

**IIML Advisors LLC**

**Audited  
Financial Statements**

**For the year ended**

**31 March 2017**

**IIML ADVISORS LLC  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**IIML ADVISORS LLC  
CORPORATE DATA**

		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>DIRECTORS</b>	: Mr Kapildeo Joory	10 June 2011	29 October 2015
	Mr Shahzaad Shiraz Dalal	10 June 2011	10 March 2016
	Ms Jihane Muhamodsaroar	28 March 2014	10 August 2016
	Mr Zoubeir Khatib	29 October 2015	2 February 2016
	Mrs Sateeta Jeewoolall-Jessoo	2 February 2016	-
	Mr Mohan Roy Lawrence	10 March 2016	-
	Mr Shafiq-Ur-Rahmaan Soyfoo	10 August 2016	-

**REGISTERED OFFICE** : IFS Court  
Bank Street  
TwentyEight  
Cybercity  
Ebene 72201  
Mauritius

**ADMINISTRATOR  
& SECRETARY** : International Financial Services Limited  
IFS Court  
Bank Street  
TwentyEight  
Cybercity  
Ebene 72201  
Mauritius

**AUDITOR** : Deloitte  
7<sup>th</sup> – 8<sup>th</sup> Floor, Standard Chartered Tower  
19 – 21 Bank Street  
Cybercity  
Ebene 72201  
Mauritius

**BANKER** : Barclays Bank Mauritius Limited  
1st Floor, Barclays House  
68-68A Cybercity  
Ebene  
Mauritius

**IIML ADVISORS LLC  
COMMENTARY OF DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present the audited financial statements of IIML Advisors LLC (the “Company”) for the year ended 31 March 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is to provide investment management and advisory services.

**RESULTS**

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

**DIRECTORS**

The present membership of the Board is set out on page 3.

**SCHEME OF ARRANGEMENT AND AMALGAMATION**

The Board of Directors at the Board meeting dated 2 March 2017 had approved a scheme of arrangement and amalgamation between the Company and IL&FS Investment Advisors LLC (“IIAL”). Accordingly, all the assets and liabilities of the Company will be vested into IIAL as per the scheme of arrangement and amalgamation. The Supreme Court of Mauritius has approved the aforesaid scheme of arrangement and amalgamation on 26 April 2017.

**STATEMENT OF DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards (“IFRSs”) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITOR**

The auditor, Deloitte, has indicated its willingness to continue in office until the next annual meeting.

**CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001**

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **IIML Advisors LLC** under the Mauritius Companies Act 2001 for the year ended 31 March 2017.

A handwritten signature in blue ink, appearing to be 'D. M. M.', is written over the text 'For International Financial Services Limited Secretary'.

**For International Financial Services Limited  
Secretary**

**Registered office:**

IFS Court  
Bank Street  
TwentyEight  
Cybercity  
Ebene 72201  
Mauritius

**Date: 4 May 2017**

## **Independent auditor's report to the Shareholder of IIML Advisors LLC**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of **IIML Advisors LLC** (the "Company") set out on pages 8 to 22, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter – scheme of arrangement and amalgamation**

We draw attention to note 13 of the financial statements regarding the scheme of arrangement and amalgamation (scheme) between the Company and IL&FS Investment Advisors LLC ("IIAL") which had been approved by the Board of Directors at the Board meeting dated 2 March 2017. The aforesaid scheme has been approved by the Supreme Court of Mauritius on 26 April 2017.

#### **Report on other legal and regulatory requirements**

##### *Mauritius Companies Act 2001*

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacity as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

#### **Other information**

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and the Certificate from the Company's Secretary, but does not include the financial statements and our auditor's report thereon.

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

#### **Responsibilities of directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

## Independent auditor's report to the Shareholder of IIML Advisors LLC (cont'd)

### **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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

This report is made solely to the Company's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.



**Deloitte**

**Chartered Accountants**

4 May 2017



**Twaleb Butonkee, FCA**

**Licensed by FRC**

**IIML ADVISORS LLC**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	31 March 2017 USD	31 March 2016 USD
<b>EXPENSES</b>			
Professional fees		8,750	8,545
Audit fees		9,200	11,500
Licences		5,299	4,100
Other expenses		<u>1,403</u>	<u>1,070</u>
<b>Total expenses</b>		<u>24,652</u>	<u>25,215</u>
Loss before tax		(24,652)	(25,215)
Income tax expense	5	<u>-</u>	<u>-</u>
Loss for the year		(24,652)	(25,215)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(24,652)</u>	<u>(25,215)</u>

The notes on pages 12 to 22 form an integral part of these financial statements



IIML ADVISORS LLC  
STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2017

	Notes	31 March 2017 USD	31 March 2016 USD
<b>ASSETS</b>			
<b>Current assets</b>			
Prepayments	6	-	1,199
Cash and cash equivalents		<u>7,108</u>	<u>14,324</u>
		<u>7,108</u>	<u>15,523</u>
<b>Total assets</b>		<u><u>7,108</u></u>	<u><u>15,523</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	7	1	1
Redeemable participating shares	8	<u>249,999</u>	<u>249,999</u>
Accumulated losses		<u>(265,879)</u>	<u>(241,227)</u>
		<u>(15,880)</u>	<u>8,772</u>
Total (deficit) / equity		<u>(15,879)</u>	<u>8,773</u>
<b>Current liabilities</b>			
Accruals	9	<u>22,987</u>	<u>6,750</u>
<b>Total equity and liabilities</b>		<u><u>7,108</u></u>	<u><u>15,523</u></u>

Approved by the Board of Directors and authorised for issue on 4 May 2017.

