



## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the **Eight Annual Report** of IIFL Alternate Asset Advisors Limited ("the Company") together with the Audited Financial Statements for the year ended March 31, 2019.

### 1. Financial Results - The highlights of the financial results for the year under review are as under:

Particulars	Rs in millions	
	2018-19	2017-18
Gross Total Income	735.51	75.26
Less: Expenditure	577.05	38.78
Profit / (Loss) Before Taxation	158.46	36.48
Less: Taxation - Current	26.18	4.13
- Deferred	(0.37)	3.50
- Mat Credit Gains	-	-
- Short or Excess Provision of Income Tax	0.10	0.14
<b>Net Profit / (Loss) After Tax</b>	<b>132.54</b>	<b>28.71</b>

\*Figures as per IND AS

### 2. Macroeconomic Overview:

#### Equity:

**2019 – the year of lower growth and interest rates:** The year 2019 is expected to be a year of slowing growth, low inflation, weakening commodity prices and steep decline in interest rates. Credit markets are clearly pointing towards worsening macro environment and higher odds of recession. The difference between the yield on three-month Treasury bills and the benchmark 10-year bond, which has turned negative or "inverted" before almost every US recession over the past 50 years, widened to a level last seen before 2008 crisis. About \$15 trillion of government bonds worldwide, or 25% of the market, now trade at negative yields. This number has nearly tripled since October 2018. In Germany, 30-year government bond went negative for the first time ever recently. Central banks across the board are likely to surprise markets with the extent of interest rate cuts. While aggressive rate cuts in emerging markets make a case for stronger dollar, US Fed too may eventually increase the pace of easing to keep dollar under check. Ongoing delays to trade talks may also lead to lower trade volumes and GDP growth.

**India - dimming macro indicators, bottoming capex and earnings:** Indian markets reversed the election supported gains in May and has since been weighed on by increasing signs of slowdown, lagging indicators and the unmet expectations from the budget presented last month. Weak macros and tight liquidity conditions are taking a toll on India corporate earnings. It's a known fact now that the economic growth has faltered in India as both the drivers of growth – consumption & investment are slowing down. We have seen weakness in consumer demand and that is visible in the weak earnings growth across segments such as auto & auto-ancillaries, FMCG, Consumer Durables, Capital Goods. The slump in the auto sector, which accounts for nearly half of India's manufacturing output, has been a major factor behind the slide in economic growth to a five-year low earlier this year. Last and not the least, the aggravation of all sectors is borne by the banking sector, which had to battle through liquidity crisis and stifling demand amid lost confidence and crisis in the NBFC

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space. Demand slowdown across sectors is also because the household savings rate has been declining on the back of low income growth.

**The Budget and India:** The government's approach to adopt a prudent fiscal approach does deserve some credit. There were some notable positives with tax cuts for small businesses and a further injection of funds into state owned banks as well. However, announcements such as super rich tax surcharge (incl FPIs), tax on buybacks, likely reduction in free float of listed stocks and lack of stimulus have hurt investor sentiments. Post budget, we have seen around \$ 2.5 bn of FII outflows, one of the steepest in recent years. The intention to increase the minimum public shareholding (from 25% to 35%) could lead to around \$ 50 bn of fresh supply of equity. In the long term, the policy could have a far-reaching impact on India's representation in offshore indices and higher resulting flows. We expect the government to gradually implement few of these decisions to help equities maintain its appeal as a long-term asset class.

**Outlook:** Currently, corporate profitability to GDP is at its lowest levels (~2-2.2%), and offers a large scope for recovery. On the other hand, monetary policy continues to be in the easing mode with continued rate cuts and large infusion of liquidity which should aid improvement in earnings. Indian economy is still expected to be the fastest growing major economy in the world (~7%). In the trade war period, India is the only Asian economy with a positive change in share of exports. Equity valuations seems to be pricing in the near-term concerns and offer good risk-reward over a long-term horizon. India's Bond Yield-Earnings Yield (BY-EY) gap has dropped sharply to levels last seen during demonetization (Dec' 2016) and market lows in Aug 2013. Historically, equities deliver good returns for the next two years from such levels. Market cap to GDP is ~76%, lower than long term averages (78% for the last 12 years). We believe that it is extremely difficult to time the exact bottom of the market and the current valuations are starting to get reasonable. Investors should start investing in equity in staggered manner over the next 6 - 12 months.

#### **Fixed Income:**

Debt markets have witnessed heightened volatility in the recent months. The recent bond rally of ~100 bps over the past 10 weeks is one of the best rallies across the globe. Most of this was on the accounts of better fiscal prudence, benign core inflation, steady GDP growth expectations, range bound crude and surplus liquidity in the banking system which would keep OMOs at the backstage.

Post the rate cut in bi-monthly policy meet of RBI on Aug 7, 2019 amid low inflation and slowing growth, further rate actions looks to be more data dependent. The RBI softening stance is accommodative of more rate cuts, but the urgency and pace of the cuts shall depend on domestic as well as global economic data. Developments surrounding the government's planned sovereign bond issue will also be closely tracked as the discussion on the same is yet to start. As the monsoon seems to be correcting its course and mitigating initial deficits, market participants will closely watch it from rural demand perspective.

RBI is committed to maintain liquidity in the market, currently we are in a huge surplus of about INR 90,000 Cr. Liquidity surplus situation is expected to remain the same in near future. With the budgeted capital infusion for PSU Banks, partial credit guarantee to PSBs for NBFCs creating INR 1.34 Lakh crores of incremental capital for banks to lend to NBFCs, stable credit growth of 12-14% and some visible risk aversion in lending, banks may remain healthy in at least the short run. The healthy spread of ~130-140 bps being offered by quality AAA rated credit over similar maturity G-secs, appears to be a good opportunity for returns. Subsequent yield compression which may extend from AAA/PSU to lower rated debt instruments may fuel another leg of gains from fixed income. In this scenario of changing market conditions, we continue our view of positioning at the front-end of the curve with a defensive outlook as rate trajectory is likely to be volatile.

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**4. Dividend:**

In view to conserve resources, your Directors do not recommend any Dividend.

**5. Transfer to Reserves:**

During the FY 2018-2019, Amount of Rs. 6.25 Crores transferred to DRR during the year out of which Rs. 5 Crores transferred to General Reserve on sale of NCD.

**6. Share Capital:**

During the year under review, the Company has made issuance and allotment of 1,99,481 equity shares of the face value of Rs. 10/- each to its holding company namely IIFL Wealth Management Limited.

