



DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 7th Annual Report of IIFL Asset Management Limited (formerly India Infoline Asset Management Company Limited) ('the Company') together with the Audited Financial Statements for the year ended March 31, 2017.

1. Financial Results:

The highlights of the financial results for the year under review are as under:

(Rs. In million)

Particulars	2016-17	2015-2016
Gross Total Income	861.94	661.27
Less: Expenditure	644.50	357.95
Profit /(Loss) Before Taxation	217.44	303.32
Less: Taxation - Current	69.76	84.50
- Deferred	(1.27)	(1.16)
- Mat Credit Gains	-	-
- Short or Excess Provision of	0.10	(0.05)
Income Tax		
Net Profit After Tax	148.85	220.03

2. Review of Operations and Business:

During FY 2016-2017, the revenues of IIFL AMC grew by 30.3% to Rs. 86.19 Cr and Profit After Tax was 14.89 Cr.

The total assets managed by IIFL AMC under Mutual Fund, AIF and Portfolio Management Services has increased to Rs. 8,698 Crore as on March 31, 2017 vis-s-vis Rs. 5523 Crore as on March 31, 2016. Under IIFL Mutual Fund Platform, the assets under management have increased from Rs. 492.46 Crore to Rs. 625.23 Crore. AIF assets saw a growth of 93.17% on a YoY basis to more than Rs 7,300 cr as on March'17 end. Significant ramp-up was seen during the year on the back of the following new diverse product launches:

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(FORMERLY KNOWN AS INDIA INFOLINE ASSET MANAGEMENT COMPANY LIMITED)

Corporate & Registered Office:

6th Floor, IIFL Centre, Kamala City, SenapatiBapat Marg,

Lower Parel, Mumbai – 400 013

Tel: (91-22) 39585600 | Fax: (91-22) 46464706

(An IIFL Group Company)

www.iiflmf.com

CIN:U74900MH2010PLC201113



- 1) Category II Alternative Investment Funds:
 - a. IIFL Special Opportunities Fund
 - b. IIFL Real Estate Fund Domestic Series 4
 - c. IIFL Select Equity Fund
 - d. IIFL Income Opportunities - Series Debt Advantage
 - e. IIFL Income Opportunities - Series Regular Income

- 2) Category III Alternative Investment Funds:
 - f. IIFL Yield Enhancer Fund
 - g. IIFL Phoenix Cash Opportunities Fund
 - h. IIFL Focused Equity Strategies Fund
 - i. IIFL Regular Income Fund
 - j. IIFL Cash Opportunities Fund II
 - k. IIFL Fixed Income Plus Fund
 - l. IIFL Debt Advantage Fund
 - m. IIFL Re Organise India Equity Fund
 - n. IIFL Perpetual Bond Fund – Series 1
 - o. IIFL India Opportunities Fund – Series 1, 2 & 3

During the year, the Company took initiatives to diversify and strengthen its distribution. IIFL AMC got empaneled with several large banks and wealth management firms enabling IIFL AMC to significantly enhance its reach and distribute its products widely. The Company has also significantly strengthened its sales team and mid-office team in order to service investors better.

3. Macroeconomic Overview

Indian growth story continued in FY16-17. This was a year of extreme volatility and unexpected turn of events, however something that has not changed is India remains the fastest growing economy in the world. We faced events like Brexit, Trump's surprise win in the US presidential elections and demonetization that led to extreme volatility and made it a difficult year to construct a balanced portfolio. On the other hand, the strong performance by BJP in state elections improved investor confidence about the continuity of political reforms in the country over the longer term. This has led to a strong surge in Foreign Portfolio Investors' (FPIs) flows in recent months. FPIs bought Indian stocks worth US\$4.63 bn in March 2017 only, as against US\$3.08 bn in the preceding 11 months of the year. It would be interesting to note that the

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Indian market gave return of 18.5% for FY17 out of which 12.1% came in the last quarter itself as markets looked relatively attractive compared to its peers. Post demonetization the domestic liquidity environment is also looking exceptionally strong with mutual funds receiving inflows worth US\$7.71 bn in the last few months with a monthly SIP of US\$0.77 bn - US\$0.93 bn. From a phase of low growth and high inflation sometime back, we have transitioned to a period of low inflation and improving growth. Twin deficits of Fiscal Deficit and Current Account Deficit which started improving in FY15, continued to show improvement. Inflation (both CPI and WPI) remained benign and GDP growth for FY17 is expected around 7.1% levels, which would make India one the fastest growing major economy.

Equity

FY16-17 has been a volatile year for Indian equities. Though the first nine months of the year experienced extreme volatility, persistent purchase from the FIIs towards the end of the year helped bring growth in the Indian markets. Most fears at the start of the year proved to be short-lived as the rally inequity markets continued unabated. Mutual funds received the highest net inflows in over a decade with US\$52.89 bn entering various schemes; nearly US\$6.78 bn came in via Systematic Investment Plans (SIPs) in FY17. With around 1 crore plus active SIP accounts in the country, expect the inflows here to rise steadily in the coming quarters. FPIs bought Indian stocks worth US\$4.63 bn in March 2017 only, as against US\$3.08 bn in the preceding 11 months of the year. . The IPO market has seen record-breaking gains and FY18 could be one of the best years in India's IPO history as over 50 companies could tap the capital market.

Debt

India's fiscal deficit in the April-February period of the FY17 touched US\$93.45 bn or 113.4 % of Budget Estimates for FY17 – as against 107.1 % of Budget in the same period of last year, government data showed. There are some upside risks to maintain inflation in the coming year, mainly due to the following: a) Rising probability of El Nino impacting the southwest monsoon and thereby food inflation. However, better supply management and record production in FY2017 helped in controlling food prices. b) Increase in HRA under 7th Central Pay Commission c) Farm loan waiver and d) Implementation of GST.

In its recent policy meet, RBI maintained the neutral stance of monetary policy by keeping the key policy rate unchanged. This was in line with expectations. However, the RBI surprised the markets by narrowing the LAF corridor by 25bps (from 50bps earlier).The objective was to bring the overnight money market rates in finer alignment with the policy rate. Accordingly, the

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reverse repo was raised by 25bps to 6% and the rate under the Marginal Standing Facility was narrowed by 25bps to 6.50%. The RBI has re-iterated its neutral policy stance. It has clearly preferred to adopt a “wait and watch” approach in the latest meeting and stated that further rate actions will hinge on upcoming data.

Future Outlook

We believe that persistent effort by the government & the RBI along with favorable global macros & benign commodity prices result in favorable macroeconomic outlook for India. As the government executes policy reforms and invests in core infrastructure we believe that the Indian economy will be growing at a rapid pace in the medium term.

At IIFL AMC we have invested significantly in people and infrastructure which should position us well to capture the great opportunity that India is.

During the current Financial Year, the Company proposes following initiatives to strengthen our franchisee:

- Strengthen distribution by increasing our penetration with external distributors.
- Target institutional investors outside India for separately managed accounts as well as investments in our flagship products
- Make focused effort to increase AUM of existing schemes under the Mutual Fund platform - IIFL India Growth Fund, IIFL Liquid and IIFL Dynamic bond fund.
- Launch innovative equity products under the Alternative Investment Fund(s) platform
- Strengthen products and mid-office team

As an AMC, our endeavor is to provide investors access to novel products at an extremely competitive fees structure. This will enable us to differentiate ourselves from the existing large AMCs and achieve scale to emerge as a significant player in the industry.

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2. Dividend:

The Directors do not recommend any dividend for the year under consideration.

3. Transfer to Reserves:

During the FY 2016-2017, the Company has not transferred any amount to the General Reserve.

4. Share Capital:

The total paid up share capital of the Company is Rs. 32,10,00,000/-.

