



DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 8th 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, 2018.

1. Financial Results:

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

(Rs. In million)

Particulars	2017-18	2016-17
Gross Total Income	1030.36	861.94
Less: Expenditure	697.95	644.50
Profit /(Loss) Before Taxation	332.41	217.44
Less: Taxation - Current	36.00	69.76
- Deferred	(0.84)	(1.27)
- Mat Credit Gains	-	-
- Short or Excess Provision of	-	0.10
Income Tax		
Net Profit After Tax	297.25	148.85

2. Review of Business and Operations:

During FY 2017-2018, the Company continued making good progress across business platforms. The revenues grew by 18.96% to Rs. 82.09 crore, while Net Profit (after tax) increased by 99.66% to Rs. 29.73/- crore. Assets under Management (AUM) grew by 43.80% YoY and the Company now manages around Rs. 32,091/- Crore in investor assets. IIFL Asset Management Limited (IIFL AMC) manages over Rs. 16,500 crore of AIF Assets, making it one of the largest AIF providers in the country.

Under IIFL Mutual Fund Platform of IIFL AMC, the assets under management have increased to Rs. 900 Crores.

3. Macroeconomic and Market Overview:

Economy and markets in FY2018

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Lower Parel, Mumbai – 400 013
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Looking back at FY2018, we had begun the year with a lot of hope and optimism and unfortunately the end wasn't as rosy. Almost half of the gains seen in the Indian equity markets in the first 10 months of FY18 were lost in the last 2 months. Domestic liquidity riding on hopes of earnings revival and lack of other alternative avenues for investment kept market valuations and levels elevated for most of the year. The market optimism was able to ride above the jolt of GST which came in mid-year and crude oil prices which surged by around 30% during the year. Rising interest rates kept FII interest low from most emerging markets and India was no different.

The gradual tightening of global liquidity also kept investors on the edge. Having raised interest rates six times, the US Fed is on course to deliver at least two more hikes this year. FY2018 witnessed a significant up-turn in global trade after more than two years of sluggish growth. This, in turn had positive implications on global GDP growth. Equity markets globally rallied on the back of this improving macros. India on its part, though emerged as one of the fastest growing economies in FY18, had its own share of macro concerns which kept its equity markets subdued. India's current account deficit (CAD) rose to USD13.5b (or 2% of GDP) in 3QFY18 from USD8b (1.4% of GDP) in the year ago period. Total domestic savings (implied from the difference between investments and the CAD) declined to 28% of GDP in 3QFY18 from 28.7% in 3QFY17. This was the lowest level of savings on a quarterly basis in 15 years. Balancing out the optimism and the macro indicators mentioned above, India fared average when compared to other global markets in developed and developing world.

Macro-economic outlook in FY2019

We have entered the new financial year with lot of uncertainty on both the global and local arena.

- **Economic wars:** Rhetoric regarding a global trade war have been on top of the mind for investors currently. The Trump administration has broadly gone ahead with all the points that they had laid out in their trade plan during their election campaign. We believe the noise regarding trade protectionism is more of negotiating tool and would be used for bargaining rather than anything else by US. There has been some cool off in recent times too on the trade war noises after China and US agreed to reduce the bilateral trade deficit significantly and Chinese companies would invest in US to create jobs.
- **Domestic macro indicators:** The RBI has revised down inflation expectations to 4.7-5.1% in H1FY19 (earlier 5.1-5.6%) and 4.4% in H2FY19 (earlier 4.5-4.6%) with upside risk. The central bank expects overall food inflation to remain in check, based on the assumptions of a normal monsoon and effective supply management by the

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government. The RBI highlighted that the statistical impact of an increase in HRA for central government employees under the seventh central pay commission (CPC) will continue till mid-2018; it is expected to dissipate gradually thereafter. The RBI has projected HRA revisions impact of 30-40bps during H1FY19.

A substantial rise in MSP, fiscal slippage at the centre and state level, HRA revisions by state governments, deficient monsoon and an increase in oil prices have been highlighted as major inflation risks. These factors could hamper the downward trajectory in the second half and prompt the RBI to adopt a more hawkish stance.

The RBI expects real GDP growth to strengthen from 6.6% in FY18 to 7.4% in FY19 (same as the last policy) – in the range of 7.3-7.4% in H1 and 7.3-7.6% in H2 – with risks evenly balanced. Pick up in credit offtake, expansion in capital goods production and strong global growth would help bolster the pace of GDP growth. Meanwhile, deterioration in public finances and trade protectionism pose downside risks.

Equity Markets Outlook for FY2019:

- **Political uncertainty and outcome to drive investors sentiment in near to medium term**

The next 12 months would see India being at the centre of extreme political debate and drama as several large state elections are to be held and we have the general elections in 2019. Political uncertainty although has limited impact on corporate profits nevertheless drives the sentiments of the stock markets and makes the path jittery. Political experts now fear a grand coalition of opposition parties to challenge the BJP in the next general elections. This could raise anxiousness as the uniform polity to go ahead with reforms is broken. This might result in early general elections which could club with important state elections in the states of Chhattisgarh, Rajasthan and Madhya Pradesh. This strategy would give the ruling party in these states as well in the centre an advantage over campaigning as well to combat anti-incumbency sentiment. As highlighted before, inflation as well as fiscal deficit would be keenly watched as both are at risks of populist measures can get priority keeping general elections in mind.

- **Corporate Earnings showing signs of recovery**

Stock returns over the medium to long-term are dictated by corporate earnings. Nominal GDP growth is another good proxy for long-term equity returns. For India, both factors are showing a very robust upward trend. While corporate earnings have surprised negatively in five out of the last six years, the scope for a negative surprise in FY19 is rather slim, as a favourable base and revival in economic activity provide strong tailwinds. While negative surprises cannot be

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completely ruled out, we find that even in a stressed-case scenario, corporate earnings will grow by 22% YOY in FY19.

In FY11-17, Nifty's EPS grew by just 4.5% and earnings saw significant downgrades through the years. However, for FY19, consensus expects a growth at 22%, and a more reasonable 15% for FY18 while we see a 10% earnings growth in FY18. In fact, at 20% CAGR, consensus expectations about NIFTY's FY17-20 earnings growth trajectory is very robust. This number looks very high and experience suggests that chances of downgrades are quite high. However, we believe that sluggish earnings growth over FY11-17 has resulted in a favourable base and therefore chances of downgrades are not very significant; in fact, earnings growth is more likely to be robust.

For FY19 we see strong double digit earnings growth to continue across all sectors on the back of (1) normalization of operating conditions in sectors that were hit by GST implementation (2) higher global commodity prices from FY2018 levels (3) moderate domestic economic recovery (4) improved balance sheets and (5) pick up in capex cycle in the economy.

• **FII flows to remain subdued while DIIs to give support**

India witnessed a strong FPI inflows in March '18 (USD 1.96 Bn) – a sole exception among EMs, mainly driven by primary issuance. However, we expect FPI equity flows to be weak given rich valuation and deteriorating macroeconomic indicators (GDP, Fiscal deficit, Current account deficit, inflation, interest rate) relative to both Emerging & Developed countries. Seizing the market correction as an opportunity, DIIs continued to invest in March (USD 0.4 bn) and supported the market, primarily driven by MF (~USD 0.6bn). We expect DII equity flows to remain strong given a) real interest rate driving financial saving; b) ~9% MoM correction in Real estate; and c) strong sustained SIP equity flows.