As on end of financial year, the total authorised share capital of the Company stood at Rs. 30,00,000/- and the total issued, subscribed and paid up capital of the Company stood at Rs. 24,94,810/-.

**7. Directors and Key Managerial Personnel:**

**a. Directors:**

The Board consists of Mr. Mohan Radhakrishnan, Mr. Umang Papneja and Mr. Yatin Shah as the Directors of the Company as on March 31, 2019. In terms of provisions of Companies Act, 2013 and in terms of applicable provisions of the Articles of Association of the Company, Mr. Yatin Shah, Director of your Company, retires by rotation and being eligible, offers himself for re-appointment.

Mr. Mohan Radhakrishnan ceased to be Directors of the Company with effective from May 06, 2019.

a. **Meetings of the Board of Directors** - The Board met ten times during the year to discuss and approved various matters including financials, appointment of auditor, review of audit reports and other board businesses.

**b. Committees of the Board Committees of the Board -**

In accordance with the Companies Act, 2013, the Board has constituted following Committees as per the applicable provision of the Companies Act, 2013.

- Corporate Social Responsibility Committee.
- Finance Committee.

**i. Corporate Social Responsibility Committee:**

The Corporate Social Responsibility Committee ("CSR Committee") re-constituted w.e.f. May 13, 2019 comprises of Mr. Yatin Shah, Mr. Umang Papneja and Mr. Pankaj Fitkariwala. The CSR Committee has approved and adopted a CSR Policy of the Company. The details about the policy developed and implemented on Corporate Social Responsibility initiatives taken during the year under review is attached as Annexure I.

**ii. Finance Committee:**

The Finance Committee constituted on November 14, 2018 comprises of Mr. Umang Papneja-Director, Mr. Mihir Nanavati and Mr. Niraj Murarka.

c. **Formal annual evaluation** – Pursuant to the provisions of the Companies Act, 2013, the Board is not required to carry out the performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its committees.

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- b. **Key Managerial Personnel** – During the year, the Company was not required to appoint any key managerial personnel as per the Companies Act, 2013.

**8. Managerial Remuneration:**

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company for the financial year 2018-19 is available for inspection at the registered office of the Company.

**9. Employee Stock Option/ Purchase Scheme:**

The Company does not have an employee stock option / stock purchase scheme.

**10. Risk Management Policy and Internal Adequacy:**

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis.

The Company has in place adequate internal controls with reference to financial statements and operations and the same are operating effectively. The Statutory Auditors verified the systems and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively.

**11. Corporate Social Responsibility (CSR):**

During the financial year, your Company deployed 2% of its average net profits (computed as per the relevant provisions of the Companies Act, 2013) of the preceding three years on CSR projects.

All CSR efforts have been directed towards identifying and undertaking projects that hold the potential to create long-term social impact, to empower marginalized communities and enhance their quality of life. In alignment with this objective, in FY 2018-19, the Company undertook projects in the core areas of encouraging entrepreneurship, tribal developments, woman empowerment and healthcare and education.

To ensure that CSR projects undertaken are implemented and monitored in a systematic manner, during the year, efforts were focused on establishing systems and processes for the same. Going forward, your Company seeks to broaden the scope of CSR projects and employ more funds towards a larger number of projects.

The Annual Report on CSR activities by the Company is annexed as **Annexure – I**.

**12. Credit Rating:**

The non-convertible debentures of the Company enjoy the rating of [ICRA] AA (stable outlook) by ICRA Limited. The principal protected market linked/ structured non-convertible debentures of the Company have the rating of PP MLD (ICRA) AA (Stable Outlook).

**13. Extract of Annual Return:**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure – II**.

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**14. Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the going concern status of the Company:**

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and the Company's future operations.

**15. Material changes and commitments affecting the financial position of the Company:**

During the period under review, the following are the material changes and commitments affecting the financial position of the Company:

- (a) The Company made issue and allotment of Secured Market Linked/ Perpetual/ Subordinated Redeemable Non-Convertible Debentures aggregating to INR 5 crores on private placement during the year ended March 31, 2019.

**16. Auditors:**

At the Annual General Meeting held on July 27, 2015, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2020.

**17. Comments on auditors' report:**

There are no qualifications, reservations or adverse remarks or disclaimers made by the auditors, in their report. The Statutory Auditors have not reported any incident of fraud to the Company in the year under review.

**18. Particulars of loans, guarantees or investments under section 186:**

The details of loans, guarantees or investments made are provided in the standalone financial statement (please refer Note No. 6 & 7).

**19. Particulars of contracts or arrangements with related parties:**

All related party transactions that were entered during the financial year were in ordinary course of the business of the Company and were at arm's length. No contract/ arrangement have been entered by the Company with its promoters, directors, key managerial personnel or other persons which may have a potential conflict with the interest of the Company. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. The transactions with related party are disclosed by way of notes to accounts vide note no. 36 in the financial results of the Company for the financial year ended March 31, 2019.

**Justification for entering into Related Party Transactions:**

The Company usually enters into Related Party Transaction to ensure timely availability of products/ services required.

**20. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The information on energy conservation, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is appended below:

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#### **Conservation of energy:**

The Company is engaged in distribution of financial products and as such its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company such as:

- Installation of capacitors to save power,
- Installed Thin Film Transistor (TFT) monitors that saves power,
- Light Emitting Diode (LED) lights,
- Automatic power shutdown of idle monitors,
- Creating environmental awareness by way of distributing the information in electronic form,
- Minimising air-conditioning usage,
- Shutting off all the lights when not in use, and
- Education and awareness programs for employees.

The management frequently puts circulars on corporate intranet, IWIN for the employees educating them on ways and means to conserve the electricity and other natural resources and ensures strict compliance of the same.

#### **Technology absorption and innovation:**

The management understands the importance of technology in the business segments it operates and lays utmost emphasis on system development and use of best technology available in the industry. The management keeps itself abreast of technological advancements in the industry and ensures continued and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet the business needs and objectives.

The management invested considerable resources in deploying the latest technologies in the areas of wide area networking using MPLS, video communications, VoIP, automated dialers and other customer relationship management (CRM) tools and software. The Company also made significant strides in using cloud technology for customer-facing servers providing rapid and inexpensive ramp-up or down of capacity in line with business requirements.