5. Details of Subsidiary: There are no subsidiaries of the Company.

6. Directors and Key Managerial Personnel:

a. Directors:

The Board consists of Ms. Homai Daruwalla, Mr. Pranab Pattanayak, Mr. Prashasta Seth and Mr. Amit Shah. Ms. Daruwalla and Mr. Pattanayak have submitted their declaration under section 149(6) of the Companies Act, 2013 and are independent directors on the Board. Mr. Amit Shah, Director of your Company, retires by rotation and being eligible, offers himself for re-appointment. In terms of the provisions of the Companies Act, 2013 independent directors are not liable to retire by rotation.

i. Board Meetings:

The Board met six times during the year, discussed and approved various matters concerning new products, financials, and appointment of director and key managerial personnel, audit reports, SEBI inspection reports, compliance reports and other board businesses.

ii. Committees of the Board

There are currently three Committees of the Board, as follows:

- Audit Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee

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- **Audit Committee**

The Audit Committee comprises of Ms. Homai Daruwalla, Mr. Pranab Pattanayak and Mr. Amit Shah. The role, terms of reference and powers of the Audit Committee are in conformity with the requirements of the Companies Act 2013 & internal policies. The Committee met six times during the year under review and discussed on financials, audit issues and appointment of auditors. All the recommendations of the Audit committee were accepted by the Board.

The terms of reference of audit committee, inter alia, includes;

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval of quarterly and annual financials and recommend the same to the Board;
- Review and comment on observation(s) of Internal Auditors and Statutory Auditors;
- Review and comment on observation(s) raised under any regulatory inspections;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;

- **Nomination And Remuneration Committee:**

The Nomination and Remuneration Committee comprises of Ms. Homai Daruwalla, Mr. Pranab Pattanayak and Mr. Amit Shah. As per the provisions of Section 178 of the Companies Act, 2013, the Committee has formulated a nomination and remuneration policy. The same is annexed as an **Annexure I** to this Report.

- **Corporate Social Responsibility Committee:**

As per the provision of Section 135 of Companies Act, 2013, Ms. Homai Daruwalla, Mr. Pranab Pattanayak and Mr. Amit Shah are members of the Corporate Social Responsibility Committee ("CSR Committee"). The CSR Committee has approved CSR Policy of the Company. IIFL group has set-up India Infoline Foundation (referred

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as "IIFL Foundation") a Section 8 Company under the Companies Act, 2013, which will act as the principal arm to undertake CSR initiatives on behalf of the IIFL Group.

i. Separate meeting of Independent Directors:

In compliance with provisions of Companies Act, 2013, a separate meeting of Independent Directors was held on March 23, 2017 inter alia, to discuss the following:

- a) to review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Upon conclusion of the meeting, the Independent Directors expressed their satisfaction over the performance of the other Directors and Board as a whole. They also expressed their satisfaction over the quality, quantity and flow of information between the company management and the Board/ Committees of the Board from time to time.

The details of attendance of the Directors at Board Meetings, Audit Committee Meetings, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and the previous Annual General Meeting of the Company are, given below:

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Name of Director	Board Meetings (Held on May 02,2016, July 25,2016, September 29,2016, October 21,2016,January 23,2017, March 23,2017)		Audit Committee Meetings (Held on May 02,2016, July 25,2016, September 29,2016, October 21,2016, January 23,2017, March 23,2017)		CSR Committee Meeting (Held on March 23, 2017)		Nomination and Remuneration Committee Meeting (Held on May 02,2016, July 25,2016, September 29,2016, January 23,2017)		Whether present at previous AGM held on July 25, 2016
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Attended
Ms. Homai Daruwalla	6	6	6	6	1	1	4	4	Yes
*Mr. Pranab Pattanayak	6	6	6	6	1	1	4	4	No
Mr. Karan Bhagat (resigned w.e.f 29 th September 2016)	3	2	3	2	-	-	3	2	Yes
Mr. Prashasta Seth (appointed w.e.f 29 th September 2016)	3	3	-	-	-	-	-	-	No
Mr. Amit Shah (appointed w.e.f 25 July 2016)	4	3	3	2	1	1	1	0	No

***Note:**Mr. Karan Bhagat resigned from the Board, CSR and Audit Committee Meeting from September 29, 2016.

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iii. Formal Annual Evaluation:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

b. Key Managerial Personnel:

Mr. Prashasta Seth is the Chief Executive Officer of the Company, managing the operational and business affairs of the Company. Ms. Priya Biswas is the Chief Financial Officer of the Company, managing the financial affairs of the Company. Mr. Ashutosh Naik was the Company Secretary during the period from April 1, 2016 till January 23, 2017. Mr. Chinmay Joshi is appointed as the Company Secretary w.e.f. January 23 2017.

7. 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, refer Annexure I of the Annual Report on CSR activities annexed with this report.

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 FY16-17, the Company undertook a number of 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 – II**.

8. Managerial Remuneration:

For FY 2016-17, list of employees who are in receipt of remuneration in excess of the rates or amounts as specified under sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013, is available for inspection at the registered office of the Company.

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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. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

The Company has in place adequate internal controls with reference to financial statements and operations and the same are operating effectively. The Internal Auditors tested the design and effectiveness of the key controls and no material weaknesses were observed in their examination. Further, 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. Extract of Annual Return:

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure III".

12. 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.

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

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

14. Auditors:

At the Annual General Meeting held on July 27, 2015, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2020. In terms of the provision of Section 139 of the Companies Act, 2013, the appointment of the said auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Deloitte Haskins

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& Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Statutory Auditors of the Company, is placed for ratification by the shareholders.

15. 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 Audit Committee of the Company in the year under review.

16. Secretarial Audit:

Pursuant to applicable provisions of the Companies Act, 2013, the Company is not required to undertake Secretarial Audit for the financial year 2016 -2017.

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

The details of loans, guarantees or investments made are provided in the Financial Statement (Please refer Note No. 12 and 15 of the Financial Statement).

18. 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. 33 in the standalone financial results of the Company for the financial year ended March 31, 2017.

19. 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 providing financial services 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.

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Foreign exchange earnings/outgo:

a.) The Foreign exchange earnings: Nil

b.) The Foreign exchange expenditure: Rs. 446,863

Research and Development (R & D):The Company is engaged in distribution of various financial products and advising clients on wealth management through mutual fund and alternative investment fund platform, which entails internal research of investment products, sectors and markets.

20. 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 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 your 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.

21. 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;

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- 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.

22. Acknowledgements:

We are thankful for the significant contribution made by our employees and also express our sincere thanks and appreciation to Securities and Exchange Board of India, Association of Mutual Fund of India, the Company's Bankers, Auditors and Counsels for their continued support and co-operation.

We also acknowledge the support and the continued co-operation received from IIFL Wealth Management Limited, sponsor during the year under review. We look forward to the same going forward.

23. 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:

- Nomination and Remuneration Policy of the Company as Annexure I.
- Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17 – Annexure - II.
- Form No. MGT-9 – Extract of Annual Return as on the financial year ended March 31, 2017 – Annexure – III.

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For and on behalf of the Board of Directors


Homai Daruwalla
Chairman
DIN: 00365880


Prashasta Seth
Whole Time Director
DIN: 01729388

Date: May 02, 2017
Place: Mumbai

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ANNEXURES TO THE DIRECTORS REPORT

ANNEXURE I

NOMINATION AND REMUNERATION POLICY

- I. **OBJECTIVE:** This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been approved by the Nomination and Remuneration Committee (the Committee) and Board of Directors.
- II. **DEFINITIONS:**
1. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
 2. "Board" means Board of Directors of the Company.
 3. "Key Managerial Personnel" (KMP) means:
 - Managing Director, or Chief Executive Officer or Manager
 - Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary; and such other officer as may be prescribed.
 4. "Research Analysts" shall have the same meaning as defined under the SEBI (Research Analysts) Regulation, 2014 as amended from time to time.
 5. "Senior Management" means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 / Listing agreement (wherever applicable) as maybe amended from time to time shall have the meaning respectively assigned to them therein.

III. **ROLE OF COMMITTEE:**

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To recommend to the Board on policy on Remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees.

IIFL ASSET MANAGEMENT LIMITED

(FORMERLY KNOWN AS INDIA INFOLINE ASSET MANAGEMENT COMPANY LIMITED)

Corporate & Registered Office:

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Lower Parel, Mumbai – 400 013
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- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To devise a policy on Board diversity.

IV. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

1. Appointment Criteria and Qualifications:

a) A person being appointed as director, KMP or in senior management should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.

b) Independent Director:

(i) Qualifications of Independent Director:

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

(ii) Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

2. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3. Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age,

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for the benefit of the Company.

