IIFL INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2022

IIFL INC.

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YSL & Associates LLC
Certified Public Accountants | Member of Parker Randall International
11 Broadway, Suite 700, New York, NY 10004 Tel: (212) 232-0122 Fax: (646) 218-4682

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
IIFL Inc.

Opinion

We have audited the accompanying financial statements of IIFL Inc. (the "Company"), which comprise the statement of net assets in liquidation as of March 31, 2022, and the related statement of changes in net assets in liquidation for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets in liquidation of the Company as of March 31, 2022, and the changes in net assets in liquidation for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

As described in Note 2 to the financial statements, the Company's stockholder approved a plan of liquidation as of March 31, 2022, and, accordingly, the Company's financial statements are prepared on the liquidation basis of accounting. Generally accepted accounting principles require financial statements to be prepared on the liquidation basis of accounting when an entity is in liquidation or when liquidation is imminent. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

YSL & Associates LLC

New York, NY
April 26, 2022

IIFL Inc.

Statement of Net Assets in Liquidation
March 31, 2022

Assets		
Cash	$	297,016
Due from affiliated company		2,345
Total assets	**$**	**299,361**
Liabilities		
Accounts payable and other accrued liabilities	$	17,239
Total liabilities		17,239
Net assets in liquidation	**$**	**282,122**

The notes to financial statements are an integral part of this statement

IIFL Inc.

Statement of Changes in Net Assets in Liquidation
For the Year Ended March 31, 2022

Net assets in liquidation, April 1, 2021	**$**	**446,857**
Net loss		(164,735)
Net decrease in net assets in liquidation		(164,735)
Net assets in liquidation, March 31, 2022	**$**	**282,122**

The notes to financial statements are an integral part of this statement

1. Organization

IIFL Inc. ("the Company") is a wholly owned subsidiary of IIFL Wealth Management Limited., Mumbai, India (Parent). The Company became a broker-dealer on April 11, 2019. However, it has withdrawn its broker-dealer membership effective October 1, 2020.

When the Company had license, the Company used to market India-oriented financial products to Institutions and Accredited Investors in the United States through Private Placements. IIFL Inc. did not handle investor funds or take custody of funds and securities as the investor funds the investment directly with the investment manager.

2. Significant Accounting Policies

a) Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, including liquidation-basis adjustments required by Subtopic 205-30, Liquidation Basis of Accounting.

The management of the Parent decided to cease the operations of the Company as of March 31, 2022. As a result, liquidation became imminent. The Company adopted the liquidation basis of accounting, whereby assets are measured at the estimated amount of cash or other consideration that the Company expects to collect in settling or disposing of those assets, and liabilities are measured at their estimated settlement amounts, including costs the Company expects to incur through the end of its liquidation (liquidation value). These estimated amounts are undiscounted and are recorded to the extent the Company has a reasonable basis for estimation.

Under the plan of liquidation, the Company plans to (1) use available cash to settle the Company's obligations, and (2) pay out distributions to the Parent. The Company's management has determined that the likelihood that the Company will return from liquidation is remote.

Liabilities are generally recognized in accordance with the measurement and recognition provisions of GAAP applicable for going-concern entities. In addition, liabilities include estimated costs to be paid during the course of liquidation.

The adoption of the liquidation basis of accounting did not have a material effect on the carrying values of the Company's assets and liabilities as of the date of adoption.

b) Cash

All cash deposits are held by one financial institution and therefore are subject to the credit risk at that financial institution. The cash deposits with the financial institution may, at times, exceed federal insurance limit of $250,000; however, the Company has not experienced any losses in such account and does not consider itself to be at risk with respect to its cash deposits.

c) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and amounted to $3,456 for the year ended March 31, 2022. The Company terminated its office lease in September 2021 and all fixed assets in the office were abandoned. The loss on disposable assets was $16,608.

2. Significant Accounting Policies (Continued)

d) Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for expected future tax consequences of events that have been included in the financial statements. Under this method deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year the differences are expected to reverse. The effect of the change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Deferred tax assets and liabilities are recognized subject to management's judgment that realization is more likely than not.

3. Related Party Transactions

The Company maintains an administrative services agreement with an affiliated entity in the US, IIFL Capital Inc. whereby IIFL Inc. is to provide certain services. Management determined the amount of certain expenses paid directly by IIFL Inc. that should be allocated to IIFL Capital Inc., such as rent, office expenses and other operating expenses. The aggregate amount of these services billed to IIFL Capital Inc. during the fiscal year was $22,288 and the accumulated balance of $2,345 remained uncollected and is included in due from affiliated company as of March 31, 2022.

4. Off-Balance-Sheet Risk, Concentration Risk and Credit Risk

The Company's policy is to continuously monitor its exposure to market and counterparty risk by using a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the credit standing of each customer and/or other counterparty with which it conducts business.

5. Income Taxes

The Company has accumulated operating loss of $747,378 as of March 31, 2022. The management has evaluated the likelihood of its tax position and resulted in no provision for income tax is required.

At March 31, 2022, the Company has determined that the Company has no uncertain tax positions that would require financial statement recognition.

6. Lease

The Company is a co-signer along with IIFL Capital Inc. on the lease for its office space, such lease expiring on November 30, 2022. The Company terminated the lease in September 2021. For the year ended March 31, 2022, the rent expenses were $119,417.

7. Subsequent Event

Management of the Company has evaluated subsequent events through auditor's report date, which is the date the financial statements are available to be issued. The Management has determined that no material events have occurred which would require disclosure in the financial statements.