Fixed Income overview and outlook:

After a difficult FY18 in terms of strengthening bond yields, the market has entered FY19 with greater hope for the bond market. Bond yields have risen by ~90bp in the past nine months, driven by a mix of three factors: accelerating activity & inflation; tighter liquidity; and a buyer's strike (especially banks). While the government's de facto intervention (and the upcoming seasonal slowdown in credit growth) should reduce demand/supply imbalances, the other two concerns are likely to remain for a while. Core CPI inflation remains high at 5.2% YoY, while core industrial production growth at 6% YoY is still in the top quartile of the five-year range as well as the concerns about MSP hikes and rising oil prices. Lastly, interbank liquidity is unlikely to be supported by the RBI.

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The government, in consultation with the RBI, has announced its borrowing calendar for H1-F2019, which has three key positive surprises for bond markets. First of all, the borrowing budgeted for H1-F19 at Rs2.9 trillion is just 48% of the annual budget and is much lower than 60-65% share in this period in previous years. The economic affairs secretary has also given indications that there could be potential reduction in borrowing program for the entire fiscal year. Secondly, the government intends to likely reduce overall duration of its borrowings. It intends to increase issuances in the short and long-term maturity bucket, reducing issuance in the medium-term segment of 10-14 years to around 29% (against 50% issuance in previous years). Finally, the RBI and government have announced increase in the FPI limit which would be a big boost for the space.

To meet the revised fiscal deficit target of 3.5% of GDP, expenditure growth would have to decline by 5.5% YoY alongside receipts growth of 14% for the month of March, by our estimates. We note that receipts growth could surprise on the upside considering the strong growth momentum and very favourable base effects, and hence the resulting required decline in expenditure could be smaller than indicated. From a broader perspective, we expect the government to manage the expenditure growth so that it will be able to achieve the fiscal deficit target. Moreover, considering that the government is only to borrow 48% of its overall borrowing in the first half of the fiscal year, it does indicate that expenditure growth could be somewhat constrained in the coming months. The impact on GDP growth should, however, be offset by stronger private sector demand, which has remained robust in early 2018.

From market perspective, the domestic liquidity conditions are gradually leading to marginal surplus mode in coming quarters, as government front loads spending in the economy. Going forward, readings on inflation is likely to remain elevated due to adverse base effect and increase in diesel prices. Market participants will await the economic assessment by the Monetary Policy Committee in its first review meet of FY19, regarding RBI's stance on liquidity management and inflation projections. Market will closely monitor evidence of fiscal situation in the form of pick up in GST revenue and execution of other populist measures including increase in Minimum Support Price (MSP). In addition, global yields and currency volatility resulting from Tariffs war & other political developments will be tracked closely.

In this scenario, given the lingering uncertainty on macro and geo-political front we continue our view of positioning at the front-end of the curve with a moderate defensive outlook as rate trajectory is likely to be volatile. The risk adjusted returns are likely to be superior for low duration funds. The endeavour of the funds will be to maintain relatively high running yields and moderate to low duration to benefit out of the steep yield curve. However, any changes

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in the macro-economic environment needs to be continuously tracked for change of stance should the situation requires so.

Future Outlook of the business:

Indian and Global economic conditions continue to be supportive. Corporate earnings are slowly inching up, and government policy is becoming more transparent, with ease of doing business gaining focus. All these macro factors make the outlook for next few years conducive for robust growth for IIFLW. Penetrating existing markets with new client acquisition, as well as creating presence in under-represented markets in India will continue to be the domestic wealth policy. Creation of a focused NRI offering will help tap the global markets for wealth. Innovation in product offering, estate planning and trust advisory continue being the pillars for gaining and retaining client assets.

With an average loan book of over Rs. 2200/- Crore and a closing book of over Rs. 3600/- Crore, the NBFC subsidiary has seen a very rapid growth, and we expect the same momentum over the next few years. The Company's Depository Participant and Broking business will enable margin funding a robust offering in the near future.

The AMC subsidiary garnered large sums via the niche focus area of AIF's. Hiring of a domestic sales team, realignment of the offshore AMC sales teams, and beefing up of the fund management and operations teams has given a new impetus to the AMC business. Systems are being evaluated to replace legacy manual and inefficient systems to enhance ease of doing business as well as the client experience. The investment in people and infrastructure should lead to a robust business growth in the AMC revenues and contribution to firm consolidated revenues.

2. Dividend:

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

3. Transfer to Reserves:

During the FY 2017-2018, 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:

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The Board consists of Ms. Homai Daruwalla, Mr. Pranab Pattanayak, 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

• **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;

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- 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 as “IIFL Foundation”) a Section 8 Company under the Companies Act, 2013, which will acts 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 14, 2018 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.

iii. Formal Annual Evaluation:

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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. Chinmay Joshi is the Company Secretary of the company managing the Secretarial and Compliance Function of the Company.

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 FY17-18, 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 2017-18, 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.

9. Employee Stock Option/ Purchase Scheme:

The Company does not have an employee stock option / stock purchase scheme. However, employees of the Company are granted options of IIFL Wealth Management Limited, holding company.

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

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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 & 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 2017 -2018.

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

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The details of loans, guarantees or investments made are provided in the Financial Statement (Please refer Note No. 12 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. 32 in the standalone financial results of the Company for the financial year ended March 31, 2018

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:

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.

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

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

Foreign exchange earnings/outgo:

a.) The Foreign exchange earnings: Nil

b.) The Foreign exchange expenditure: Rs. 2,985,225/- (P.Y. 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:

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

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

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 2017-18 – Annexure - II.
- Form No. MGT-9 – Extract of Annual Return as on the financial year ended March 31, 2018 – Annexure – III.

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For and on behalf of the Board of Directors

Daruwalla
Homai Daruwalla
Chairman

DIN: 00365880

Date: April 30, 2018

Place: Mumbai

Amit Shah
Amit Shah

Director

DIN: 06765300

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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.
- 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.

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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, 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;

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- 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.
- (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

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- (ii) While approving the compensation of the Research Analysts, the Committee shall not consider:
- Any specific merchant banking or investment banking or brokerage services transaction which might have happened because of the services of the Research Analyst; and
 - 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.

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.

