

Company Registration No. 200816119H

IIFL Securities Pte. Ltd.

Annual Financial Statements
31 March 2018



IIFL Securities Pte. Ltd.

General information

Directors

Prabodh Kumar Agrawal
Amit Nitin Shah
Arun Chopra

Company Secretary

Lee Tiong Hock

Registered Office

6 Shenton Way
#12-11/11A, OUE Downtown 2
Singapore 068809

Auditor

Ernst & Young LLP

Index

	Page
Directors' statement	1
Independent auditor's report	4
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11

IIFL Securities Pte. Ltd.

Directors' statement

The directors are pleased to present their statement to the member together with the audited financial statements of IIFL Securities Pte. Ltd. (the "Company") for the financial year ended 31 March 2018.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Prabodh Kumar Agrawal
Amit Nitin Shah
Arun Chopra

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The directors of the Company who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest	
	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of the ultimate holding company (IIFL Holdings Limited)</i>		
Prabodh Kumar Agrawal	2,071,019	2,731,019

IIFL Securities Pte. Ltd.

Directors' statement

Directors' interests in shares or debentures (cont'd)

Name of directors	Direct interest	
	At the beginning of financial year	At the end of financial year
Ordinary shares of a related company (IIFL Wealth Management Limited) Management Limited)		
Amit Nitin Shah	1,818,421	2,718,421
Arun Chopra	2,370	28,198
Options to subscribe for ordinary shares of the ultimate holding company (IIFL Holdings Limited)		
Prabodh Kumar Agrawal	1,010,000	350,000
Options to subscribe for ordinary shares of a related company (IIFL Wealth Management Limited)		
Amit Nitin Shah	900,000	–
Arun Chopra	44,640	32,812

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of appointment if later, or at the end of the financial year.

Share options

During the financial year, there was:

- (a) no option granted by the Company to any person to take up unissued shares of the Company; and
- (b) no share issued by virtue of the exercise of options to take up unissued shares of the Company.

At the end of the financial year, there was no unissued share of the Company under option.

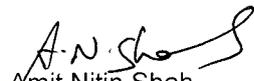
IIFL Securities Pte. Ltd.

Directors' statement

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:


Amit Nitin Shah
Director


Arun Chopra
Director

Singapore
27 April 2018

IIFL Securities Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 March 2018**

Independent auditor's report to the member of IIFL Securities Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IIFL Securities Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view the of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the general information and directors' statement set out on pages 1 to 3.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

IIFL Securities Pte. Ltd.

Independent auditor's report For the financial year ended 31 March 2018

Independent auditor's report to the member of IIFL Securities Pte. Ltd.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

IIFL Securities Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 March 2018**

Independent auditor's report to the member of IIFL Securities Pte. Ltd.

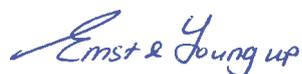
Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The logo for Ernst & Young, featuring the company name in a stylized, cursive blue font.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 April 2018

IIFL Securities Pte. Ltd.**Statement of comprehensive income
For the financial year ended 31 March 2018**

	Note	2018 S\$	2017 S\$
Revenues			
Service fee		–	282,000
Referral fee		1,855,533	1,802,573
Other income		1,260	2,263
		<hr/>	<hr/>
		1,856,793	2,086,836
		<hr/>	<hr/>
Expenses			
Employees' compensation and related costs	3	901,741	1,486,619
Depreciation	6	20,611	31,621
Net foreign exchange loss		121	27,023
Fair value loss/(gain) on investment securities	7	136,295	(76,598)
Other operating expenses	4	458,785	362,007
		<hr/>	<hr/>
		1,517,553	1,830,672
		<hr/>	<hr/>
Profit before taxation		339,240	256,164
Taxation	5	–	–
		<hr/>	<hr/>
Profit for the year		339,240	256,164
Other comprehensive income		–	–
		<hr/>	<hr/>
Total comprehensive income for the year		339,240	256,164
		<hr/>	<hr/>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

IIFL Securities Pte. Ltd.**Balance sheet
As at 31 March 2018**

	Note	2018 S\$	2017 S\$
Non-current asset			
Property, plant and equipment	6	4,777	24,146
Current assets			
Investment securities	7	–	883,298
Amounts due from related companies	8	294,241	352,659
Other receivables and prepayments	9	17,596	37,272
Refundable deposits	10	101,600	147,388
Cash and cash equivalents	11	2,459,826	1,093,239
		<u>2,873,263</u>	<u>2,513,856</u>
Current liabilities			
Accrued expenses and other payables	12	309,214	308,416
		<u>2,564,049</u>	<u>2,205,440</u>
Net current assets			
		<u>2,568,826</u>	<u>2,229,586</u>
Equity			
Share capital	13	1,030,000	1,030,000
Retained earnings		1,538,826	1,199,586
		<u>2,568,826</u>	<u>2,229,586</u>
Total equity			
		<u>2,568,826</u>	<u>2,229,586</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

IIFL Securities Pte. Ltd.

