (0.04) |
| **Broking a/c balance:** | | | | | |
| IIFL Wealth Management Limited | 14.27 | - | - | - | 14.27 |
| | - | - | - | - | - |
| **ICD Given:** | | | | | |
| IIFL Wealth Management Limited | 2,181.60 | - | - | - | 2,181.60 |
| | - | - | - | - | - |
| IIFL Wealth Finance Limited | - | 12.00 | - | - | 12.00 |
| | - | - | - | - | - |
| **ICD Taken:** | | | | | |
| IIFL Asset Management Limited | - | - | - | - | - |
| | - | (1,110.00) | - | - | (1,110.00) |
| IIFL Wealth Finance Limited | - | - | - | - | - |
| | - | (1,460.00) | - | - | (1,460.00) |

# Amount less than ₹ 10,000.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS * MUMBAI *

IIFL ALTERNATE ASSET ADVISORS LTD. *

**IIFL ALTERNATE ASSET ADVISORS LIMITED**

**Notes forming part of Financial Statements for the year ended March 31, 2019**

**Note 36. Subsequent Events**

There were no subsequent events from the date of financial statements till the date of adoption of accounts

**Note 37. Approval of Financial Statements**

The financial statements were approved for issuance by the Board of Directors on May 13, 2019

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

**Pankaj Fitkariwala**
Director
(DIN: 07356813)

**Umang Papneja**
Director
(DIN: 07357053)

Place : Mumbai
Dated: May 13, 2019

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
MUMBAI