For and on behalf of the Board of Directors


Homai Daruwalla

Chairman

DIN: 00365880

Date: April 30, 2018

Place: Mumbai


Amit Shah

Director

DIN: 06765300

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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. 21,19,22,982/-
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 42,38,460/-
5. Details of CSR spent during the financial year.	
a) Total amount to be spent for the financial year;	Rs. 42,38,460/-
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	Amount Spent on the Projects or programs	Cumulative Expenditure upto Reporting Period	Amount Spent : Direct or through Implementing Agency
1	Digital Literacy Program	Education	jharkhand	25,00,000/-	25,00,000/-	25,00,000/-	Through India Infoline Foundation.
2	Educational support to rural children	Education	Ratnagiri Maharashtra	5,00,000/-	5,00,000/-	5,00,000/-	Through India Infoline Foundation

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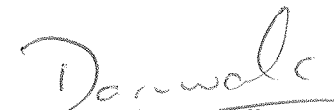
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3	Educational support to children from Mumbai slums	Education	Mumbai Maharashtra	10,95,000/-	10,95,000/-	10,95,000/-	10,95,000/- Through India Infoline Foundation
4	Sakhion ki Baadi program for out of school girls	Education	Udaipur Rajasthan	1,43,460/-	1,43,460/-	1,43,460/-	1,43,460/- Through India Infoline Foundation

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report	During the financial year 2017-18, 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 2017-18.
--	--

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. Homaj Daruwalla
Chairman, CSR Committee & Director
DIN: 00365880


Mr. Amit Shah
Director
DIN: 06765300

Date: April 30, 2018

Place: Mumbai

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ANNEXURE III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on **March 31, 2018**

[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	79.67%

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III. Particulars of holding, subsidiary and associate companies:

Name and Address of The company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
IIFL Wealth Management Limited	U74140MH2008PLC177884	Holding 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 2017)				No. of Shares held at the end of the year (31 st March 2018)			
	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	-	-	-	-	-	-	-	-
f) Insurance	-	-	-	-	-	-	-	-

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g) FII's	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-
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 2017)	Share holding at the end of the year (31 st March 2018)	% change in share holding during the year

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	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 2017)		Cumulative Shareholding during the year (1 st April 2017 to 31 st March 2018)	
	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):	Nil			
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 01-04-2017 to 31-03-2018.

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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	-	-	3,537,127,020	3,537,127,020
• Reduction	-	-	(3,362,127,020)	(3,362,127,020)
Net Change	-	-	175,000,000	175,000,000
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	175,000,000	175,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	175,000,000	175,000,000

VI. Remuneration of directors and Key Managerial Personnel:

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

Particulars of Remuneration	Name of WTD (Mr. Prashasta Seth resigned as WTD w.e.f. 19 th July 2017)	Total Amount(Rs)
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,773,179	7,773,179
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
Stock Option	Nil	Nil
Sweat Equity	Nil	Nil
Commission - as % of profit - others, specify	Nil	Nil
Others, please specify	190,429.96	190,429.96
Total (A)	7,963,609.96	7,963,609.96
Ceiling as per the Act	Rs 1.7018 crores (being 5% of the net profit of the Company calculated as per Section 198 of the Companies, 2013)	

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors			Total Amount(Rs.)
	Ms. Homai Daruwalla	Mr. Pranab Pattanayak	Mr. Amit Shah	
Independent Directors				
Fee for attending board/ committee meetings (Sitting Fee)	420,000	360,000	Nil	780,000
Commission*	1,000,000	1,000,000	Nil	2,000,000
Total (1)	1,420,000	1,360,000	Nil	2,780,000

IIFL ASSET MANAGEMENT LIMITED

(FORMERLY KNOWN AS INDIA INFOLINE ASSET MANAGEMENT COMPANY LIMITED)

Corporate & Registered Office:

6th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg,

Lower Parel, Mumbai – 400 013

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

(An IIFL Group Company)

www.iifl.com

CIN:U74900MH2010PLC201113

Other Non-Executive Directors				
Fee for attending board /committee meetings	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil
Total (2)	Nil	Nil	Nil	Nil
Total (B)=(1+2)	1,420,000	1,360,000	Nil	2,780,000
Total Managerial Remuneration**	Rs. 9963609.96 /- (includes commission paid to other Director, i.e., an Independent Director)			
Overall Ceiling as per the Act	Rs. 0.3404 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			
	Chief Executive officer (Prashtasta Seth)	Company Secretary (Chinmay Joshi)	CFO (Priya Biswas)	Total (Rs.)
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,952,370	6,49,725	7,886,018	38,488,113
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,558,740	-	307,076	3,865,816
(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
Stock Option	-	-	-	-
Sweat Equity	-	-	-	-
Commission	-	-	-	-
- as % of profit	-	-	-	-
- others	708,400.02	30,439.06	31,803.96	770643.04
Total	34,219,510.02	680,164.06	8,224,897.96	43124572.04

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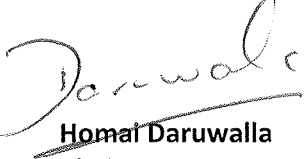
www.iifl.com

CIN:U74900MH2010PLC201113

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					

For and on behalf of the Board of Directors



Homai Daruwalla
Chairman
DIN: 00365880



Amit Shah
Director
DIN: 06765300

Date: April 30, 2018
Place: Mumbai

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 2018, 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 Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 and the Order issued under section 143(11) of the Act.

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 Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, 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, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, 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 of the Company as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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



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

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



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

Place: Mumbai,
Date: 30 April 2018

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 2018 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 of the Company 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 2018 based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



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

Place: Mumbai,
Date: 30 April 2018

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, Goods and 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, Goods and Service Tax, Custom Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2018 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, Goods and Service Tax, Customs Duty and Value Added Tax as on 31 March 2018 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.



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- (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)

Place: Mumbai,
Date: 30 April 2018

IIFL ASSET MANAGEMENT LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

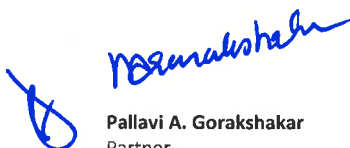
(Amount in ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	321,000,000	321,000,000
(b) Reserves and Surplus	4	952,156,201	654,903,730
Sub total		1,273,156,201	975,903,730
(2) Non Current Liabilities			
(a) Other Long-term liabilities		-	-
(b) Long-term provisions	5	11,945,650	10,675,804
Sub total		11,945,650	10,675,804
(3) Current liabilities			
(a) Short-term borrowings	6	175,000,000	-
(b) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	7	122,943,485	78,305,140
(c) Other current liabilities	8	40,746,357	84,122,289
(d) Short-term provisions	9	46,197,785	36,927,920
Sub total		384,887,627	199,355,349
TOTAL		1,669,989,478	1,185,934,883
ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	170,921	273,334
(ii) Intangible assets	11	14,127,081	815,185
(iii) Capital work-in-progress		6,320,000	-
Sub total		20,618,002	1,088,519
(b) Non-current investments	12	18,220,716	18,169,580
(c) Deferred Tax Asset (Net)	13	5,439,391	4,595,420
(d) Long-term loans & advances	14	111,271,964	45,732,639
Sub total		134,932,071	68,497,639
(2) Current assets			
(a) Trade receivables	15	192,228,971	199,251,684
(b) Cash and Cash Equivalents	16	28,974,748	897,496,021
(c) Short-term loans & advances	17	1,151,751,207	19,442,267
(d) Other current assets	18	141,484,479	158,753
Sub total		1,514,439,405	1,116,348,725
TOTAL		1,669,989,478	1,185,934,883
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors


Pallavi A. Gorakshakar
Partner


Homai Daruwalla
Director
(DIN: 00365880)