**Statement of changes in equity
For the financial year ended 31 March 2018**

	Share capital S\$	Retained earnings S\$	Total Equity S\$
At 1 April 2016	1,030,000	943,422	1,973,422
Total comprehensive income for the year	–	256,164	256,164
At 31 March 2017 and at 1 April 2017	1,030,000	1,199,586	2,229,586
Total comprehensive income for the year	–	339,240	339,240
At 31 March 2018	1,030,000	1,538,826	2,568,826

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

IIFL Securities Pte. Ltd.**Cash flow statement
For the financial year ended 31 March 2018**

	2018	2017
	S\$	S\$
Cash flows from operating activities		
Profit before taxation	339,240	256,164
Adjustments for:		
Depreciation	20,611	31,621
Fair value loss/(gain) on investment securities	136,295	(76,598)
Operating cash flows before changes in working capital	496,146	211,187
Decrease in amounts due from related companies	58,418	294,763
Decrease in refundable deposits	45,788	100
Decrease/(increase) in other receivables and prepayments	19,676	(6,057)
Increase in accrued expenses and other payables	798	61,616
Net cash flows generated from operating activities	620,826	561,609
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,242)	(6,360)
Purchase of investment securities	(589,551)	(806,700)
Proceeds from disposal of investment securities	1,336,554	-
Net cash flows generated from/(used) in investing activities	745,761	(813,060)
Net change in cash and cash equivalents for the year	1,366,587	(251,451)
Cash and cash equivalents at beginning of year	1,093,239	1,344,690
Cash and cash equivalents at end of year	2,459,826	1,093,239

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

1. Corporate information

IIFL Securities Pte. Ltd. (the “Company”) is a private limited company incorporated in the Republic of Singapore whose registered office is at 6 Shenton Way, #12-11/11A, OUE Downtown 2, Singapore 068809. It is a wholly-owned subsidiary of IIFL (Asia) Pte. Ltd., a company incorporated in Singapore (the “immediate holding company”). The ultimate holding company is IIFL Holdings Limited (the “ultimate holding company”), a company incorporated in India, listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited.

The principal activity of the Company is to carry on its business in corporate finance advisory services and dealing in securities.

On 14 May 2009, the Company obtained its Capital Market Services (“CMS”) License from the Monetary Authority of Singapore (“MAS”) to conduct regulated activities such as: (1) dealing in securities; and (2) advising on corporate finance. On 5 August 2013, the Company received its revised CMS License from MAS to conduct the regulated activities in dealing in securities.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (“SGD” or “S\$”).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 April 2017. The adoption of these standards did not have any effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued but not yet effective:

Descriptions	Effective for annual periods beginning on or after
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Except for FRS 115, the Company expects that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the following standard is described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company has performed a preliminary impact assessment and expects the adoption of FRS 115 to have no material impact on the financial statements in the period of initial application.

2.4 Significant accounting judgements and estimates

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

Key sources of estimation uncertainty

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

Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 5 years. The carrying amount of the Company's property, plant and equipment at 31 March 2018 was S\$4,777 (2017: S\$24,146). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. Summary of significant accounting policies (cont'd)

2.5 *Functional and foreign currencies*

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be SGD. Major costs of providing services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the functional currency are recorded on the initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	-	3 years
Furniture and fittings	-	5 years
Office equipment	-	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.7 *Impairment of non-financial assets*

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present values. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written-down to its recoverable amount.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

2.8 *Financial assets*

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instruments. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the differences between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income is recognised in profit or loss.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The Company classifies investment securities as financial assets at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd)

2.8 Financial assets (cont'd)

(b) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process. The Company classifies cash and cash equivalents, amounts due from related companies, refundable deposits and other receivables as loans and receivables.

2.9 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying values of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial assets had been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank.

2. Summary of significant accounting policies (cont'd)

2.11 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increases in the provisions due to the passage of time are recognised as a finance cost.

2.12 Financial liabilities

Financial liabilities include accrued expenses and other payables. Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instruments. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. For financial liabilities, gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

2.13 Employee benefits

As required by law, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the financial period in which the related service is performed.

2.14 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2.15 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the country where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income directly in equity.

2. Summary of significant accounting policies (cont'd)

2.15 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

(c) *Goods and services tax ("GST")*

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.16 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (cont'd)

2.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Referral fee is recognised on an accrual basis based on rates determined between the Company and its related parties when service is rendered.

Service income is recognised on an accrual basis between the Company and a related party when service is rendered.

Interest income is recognised using the effective interest method.