The management is aware of increasing threats in the Information Security domain and has taken several steps to ensure that the Company is safe guarded against hacking attacks, data leakage and security breaches. IT and certain business processes have been recertified for ISO 27001 systems for practicing industry standard security implementations and processes. The management has invested resources in implementing controls and continuously monitoring violations, if any.

#### **Foreign exchange earnings/outgo:**

- a.) The Foreign exchange earnings: Not applicable
- b.) The Foreign exchange expenditure: Not applicable

#### **Research and Development (R & D):**

The Company is engaged in distribution of various financial products, which entails internal research of investment products, sectors and markets.

#### **21. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013:**

The Company is committed to provide a work environment that ensures every woman employee is treated with dignity and respect and afforded equitable treatment. The Company is also committed to promote a work environment that is

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conducive to the professional growth of its women employees and encourages equality of opportunity. The Company will not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its women employees are not subjected to any form of harassment. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Directors further state that during the year under review the Company has formulated and adopted a '**Policy for Prevention / Prohibition / Redressal of Sexual Harassment of Women at the Workplace**', and that there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **22. Frauds:**

The Auditors of the Company have not reported any frauds under Section 143(12) of the Companies Act, 2013.

## **23. Directors Responsibility Statement:**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

The Directors further confirm that, they have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

## **24. Downstream Investment:**

During the financial year 2018-19, the Company has not made any downstream investments in terms Foreign Direct Investment Policy.

## **25. Green Initiative:**

Section 136 of the Companies Act 2013 and the Rules framed there under allows the Company to send its Financial Statements by electronic mode to such Members whose shareholding is in dematerialized format and whose email addresses are registered with the Depositories for communication purposes. As a responsible corporate citizen, the Company proposes to effect electronic delivery of the Annual Report of the Company in lieu of the paper form to the Members who have registered their email IDs with the Depositories. A physical copy of the Annual Report will be sent to those Members who have not registered their email addresses with the Depositories for receiving electronic communication. A physical copy of this Annual Report can also be obtained free of cost by any member from the registered office of the Company on any working day during the business hours.

A copy of this Annual Report for FY 2018-19 is available on website of the Company, <https://www.iiflwealth.com/Alternate-Asset-Advisors>

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**26. Acknowledgements:**

Your Directors take this opportunity to thank Securities and Exchange Board of India, Association of Mutual Funds of India, financial institutions, banks, and all other stakeholders for their continued support and assistance during the period under review. Your Directors would also like to thank the employees for their dedication towards the growth of the Company.

**27. Annexure(s) forming part of this Report of Directors:**

The Annexure(s) referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report of the Directors:

- Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19 as Annexure – I.
- Form No. MGT 9 – Extract of Annual return as on financial year ended March 31, 2019 as Annexure III

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

**Pankaj Fitkariwala**  
Director

DIN- 07356813

Date: May 13, 2019

Place: Mumbai

**Umang Papneja**  
Director

DIN- 07357053

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## **ANNEXURES TO THE DIRECTORS REPORT**

### **ANNEXURE – I**

#### **Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>The CSR Policy and projects of IIFL Alternate Asset Advisors Ltd. are steered by the same values that guide the business of the IIFL Group of Companies. It can be summarized in one acronym – GIFTS, which stands for:</p> <ul style="list-style-type: none"> <li>• Growth</li> <li>• Integrity</li> <li>• Fairness</li> <li>• Transparency</li> <li>• Service Orientation</li> </ul> <p>By applying these values to the CSR projects, IIFL Alternate Asset Advisors Limited undertakes initiatives that create sustainable growth and empowers underprivileged sections of society.</p> <p>The focus areas prioritized by IIFL Alternate Asset Advisors Limited in its CSR strategy are given below:</p> <ul style="list-style-type: none"> <li>• Environment sustainability</li> <li>• Education</li> </ul> <p>The CSR Policy adopted by IIFL Group of companies is available on <a href="https://www.iifl.com/sites/default/files/pdf/IIFL_CSR_policy.pdf">https://www.iifl.com/sites/default/files/pdf/IIFL_CSR_policy.pdf</a></p>
2. The Composition of the CSR Committee	<p>CSR Committee of the Company comprises of:</p> <p>(i) Mr. Pankaj Fitkariwala (ii) Mr. Umang Papneja (iii) Mr. Yatin Shah</p>
3. Average net profit of the company for last three financial years	Rs. 4,88,47,932/-
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 9,76,959/-
5. Details of CSR spent during the financial year	
a) Total amount to be spent for the financial year;	Rs. 9,76,959/-
b) Amount Spent; and	Rs. 9,76,959/-

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c) Amount unspent, if any.

NIL

Manner in which the amount spent during the financial year is detailed below:

Sr. No	Projects/ Activities	Sector	Locations	Amount Outlay (Budget) Projects or Programs wise	Amount Spent on the Projects or programs	Cumulative Expenditure upto Reporting Period	Amount Spent : Direct or through Implementing Agency
1	Ensuring environmental sustainability - Sapling Plantation	Environment	Mumbai Maharashtra	5,00,000/-	Direct – 5,00,000/-	5,00,000/-	5,00,000/- Through India Infoline Foundation.
2	Girl Child illiteracy eradication program	Education	Udaipur Rajasthan	4,76,959/-	Direct – 4,76,959/-	4,76,959/-	4,76,959/- Through India Infoline Foundation

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report

During the financial year 2018-19, the Company successfully deployed 2 % of its average net profits of the preceding three years on CSR projects. In line with the company's CSR strategy, the Company has focused its efforts on identifying and undertaking CSR projects that support the overarching mission of contributing proactively towards Nation building. Women Empowerment, Education and Health continue to be one of the key focus areas.

#### Brief description of key projects:

1) **Promotion of Environmental Sustainability:** Plantation of 'Saplings' was undertaken to transform the urban spaces into 'Green zone'. The initiative was leveraged by engaging the adolescent population to plant and conserve trees.

2) **Girl Child illiteracy eradication program:** It is a matter of great concern and shame that girls in large number continue to be out of school and remain illiterate. This problem is particularly severe in northern state of Rajasthan. India Infoline Foundation has vowed to change this in next few years through starting community schools which are multi grade multi-level schools started in the villages as per the convenience of the girls to enable them to get educated. With 1156 such schools called "*Sakhiyon ki Baadi*", India Infoline foundation has already brought back over 34,452 girls into the fold of education. And this is just the beginning.