V. REMUNERATION:

A. Directors:

a. Executive Directors (Managing Director, Manager or Whole Time Director):

- (i) At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.
- (ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of the Companies Act, 2013.
- (iii) The remuneration of the Manager/ CEO/ Managing Director/ Whole Time Director is broadly divided into fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:
 - the relationship of remuneration and performance benchmark;
 - balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - responsibility required to be shouldered , the industry benchmarks and the current trends;
 - the Company's performance vis-à-vis the annual budget achievement and individual performance.

b. Non-Executive Director:

- (i) The Non-Executive Independent Director may receive fees for attending meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- (ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.

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- (iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.
- (iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- (v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.
- (vi) The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.

B. KMP & Senior Managerial Personnel:

The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:

- a. maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- b. compensation should be reasonable and sufficient to attract retain and motivate KMP and senior management;
- c. Remuneration payable should comprise of a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-a-vis overall performance of the company;
- d. Remuneration shall be also considered in form of long term incentive plans for key employees, based on their contribution, position and length of service, in the nature of ESOPS/ESPS.

C. Research Analysts:

- (i) The compensation of all individuals employed as Research Analyst shall be reviewed, documented and approved at least annually by the Committee
- (ii) While approving the compensation of the Research Analysts, the Committee shall not consider:
 - a. Any specific merchant banking or investment banking or brokerage services transaction which might have happened because of the services of the Research Analyst; and
 - b. Any contribution made by the Research Analyst to the Company's investment banking or merchant banking or brokerage services business other than that of preparing and / or providing research reports.

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VI. EVALUATION:

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly). The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole, if applicable.

VII. OTHER DETAILS:

Membership

The Committee shall consist of minimum 3 non-executive directors, majority of them being independent. The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company shall not be a Chairman of the Committee. The term of the Committee shall be continued unless terminated by the Board of Directors.

Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Secretary

The Company Secretary of the Company shall act as Secretary of the Committee. In absence of Company Secretary, the Committee may designate any other officials or any of the members of the Committee who shall act a Secretary of the Committee.

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ANNEXURE II

Corporate Social Responsibility (CSR)

[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.	The Company has in place a CSR Policy, approved by the Directors of the Company. The CSR Policy has been uploaded on website www.iiflmf.com .
2. The Composition of the CSR Committee.	The CSR Committee of the Company consist of Ms. Homai Daruwalla, Mr. Pranab Pattanayak and Mr. Amit Shah
3. Average net profit of the company for last three financial years	Rs. 161,357,621
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 3,227,152
5. Details of CSR spent during the financial year.	
a) Total amount to be spent for the financial year;	Rs. 3,227,200
b) 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 (Rs.)	Amount Spent on the Projects or programs (Rs.)	Cumulative Expenditure upto Reporting Period (Rs.)	Amount Spent : Direct or through Implementing Agency (Rs.)
1	Providing Education opportunities to the underprivileged.	Education	Maharashtra	2,00,000/-	Direct - 2,00,000/-	2,00,000/-	2,00,000/- Through Mancherji Edalji Joshi Memorial Trust

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2	Sports Development and support	Training to promote nationally recognized sports.	Pan India	30,27,000	Direct 30,27,000/-	30,27,000/-	30,27,000/- Through Indiainfoline 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 2016-17, 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. The Company has utilized part of the accrued CSR expenses and is reviewing new projects, to enable substantial CSR activities in financial year 2016-17.			

Responsibility Statement - Through this report, IIFL Asset Management 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.

For and on behalf of the Board of Directors

Ms. Homai Daruwalla
Chairman, CSR Committee & Director
DIN: 00365880
Date: May 2, 2017
Place: Mumbai

Mr. Amit Shah
Director
DIN: 06765300

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ANNEXURE III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on **March 31, 2017**

[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:	U74900MH2010PLC201113
ii) Registration Date	22-Mar-10
iii) Name of the Company	IIFL Asset Management Limited
iv) Category / Sub-Category of the Company	Public Limited Company, Limited by Shares
v) Address of the Registered office and contact details	IIFL Centre, 6th Floor, Kamala City, S. B. Marg, Lower Parel (West) Mumbai - 400013
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 49186060 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:-

Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
Asset Management	6599	80.06%

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 Company	100%	2(46)

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IV. Share holding 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 st April 2016)				No. of Shares held at the end of the year (31 st March 2017)			
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
A. Promoters								
(1) Indian	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-
b) Central Government	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-
d) Bodies Corporate	3,20,99,994	6	3,21,00,000	100	3,20,99,994	6	3,21,00,000	100
e) Banks / FI	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-
a) NRIs - Individuals	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	3,20,99,994	6	3,21,00,000	100	3,20,99,994	6	3,21,00,000	100
B. Public Shareholding								
1. Institutions								
a) Mutual Funds	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-
2. Non-Institutions								
a) Bodies Corp.	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-

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i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	3,20,99,994	6	3,21,00,000	100	3,20,99,994	6	3,21,00,000	100

(ii) Shareholding of Promoters

Shareholder's Name	Share holding at the beginning of the year (01 st April 2016)			Share holding at the end of the year (31 st March 2017)			% change in share holding 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	3,21,00,000	100	NIL	3,21,00,000	100	NIL	NIL
Total	3,21,00,000	100	Nil	3,21,00,000	100	Nil	NIL

***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 st April 2016)		Cumulative Shareholding during the year (1 st April 2016 to 31 st March 2017)	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	3,21,00,000	100%	3,21,00,000	100%
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
At the end of the year	3,21,00,000	100%	3,21,00,000	100%

Note: There is no change in the promoters' shareholding during the period from 01-04-2016 to 31-03-2017.

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. Of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
At the End of the year (or on the date of separation, if separated during the year	-	-	-	-

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

iv) Shareholding of Directors and Key Managerial Personnel*:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	--	-	-	-
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
At the End of the year	-	-	-	-

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

V. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payments

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
• Addition	-	-	-	-
• Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-

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i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

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 Mr. Prashasta Seth (appointed as WTD w.e.f. September 29, 2016)	Total Amount (Rs)
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	55,97,141	55,97,141
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
Stock Option	-	-
Sweat Equity	-	-
Commission - as % of profit - others, specify	-	-
Others, please specify	-	-
Total (A)	55,97,141	55,97,141
Ceiling as per the Act	Rs 1.125/- crores (being 5% of the net profit of the Company calculated as per Section 198 of the Companies, 2013)	

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B. Remuneration to other directors:

Particulars of	Name of Directors					Total Amount (Rs.)
	Ms. Homal Daruwalla	Mr. Pranab Pattanayak	Mr. Amit Shah (appointed w.e.f. 25 th July 2016)	Mr. Prashasta Seth (appointed w.e.f. 29 th September 2016)	Mr. Karan Bhagat (resigned w.e.f. 29 th September 2016)	
Independent						
Fee for attending board/ committee	4,65,000	4,65,000	-	-	-	9,30,000
Commission*	10,00,000	10,00,000	-	-	-	20,00,000
Total (1)	14,65,000	14,65,000				29,30,000
Other Non-Executive						
Fee for attending	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-
Total (B)=(1+2)	14,65,000	14,65,000				29,30,000
Total Managerial Remuneration**	Rs. 75,97,141 /- (includes commission paid to other Director, i.e., an Independent Director)					
Overall Ceiling as per the Act	Rs. 0.23/- crores (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

*Note: * Payable subject to approval of shareholders. ** Total commission paid to directors.*

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

Particulars of Remuneration	Key Managerial Personnel			
	Company Secretary (Ashutosh Naik) (resigned w.e.f. January 23, 2017)	Company Secretary (Chinmay Joshi) (appointed w.e.f. January 23, 2017)	CFO (Priya Biswas)	Total (Rs.)
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		2,70,441	55,97,576	58,68,017
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
(c) Profits in lieu of salary under section 17(3) Income tax Act,	-	-	-	-

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1961				
Stock Option	-	-		-
Sweat Equity	-	-		-
Commision	-	-		-
- as % of profit	-	-		-
- others	-	-		-
Total		2,70,44		55,97,576
				58,68,017

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					

IIFL ASSET MANAGEMENT LIMITED

(FORMERLY KNOWN AS INDIA INFOLINE ASSET MANAGEMENT COMPANY LIMITED)

Corporate & Registered Office:

6th Floor, IIFL Centre, Kamala City, SenapatiBapat Marg,
Lower Parel, Mumbai – 400 013

Tel: (91-22) 39585600 | Fax: (91-22) 46464706

(An IIFL Group Company)

www.iiflmf.com

CIN:U74900MH2010PLC201113

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIFL ASSET MANAGEMENT LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report to the extent applicable that:

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

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as



amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance during the period from 8 November 2016 to 30 December 2016.