2.18 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Employees' compensation and related costs

	2018	2017
	S\$	S\$
Salaries and bonuses	867,097	1,429,577
CPF contributions	20,675	44,880
Other short-term benefits	13,969	12,162
	<hr/>	<hr/>
	901,741	1,486,619
	<hr/>	<hr/>

Notes to the financial statements
For the financial year ended 31 March 2018

4. Other operating expenses

The following items have been included in arriving at other operating expenses:

	2018	2017
	S\$	S\$
Office rental expenses	161,043	88,876
Communication expenses	88,924	53,915
Manpower outsourcing fees	60,000	60,000
Professional fees	45,092	49,718
Office expenses	41,632	47,293
Software expenses	33,696	463
Travelling expenses	25,546	55,525
Others	1,972	4,085
Statutory fees	880	2,132
	<hr/>	<hr/>
	458,785	362,007
	<hr/> <hr/>	<hr/> <hr/>

5. Taxation

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable statutory tax rate for the financial years ended 31 March 2018 and 2017 were as follows:

	2018	2017
	S\$	S\$
Profit before taxation	339,240	256,164
	<hr/>	<hr/>
Tax at statutory tax rate of 17% (2017: 17%)	57,671	43,548
Adjustments:		
- Non-deductible expenses	23,199	4,673
- Non-taxable income	-	(13,022)
- Deferred tax assets previously not recognised	(80,870)	(34,580)
- Effects of tax relief	-	(619)
	<hr/>	<hr/>
Income tax recognised in profit or loss	-	-
	<hr/> <hr/>	<hr/> <hr/>

As at 31 March 2018, the Company has unutilised capital allowances amounting to approximately S\$205,000 (2017: S\$850,000) available for offset against future taxable profits, subject to the agreement of tax authorities and compliance with certain provisions of the Income Tax Act. Deferred tax has not been recognised in line with the accounting policy stated in Note 2.15.

IIFL Securities Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2018**

6. Property, plant and equipment

	Computers S\$	Furniture and fittings S\$	Office equipment S\$	Total S\$
Cost				
At 1 April 2016	313,915	163,280	4,517	481,712
Additions	4,707	1,653	–	6,360
At 31 March 2017 and at 1 April 2017	318,622	164,933	4,517	488,072
Additions	1,242	–	–	1,242
Written off	–	(16,522)	–	(16,522)
At 31 March 2018	319,864	148,411	4,517	472,792
Accumulated depreciation				
At 1 April 2016	310,033	118,097	4,175	432,305
Depreciation charge for the year	3,043	28,420	158	31,621
At 31 March 2017 and at 1 April 2017	313,076	146,517	4,333	463,926
Depreciation charge for the year	3,466	16,987	158	20,611
Written off	–	(16,522)	–	(16,522)
At 31 March 2018	316,542	146,982	4,491	468,015
Net carrying amount				
At 31 March 2017	5,546	18,416	184	24,146
At 31 March 2018	3,322	1,429	26	4,777

7. Investment securities, at fair value

	2018 S\$	2017 S\$
Held-for-trading investments:		
Cost of investments	–	806,700
Net fair value gain on investment securities	–	76,598
	–	883,298

During the year, the Company has fully disposed its investment in Global Dynamic Opportunities Fund Ltd. (“GDOF”), a fund managed by a related party.

Notes to the financial statements
For the financial year ended 31 March 2018

8. Amounts due from related companies

Amounts due from related companies are unsecured, non-interest bearing and repayable upon demand.

9. Other receivables and prepayments

	2018 S\$	2017 S\$
Prepayments	15,147	31,598
Other receivables	2,449	5,674
	<hr/> 17,596	<hr/> 37,272

10. Refundable deposits

	2018 S\$	2017 S\$
Rental deposits	–	45,788
Marginal deposit	100,000	100,000
Others	1,600	1,600
	<hr/> 101,600	<hr/> 147,388

The marginal deposit represents the deposit placed with Monetary Authority of Singapore.

11. Cash and cash equivalents

Cash and cash equivalents are primarily cash at bank denominated in Singapore dollars.

Cash at bank is placed with reputable financial institutions and earns interest at floating rates based on daily bank deposit rates.