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## 5. Responsibility statement of the CSR Committee

Through this report, IIFL Alternate Asset Advisors Limited seeks to communicate its commitment towards CSR to the Ministry of Corporate Affairs. The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The Board of the company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All projects reported have been selected based on careful evaluation of the extent to which they create sustainable positive outcomes for marginalized segments of society. The company has adopted measures to ensure that these projects are implemented in an effective and efficient manner so that they are able to deliver maximum potential impact. In line with the requirements of the Section 135, the company has also established a monitoring mechanism to track the progress of its CSR projects.

**Pankaj Fitkariwala**  
**Chairman-CSR Committee**

**& Director**

**DIN- 07356813**

Date: May 13, 2019

Place: Mumbai

**Umang Papneja**

**Director**

**DIN- 07357053**

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# **ANNEXURE - II**

Form No. MGT-9

## **EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### **I. Registration and other details:**

i) CIN	U74120MH2011PLC219930
ii) Registration Date	July 19, 2011
iii) Name of the Company	IIFL Alternate Asset Advisors Limited
iv) Category / Sub-Category of the Company	Public Company, Limited by shares
v) Address of the Registered office and contact details	IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400013 Tel: (91-22) 4876 5600   Fax: (91-22) 4875 5606
vi) Whether listed company	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime Private Limited Address : C-101, 247 Park, LBS Marg, Vikhroli (West) - 400083 Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail : mumbai@linkintime.co.in Website: www.linkintime.co.in

### **II. Principal business activities of the company:**

All the Business activities contributing 10 % or more of the total turnover of the company are given below: -

Name and Description of main products/ services	NIC Code of the Product/ service *	% to total turnover of the company
Management Fees	6619	19.03%
Interest Income from investments	6619	26.00%

\* As per National Industrial Classification – Ministry of Statistics and Programme Implementation

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**III. Particulars of holding, subsidiary and associate companies:**

Name and Address of the Company	CIN/GLN	Holding/ subsidiary/ Associate	% of shares held	Applicable section
IIFL Wealth Management Limited	U74140MH2008PLC177884	Holding	100	2(46)

**IV. Shareholding pattern (Equity Share Capital Breakup as percentage of Total Equity):**

**i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year (01 <sup>st</sup> April 2018)				No. of Shares held at the end of the year (31 <sup>st</sup> March 2019)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	49994	6	50000	100	249481	0	249481	100	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1):-</b>	<b>49994</b>	<b>6</b>	<b>50000</b>	<b>100</b>	<b>249481</b>	<b>0</b>	<b>249481</b>	<b>100</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>

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<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>49994</b>	<b>6</b>	<b>50000</b>	<b>100</b>	<b>249481</b>	<b>0</b>	<b>249481</b>	<b>100</b>	<b>0.00</b>
<b>B. Public shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others(specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>

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C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>49994</b>	<b>6</b>	<b>50000</b>	<b>100</b>	<b>249481</b>	<b>0</b>	<b>249481</b>	<b>100</b>	<b>0.00</b>

**ii) Shareholding of Promoters:**

Shareholder's Name	Shareholding at the beginning of the year (01 <sup>st</sup> April 2018)			Shareholding at the end of the year (31 <sup>st</sup> March 2019)			% change in shareholding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
IIFL Wealth Management Limited*	50000	100	Nil	249481	100	Nil	0.00
<b>Total</b>	<b>50000</b>	<b>100</b>	<b>Nil</b>	<b>249481</b>	<b>100</b>	<b>Nil</b>	<b>0.00</b>

\*Note: 6 equity shares held by nominee shareholders, on behalf of IIFL Wealth Management Limited.

**iii) Change in Promoters' Shareholding (please specify, if there is no change):**

	Shareholding at the beginning of the year (01-04-18)		Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	50,000	100	50,000	100
Date-wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	Issue of 199481 equity shares on right issue basis	100	199481	100
At the end of the year	249481	100	249481	100

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)\*:**

	No. of shares at the beginning (01-04-18 to 31-03-19)		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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\*IIFL Wealth Management Limited holds 100% of the shares of the company.

v) Shareholding of Directors and Key Managerial Personnel:

Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
	No. of shares at the beginning (01-04- 18)/end of the year (31- 03-19)	% of total shares of the company				No. of shares	% of total shares of the company
A. DIRECTORS:							
Umang Papneja*	1	-	-	-	-	1	-
Mohan Radhakrishnan**	1	-	-	-	-	1	-
B. Key Managerial Personnel (KMP's)							
-	-	-	-	-	-	-	-

\*Directors hold equity shares in the capacity of nominee of IIFL Wealth Management Limited

\*\*Mr. Mohan Radhakrishnan ceased to be Director of the Company with effect from May 06, 2019.

V. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payments – (Rs. In Millions)

Particulars	Secured Loans	Unsecured	Deposits	Total Indebtedness
	excluding deposits	Loans		
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	2,570.00	-	2,570.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	2,570.00	-	2,570.00
Change in Indebtedness during the financial year	-	-		-
• Addition	-	47,463.66	-	47,463.66
• Reduction	-	(49,983.66)	-	(49,983.66)
<b>Net Change</b>	-	(2,520.00)	-	(2,520.00)

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<b>Indebtedness at the end of the financial year</b>	-	-	-	-
i) Principal Amount	-	50.00		50.00
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	0.82		0.82
<b>Total (i+ ii + iii)</b>	-	50.82	-	50.82

**VI. Remuneration of directors and Key Managerial Personnel:**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (Rs.)
	-	-	-
1. Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2. Stock Option	Nil	Nil	Nil
3. Sweat Equity	Nil	Nil	Nil
4. Commission - as % of profit - others, specify	Nil	Nil	Nil
5. Others, please specify	Nil	Nil	Nil
<b>TOTAL (A)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Ceiling as per the Act	<b>Rs. 15845903/-</b> (being 10% of the net profit of the Company calculated as per Section 198 of the Companies, 2013)		

**B. Remuneration to other directors:**

Particulars of Remuneration	Name of Directors			Total Amount (Rs.)
	R. Mohan*	Umang Papneja	Yatin Shah	
i. Independent Directors				
- Fee for attending board/committee meetings	NIL	NIL	NIL	NIL
- Commission	NIL	NIL	NIL	NIL