Amit Shah
Director
(DIN: 06765300)

Place : Mumbai
Dated : April 30, 2018


Priya Biswas
Chief Financial Officer


Chiranjay Joshi
Company Secretary

PB

IIFL ASSET MANAGEMENT LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	Note No.	2017-18	2016-17
INCOME:			
Revenue from Operations	19	820,865,532	690,057,718
Other Income	20	209,494,860	171,878,113
Total Revenue		1,030,360,392	861,935,831
EXPENSES:			
Employee Benefit Expenses	21	299,006,096	200,308,193
Other Expenses	22	390,810,767	416,108,422
Finance Charges	23	5,233,275	26,925,329
Depreciation and Amortisation	24	2,901,754	1,179,123
Provision & Write off	25	-	(21,643)
Total Expenditure		697,951,892	644,499,424
Profit before tax		332,408,500	217,436,407
Tax expenses :			
Current tax		36,000,000	69,762,983
Deferred tax expenses/ (Credit)		(843,971)	(1,277,542)
Short / (excess) provision for income tax		-	100,877
Total Tax Expenses		35,156,029	68,586,318
Profit for the year		297,252,471	148,850,089
Earning Per Share- Basic	26	9.26	4.64
Earning Per Share- Diluted	26	9.26	4.64
Face Value Per Share		10.00	10.00
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors


Pallavi A. Gorakshakar
Partner


Homai Daruwalla
Director
(DIN: 00365880)


Amit Shah
Director
(DIN: 06765300)

Place : Mumbai
Dated : April 30, 2018


Priya Biswas
Chief Financial Officer


Chinmay Joshi
Company Secretary

PB

IIFL ASSET MANAGEMENT LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	2017-2018	2016-2017
A. Cash flows from operating activities		
Net profit before tax	332,408,500	217,436,407
Adjustments for:		
Depreciation	2,901,754	1,179,123
Provisions for Gratuity	3,557,985	3,159,508
Provisions for Compensated Absences	3,582,827	1,506,082
Provision for Doubtful debts	-	-
Provision for Diminution in Investment	-	(21,643)
Interest Income	(86,297,817)	(81,826,177)
Interest expenses	5,016,174	26,905,405
Loss on Sale of Fixed Assets	-	-
Dividend Income	(1,286,025)	(461,755)
Profit on sale of Investments	(123,197,043)	(90,051,936)
Operating profit before working capital changes	136,686,355	77,825,014
Changes in working capital :		
(Increase)/ Decrease in Current/Non Current Assets	(204,170,471)	(91,112,872)
Increase/ (Decrease) in Current/Non Current Liabilities	2,984,975	97,167,640
Cash generated from/(used in) operations	(64,499,141)	83,879,782
Net income tax(paid) / refunds	(52,091,213)	(93,726,294)
Net cash generated from/(used in) operating activities (A)	(116,590,354)	(9,846,512)
B. Cash flows from investing activities		
Purchase of Investments	(25,308,369,623)	(30,235,514,043)
Sale of Investments	25,431,515,529	30,470,297,828
Interest Received	86,044,646	81,787,403
Dividend Income	1,286,025	461,755
Purchase of fixed assets (includes intangible assets)	(22,431,237)	(82,147)
Inter Corporate Deposit given	(8,198,500,000)	(3,753,900,000)
Inter Corporate Deposit received	7,088,500,000	4,389,900,000
Net cash generated from/ (used in) investing activities (B)	(921,954,660)	952,950,796
C. Cash flows from financing activities		
Proceeds from Issuance of Share Capital	-	-
Securities Premium on issue of shares	-	-
Short Term Borrowings taken	3,537,127,020	7,363,766,307
Short Term Borrowings repaid	(3,362,127,020)	(7,383,160,629)
Long Term Borrowings-Repayment	-	-
Interest Paid	(4,976,259)	(26,905,405)
Dividend Paid (including Dividend Distribution Tax)	-	-
Net cash generated from/ (used in) financing activities (C)	170,023,741	(46,299,727)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(868,521,273)	896,804,557
Opening Cash and Cash Equivalents	897,496,021	691,464
Closing Cash and Cash Equivalents (Refer Note 16)	28,974,748	897,496,021
See accompanying notes forming part of the financial statements		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors


Pallavi A. Gorakshakar
Partner


Homai Daruwalla
Chairman
(DIN: 00365880)


Amit Shah
Director
(DIN: 06765300)

Place : Mumbai
Dated : April 30, 2018


Priya Biswas
Chief Financial Officer


Chinmay Joshi
Company Secretary

PB

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 Accounting Standards as prescribed under section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India. 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

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 charged for the month in which assets are sold. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹ 5,000 has been depreciated in full in the year of purchase. Lease hold land is depreciated on a straight line basis over the lease hold period.

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.

Furniture and fixtures includes leasehold improvements which is depreciated on a straight line basis over the period of lease.



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. Cash equivalents comprises demand deposits and 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 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.

2.8 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.



2.9 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 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 unrecognised deferred tax assets. Deferred tax liability is recognised as and when arises.

Minimum Alternate Tax (MAT)

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

2.10 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/Fund Management Fees are accounted on accrual basis as follows:

In case of percentage based fees, in accordance with the Portfolio Management Agreement entered with the respective clients, on a quarterly basis.

- Distribution Fee/ Commission/ Setup Fee recognized on accrual basis in accordance with the terms agreed with the counter party.

2.11 Other Income Recognition:

- Interest Income is recognized on accrual basis.
- Dividend income is recognized when the right to receive payment is established.
- Capital Gain/ Loss is recognized on the date of trade.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 Earnings per Share:

Basic earnings per share for equity shareholders have been calculated by dividing the Net Profit after Tax or loss by the weighted average number of equity shares outstanding during the period. The Company has not issued any financial Instrument that entitles or may entitle its holder to acquire equity shares in future.

2.17 Service tax/ Goods and Services Tax input credit

Service tax/ Goods and Services 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

2.18 Borrowing cost

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.



IIFL ASSET MANAGEMENT LIMITED**Notes forming part of the Financial Statements for the year ended March 31, 2018****Note 3. Share Capital:**

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

Authorised :	As at March 31, 2018	As at March 31, 2017
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

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	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

(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, 2018		As at March 31, 2017	
	No. of shares	% holding	No. of shares	% holding
IIFL Wealth Management Limited & its nominees	32,100,000	100.00%	32,100,000	100.00%

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% holding	No. of shares	% holding
IIFL Wealth Management Limited & its nominees	32,100,000	100.00%	32,100,000	100.00%

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



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note 4. Reserves and Surplus:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
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	450,903,730	302,053,641
Addition: Profit during the Year	297,252,471	148,850,089
Closing Balance	748,156,201	450,903,730
Total	952,156,201	654,903,730

Note 5. Long Term Provisions:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits:		
- Provision for Gratuity (Refer Note 21)	11,945,650	10,675,804
Total	11,945,650	10,675,804

Note 6. Short Term borrowings:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Inter corporate deposits (ICD) – Related Party (Refer note 32)	175,000,000	-
Total	175,000,000	-