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

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Pallavi A. Gorakshakar

(Partner)

(Membership No. 105035)

MUMBAI, 2 May 2017

PG/SB/SS-2017



Report on Internal Financial Controls Over Financial Reporting

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Pallavi A. Gorakshakar

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

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



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) 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 loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, 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 year end.
- (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) 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, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Custom Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. According to the information and explanations given to us, Excise Duty is not applicable to the Company.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Custom Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax as on 31 March 2017 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 loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.



- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



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

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



IIFL ASSET MANAGEMENT LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in ₹)

Particulars	Note No	As at Mar 31, 2017	As at Mar 31, 2016
EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	321,000,000	321,000,000
(b) Reserves and Surplus	4	654,903,730	506,053,639
(c) Money received against share warrants		-	-
Sub total		975,903,730	827,053,639
(2) Share application money pending allotment			
		-	-
(3) Non Current Liabilities			
(a) Long-term borrowings		-	-
(b) Deferred Tax Liability		-	-
(c) Other Long-term liabilities		-	-
(d) Long-term provisions	5	10,675,804	6,312,324
Sub total		10,675,804	6,312,324
(4) Current liabilities			
(a) Short-term borrowings	6	-	19,394,322
(b) Trade payables	7	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		131,044,213	43,783,787
(c) Other current liabilities	8	31,383,215	25,107,078
(d) Short-term provisions	9	36,927,920	32,994,735
Sub total		199,355,348	121,279,922
TOTAL		1,185,934,882	954,645,885
ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	273,334	261,747
(ii) Intangible assets	11	815,185	1,902,105
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
Sub total		1,088,519	2,163,852
(b) Non-current investments	12	18,169,580	62,083,262
(c) Deferred tax asset	13	4,595,420	3,317,878
(d) Long-term loans & advances	14	45,732,639	17,966,695
(e) Other non-current assets		-	-
Sub total		68,497,639	83,367,835
(2) Current assets			
(a) Current investments	15	-	100,818,166
(b) Inventories		-	-
(c) Trade receivables	16	199,252,149	112,745,082
(d) Cash and Cash Equivalents	17	897,496,021	691,464
(e) Short-term loans & advances	18	19,431,331	654,859,486
(f) Other current assets	19	169,223	-
Sub total		1,116,348,724	869,114,198
TOTAL		1,185,934,882	954,645,885
See accompanying notes Forming a Part of Financial Statements			


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


Pallavi A. Gorakshakar
Partner

Place: Mumbai
Date: May 2, 2017

For and on behalf of the Board of Directors


Homai Daruwalla
Chairman
(DIN: 00365880)


Priya Biswas
Chief Financial Officer


Prashasta Seth
Whole Time Director
(DIN: 01729388)


Chinmay Joshi
Company Secretary



IIFL ASSET MANAGEMENT LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	Note No	2016-2017	2015-2016
INCOME :			
Revenue from Operations	20	690,057,718	588,044,913
Other Income	21	171,878,113	73,225,960
Total Revenue		861,935,831	661,270,873
EXPENSES :			
Employee Benefit Expenses	22	200,308,193	102,375,295
Other Expenses	23	416,108,422	254,066,463
Finance Charges	24	26,925,329	211,106
Depreciation and Amortisation	25	1,179,123	1,278,155
Provision & Write off	26	(21,643)	21,643
Total Expenditure		644,499,424	357,952,662
Profit before tax		217,436,407	303,318,211
Tax expense:			
Current tax expenses		69,762,983	84,498,902
Deferred tax	13	(1,277,542)	(1,160,056)
Short / (excess) provision for income tax		100,877	(54,314)
Net tax expense		68,586,318	83,284,532
Profit for the year		148,850,089	220,033,679
Earnings Per Share - Basic	27	4.64	6.85
Earnings Per Share - Diluted	27	4.64	6.85
Face Value Per Share		10.00	10.00
See accompanying notes Forming a Part of Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors



Pallavi A. Gorakshakar
Pallavi A. Gorakshakar
Partner

Place : Mumbai
Date : May 2, 2017

Homai Daruwalla
Homai Daruwalla
Chairman
(DIN: 00365880)

Priya Biswas
Priya Biswas
Chief Financial Officer

Prashasta Seth
Prashasta Seth
Whole Time Director
(DIN: 01729388)

Chihmay Joshi
Chihmay Joshi
Company Secretary



IIFL ASSET MANAGEMENT LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	2016-2017	2015-2016
A. Cash flows from operating activities		
Net profit before taxation and extraordinary item	217,436,407	303,318,211
Adjustments for:		
Depreciation	1,179,123	1,278,155
Provisions for Gratuity	3,159,508	2,093,006
Provisions for Leave Encashment	1,506,082	339,335
Provision for Diminution in Investment	(21,643)	21,643
Interest Income	(81,826,177)	(65,633,530)
Interest expenses	26,905,405	-
Dividend Income	(461,755)	(2,539,208)
Profit on sale of Investments	(90,051,936)	(7,592,430)
Operating profit before working capital changes	77,825,014	231,285,182
Changes in working capital :		
(Increase)/ Decrease in Current/Non Current Assets	(91,112,872)	(9,009,135)
Increase/ (Decrease) in Current/Non Current Liabilities	97,167,640	31,160,888
Cash generated from operations	83,879,782	253,436,935
Net income tax(paid) / refunds	(93,726,294)	(89,498,132)
Net cash generated from/(used in) operating activities (A)	(9,846,512)	163,938,803
B. Cash flows from investing activities		
Purchase of Investments	(30,235,514,043)	(9,367,050,000)
Sale of Investments	30,470,297,828	9,436,866,907
Interest Received	81,787,403	80,705,273
Dividend Income	461,755	2,539,208
Purchase of fixed assets (includes intangible assets)	(82,147)	(319,105)
Inter Corporate Deposit given	(3,753,900,000)	(763,665,000)
Inter Corporate Deposit received	4,389,900,000	445,869,000
Net cash generated from/ (used in) investing activities (B)	952,950,796	(165,053,717)
C. Cash flows from financing activities		
Short Term Borrowings taken	7,363,766,307	232,500
Short Term Borrowings repaid	(7,383,160,629)	-
Interest Paid	(26,905,405)	-
Net cash generated from/ (used in) financing activities (C)	(46,299,727)	232,500
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	896,804,557	(882,414)
Opening Cash and Cash Equivalents	691,464	1,573,878
Closing Cash and Cash Equivalents (Refer Note 17)	897,496,021	691,464
See accompanying notes forming part of the financial statements		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

M. Gorakshakar

Pallavi A. Gorakshakar
Partner



Homai Daruwalla

Homai Daruwalla
Chairman
(DIN: 00365880)

Prashasta Seth

Prashasta Seth
Whole Time Director
(DIN: 01729388)



Place : Mumbai
Date : May 02, 2017

Priya Biswas

Priya Biswas
Chief Financial Officer

Chinmay Joshi

Chinmay Joshi
Company Secretary

Note 1. Corporate Information:

IIFL Asset Management Limited ("the Company") is a public limited company incorporated under the Companies Act, 1956. The Company is registered with Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds) Regulations, 1996 ('the Regulations') and acts as an investment manager to 'IIFL Mutual Fund'. Pursuant to Regulation 24(b) of the Regulations, SEBI gave its No Objection to the Company to undertake Investment Management and Advisory Services to pooled assets including Alternative Investment Funds / Offshore Funds and to undertake Portfolio Management Services. Pursuant to the same, the Company acts as an Investment Manager to the Alternative Investments Funds and Venture Capital Fund. 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:**2.1 Basis of preparation of financial statements:**

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

2.2 Use of Estimates:

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

2.3 Fixed assets and Depreciation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charges from the month in which assets are sold. Individual assets / group of similar assets costing up to ₹5,000 has been depreciated in full in the year of purchase. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the assets.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings*	20
Computers*	3
Electrical*	5
Office equipment	5
Furniture and fixtures*	5
Vehicles*	5
Software	3

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

2.4 Investments

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

2.5 Cash and cash equivalents:

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

2.6 Cash flow statement

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

2.7 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and
- (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.8 Taxation:

Tax expense comprises current and deferred tax.