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- Others, please specify	NIL	NIL	NIL	NIL
<b>TOTAL (1)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
i. Other Non-Executive Directors				
- Fee for attending board/committee meetings	NIL	NIL	NIL	NIL
- Commission	NIL	NIL	NIL	NIL
- Others, please specify	NIL	NIL	NIL	NIL
<b>TOTAL (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>TOTAL (B)= (1+2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total Managerial Remuneration</b>	<b>NIL</b>			
Overall Ceiling as per the Act	<b>Rs. 1584590/-</b> (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

*\*Mr. Mohan Radhkrishnan ceased to be Director of the Company with effect from May 06, 2019*

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Particulars of Remuneration	Key Managerial Personnel		
	-	-	Total Amount (Rs.)
1. Gross salary	Nil	Nil	Nil
a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	Nil	Nil	Nil
c. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
d. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2. Stock Option	Nil	Nil	Nil
3. Sweat Equity	Nil	Nil	Nil
4. Commission - as % of profit - others, specify	Nil	Nil	Nil
5. Others, please specify	Nil	Nil	Nil
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

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**VII. Penalties / Punishment/ Compounding of offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	NIL				
Punishment					
Compounding					
B. Directors					
Penalty	NIL				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	NIL				
Punishment					
Compounding					

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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 Redeemable 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.



**Deloitte  
Haskins & Sells LLP**

- (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
	<b>ASSETS</b>				
1	<b>Financial Assets</b>				
(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	<b>Non-Financial Assets</b>				
(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
	<b>Total Assets</b>		<b>2,515.45</b>	<b>2,771.82</b>	<b>155.55</b>
	<b>LIABILITIES AND EQUITY</b>				
	<b>LIABILITIES</b>				
1	<b>Financial Liabilities</b>				
(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	<b>Non-Financial Liabilities</b>				
(a)	Provisions	16	0.78	0.69	0.12
(b)	Other non-financial liabilities	17	8.51	4.59	0.30
3	<b>EQUITY</b>				
(a)	Equity share capital	18	2.49	0.50	0.50
(b)	Other equity	19	2,311.48	183.01	154.41
	<b>Total Liabilities and Equity</b>		<b>2,515.45</b>	<b>2,771.82</b>	<b>155.55</b>


See accompanying Notes to the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors

  
Pallavi A. Gorakshakar  
Partner

  
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
<b>1</b>	<b>Revenue from operations</b>			
(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	-
	<b>Total revenue from operations</b>		<b>735.31</b>	<b>75.22</b>
<b>2</b>	<b>Other income</b>	24	0.19	0.04
<b>3</b>	<b>Total income (1+2)</b>		<b>735.50</b>	<b>75.26</b>
	<b>Expenses</b>			
(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
<b>4</b>	<b>Total expenses</b>		<b>577.04</b>	<b>38.78</b>
<b>5</b>	<b>Profit before tax (3-4)</b>		<b>158.46</b>	<b>36.48</b>
<b>6</b>	<b>Tax expense:</b>			
(a)	Current tax	28	26.28	4.27
(b)	Deferred tax	28	(0.37)	3.50
<b>7</b>	<b>Profit for the year (5-6)</b>		<b>132.55</b>	<b>28.71</b>
<b>8</b>	<b>Other comprehensive income</b>			
	(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)
<b>9</b>	<b>Total comprehensive income for the year (7+8) (Comprising profit and other comprehensive income for the year)</b>		<b>132.48</b>	<b>28.60</b>
<b>10</b>	<b>Earnings per equity share</b>			
	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
<b>A. Cash flows from operating activities</b>		
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
<b>Operating profit before working capital changes</b>	<b>145.24</b>	<b>12.50</b>
<b>Changes in working Capital :</b>		
(Increase)/ Decrease in Financial/Non-financial Assets	(87.60)	(69.13)
Increase/ (Decrease) in Financial/Non-financial Liabilities	133.10	17.23
<b>Cash generated from operations</b>	<b>190.74</b>	<b>(39.40)</b>
<b>Cash flow before extraordinary item</b>		
Net income tax(paid) / refunds	(56.17)	(6.93)
<b>Net cash used in operating activities (A)</b>	<b>134.57</b>	<b>(46.33)</b>
<b>B. Cash flows from investing activities</b>		
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)
Intercompany Deposit - given	(3,380.21)	(1,124.50)
Intercompany Deposit - received	1,186.61	1,124.50
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>683.56</b>	<b>(2,659.78)</b>
<b>C. Cash flows from financing activities</b>		
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)
<b>Net cash (used in)/ generated from financing activities (C)</b>	<b>(820.65)</b>	<b>2,560.81</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(2.52)</b>	<b>(145.30)</b>
Opening Cash & cash equivalents	2.84	148.14
<b>Closing Cash &amp; cash equivalents</b>	<b>0.32</b>	<b>2.84</b>

# Amount less than ₹ 10,000.

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors

  
Pallavi A. Gorakshakar  
Partner

  
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)

₹ 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)**

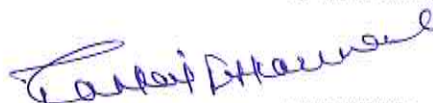
The Company has issued Non-convertible debentures and created DRR in terms of the Companies (Share capital and Debenture) Rules, 2014 (as amended). The amounts credited to DRR may not be utilised except to redeem the debentures.

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.



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:

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

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

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- 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:

- the Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, 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.

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.





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





## 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.





**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.





**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.





## 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 comprehensive 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 financial 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.



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

**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
<b>As per Ind AS</b>	<b>154.91</b>	<b>183.51</b>	

**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
<b>Net Income as per Ind AS</b>	<b>28.71</b>	
Other Comprehensive Income	(0.11)	4
<b>Total Comprehensive Income as per Ind AS</b>	<b>28.60</b>	





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			Notes
		As per IGAAP	Ind AS adjustments	As per Ind AS	
	<b>ASSETS</b>				
<b>1</b>	<b>Financial Assets</b>				
(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	
<b>2</b>	<b>Non-Financial Assets</b>				
(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	
	<b>Total Assets</b>	<b>2,766.51</b>	<b>5.31</b>	<b>2,771.82</b>	
	<b>LIABILITIES AND EQUITY</b>				
	<b>LIABILITIES</b>				
<b>1</b>	<b>Financial Liabilities</b>				
(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
<b>2</b>	<b>Non-Financial Liabilities</b>				
(a)	Provisions	0.69		0.69	
(b)	Other non-financial liabilities	4.59		4.59	
<b>3</b>	<b>EQUITY</b>				
(a)	Equity share capital	0.50		0.50	
(b)	Other equity	177.73	5.28	183.01	
	<b>Total Liabilities and Equity</b>	<b>2,766.51</b>	<b>5.31</b>	<b>2,771.82</b>	