Note 7: Trade Payables:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of micro enterprises and small enterprises– Refer note below	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Sundry creditors for Expenses	12,825,618	65,487,954
- Accrued Salaries and Benefits	451,402	199,052
- Provision for Expenses	109,666,465	12,618,134
Total	122,943,485	78,305,140



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2018

Details under the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	2017 - 18	2016 - 17
a) Principal amount and interest due thereon remaining unpaid to any supplier at the end year.	-	-
b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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, 2018	As at March 31, 2017
Statutory Liabilities Payable	27,042,258	14,299,248
Payable to Group companies (Refer Note no 32)	12,249,557	52,739,074
Income received in advance	-	17,083,967
Payable to customers	1,269,301	-
Others	185,241	-
Total	40,746,357	84,122,289

Note 9. Short Term Provisions:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Provision for employee benefits:		
- Provision for Compensated Absences	6,517,129	3,393,519
- Provision for Gratuity (Refer note 21)	1,146,919	647,364
- Provision for Bonus	36,897,314	32,887,037
(b) Others:		
- Provision for Tax (Net of Advance Tax and TDS - ₹ 28,644,526) (Previous Year- ₹NIL)	1,636,423	-
Total	46,197,785	36,927,920



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2018
Note 10. Tangible Assets:
(Amount in ₹)

Particulars	Furniture Fixture	Office Equipment	Computers	TOTAL
Gross Block as on April 01, 2017	6,329,094	577,898	810,407	7,717,399
Additions	-	-	-	-
Deductions/ Adjustments during the year	-	-	-	-
As at March 31, 2018	6,329,094	577,898	810,407	7,717,399
Depreciation				
Upto April 01, 2017	6,320,773	399,424	723,868	7,444,065
Depreciation for the year	8,321	59,494	34,598	102,413
Deductions/Adjustments during the year	-	-	-	-
Upto March 31, 2018	6,329,094	458,918	758,466	7,546,478
Net Block as at March 31, 2018	-	118,980	51,941	170,921
Net Block as at March 31, 2017	8,321	178,474	86,539	273,334

Tangible Assets: (Previous Year)
(Amount in ₹)

Particulars	Furniture Fixture	Office Equipment	Computers	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 March 31, 2018****Note 11. Intangible Assets (other than internally generated):****(Amount in ₹)**

Particulars	Total
Software/Intangible assets	
Gross Block as at April 01, 2017	3,260,760
Additions	16,111,237
Deductions / Adjustments during the year	-
As at March 31, 2018	19,371,997
Amortisation	
As at April 1, 2017	2,445,575
Amortisation for the year	2,799,341
Deductions / Adjustments during the year	-
Up to March 31, 2018	5,244,916
Net Block as at March 31, 2018	14,127,081
Net Block as at March 31, 2017	815,185

Intangible Assets (other than internally generated): (Previous Year)**(Amount in ₹)**

Particulars	Total
Software/Intangible assets	
Gross Block as at April 01, 2016	3,260,760
Additions	-
Deductions / Adjustments during the year	
As at March 31, 2017	3,260,760
Amortisation	
As at April 1, 2016	1,358,655
Amortisation for the year	1,086,920
Deductions / Adjustments during the year	
Up to 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



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2018
Note 12. Non Current Investments (At cost):
(Amount in ₹)

Particulars	As at March 31, 2018			As at March 31, 2017		
	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 (Carry units):						
IIFL Income Opportunities Fund Series – Special Situation– Class B Units	7.1	1,685	11,968	7.46	1,685	12,575
IIFL Real Estate Fund (Domestic) Series 1 - Class B Units	-	-	-	10	230	2,300
IIFL National Development Agenda Fund – Class C Units	-	-	-	8.47	9,467	85,000
IIFL Investment Opportunities Fund- Spl. Series 1	-	-	-	10	2,500	25,000
IIFL Cash Opportunities Fund – Class C	10	100	10,000	10	100	10,000
IIFL Real Estate Fund (Domestic) Series 2 - Class C Units	10	2,370	23,700	10	2,370	23,700
IIFL Real Estate Fund (Domestic) Series 4 - Class D Units	10	2,500	25,000	10	2,500	25,000
IIFL Best of Class Fund - Series I - Class C Units	5.81	2,500	14,528	10	2,500	25,000
IIFL Best of Class Fund - Series II - Class C Units	10	2,500	25,000	10	2,500	25,000
IIFL Seed Venture Fund- Class C Units	10	2,500	25,000	10	2,500	25,000
IIFL Asset Revival Fund Series 2- Class C Units	10	2,500	25,000	10	2,500	25,000
IIFL Asset Revival Fund Series 3- Class C Units	10	2,500	25,000	10	2,500	25,000
IIFL Yield Enhancer Fund- Class D Units	3.81	2,500	9,515	10	2,500	25,000
IIFL Phoenix Cash Opportunities Fund- Class C Units	10	1,500	15,000	10	2,500	25,000
IIFL SPECIAL OPPORTUNITIES FUND - Class B Units	10	2,500	25,000	-	-	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES 2 - Class B Units	10	2,500	25,000	-	-	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES 3 - Class B Units	10	2,500	25,000	-	-	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES 4 - Class B Units	10	2,500	25,000	-	-	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES 5 - Class B Units	10	2,500	25,000	-	-	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES 7 - Class B Units	10	2,500	25,000	-	-	-
INDIA HOUSING FUND - Class B Units	10	2,500	25,000	-	-	-
IIFL Long Term Growth Fund I - Class B Units	10	2,500	25,000	-	-	-
Sub Total			409,711			358,575
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	563,625	6,115,327	10	563,625	6,115,327
IIFL India Growth Fund – Direct Plan- Growth (NAV- ₹ 13.5651, P.Y. ₹ 10.3330)	10	533,063	5,330,635	10	533,063	5,330,635
IIFL Liquid Fund – Direct Plan - Growth (NAV – ₹1287.1548, P.Y - ₹1204.8678)	1000	4,769	5,865,043	1000	4,769	5,865,043
Sub Total			17,311,005			17,311,005
Total			18,220,716			18,169,580
Aggregate Value of Quoted Investments			17,311,005			17,311,005
Aggregate Value of Unquoted Investments			909,711			858,575
Market Value of Quoted Investments			22,272,018			20,815,069

12.1 The NAV for carry units of AIF can be determined at the time of closure of Fund basis the distribution waterfall as per PPM and hence not shown above.