Income Tax

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

Deferred Tax

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arises.

2.9 Revenue Recognition:

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

- Investment Management fees are accounted on accrual basis.
- Distribution Fee/Commission/Setup Fee is recognized on accrual basis in accordance with the terms agreed with the counter party.

2.10 Other Income Recognition:

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

2.11 Translation of foreign currency items:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognized in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognized in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

2.12 Employee Benefits:

The company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & loss.

The Company has provided "Compensated Absences" on the basis of actuarial valuation.

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.

2.13 Scheme Related Expenses:

(a) Fund Expenses:

Expenses of schemes of IIFL Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 and expenses incurred directly on behalf of schemes of IIFL Mutual Fund are charged to the Statement of Profit and Loss Account.

(b) New Fund Offer Expenses:

Open-ended fund: - Expenses relating to new open-ended fund offers of IIFL Mutual Fund are charged to the Statement of Profit and Loss in the year in which they are incurred.

Closed-ended fund: - Expenses relating to new Closed-ended fund offers of IIFL Mutual Fund are amortized over the period of scheme tenor.

2.14 Operating Leases:

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



IIFL ASSET MANAGEMENT LIMITED**Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)****2.15 Earnings per Share:**

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

2.16 Provisions, Contingent Liabilities and Contingent Assets:

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

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

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

2.17 Service tax input credit

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

2.18 Borrowing Costs

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

2.19 Operating Cycle

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

Note 3. Share Capital:

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

	(Amount in ₹)	
Authorized :	As at March 31, 2017	As at March 31, 2016
32,500,000 (P.Y. 32,500,000) Equity Shares of ₹ 10 each	325,000,000	325,000,000
Issued, Subscribed and Paid-up :		
32,100,000 (P.Y. 32,100,000) Equity Shares of ₹ 10 each fully paid	321,000,000	321,000,000
Total	321,000,000	321,000,000

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	32,100,000	321,000,000	32,100,000	321,000,000
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	32,100,000	321,000,000	32,100,000	321,000,000



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)
(c) Terms/rights attached to equity shares

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

(d) Details of shares held by holding company :

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	% Holding	Numbers	% Holding
IIFL Wealth Management Limited & its nominees	32,100,000	100%	32,100,000	100%

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	% Holding	Numbers	% Holding
IIFL Wealth Management Limited & its nominees	32,100,000	100%	32,100,000	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

Note 4. Reserves and Surplus:

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Securities Premium Account		
Opening balance	204,000,000	204,000,000
Premium on shares issued during the year	-	-
Closing balance	204,000,000	204,000,000
Surplus in the Statement of Profit and Loss		
Opening balance	302,053,641	82,019,960
Addition: Profit for the year	148,850,089	220,033,679
Closing balance	450,903,730	302,053,639
Total	654,903,730	506,053,639

Note 5. Long Term Provisions:

(Amount in ₹)

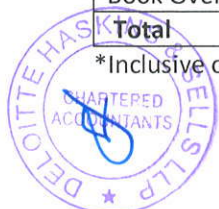
Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits:		
- Provision for Gratuity (Refer Note 22)	10,675,804	6,312,324
Total	10,675,804	6,312,324

Note 6. Short Term Borrowings:

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Book Overdraft *	-	19,394,322
Total	-	19,394,322

*Inclusive of Cheques in hand amounting to ₹ NIL (P.Y ₹ 17,040,245)



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)
Note 7. Trade Payables:

(Amount in ₹)

Particulars	As at March 31,2017	As at March 31,2016
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Sundry creditors for expenses	65,487,954	33,655,696
Accrued Salaries & Benefits	199,051	3,414,478
Provision for expenses	12,618,134	6,713,613
Payable to Holding /Group Companies (Refer Note 33)	52,739,074	-
Total	131,044,213	43,783,787

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

Note 8. Other Current Liabilities:

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Statutory Liabilities Payable	14,299,248	6,938,788
Income received in advance	17,083,967	18,168,290
Total	31,383,215	25,107,078

Note 9. Short Term Provisions:

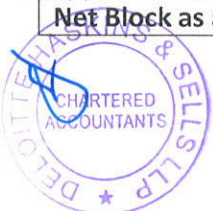
(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provision for employee benefits:		
- Provision for Leave encashment	3,393,519	1,686,491
- Provision for Gratuity (Refer Note 22)	647,364	615,212
- Bonus Payable	32,887,037	30,693,032
Total	36,927,920	32,994,735

Note 10. Tangible Assets:

(Amount in ₹)

Particulars	Furniture & Fixture	Office Equipment	Computer	Total
Gross Block as on April 01, 2016	6,329,094	577,898	706,617	7,613,609
Additions	-	-	103,790	103,790
Deductions/Adjustments during the year				
As at March 31, 2017	6,329,094	577,898	810,407	7,717,399
Depreciation				
Upto April 01, 2016	6,307,456	337,789	706,617	7,351,862
Depreciation for the year	13,317	61,635	17,251	92,203
Deductions/Adjustments during the year				
Upto March 31, 2017	6,320,773	399,424	723,868	7,444,065
Net Block as at March 31, 2017	8,321	178,474	86,539	273,334
Net Block as at March 31, 2016	21,638	240,109	-	261,747



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)
Tangible Assets (Previous year) :
(Amount in ₹)

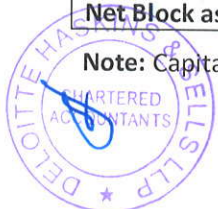
Particulars	Furniture & Fixture	Office Equipment	Computer	Total
Gross Block as on April 01, 2015	6,329,094	280,436	706,617	7,316,147
Additions	-	297,462	-	297,462
Deductions/Adjustments during the year	-	-	-	-
As at March 31, 2016	6,329,094	577,898	706,617	7,613,609
Depreciation				-
Upto April 01, 2015	6,189,759	265,239	705,633	7,160,631
Depreciation for the year	117,697	72,550	984	191,231
Deductions/Adjustments during the year	-	-	-	-
Upto March 31, 2016	6,307,456	337,789	706,617	7,351,862
Net Block as at March 31, 2016	21,638	240,109	-	261,747
Net Block as at March 31, 2015	139,335	15,197	984	155,516

Note 11. Intangible Assets (Other than internally generated):
(Amount in ₹)

Particulars	Amount
Software/Intangible assets	
Gross Block as on April 01, 2016	3,260,760
Additions	-
Deductions/Adjustments during the year	
As at March 31, 2017	3,260,760
Depreciation	
Upto April 01, 2016	1,358,655
Depreciation for the year	1,086,920
Deductions/Adjustments during the year	
Upto March 31, 2017	2,445,575
Net Block as at March 31, 2017	815,185
Net Block as at March 31, 2016	1,902,105

Intangible Assets (Other than internally generated) (Previous year):
(Amount in ₹)

Particulars	Amount
Software/Intangible assets	
Gross Block as on April 01, 2015	3,260,760
Additions	-
Deductions/Adjustments during the year	-
As at March 31, 2016	3,260,760
Depreciation	
Upto April 01, 2015	271,731
Depreciation for the year	1,086,924
Deductions/Adjustments during the year	-
Upto March 31, 2016	1,358,655
Net Block as at March 31, 2016	1,902,105
Net Block as at March 31, 2015	2,989,029

Note: Capital Work in Progress ₹ NIL, Last Year ₹ NIL, Pertain to Assets not yet capitalized.


IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

Note 12: Non-Current Investments (At cost):

(Amount in ₹)

Particulars	As at March 31, 2017			As at March 31, 2016		
	Face Value in ₹	Quantity	Amount	Face Value in ₹	Quantity	Amount
Unquoted: Non-Trade Investments:						
Investment in Equity shares:						
MF Utilities India Pvt. Ltd	1	500,000	500,000	1	500,000	500,000
Subtotal			500,000			500,000
Investment in Alternative Investment Funds:						
IIFL Income Opportunities Fund Series – Special Situation– Class B Units (NAV- ₹ 9.6750, P.Y.₹ 11.1491)	7.46	1684.61	12575	10	2,477.36	25,000
IIFL Real Estate Fund (Domestic) Series 1 - Class B Units (NAV- ₹ 10.0000, P.Y.₹10.0000)	10	230	2300	10	230.00	2,300
IIFL National Development Agenda Fund – Class C Units (NAV- ₹ 12.4633, P.Y.₹ 10.7723)	8.47	9466.56	85000	10	9,466.56	100,000
IIFL Investment Opportunities Fund- Spl. Series 1 (NAV- ₹ 10.4847, P.Y.₹ 10.0718)	10	2500	25000	10	5,000,000	50,000,000
IIFL Cash Opportunities Fund – Class C (NAV- ₹ 11.3851, P.Y.₹ 10)	10	100	10000	10	1,000	10,000
IIFL Real Estate Fund (Domestic) Series 2 - Class C Units (NAV- ₹ 10.0000, P.Y.₹NIL)	10	2370	23700	-	-	-
IIFL Real Estate Fund (Domestic) Series 4 - Class D Units (NAV- ₹ 10.4699, P.Y.₹NIL)	10	2500	25000	-	-	-
IIFL Best of Class Fund - Series I - Class C Units (NAV- ₹ 11.4394, P.Y.₹NIL)	10	2500	25000	-	-	-
IIFL Best of Class Fund - Series II - Class C Units (NAV- ₹ 10.7596, P.Y.₹NIL)	10	2500	25000	-	-	-
IIFL Seed Venture Fund- Class C Units (NAV- ₹ 11.3046, P.Y.₹ NIL)	10	2500	25000	-	-	-
IIFL Asset Revival Fund Series 2- Class C Units (NAV- ₹ 11.0426, P.Y.₹ NIL)	10	2500	25000	-	-	-
IIFL Asset Revival Fund Series 3- Class C Units (NAV - ₹ 10.9736, P.Y.₹ NIL)	10	2500	25000	-	-	-
IIFL Yield Enhancer Fund- Class D Units (NAV- ₹ 9.8371, P.Y.₹ NIL)	10	2500	25000	-	-	-
IIFL Phoenix Cash Opportunities Fund- Class C Units (NAV- ₹ 10.2390, P.Y.₹ NIL)	10	2500	25000	-	-	-
Sub Total			358,575			50,137,300
Quoted: Non Trade Investment:						
Investments in Mutual Funds						
IIFL Mutual Fund Dynamic Bond Fund-Direct Plan-Growth (NAV- ₹ 13.21, P.Y.₹ 12.3137)	10	563,624.61	6,115,328	10	563,624.61	6,115,328
IIFL India Growth Fund – Direct Plan- Growth (NAV- ₹ 13.5651, P.Y.₹ 10.3330)	10	533,063.45	5,330,634	10	533,063.45	5,330,634
IIFL Liquid Fund – Direct Plan - Growth (NAV – ₹1287.1548, P.Y - ₹1204.8678)	1000	4,769.07	5,865,043	-	-	-
Sub Total			17,311,005			11,445,962
Total			18,169,580			62,083,262
Aggregate Value of Quoted Investments			17,311,005			11,445,962
Aggregate Value of Unquoted Investments			858,575			50,637,300
Market Value of Quoted Investments			20,815,069			12,448,449



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

Note: Market value of investments in quoted mutual funds represents the repurchase price of the units issued by the mutual funds.

Note 13. Deferred Tax Asset :

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
On Depreciation	992,427	920,396
On Gratuity	3,602,993	2,397,482
Total	4,595,420	3,317,878

Note 14. Long Term Loans and Advances:

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good		
- Prepaid Expenses	76,306	721
- Advance Income Tax (Net of provision of tax ₹ 184,542,834) (Previous Year ₹ 127,917,150)	41,828,408	17,965,974
- Loan to Employees	3,814,636	-
- Advance to Vendors	13,289	-
Total	45,732,639	17,966,695

Note 15. Current Investments (At lower of cost and fair value, unless otherwise stated):

(Amount in ₹)

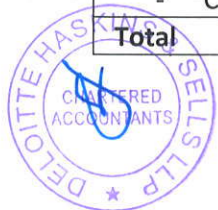
Particulars	As at March 31, 2017		As at March 31, 2016	
	Units	Amount	Units	Amount
Quoted: Non-Trade Investment				
Investments in Mutual Fund				
IIFL Liquid Fund – Direct Plan - Growth (NAV – ₹NIL, P.Y - ₹1204.8678)	-	-	83,718.72	100,818,166
Total	-	-		100,818,166
Aggregate Value of Quoted Investments	-	-		100,818,166
Aggregate Value of Unquoted Investments	-	-		-
Market Value of Quoted Investments	-	-		100,869,994

Note: Market value of investments in quoted mutual funds represents the repurchase price of the units issued by the mutual funds.

Note 16. Trade Receivable:

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	-	-
- Considered doubtful		
Trade Receivables outstanding for a period less than six months from the date they were due for payment		
- Considered good	199,252,149	112,745,082
- Considered doubtful		
Total	199,252,149	112,745,082



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)
Note 17. Cash and cash equivalents:

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Cash and Cash equivalents (As per AS-3 Cash Flow Statements)		
Cash in hand	6,965	-
Balances with banks :		
- In Current accounts	527,489,056	691,464
- In Deposit accounts (Original Maturity 3 months or less)	370,000,000	-
Total	897,496,021	691,464

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

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

The above disclosure excludes foreign currency cash in hand held and transacted between November 8, 2016 to December 30, 2016.

Note 18. Short Term Loans and Advances:

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured , Considered good		
Loan to Holding/Group Company (Refer Note 33)	16,000,000	652,000,000
Loans & Advances to Employees	1,379,358	
Others		
- Advances recoverable in cash or in kind or for value to be received	1,018,780	-
- Service tax receivable	363,986	2,020,589
- Prepaid expenses	669,207	838,897
Total	19,431,331	654,859,486

Note 19. Other current assets:

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Interest Accrued on Fixed Deposit	38,774	-
Other Receivable from Group Companies (Refer Note 33)	10,935	-
Receivable from Fund	119,514	
Total	169,223	-



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)
Note 20. Revenue from Operations:

(Amount in ₹)

Particulars	2016-2017	2015-2016
Management Fees from Mutual Fund	18,909,758	19,918,038
Management Fees from AIFs and Venture Funds	533,695,494	281,992,067
Set Up Fees from AIFs and Venture Funds	1,139,834	29,799,161
Management Fees from Clients	16,252,370	37,530,931
Distribution of Income from AIFs and Venture Fund	120,060,262	218,804,716
Total	690,057,718	588,044,913

Note 21 . Other Income:

(Amount in ₹)

Particulars	2016-2017	2015-2016
Interest Income		
- Interest Income on Current Investments	40,409,008	1,084,723
- Interest Income on ICD (Refer Note 33)	35,345,813	64,548,807
- Interest Income on Fixed Deposit	5,824,278	-
- Interest Income on Staff Loan	247,078	-
Profit on sale of Current Investments	86,499,675	7,353,841
Profit on sale of Non-Current Investments	3,552,261	238,589
Total	171,878,113	73,225,960

Note 22. Employee Benefit Expenses:

(Amount in ₹)

Particulars	2016-2017	2015-2016
Salaries and bonus	191,222,827	98,180,295
Contribution to provident and other funds **	4,360,998	1,557,804
Gratuity Expenses *	3,159,508	2,093,006
Staff Welfare Expenses	58,778	204,855
Leave Encashment Expenses	1,506,082	339,335
Total	200,308,193	102,375,295

*The Company is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on "Employee Benefits" as specified u/s 133 of the Companies Act 2013, the disclosures of which are as under:

(Amount in ₹)

Assumptions	2016-2017	2015-2016
Discount rate	7.27%	7.86%
Salary Escalation	5.00%	5.00%
Attrition Rate	For service 4 years and below 7.50% p.a. & thereafter 5% p.a.	For service 4 years and below 7.50% p.a. & thereafter 5% p.a.
Change in Benefit Obligation	2016-2017	2015-2016
Liability at the beginning of the year	6,927,536	3,131,450
Interest Cost	544,504	248,011
Current Service Cost	1,257,100	511,185
Liability transferred in	1,451,404	3,085,944
Liability transferred out	(37,250)	(1,382,864)
Benefit paid	(178,030)	-
Actuarial (gain)/ Loss on obligations	1,357,904	1,333,810
Liability at the end of the year	11,323,168	6,927,536