12. Accrued expenses and other payables

	2018 S\$	2017 S\$
Accrued expenses	13,350	24,684
Other payables	21,725	33,732
Provision for bonus	274,139	250,000
	<hr/> 309,214	<hr/> 308,416

IIFL Securities Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 March 2018****13. Share capital**

	2018		2017	
	No. of shares	S\$	No. of shares	S\$
<i>Issued and fully paid:</i>				
At beginning and end of year	1,030,000	1,030,000	1,030,000	1,030,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

14. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and its related parties took place at terms agreed between the parties during the financial year:

(a) Revenues and expenses

	2018	2017
	S\$	S\$
Service fee from:		
- India Infoline Ltd	–	282,000
Referral fee from:		
- IIFL Capital Pte. Ltd.	698,950	555,085
- IIFL Asset Management (Mauritius) Limited	1,156,583	1,247,488
	<u>1,855,533</u>	<u>1,802,573</u>
Expenses paid to:		
Manpower outsourcing fees		
- IIFL Distribution Services Private Limited	60,000	60,000

Notes to the financial statements
For the financial year ended 31 March 2018

14. Related party transactions (cont'd)**(b) Compensation of key management personnel**

	2018	2017
	S\$	S\$
Short-term employee benefits	436,566	437,177
CPF contributions	19,092	17,340
Total	<u>455,658</u>	<u>454,517</u>

Included in the compensation of key management personnel are directors' remuneration of S\$455,658 (2017: S\$454,517) paid during the year.

(c) Receivables

	2018	2017
	S\$	S\$
Amounts due from related companies:		
- IIFL Asset Management (Mauritius) Limited	124,649	272,714
- IIFL Capital Pte. Ltd.	169,592	79,945
	<u>294,241</u>	<u>352,659</u>

15. Financial assets and liabilities by categories

The carrying amounts of the following categories of financial instruments measured at amortised cost were as follows:

	2018	2017
	S\$	S\$
Financial assets		
Amount due from related companies	294,241	352,659
Other receivables	2,449	5,674
Refundable deposits	101,600	147,388
Cash and cash equivalents	2,459,826	1,093,239
Total financial assets	<u>2,858,116</u>	<u>1,598,960</u>
Financial liabilities		
Accrued expenses	13,350	24,684
Other payables	21,725	33,732
Total financial liabilities	<u>35,075</u>	<u>58,416</u>

16. Financial risk management objectives and policies

The management considers that the Company's key financial risks are credit risk, foreign currency risk and liquidity risk.

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from amounts due from related companies and other receivables. The cash and cash equivalents are placed with a financial institution with good credit rating.

The Company attempts to minimise its credit risk by evaluating and monitoring the credit exposure to its related parties and other receivables. The Company adopted the policy of only dealing with credit worthy counterparties to mitigate the risk of financial loss from default.

Exposure to credit risk arising from related party transactions is minimal as these companies are of high credit quality and loans are of short duration. The carrying amount of other receivables, refundable deposits and cash and cash equivalents represent the Company's maximum exposure to credit risk. No other financial asset carries a significant exposure to credit risk.

As at the end of the reporting period, there is no financial asset that is past due or impaired or would otherwise be past due or impaired.

(b) **Foreign currency risk**

Foreign currency risk is the risk that arises from the change in price of one currency against another because of changes in foreign currency exchange rates.

The Company is exposed to movements in the foreign currency exchange rates other than in its functional currency, the SGD. The Company reviews its exposure to foreign currency risk on a regular basis.

As at 31 March 2017, the Company's investment securities are exposed to approximately S\$883,298 of United States dollars ("USD" or "US\$").

The following table demonstrates the sensitivity of the Company's equity to changes in the value of the investment securities resulting from a reasonable possible change in USD against SGD, with all other variables held constant:

	2018	2017
	S\$	S\$
USD - strengthened by 5% (2017: 5%)	–	44,165
USD - weakened by 5% (2017: 5%)	–	(44,165)

There is no foreign currency exposure as at 31 March 2018.

16. Financial risk management objectives and policies (cont'd)

(c) **Liquidity risk**

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due and it results from amounts and maturity mismatches of assets and liabilities.

To ensure continuity of funding, the immediate holding company has agreed to provide continuing financial support to the Company to enable it to meet its liabilities as and when they fall due to the extent necessary.

Maturity analysis of financial liabilities

Financial liabilities of the Company comprise accrued expenses and other payables which are typically settled within 30 days.

17. Fair value of assets and liabilities

(a) **Fair value hierarchy**

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

As at 31 March 2018, the Company does not hold any investments.

The following table shows an analysis of financial instruments measured at fair value at the end of the reporting period.

31 March 2017	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Investment securities	–	883,298	–	883,298

(b) **Fair value financial instruments that are not carried at fair value and whose carrying amount is reasonable approximation of fair value**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The directors have determined that the fair value of financial assets and liabilities of the Company approximates their carrying values due to their short-term nature.

18. Commitments

Future minimum rental payable under operating leases at the end of the reporting period were as follows:

	2018 S\$	2017 S\$
Within one year	–	177,752
Later than one year but not later than five years	–	81,470
	–	259,222

19. Capital management

The directors consider shareholders' equity as the Company's capital. The objective of the Company's capital management is to ensure that it continues to meet local regulatory total risk requirements and maintain satisfactory financial resources to support its business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders and monitor the liquid capital requirement by monthly review of financial resources to ensure that the capital is managed in an effective manner.

20. Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 27 April 2018.