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

Effect of Ind AS adoption on the Balance Sheet as at 1st April, 2017

(₹ in Mn)

Sr. No.	Particulars	As at April 1, 2017			Notes
		As per IGAAP	Ind AS adjustments	As per Ind AS	
	<b>ASSETS</b>				
<b>1</b>	<b>Financial Assets</b>				
(a)	Cash and cash equivalents	148.14		148.14	
(b)	Other financial assets	0.23		0.23	
<b>2</b>	<b>Non-Financial Assets</b>				
(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	
	<b>Total Assets</b>	<b>155.55</b>	<b>-</b>	<b>155.55</b>	
	<b>LIABILITIES AND EQUITY</b>				
	<b>LIABILITIES</b>				
<b>1</b>	<b>Financial Liabilities</b>				
(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	
<b>2</b>	<b>Non-Financial Liabilities</b>				
(a)	Provisions	0.12		0.12	
(b)	Other non-financial liabilities	0.30		0.30	
<b>3</b>	<b>EQUITY</b>				
(a)	Equity share capital	0.50		0.50	
(b)	Other equity	154.41	-	154.41	
	<b>Total Liabilities and Equity</b>	<b>155.55</b>	<b>-</b>	<b>155.55</b>	

**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 be recognised at Fair Value and hence the Company has restated its investments to reflect the market value and corresponding 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.



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

**Note 4. Cash and Cash Equivalents**

(₹ in Mn)

Particulars	As at Mar 31, 2019	As at Mar 31, 2018	As at Apr 1, 2017
<b>Cash and Cash Equivalents (As per Ind AS 7 Statement of Cashflows)</b>			
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
<b>Cash and cash equivalents (As per Ind AS 7 Statement of Cashflows)</b>	<b>0.32</b>	<b>2.84</b>	<b>148.14</b>

**Note 5. Receivables (Refer Note 31)**

(₹ in Mn)

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

# Amount less than ₹ 10,000.

- 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.
- There are no trade receivables with significant increase in credit risk (SICR) as at 31st March 2019, 31st March 2018, 1st April 2017.
- There are no credit impaired receivables as at 31st March 2019, 31st March 2018, 1st April 2017.
- Other receivables include receivables on sale of Investments aggregating to ₹ 26.23 mn (31/03/2018-Nil, 31/03/2017-Nil)
- No trade receivables and other receivables are interest bearing.



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

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



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

Note 7. Investments

Investments		As at Mar 31, 2019						As at Mar 31, 2018						As at Apr 1, 2017						₹ in Millions		
		At Fair value				Total	At Fair value				Total	At Fair value				Total						
		Amortised cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss		Subtotal	Others	Amortised cost	Through other comprehensive income		Through profit or loss	Designated at fair value through profit or loss	Subtotal	Others							
		1	2	3	4	5=2+3+4	6	7=1+5+6	8	9	10	11	12=9+10+11	13	14=8+12+13	15	16	17	18	19=16+17+18	20	21=15+19+20
	(A)		-	0.27	-	0.27	-	0.27	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Debt securities		-	125.84	-	125.84	-	125.84	-	-	2,690.10	-	2,690.10	-	2,690.10	-	-	-	-	-	-	-
	Alternate investment funds		-	126.11	-	126.11	-	126.11	-	-	2,690.10	-	2,690.10	-	2,690.10	-	-	-	-	-	-	-
	Total (A)		-	126.11	-	126.11	-	126.11	-	-	2,690.10	-	2,690.10	-	2,690.10	-	-	-	-	-	-	-
	(B)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(i) Investments outside India		-	126.11	-	126.11	-	126.11	-	-	2,690.10	-	2,690.10	-	2,690.10	-	-	-	-	-	-	-
	(ii) Investments in India		-	126.11	-	126.11	-	126.11	-	-	2,690.10	-	2,690.10	-	2,690.10	-	-	-	-	-	-	-
	Total (B)		-	126.11	-	126.11	-	126.11	-	-	2,690.10	-	2,690.10	-	2,690.10	-	-	-	-	-	-	-
	(C)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Less: Allowance for impairment loss		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total- Net (D) = A-C		-	126.11	-	126.11	-	126.11	-	-	2,690.10	-	2,690.10	-	2,690.10	-	-	-	-	-	-	-





**IIFL ALTERNATE ASSET ADVISORS LIMITED**

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	
	No. of Units	Total Amount (₹ in Mn)	No. of Units	Total Amount (₹ in Mn)
<b>Name of Investment</b>				
<b>Investment in Debt Securities include :</b>				
IIFL WEALTH FINANCE LIMITED SERIES - IFRS-01 BR NCD 05DC19 FACE VALUE RS 1 LAC	1	0.10	-	-
ECL FINANCE LIMITED SR-19J603A BR NCD 05FB20 FACE VALUE RS 1 LAC	1	0.17	-	-
		0.27		-
<b>Investment in Alternate investment funds include :</b>				
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
<b>Total</b>		<b>126.11</b>		<b>2,690.10</b>





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
<b>Total</b>	<b>31.92</b>	<b>0.04</b>	<b>0.23</b>

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
<b>Deferred tax assets:</b>					
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
<b>Total deferred tax assets (A)</b>	<b>1.55</b>	<b>0.05</b>	<b>1.51</b>	<b>0.03</b>	<b>3.14</b>
<b>Deferred tax liabilities:</b>					
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
<b>Total deferred tax liabilities (B)</b>	<b>0.39</b>	<b>(0.32)</b>	<b>-</b>	<b>-</b>	<b>0.07</b>
<b>Deferred tax assets (A - B)</b>	<b>1.16</b>	<b>0.37</b>	<b>1.51</b>	<b>0.03</b>	<b>3.07</b>

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
<b>Deferred tax assets:</b>					
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
<b>Total deferred tax assets (A)</b>	<b>3.22</b>	<b>(3.10)</b>	<b>1.39</b>	<b>0.04</b>	<b>1.55</b>
<b>Deferred tax liabilities:</b>					
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
<b>Total deferred tax liabilities (B)</b>	<b>-</b>	<b>0.39</b>	<b>-</b>	<b>-</b>	<b>0.39</b>
<b>Deferred tax assets (A - B)</b>	<b>3.22</b>	<b>(3.49)</b>	<b>1.39</b>	<b>0.04</b>	<b>1.16</b>