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

	2016-2017	2015-2016
Amount Recognised in the Balance Sheet		
Liability at the end of the year	11,323,168	6,927,536
Fair Value of Plan Assets at the end of the year	-	-
Funded Status(Surplus/ Deficit)	11,323,168	6,927,536
Amount of Liability / (Asset) Recognised in the Balance Sheet	11,323,168	6,927,536
Expenses Recognised in the Income Statement		
Current Service cost	1,257,100	511,185
Interest Cost	544,504	248,011
Actuarial Gain or Loss	1,357,904	1,333,810
Expense Recognised in the Statement of Profit & Loss	3,159,508	2,093,006
Balance Sheet Reconciliation		
Opening Net liability	6,927,536	3,131,450
Expense as above	3,159,508	2,093,006
Net Transfer In	1,451,404	3,085,944
Net Transfer Out	(37,250)	(1,382,864)
Benefit Paid Directly by the Employer	(178,030)	-
Liability/ (Asset) Recognised in Balance sheet	11,323,168	6,927,536

Experience Adjustment	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Present Value of the Obligation	11,323,168	6,927,536	3,131,450	1,854,807	1,210,925
Fair Value of Plan Assets	-	-	-	-	-
(Surplus) or Deficit	11,323,168	6,927,536	3,131,450	1,854,807	1,210,925
Actuarial (Gains)/ Losses on Obligations - Due to Experience	706,239	811,817	129,494	715,640	42,023
Actuarial Gains/ (Losses) on Plan Assets - Due to Experience	-	-	-	-	-

Note: The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

****Defined Contribution Plans:**

The Company has recognised the following amounts as an expense and included in the Employee Benefit Expenses.

(Amount in ₹)

Particulars	2016-2017	2015-2016
Contribution to provident & other Fund	4,360,998	1,557,804

*Contribution to Provident and Other fund includes contribution to other funds like Gratuity fund, Superannuation fund, etc. pertaining to employees.

Note 23. Other Expenses:

(Amount in ₹)

Particulars	2016-2017	2015-2016
Advertisement expenses	376,292	1,367,405
Operating expenses*	279,145,083	172,004,386
Exchange and statutory Charges	1,899,178	1,656,214
Bank Charges	17,884	1,368



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

Particulars	2016-2017	2015-2016
Communication expenses	5,723,399	1,093,418
Electricity expenses	5,976,656	2,132,317
Legal and professional charges	19,278,723	5,455,342
Miscellaneous expenses	3,592	7,519
Corporate Social Responsibility (CSR) Expenses (Refer Note 35)	3,227,200	900,000
Office expenses	1,587,290	354,594
Manpower Outsourcing Expenses*	33,787,428	13,784,049
Subscription	721,414	202,435
Postage and courier expenses	1,240,788	118,938
Printing and stationery	4,796,806	2,711,665
Rent expenses	14,109,565	26,984,621
Insurance charges	555,475	443,198
Rates & taxes	3,400,625	294,252
Repairs and maintenance:		
- Computers	451,842	41,546
- Others	244,120	9,617
Remuneration to Auditors		
- Statutory Audit (net of Service Tax input credit)	400,000	75,000
- Other services (net of Service Tax input credit)	300,000	-
- Swachh Bharat Cess	1,875	-
- Out of Pocket Expenses	32,609	4,497
Software Charges/ Technology Cost	17,771,522	6,534,149
Commission & sitting fees to non-executive directors	2,943,900	3,531,200
Travelling and conveyance	18,115,156	14,358,733
Total	416,108,422	254,066,463

* includes related party transactions (Refer Note 33)

Note 24. Finance Cost:

(Amount in ₹)

Particulars	2016-2017	2015-2016
Interest Expenses on ICD (Refer Note 33)	26,905,405	-
Interest on Delayed payment of Taxes	19,924	211,106
Total	26,925,329	211,106

Note 25. Depreciation and Amortisation Expenses:

(Amount in ₹)

Particulars	2016-2017	2015-2016
Depreciation on Tangible Assets (Refer Note - 10)	92,203	191,231
Amortisation of Intangible Assets (Refer Note - 11)	1,086,920	1,086,924
Total	1,179,123	1,278,155

Note 26. Provisions and Write off:

(Amount in ₹)

Particulars	2016-2017	2015-2016
Provision for diminution in value of investments	(21,643)	21,643
Total	(21,643)	21,643



IIFL ASSET MANAGEMENT LIMITED**Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)**

Note 27. Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share' as specified u/s 133 of the Companies Act 2013.

		(Amount in ₹)	
Particulars		2016-2017	2015-2016
BASIC & DILUTED EARNINGS PER SHARE			
Profit after tax as per Statement of Profit and Loss	A	148,850,089	220,033,679
Weighted Average Number of Shares	B	32,100,000	32,100,000
Face Value of Equity Shares (in ₹) fully paid		10	10
Basic & Diluted EPS (in ₹)	A/B	4.64	6.85

Note 28. The Company Operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / 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 from them 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 were difficult to determine.

Note 29. Capital and Other Commitments:

At the balance sheet date there were outstanding commitments of capital expenditure of ₹ 798,387/- (Previous Year ₹ NIL) out of the total contractual obligation entered during the year.

Note 30. The Company does not have any contingent liability not provided for, as on the balance sheet date.

Note 31. There are no pending litigations by and on the Company as on the balance sheet date.

Note 32. Segment reporting:

In the opinion of the management, there is only one reportable business segment of Fund management as envisaged by AS 17 'Segment Reporting', as prescribed under section 133 of the Act. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company. Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

Note 33. Related Party Disclosures:

Related party disclosures for the year ended March 31, 2017

a) List of Related parties:

Nature of relationship	Name of party
Ultimate Holding Company	IIFL Holdings Limited
Holding Company	IIFL Wealth Management Limited
Fellow Subsidiaries	IIFL Distribution Services Limited IIFL Alternate Asset Advisors Limited IIFL Investment Adviser and Trustee Services Limited IIFL Trustee Limited India Alternatives Investment Advisors Private Limited (Upto 31 st March 2017) IIFL Wealth Finance Limited IIFL (Asia) Pte Limited IIFL Inc. IIFL Private Wealth Management (Dubai) Limited IIFL Asset Management (Mauritius) Ltd (Formerly IIFL Private Wealth (Mauritius) Ltd)



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

Nature of relationship	Name of party
	IIFL Private Wealth (Suisse) SA IIFL Private Wealth Hong Kong Limited IIFL Securities Pte Limited IIFL Capital Pte Limited
Group Companies	India Infoline Limited India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media and Research Services Limited India Infoline Housing Finance Limited India Infoline Commodities DMCC India Infoline Insurance Brokers Limited India Infoline Insurance Services Limited IIFL Realty Limited IIFL Capital Limited IIFL Wealth (UK) Limited IIFL Capital Inc. India Infoline Foundation IIFL Properties Private Limited IIFL Asset Reconstruction Limited
Key Managerial Personnel	Mr. Prashasta Seth – Whole Time Director
Other related Parties	Mr. Karan Bhagat Mr. Yatin Shah Mr. Amit Shah Mrs. Kajal Seth Mrs. Shilpa Bhagat Mrs. Ami Shah Mrs. Dhara Shah Probability Sports LLP Naykia Realty Private Limited Kyrush Investments Yatin Investment

b) Significant Transaction with Related Parties

(Amount in ₹)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial person	Total
ICD Given					
	2,545,000,000	-	-	-	2,545,000,000
IIFL Wealth Management Limited	(7,500,000)	-	-	-	(7,500,000)
IIFL Alternate Asset Advisors Limited	-	1,000,000	-	-	1,000,000
	-	(610,300,000)	-	-	(610,300,000)
IIFL Investment Adviser & Trustee Services Ltd	-	-	-	-	-
	-	(36,665,000)	-	-	(36,665,000)
	-	1,175,000,000	-	-	1,175,000,000
IIFL Wealth Finance Limited	-	-	-	-	-
	-	2,000,000	-	-	2,000,000
IIFL Distribution Services Limited	-	-	-	-	-