IIFL ASSET MANAGEMENT LIMITED**Notes forming part of the Financial Statements for the year ended March 31, 2018****Note 13. Deferred Tax Asset (Net):**

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' the Company has taken (credit) of ₹ 843,971 (P.Y. ₹ 1,277,542) in the Statement of Profit and Loss towards deferred tax asset (net) during the year on account of timing differences

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
On Depreciation	1,626,835	992,427
On Employee Benefits	3,812,556	3,602,993
Total	5,439,391	4,595,420

Note 14. Long Term Loans and Advances:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Others		
Unsecured, Considered good		
- Deposits Paid	26,740	-
- Loan to Employees	3,509,070	3,827,925
- Prepaid Expense	48,180,110	76,306
Sub Total	51,715,920	3,904,231
Advance Income Tax (Net of provision for tax of ₹ 190,261,885) (Previous year ₹ 184,542,834)	59,556,044	41,828,408
Total	111,271,964	45,732,639

Note 15. Trade Receivables:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
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	192,228,971	199,251,684
- Considered doubtful		
- Provision for doubtful receivables	-	-
Total	192,228,971	199,251,684



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note 16. Cash and Cash Equivalents:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and Cash equivalents (As per AS-3 Cash Flow Statement)		
Cash In Hand	596,205	6,965
Balances with Banks		
- In Current accounts	28,378,543	527,489,056
- In Deposit accounts (Maturity less than 3 months)	-	370,000,000
Total Cash & Cash Equivalents (As per AS-3 Cash Flow Statement)	28,974,748	897,496,021

Note 17. Short Term Loans and Advances:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Inter Corporate Deposits (ICD) (Refer Note 32)	1,126,000,000	16,000,000
Other Loans and Advances		
- Advances recoverable in cash or in kind or for value to be received	36,841	1,018,780
- Prepaid Expenses	23,818,208	669,207
- Receivable from Holding Co/Group Companies (Refer Note 32)	253,171	10,936
- Goods & Services tax Input Credit	73,800	363,986
- Loans & advances to employees	1,569,187	1,379,358
Total	1,151,751,207	19,442,267

Note 18. Other Current Assets:

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest accrued and due on ICD	1,520,003	-
Receivable from Exchange for trade settlement	138,848,550	-
Receivable from Fund	1,115,926	119,979
Interest accrued but not due on Fixed Deposits	-	38,774
Total	141,484,479	158,753



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note 19. Revenue from Operations:

(Amount in ₹)

Particulars	2017-2018	2016-2017
Management Fees from Mutual Fund	35,406,923	18,909,758
Management Fees from AIFs and Venture Funds	529,401,199	533,695,494
Set Up Fees from AIFs and Venture Funds	-	1,139,834
Management Fees from Clients	50,225,506	16,252,370
Distribution of Income from AIFs and Venture Fund	205,831,904	120,060,262
Total	820,865,532	690,057,718

Note 20. Other Income:

(Amount in ₹)

Particulars	2017-2018	2016-2017
Profit/ (Loss) from		
- Sale of Current Investments	86,783,577	74,089,438
- Sale of Non Current Investments	29,613,076	3,552,261
- Trading Activities from Mutual Funds - Current Investments	6,800,390	12,410,237
Interest Income		
- Current Investments	20,917,198	40,409,008
- Fixed Deposits	3,121,623	5,824,278
- Inter Corporate Deposits (Refer Note 32)	61,716,322	35,345,813
- Staff loan	542,674	247,078
Total	209,494,860	171,878,113

Note 21. Employee Benefit Expenses:

(Amount in ₹)

Particulars	2017-2018	2016-2017
Salaries and Bonus	283,816,489	191,222,827
Contribution to Provident Fund and Other Funds (Refer Note 21.2)	5,902,167	4,360,998
Gratuity Expense (Refer Note 21.1)	3,557,985	3,159,508
Compensated Absences	3,582,827	1,506,082
Staff Welfare Expenses	2,146,628	58,778
Total	299,006,096	200,308,193

21.1 The Company is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on "Employee Benefits" the disclosures of which are as under:



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2018

Assumptions	2017-2018	2016-2017
Discount rate	7.80%	7.27%
Salary Escalation	7.50%	5.00%
Attrition Rate	For service 4 years and below 15% p.a. & thereafter 7.50% p.a.	For service 4 years and below 7.50% p.a. & thereafter 5% p.a.
Change in Benefit Obligation	2017-2018	2016-2017
Liability at the beginning of the year	11,323,168	6,927,536
Interest Cost	823,194	544,504
Current Service Cost	68,978	1,257,100
Liability transferred in	173,419	1,451,404
Liability transferred out	(758,936)	(37,250)
Benefit paid	(1,203,067)	(178,030)
Actuarial (gain)/ Loss on obligations	2,665,813	1,357,904
Liability at the end of the year	13,092,569	11,323,168
Amount Recognised in the Balance Sheet	2017-2018	2016-2017
Liability at the end of the year	13,092,569	11,323,168
Fair Value of Plan Assets at the end of the year	-	-
Differences	13,092,569	11,323,168
Amount of (liability)/ Asset Recognised in the Balance Sheet	13,092,569	11,323,168
Expenses Recognised in the Statement of Profit & Loss Account	2017-2018	2016-2017
Current Service cost	68,978	1,257,100
Interest Cost	823,194	544,504
Actuarial Gain or Loss	2,665,813	1,357,904
Expenses Recognised in the Statement of Profit & Loss Account	3,557,985	3,159,508
Balance Sheet Reconciliation	2017-2018	2016-2017
Opening Net liability	11,323,168	6,927,536
Expense as above	3,557,985	3,159,508
Net Transfer In	173,419	1,451,404
Net Transfer Out	(758,936)	(37,250)
Benefit Paid Directly by the Employer	(1,203,067)	(178,030)
Liability/(Asset) Recognised in Balance sheet	13,092,569	11,323,168

Experience Adjustment	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Present Value of the Obligation	13,092,569	11,323,168	6,927,536	3,131,450	1,854,807
Fair Value of Plan Assets	-	-	-	-	-
(Surplus) or Deficit	13,092,569	11,323,168	6,927,536	3,131,450	1,854,807
Actuarial (Gains)/ Losses on Obligations - Due to Experience	1,257,738	706,239	811,817	129,494	715,640
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.



IIFL ASSET MANAGEMENT LIMITED**Notes forming part of the Financial Statements for the year ended March 31, 2018****21.2 Defined Contribution Plans:**

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

Particulars	(Amount in ₹)	
	2017-2018	2016-2017
Contribution to Provident Fund	5,891,419	4,358,647
Contribution to ESIC	10,604	2,207
Contribution to Labour Welfare Fund	144	144
TOTAL	5,902,167	4,360,998

Note 22. Other Expenses:

Particulars	(Amount in ₹)	
	2017-2018	2016-2017
Advertisement Expenses	4,552,198	376,292
Exchange and Statutory Charges	353,389	1,899,178
Marketing Expenses	18,656,990	1,631,818
Advisory and Other Operating Expenses	219,230,860	277,513,265
Bank Charges	28,298	17,884
Communication Expenses	2,496,768	5,723,399
Electricity Expenses	5,035,537	5,976,656
Legal and Professional Charges	25,011,474	19,278,723
Corporate social responsibility(CSR) expenses (Refer Note 35)	4,238,460	3,227,200
Office Expenses	4,008,470	1,175,348
Miscellaneous Expenses	101,466	3,592
Postage and Courier Expenses	806,701	1,240,788
Printing and Stationery	4,505,925	4,796,806
Manpower Outsource expenses	47,998,808	33,787,428
Rent Expenses (Refer Note 34)	14,349,614	14,109,565
Insurance charges	2,147,169	-
Rates and Taxes	324,876	3,400,625
Repairs and maintenance:		
- Computers	-	451,842
- Others	-	244,120
Remuneration to Auditors:		
- Statutory Audit	400,000	400,000
- Other services (net of service tax input credit)	300,000	300,000
- Swachh Bharat Cess	9,976	1,875
- Out of Pocket Expenses	-	32,609
Software Charges	15,547,098	18,738,939
Subscription & Business promotion	4,554,869	721,414
Commission & sitting fees to non executive directors	2,715,565	2,943,900
Travelling and Conveyance	13,436,256	18,115,156
Total	390,810,767	416,108,422