# Amount less than ₹ 10,000.



**IIFL ALTERNATE ASSET ADVISORS LIMITED**

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

**Note 10. Other Intangible Assets**

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

**Other Intangible Assets (Previous year)**

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

\*Refer Note 3 for exemptions availed



**IIFL ALTERNATE ASSET ADVISORS LIMITED**  
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
<b>Total</b>	<b>1.65</b>	<b>1.25</b>	<b>1.62</b>

**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
<b>Total</b>	<b>51.79</b>	<b>10.97</b>	<b>0.18</b>

**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.



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 Fair value Through profit or loss	Designated at fair value through profit or loss	At Amortised cost	At Fair value Through profit or loss	Designated at fair value through profit or loss
Bonds/ Debentures	1	2	3	4=1+2+3	2	3	1	2	3
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	
	Balance outstanding	Interest rate % (p.a) *	Balance outstanding	Interest rate % (p.a)	Balance outstanding	Interest rate % (p.a)
At Amortised cost	-	-	-	-	-	-
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	At Amortised Cost	At Fair Value Through profit or loss
Term loans	1	2	3	4=1+2+3	1	2	3	1	2
- from related parties	-	-	-	-	2,570.00	-	-	-	-
Total	-	-	-	-	2,570.00	-	-	-	-

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

Term Loans repayable from related parties are unsecured.





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

**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	-	-
<b>Total</b>	<b>90.40</b>	<b>2.06</b>	<b>0.04</b>

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
<b>Total</b>	<b>0.78</b>	<b>0.69</b>	<b>0.12</b>

**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
<b>Total</b>	<b>8.51</b>	<b>4.59</b>	<b>0.30</b>



**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
<b>Total</b>		<b>2.49</b>		<b>0.50</b>		<b>0.50</b>

(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	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>299,481</b>	<b>2.49</b>	<b>50,000</b>	<b>0.50</b>	<b>50,000</b>	<b>0.50</b>

(c) Terms/rights attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend.

In the event of liquidation 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.



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

**Note 19. Other Equity:**

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
<b>Total</b>	<b>2,311.48</b>	<b>183.01</b>	<b>154.41</b>

**Note 20. Interest Income**

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 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	
<b>Total</b>	<b>-</b>	<b>191.24</b>	<b>-</b>	<b>191.24</b>	<b>10.72</b>	<b>-</b>	<b>10.72</b>	



**IIFL ALTERNATE ASSET ADVISORS LIMITED**

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

**Note 21. Dividend & Distribution income on investments**

(₹ in Mn)

Particulars	2018-19	2017-18
Dividend Income	1.18	-
Distribution income on investments	23.93	(0.02)
<b>TOTAL</b>	<b>25.11</b>	<b>(0.02)</b>

**Note 22. Fee and Commission Income**

Disaggregation of fee and commission income

(₹ in Mn)

Particulars	2018-19	2017-18
Distribution Fees	76.23	24.58
Investment / Fund Management Fees	139.96	16.45
<b>TOTAL</b>	<b>216.19</b>	<b>41.03</b>

**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	-	-
<b>Total net gain/(loss) on fair value changes (C)</b>	<b>96.82</b>	<b>23.49</b>
(B) Fair value changes:		
-Realised	99.28	23.49
-Unrealised	(2.46)	-
<b>Total net gain/(loss) on fair value changes(D) to tally with (C)</b>	<b>96.82</b>	<b>23.49</b>

**Note 24. Other Income**

(₹ in Mn)

Particulars	2018-19	2017-18
Interest income on Income Tax refund	0.19	0.04
<b>Total</b>	<b>0.19</b>	<b>0.04</b>





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

**Note 25. Finance Cost**

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

(₹ in Mn)



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
<b>Total</b>	<b>16.90</b>	<b>10.89</b>

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



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

Particulars	2018-2019	2017-2018
<b>Amount recognized in the balance sheet</b>		
(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)
<b>Net interest cost for current period</b>		
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
<b>Expenses recognized in the statement of profit or loss for current period</b>		
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
<b>Expenses recognized in the other comprehensive income (OCI) for current period</b>		
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
<b>Balance sheet reconciliation</b>		
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
<b>Other details</b>		
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)	-	-
<b>Maturity analysis of the benefit payments</b>		
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
<b>Sensitivity analysis</b>		
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





**IIFL ALTERNATE ASSET ADVISORS LIMITED**

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

**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
<b>Total</b>	<b>0.66</b>	<b>0.40</b>

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
<b>Total</b>	<b>19.75</b>	<b>8.16</b>

# Amount less than ₹ 10,000.





**IIFL ALTERNATE ASSET ADVISORS LIMITED**
**Notes forming part of Financial Statements for the year ended March 31, 2019**
**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
(a)	Statement of Profit and Loss:		
	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
(b)	(ii) Deferred Tax:		
	Tax expense on origination and reversal of temporary differences	(0.37)	3.50
		(0.37)	3.50
	<b>Income tax expense reported in the statement of profit or loss [(i)+(ii)]</b>	<b>25.91</b>	<b>7.77</b>
(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
(b)	<b>Income tax expense reported in the other comprehensive income [(i)+(ii)]</b>	<b>0.03</b>	<b>0.05</b>

(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)	<b>Profit/(loss) before tax</b>	<b>158.46</b>	<b>36.48</b>
(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 suffered 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
	<b>Total effect of tax adjustments [(i) to (xii)]</b>	<b>(20.23)</b>	<b>(2.28)</b>
(e)	Tax expense recognised during the year	<b>25.91</b>	<b>7.77</b>
	Effective tax rate	16.35%	21.29%



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

**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
<b>BASIC</b>			
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
<b>DILUTED</b>			
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	-
<b>Total</b>	<b>86.61</b>	<b>-</b>

\* 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.