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial person	Total
India Alternatives Investments Advisors Private Limited	-	30,900,000	-	-	30,900,000
	-	(109,200,000)	-	-	(109,200,000)
ICD Received back					
IIFL Wealth Management Limited	2,545,000,000	-	-	-	2,545,000,000
	(341,704,000)	-	-	-	(341,704,000)
IIFL Alternate Asset Advisors Limited	-	611,300,000	-	-	611,300,000
	-	-	-	-	-
IIFL Investment Adviser & Trustee Services Ltd	-	(36,665,000)	-	-	(36,665,000)
	-	1,175,000,000	-	-	1,175,000,000
IIFL Wealth Finance Limited	-	-	-	-	-
	-	2,000,000	-	-	2,000,000
IIFL Distribution Services Limited	-	-	-	-	-
India Alternatives Investments Advisors Private Limited	-	56,600,000	-	-	56,600,000
	-	(67,500,000)	-	-	(67,500,000)
ICD Taken					
IIFL Alternate Asset Advisors Limited	-	4,200,000	-	-	4,200,000
	-	-	-	-	-
IIFL Wealth Management Limited	457,116,307	-	-	-	457,116,307
	-	-	-	-	-
IIFL Investment Adviser & Trustee Services Ltd	-	12,450,000	-	-	12,450,000
	-	-	-	-	-
IIFL Wealth Finance Limited	-	6,890,000,000	-	-	6,890,000,000
	-	-	-	-	-
ICD Repaid					
IIFL Alternate Asset Advisors Limited	-	4,200,000	-	-	4,200,000
	-	-	-	-	-
IIFL Wealth Management Limited	457,116,307	-	-	-	457,116,307
	-	-	-	-	-
IIFL Investment Adviser & Trustee Services Ltd	-	12,450,000	-	-	12,450,000
	-	-	-	-	-
IIFL Wealth Finance Limited	-	6,890,000,000	-	-	6,890,000,000
	-	-	-	-	-
Rent Expenses					
IIFL Facilities Services Limited	-	-	14,039,364	-	14,039,364
	-	-	(4,679,788)	-	(4,679,788)
Brokerage & Commission Expenses					
India Infoline Limited	-	-	468,408	-	468,408
	-	-	(35,615)	-	(35,615)
IIFL Wealth Management Limited	(120)	-	-	-	(120)
Arranger Fees Expenses					
IIFL Wealth Management Limited	143,566,342	-	-	-	143,566,342
	(61,238,861)	-	-	-	(61,238,861)
Research Expenses					
IIFL Facilities Services Limited	-	-	-	-	-
	-	-	(20,773,993)	-	(20,773,993)



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial person	Total
Manpower Outsource Expenses					
IIFL Distributions Services Limited	-	33,619,332	-	-	33,619,332
	-	(13,784,049)	-	-	(13,784,049)
Sale of Investments					
IIFL Wealth Management Limited	-	-	-	-	-
	(75,000)	-	-	-	(75,000)
Interest Expenses					
IIFL Wealth Management Limited	3,994,896	-	-	-	3,994,896
	-	-	-	-	-
IIFL Alternate Asset advisors Limited	-	7,652	-	-	7,652
	-	-	-	-	-
IIFL Investment Adviser & Trustee Services Ltd	-	8,967	-	-	8,967
	-	-	-	-	-
IIFL Wealth Finance Limited	-	22,893,890	-	-	22,893,890
	-	-	-	-	-
Remuneration to Director					
Prashasta Seth	-	-	-	5,997,141	5,997,141
	-	-	-	-	-
Corporate Social Responsibility (CSR)					
India Infoline Foundation Limited	-	-	3,027,200	-	3,027,200
	-	-	-	-	-
Interest Income					
IIFL Wealth Management Limited	10,032,213	-	-	-	10,032,213
	(8,201,323)	-	-	-	(8,201,323)
IIFL Alternate Asset advisors Limited	-	16,558,466	-	-	16,558,465
	-	(52,731,200)	-	-	(52,731,200)
IIFL Distribution Services Limited	-	2,603	-	-	2,603
	-	-	-	-	-
IIFL Wealth Finance Limited	-	2,705,685	-	-	2,705,685
	-	-	-	-	-
IIFL Investment Adviser & Trustee Services Ltd	-	-	-	-	-
	-	(1,170,797)	-	-	(1,170,797)
India Alternatives Investment Advisors Private Limited	-	6,046,846	-	-	6,046,846
	-	(2,445,486)	-	-	(2,445,486)
Income on Commercial Paper					
IIFL Facilities Services Limited	-	-	-	-	-
	-	-	(1,084,724)	-	(1,084,724)
Other funds received					
India Infoline Limited	-	-	291,167	-	291,167
	-	-	(1,122,715)	-	(1,122,715)
IIFL Wealth Management Limited	1,586,967	-	-	-	1,586,967
	-	-	-	-	-
IIFL Facilities Services Limited	-	-	10,935	-	10,935
	-	-	(3,734,654)	-	(3,734,654)



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial person	Total
Other funds Paid					
	403,988	-	-	-	403,988
IIFL Wealth Management Limited	(1,750,623)	-	-	-	(1,750,623)
	-	-	-	-	-
IIFL Facilities Services Limited	-	-	(2,018,467)	-	(2,018,467)
	-	-	2,062	-	2,062
India Infoline Limited	-	-	(494,292)	-	(494,292)
IIFL Investment Adviser & Trustee Services Ltd	-	10,720	-	-	10,720
	-	-	-	-	-
Allocation / Reimbursement of expenses Paid					
	31,277,959	-	-	-	31,277,959
IIFL Wealth Management Limited	(36,288,134)	-	-	-	(36,288,134)
	-	-	2,089,331	-	2,089,331
India Infoline Limited	-	-	(1,237,174)	-	(1,237,174)
	-	504,023	-	-	504,023
IIFL Distribution Services Limited	-	(256,942)	-	-	(256,942)
	-	-	29,760	-	29,760
India Infoline Commodities Limited	-	-	-	-	-

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

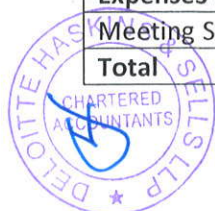
Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Total
Sundry receivables				
	-	-	10,936	10,936
IIFL Facilities Services Limited	-	-	-	-
ICD Given:				
	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	(610,300,000)	-	(610,300,000)
India Alternatives Investments Advisors Private Limited	-	16,000,000	-	16,000,000
	-	(41,700,000)	-	(41,700,000)
Sundry payables				
	47,702,472	-	-	47,702,472
IIFL Wealth Management Limited	-	-	-	-
	-	5,036,601	-	5,036,601
IIFL Distribution Services Limited	-	-	-	-

Note :

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

Note 34. Earnings and Expenses in Foreign Currency:
(Amount in ₹)

Particulars	2016-2017	2015-2016
Expenses in Foreign Currency		
Meeting Seminar & subscription	446,863	-
Total	446,863	-



IIFL ASSET MANAGEMENT LIMITED**Notes forming part of the financial statements for the year ended on March 31, 2017 (Continued)**

Note 35. The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same have been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2017, are as under:

Minimum Lease Rentals	(Amount in ₹)	
	As At March 31,2017	As At March 31,2016
Up to one year	14,039,364	14,039,364
One to five years	10,529,523	24,568,887
Over five years	-	-

Note 36. Corporate Social Responsibility:

During the financial year 2016-17, the Company has spent ₹ 3,227,200/-(P.Y ₹ 900,000/-) out of the total amount of ₹ 3,227,152/-(P.Y ₹ 945,976/-) 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 the projects identified by the CSR Committee and had successfully completed most of the projects. The Company had utilised the amount required to be spent on CSR projects (There was a small portion thereof i.e. ₹ NIL (P.Y. ₹ 45,976/-) remain as unspent). The Company has many ongoing projects and plans to further increase the spend in the years to come through its impact driven projects.


Note 37. Details of Inter Corporate Deposit:

a) During the year, the Company has placed Inter Corporate Deposits the details of which are mentioned in Note No. 33. The period of ICD's is generally up to 1 year renewable thereafter, placed on arm's length basis at prevailing market interest rates of 9.50% to 11% p.a. for the purpose of meeting working capital and business requirements of the borrowers.

b) The Outstanding balance of Inter Corporate Deposits as on March 31, 2017, with related parties is detailed under the table of related party transactions appearing under Note. No. 33.

Note 38. Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary.

For and on behalf of the Board of Directors


Homai Daruwalla
Chairman
(DIN: 00365880)


Prashasta Seth
Whole Time Director
(DIN: 01729388)


Priya Biswas
Chief Financial Officer


Chinmay Joshi
Company secretary

Place: Mumbai
Date : May 2, 2017