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note 23. Finance Charges:

(Amount in ₹)

Particulars	2017-2018	2016-2017
Interest Expenses		
- Inter corporate deposits (Refer Note 32)	5,016,174	26,905,405
- Delayed payment of taxes	217,101	19,924
Total	5,233,275	26,925,329

Note 24. Depreciation & Amortisation:

(Amount in ₹)

Particulars	2017-2018	2016-2017
Depreciation on Tangible Assets (Refer Note 10)	102,413	92,203
Amortisation of Intangible Assets (Refer Note 11)	2,799,341	1,086,920
Total	2,901,754	1,179,123

Note 25. Provision and Write off:

(Amount in ₹)

Particulars	2017-2018	2016-2017
Charge for diminution in value of investments	-	(21,643)
Total	-	(21,643)



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note 26. Basic and Diluted Earnings Per Share:

Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share'.

PARTICULARS		2017-2018	2016-2017
BASIC & DILUTED EPS			
Profit after tax as per Statement of Profit and Loss	A	297,252,471	148,850,089
Weighted Average Number of Shares Subscribed	B	32,100,000	32,100,000
Face Value of Equity Shares (in ₹) fully paid		10	10
Basic EPS (₹)	A/B	9.26	4.64

Note 27. The Group operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company/ group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for/by the Company were identified and recovered 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 28. Capital and Other Commitments:

At the balance sheet date, the total outstanding commitments of capital expenditure amounts to ₹9,480,000/- (Previous year ₹ 798,387/-)

Note 29. The Company does not have any contingent liability not provided for, as on the balance sheet date.

Note 30. There are no pending litigations by and on the Company as on the balance sheet date.

Note 31. 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

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.



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note 32. Related Party Disclosures:

Related party disclosures for the year ended March 31, 2018.

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 Investment Advisers and Trustee Services Limited IIFL Alternate Asset Advisors Limited IIFL Trustee Limited IIFL Wealth Finance Limited IIFL (Asia) Pte Limited IIFL Inc IIFL Private Wealth Management (Dubai) Limited IIFL Asset Management (Mauritius) Ltd IIFL Private Wealth (Suisse) SA IIFL Private Wealth Hong Kong Limited IIFL Securities Pte Limited IIFL Capital Pte Limited IIFL Capital (Canada) Limited
Group Companies	India Infoline Limited India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media and Research Services Limited India Infoline Insurance Brokers Limited IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited) IIFL Facilities Services Limited Samasta Microfinance Ltd Ayusha Dairy Pvt. Ltd 5 Paisa Capital Limited IIFL Capital Limited IIFL Wealth (UK) Limited IIFL Capital Inc Clara Developers Private Ltd India Infoline Foundation India Infoline Housing Finance Limited IIFL Asset Reconstruction Limited
Key Management Personnel	Mr. Prashasta Seth – Whole Time Director (Upto July 19, 2017)
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 India Alternatives Investment Advisors Private Limited (Fellow Subsidiary Upto March 31, 2017)



IIFL ASSET MANAGEMENT LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2018

b) Significant Transactions with Related Parties:

(Amount in ₹)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
Interest Income on ICD					
IIFL Wealth Management Limited	59,116,279	-	-	-	59,116,279
	(10,032,213)	-	-	-	(10,032,213)
IIFL Alternate Asset Advisors Limited	-	843,904	-	-	843,904
	-	(16,558,466)	-	-	(16,558,466)
IIFL Distribution Services Limited	-	-	-	-	-
	-	(2,603)	-	-	(2,603)
IIFL Wealth Finance Limited	-	236,136	-	-	236,136
	-	(2,705,685)	-	-	(2,705,685)
India Alternatives Investment Advisors Private Limited	-	-	-	-	-
	-	(6,046,846)	-	-	(6,046,846)
Interest Expense on ICD					
IIFL Wealth Management Limited	4,087,678	-	-	-	4,087,678
	(3,994,896)	-	-	-	(3,994,896)
IIFL Alternate Asset Advisors Limited	-	-	-	-	-
	-	(7,652)	-	-	(7,652)
IIFL Investment Adviser & Trustee Services Limited	-	-	-	-	-
	-	(8,967)	-	-	(8,967)
IIFL Wealth Finance Limited	-	928,496	-	-	928,496
	-	(22,893,890)	-	-	(22,893,890)
Brokerage & Commission Expenses					
India Infoline Limited	-	-	1,072,676	-	1,072,676
	-	-	(468,408)	-	(468,408)
5 Paisa Capital Limited	-	-	96,054	-	96,054
	-	-	-	-	-
IIFL Wealth Management Limited	1,007,283	-	-	-	1,007,283
	-	-	-	-	-
Referral Fees - Expenses/ Arranger Fees Expenses					
IIFL Wealth Management Limited	10,699,162	-	-	-	10,699,162
	(143,566,342)	-	-	-	(143,566,342)
India Infoline Limited	-	-	29,906,531	-	29,906,531
	-	-	-	-	-
Manpower Outsource Expenses					
IIFL Distributions Services Limited	-	46,920,023	-	-	46,920,023
	-	(33,619,332)	-	-	(33,619,332)
Corporate Social Responsibility Expenses (CSR)					
India Infoline Foundation	-	-	4,238,460	-	4,238,460
	-	-	(3,027,200)	-	(3,027,200)
Rent Expenses					
IIFL Facilities Services Limited	-	-	14,039,364	-	14,039,364
	-	-	(14,039,364)	-	(14,039,364)



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2018

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
Remuneration					
Prashastha Seth	-	-	-	7,773,179	7,773,179
	-	-	-	(5,997,141)	(5,997,141)
Other funds received					
IIFL Management Services Limited	-	-	9,051	-	9,051
	-	-	-	-	-
India Infoline Limited	-	-	-	-	-
	-	-	(291,167)	-	(291,167)
IIFL Wealth Mangement Limited	221,832	-	-	-	221,832
	(1,586,967)	-	-	-	(1,586,967)
IIFL Distributions Services Limited	-	175,048	-	-	175,048
	-	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	50,813	-	-	50,813
	-	-	-	-	-
IIFL Investment Adviser and Trustee Services Limited	-	9,566	-	-	9,566
	-	-	-	-	-
IIFL Facilities Services Limited	-	-	-	-	-
	-	-	(10,936)	-	(10,936)
Other funds paid					
IIFL Wealth Mangement Limited	6,886,722	-	-	-	6,886,722
	(403,988)	-	-	-	(403,988)
IIFL Distributions Services Limited	-	503,852	-	-	503,852
	-	-	-	-	-
India Infoline Limited	-	-	220,337	-	220,337
	-	-	(2,062)	-	(2,062)
IIFL Investment Adviser & Trustee Services Ltd	-	-	-	-	-
	-	(10,720)	-	-	(10,720)
IIFL Wealth Finance Limited	-	71,023	-	-	71,023
	-	-	-	-	-
ICD given					
IIFL Wealth Mangement Limited	6,624,500,000	-	-	-	6,624,500,000
	(2,545,000,000)	-	-	-	(2,545,000,000)
IIFL Alternate Asset Advisors Limited	-	1,110,000,000	-	-	1,110,000,000
	-	(1,000,000)	-	-	(1,000,000)
IIFL Wealth Finance Limited	-	464,000,000	-	-	464,000,000
	-	(1,175,000,000)	-	-	(1,175,000,000)
IIFL Distribution Services Limited	-	-	-	-	-
	-	(2,000,000)	-	-	(2,000,000)
India Alternatives Investment Advisors Private Limited	-	-	-	-	-
	-	(30,900,000)	-	-	(30,900,000)