**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 assessment 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 Management 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:

Financial liabilities	As at 31st March 2019			
	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	-
<b>Total</b>	<b>142.19</b>	<b>141.74</b>	<b>0.45</b>	<b>-</b>

Financial liabilities	As at 31st March 2018			
	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	-	-
<b>Total</b>	<b>2,583.04</b>	<b>2,546.14</b>	<b>36.90</b>	<b>-</b>

Financial liabilities	As at 01st April 2017			
	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	-	-
<b>Total</b>	<b>0.21</b>	<b>(32.67)</b>	<b>32.89</b>	<b>-</b>

**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.





**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 maintaining 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
<b>Financial Assets</b>			
Investments	126.11	2,690.10	-
	126.11	2,690.10	-
<b>Financial Liabilities</b>			
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
<b>Increase of 100 basis point</b>		
Impact on Profit and Loss after tax	0.54	17.50
Impact on Equity	0.54	17.50
<b>Decrease of 100 basis point</b>		
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			Total
		Measure at amortised cost	Measured at fair value through profit or loss (P/L)	Measured at fair value through other comprehensive income (OCI)	
	<b>Financial Assets</b>				
(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
	<b>Total</b>	<b>2,350.95</b>	<b>126.11</b>	<b>-</b>	<b>2,477.06</b>
	<b>Financial Liabilities</b>				
(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
	<b>Total</b>	<b>142.19</b>	<b>50.00</b>	<b>-</b>	<b>192.19</b>





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

Sr No.	Particulars	As at 31st March 2018			Total
		Measure at amortised cost	Measured at fair value through profit or loss(P/L)	Measured at fair value through other comprehensive income (OCI)	
	<b>Financial Assets</b>				
(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
	<b>Total</b>	<b>74.63</b>	<b>2,690.10</b>	<b>-</b>	<b>2,764.73</b>
	<b>Financial Liabilities</b>				
(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
	<b>Total</b>	<b>2,583.04</b>	<b>-</b>	<b>-</b>	<b>2,583.04</b>

Sr No.	Particulars	As at 01st April 2017			Total
		Measure at amortised cost	Measured at fair value through profit or loss(P/L)	Measured at fair value through other comprehensive income (OCI)	
	<b>Financial Assets</b>				
(a)	Cash and cash equivalents	148.14	-	-	148.14
(b)	Other financial assets	0.23	-	-	0.23
	<b>Total</b>	<b>148.37</b>	<b>-</b>	<b>-</b>	<b>148.37</b>
	<b>Financial Liabilities</b>				
(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
	<b>Total</b>	<b>0.21</b>	<b>-</b>	<b>-</b>	<b>0.21</b>

**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.



**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 includes 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, options, 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.

Financial instruments measured at fair value	Recurring fair value measurements at 31.03.2019			
	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
<b>Total Assets</b>	-	0.27	125.84	126.11

Financial instruments measured at fair value	Recurring fair value measurements at 31.03.2018			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Alternate Investment Funds	-	-	2,690.10	2,690.10
<b>Total Assets</b>	-	-	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	-	-
<b>Closing Balance</b>	<b>125.84</b>	<b>2,690.10</b>

**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
<b>Financial Assets</b>						
Cash and cash equivalents	0.32	0.32	2.84	2.84	148.14	148.14
<b>Receivables</b>						
(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
<b>Financial Liabilities</b>						
(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.



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

**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.





**IIFL ALTERNATE ASSET ADVISORS LIMITED**

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

**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 Personnel	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 Altire 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 *	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
	Orpheus Trading Private Limited
	Ardent Impex Private Limited
	Spaisa Capital Limited
	Spaisa P2P Limited
	Spaisa Insurance Brokers Limited
	MNI 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
	Kyre Family Private Trust
	Bhagat Family Private Trust
	Kyrush Family Private Trust
	Naykia Family Private Trust
	Prakash Shah Family Private Trust
	Nayssa Shah Family Private Trust
	Klaah 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.





b) Significant Transactions with Related Parties

(₹ in Mn)					
Nature of Transaction	Holding Company	Fellow Subsidiaries	Other Related Parties * (Group Companies)	Other related Parties	Total
<b>Share Capital</b>					
IIFL Wealth Management Limited	1.99	-	-	-	1.99
	-	-	-	-	-
<b>Securities Premium</b>					
IIFL Wealth Management Limited	1,998.00	-	-	-	1,998.00
	-	-	-	-	-
<b>Sale of Inventory</b>					
IIFL Investment Adviser & Trustee Services Limited	-	201.86	-	-	201.86
	-	-	-	-	-
<b>Purchase of Investment:</b>					
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
	-	-	-	-	-
<b>Sale of Investment:</b>					
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
	-	-	-	-	-
<b>ICD Given:</b>					
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
	-	-	-	-	-
<b>ICD Received Back :</b>					
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
	-	-	-	-	-
<b>ICD Taken:</b>					
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)
<b>ICD Repaid:</b>					
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
	-	-	-	-	-



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
<b>Interest Income on ICD :</b>					
IIFL Wealth Management Limited	2.86	-	-	-	2.86
	(6.97)	-	-	-	(6.97)
IIFL Wealth Finance Limited	-	0.08	-	-	0.08
	-	-	-	-	-
<b>Interest Expenses on ICD :</b>					
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)
<b>Interest Expense on Investment :</b>					
IIFL Wealth Management Limited	1.24	-	-	-	1.24
	-	-	-	-	-
<b>Interest Income on NCD</b>					
IIFL Wealth Finance Limited	-	5.09	-	-	5.09
	-	-	-	-	-
India Infoline Finance Limited	-	-	1.05	-	1.05
	-	-	-	-	-
India Home Finance Limited	-	-	0.76	-	0.76
	-	-	-	-	-
<b>Fees/Expenses Incurred/Reimbursed For Services Procured</b>					
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)#
<b>Corporate Social Responsibility Expense (CSR)</b>					
India Infoline Foundation Limited	-	-	-	0.98	0.98
	-	-	-	-	-
<b>Allocation / Reimbursement of expenses Received:</b>					
IIFL Wealth Management Limited	51.48	-	-	-	51.48
	-	-	-	-	-
<b>Allocation / Reimbursement of expenses Paid:</b>					
IIFL Wealth Management Limited	5.46	-	-	-	5.46
	(2.40)	-	-	-	(2.40)
<b>Other Funds Received:</b>					
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
	-	-	-	-	-
<b>Other Funds Paid:</b>					
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
	-	-	-	-	-



(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
<b>Sundry Payables:</b>					
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
	-	-	-	-	-
<b>Sundry Receivables:</b>					
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)
<b>Broking a/c balance:</b>					
IIFL Wealth Management Limited	14.27	-	-	-	14.27
	-	-	-	-	-
<b>ICD Given:</b>					
IIFL Wealth Management Limited	2,181.60	-	-	-	2,181.60
	-	-	-	-	-
IIFL Wealth Finance Limited	-	12.00	-	-	12.00
	-	-	-	-	-
<b>ICD Taken:</b>					
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.



**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