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2018

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Key Managerial Personnel	Total
ICD received back					
IIFL Wealth Mangement Limited	6,624,500,000	-	-	-	6,624,500,000
	(2,545,000,000)	-	-	-	(2,545,000,000)
IIFL Alternate Asset Advisors Limited	-	-	-	-	-
	-	(611,300,000)	-	-	(611,300,000)
IIFL Wealth Finance Limited	-	464,000,000	-	-	464,000,000
	-	(1,175,000,000)	-	-	(1,175,000,000)
IIFL Distribution Services Limited	-	-	-	-	-
	-	(2,000,000)	-	-	(2,000,000)
India Alternatives Investment Advisors Private Limited	-	-	-	-	-
	-	(56,600,000)	-	-	(56,600,000)
ICD taken					
IIFL Alternate Asset Advisors Limited	-	-	-	-	-
	-	(4,200,000)	-	-	(4,200,000)
IIFL Wealth Mangement Limited	2,474,138,000	-	-	-	2,474,138,000
	(457,116,307)	-	-	-	(457,116,307)
IIFL Investment Adviser & Trustee Services Ltd	-	-	-	-	-
	-	(12,450,000)	-	-	(12,450,000)
IIFL Wealth Finance Limited	-	1,062,989,020	-	-	1,062,989,020
	-	(6,890,000,000)	-	-	(6,890,000,000)
ICD repaid					
IIFL Alternate Asset Advisors Limited	-	-	-	-	-
	-	(4,200,000)	-	-	(4,200,000)
IIFL Wealth Mangement Limited	2,449,138,000	-	-	-	2,449,138,000
	(457,116,307)	-	-	-	(457,116,307)
IIFL Investment Adviser & Trustee Services Ltd	-	-	-	-	-
	-	(12,450,000)	-	-	(12,450,000)
IIFL Wealth Finance Limited	-	912,989,020	-	-	912,989,020
	-	(6,890,000,000)	-	-	(6,890,000,000)
Allocation / Reimbursement of expenses paid					
IIFL Wealth Mangement Limited	19,876,314	-	-	-	19,876,314
	(31,277,959)	-	-	-	(31,277,959)
India Infoline Limited	-	-	40,827	-	40,827
	-	-	(2,089,331)	-	(2,089,331)
IIFL Distribution Services Limited	-	480,497	-	-	480,497
	-	(504,023)	-	-	(504,023)
India Infoline Commodities Limited	-	-	175,000	-	175,000
	-	-	(29,760)	-	(29,760)
IIFL Management Services Limited	-	-	1,225,000	-	1,225,000
	-	-	-	-	-



IIFL ASSET MANAGEMENT LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2018
c) Amount due to / from related parties (Closing Balance):
(Amount in ₹)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Other Related Parties	Key Management Personnel	Total
Sundry payables:					
IIFL Wealth Management Limited	6,310,766				6,310,766
	(47,702,472)	-	-	-	(47,702,472)
IIFL Distribution Services Limited		5,833,560			5,833,560
		(5,036,602)			(5,036,602)
IIFL Wealth Finance Limited	-	105,241		-	105,241
	-	-	-	-	-
Sundry receivables:					
IIFL Facilities Services Limited	-	-	-	-	-
	-	-	(10,936)	-	(10,936)
IIFL Alternate Asset Advisors Limited	-	253,171	-	-	253,171
	-	-	-	-	-
ICD Given:					
IIFL Alternate Asset Advisors Limited	-	1,110,000,000	-	-	1,110,000,000
	-	-	-	-	-
India Alternatives Investment Advisors Private Limited	-	-	16,000,000	-	16,000,000
	-	-	(16,000,000)	-	(16,000,000)
ICD Taken:					
IIFL Wealth Management Limited	25,000,000	-	-	-	25,000,000
	-	-	-	-	-
IIFL Wealth Finance Limited	-	150,000,000	-	-	150,000,000
	-	-	-	-	-

Note:

- I) Figures in bracket represents previous year figures.
- II) Related parties are identified and certified by the management, which has been relied upon by the auditors.



Note 33. Earnings and Expenses in Foreign Currency:

Particulars	(Amount in ₹)	
	2017-2018	2016-2017
Expenses in Foreign Currency		
Marketing and commission expenses	2,850,795	446,863
Travelling & Conveyance	134,431	-
Sub Total	2,985,225	446,863

Note 34. Lease Arrangements:

The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same amounting to ₹ 14,349,614/- (P.Y. ₹ 14,109,565/-) has 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 minimum Lease rentals outstanding as at March 31, 2018, are as under:

Minimum Lease Rentals	(Amount in ₹)	
	As at March 31, 2018	As at March 31, 2017
Up to one year	10,529,523	14,039,364
One to five years	-	10,529,523
Over five years	-	-

Note 35. Corporate Social Responsibility:

During the financial year 2017-18, the Company has spent ₹ 4,238,460/- (P.Y. ₹ 3,227,200/-) as against ₹ 4,238,460/- (P.Y. ₹ 3,227,152/-) required to be spent as per section 135 of the Companies Act, 2013 in respect of Corporate Social Responsibility (CSR). The Company was focused on implementing long term high impact projects approved by the CSR Committee. IIFL Group is committed to supporting development of the country by contributing to achieving the sustainable development

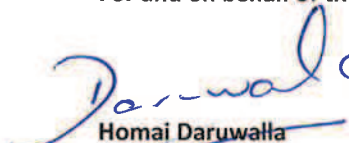
Note 36. Details of Inter Corporate Deposits:

a) During the year, the Company has placed Inter Corporate Deposits the details of which are mentioned in Note 32. The period of ICD is generally up to 1 year renewable thereafter, placed on arm's length basis at prevailing market interest rates of 9.25% to 9.50% 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, 2018, with related parties is detailed under the table of related party transactions appearing under Note 32.

Note 37. Previous year figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors


Homai Daruwalla
 Director
 (DIN: 00365880)


Amit Shah
 Director
 (DIN: 06765300)


Priya Biswas
 Chief Financial Officer


Chinmay Joshi
 Company Secretary

Place : Mumbai
 Dated : April 30, 2018



PB