Director

Director

The notes on pages 12 to 22 form an integral part of these financial statements

**IIML ADVISORS LLC  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

	Stated capital USD	Redeemable participating shares USD	Accumulated losses USD	Total USD
At 1 April 2015	1	249,999	(216,012)	33,988
Loss and total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(25,215)</u>	<u>(25,215)</u>
At 31 March 2016	1	249,999	(241,227)	8,773
Loss and total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(24,652)</u>	<u>(24,652)</u>
At 31 March 2017	<u>1</u>	<u>249,999</u>	<u>(265,879)</u>	<u>(15,879)</u>

The notes on pages 12 to 22 form an integral part of these financial statements

IIML ADVISORS LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017

	31 March 2017 USD	31 March 2016 USD
<i>Cash flows from operating activities</i>		
Loss before tax for the year	(24,652)	(25,215)
<i>Adjustments for:</i>		
<i>Changes in working capital</i>		
Decrease in prepayments	1,199	125
Increase in accruals	<u>16,237</u>	<u>2,150</u>
<b>Net cash used in operating activities</b>	<u>(7,216)</u>	<u>(22,940)</u>
<b>Net decrease in cash and cash equivalents</b>	(7,216)	(22,940)
Cash and cash equivalents at beginning of the year	<u>14,324</u>	<u>37,264</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>7,108</u></u>	<u><u>14,324</u></u>

The notes on pages 12 to 22 form an integral part of these financial statements

**IIML ADVISORS LLC  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**1. GENERAL**

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 10 June 2011 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company is also licenced to act as CIS Manager pursuant to the Securities Act 2005. The Company has its registered office and its principal place of business is at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The financial statements of the Company are expressed in United States Dollars (“USD”). The Company’s functional currency is the USD, the currency of the primary economic environment in which the Company operates.

**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

In the current period, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2016.

**2.1 Revised Standards applied with no material effect on the financial statements**

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 1	Presentation of financial statements – Amendments resulting from disclosure initiative (effective 1 January 2016)
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)

**2.2 New and revised Standards in issue but not yet effective**

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated.

IAS 7	Statement of Cash Flows – Amendments as a result of the Disclosure Initiative (effective 1 January 2017)
IAS 12	Income Taxes - Amended by Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)

IIML ADVISORS LLC  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and revised Standards in issue but not yet effective (continued)

IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers - Original issue (Applies to an entity's first annual IFRS financial statements) (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective 1 January 2018)
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

The directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the application of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in accordance with IFRS. The financial statements are prepared under the historical cost convention.

The significant accounting policies applied in the preparation of the financial statements are set out below. The preparation of the financial statements in accordance with IFRS requires the use of certain critical estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Foreign currency transactions

*Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements of the Company are presented in USD, which is the functional currency of the Company.

*Transactions and balances*

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

(c) Stated capital

Ordinary shares have voting rights and do not participate in any profit or distribution of the Company and are classified as equity.

**IIML ADVISORS LLC  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Redeemable participating shares**

As per the fundamental principle of IAS 32, a financial instrument should be classified as either a financial liability or an equity instrument according to the substance of the contract, not its legal form. The redeemable participating shares of the Company do not have a fixed maturity and there is no contractual obligation to make future payments to its holders. Accordingly, the redeemable participating shares of the Company have been classified as equity, since the redeemable participating shares shall be entitled to return of the remaining assets pro rata in proportion to their shareholding after repayment to the holders of Ordinary Shares. The redemption of the redeemable participating shares is at the option of the Company.

**(e) Cash and cash equivalents**

Cash comprises of currency and current deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(f) Taxation**

**(i) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income tax or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

**(ii) Deferred tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**IIML ADVISORS LLC  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Taxation (continued)**

**(ii) Deferred tax (continued)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**(iii) Current and deferred taxes for the year**

Current and deferred taxes are recognised as an expense or income in the statement of profit or loss and other comprehensive income.

**(h) Financial instruments**

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and liabilities are recognised on the statement of financial position when the Company has become party to the contractual provisions of the financial instruments.

The carrying amounts of the Company's financial instruments approximate their fair values. These instruments are measured as set out below:

**(i) Financial assets**

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'.

Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

IIML ADVISORS LLC  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Financial assets other than those at FVTPL, are assessed for indicators at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impaired loss recognised is the difference 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 financial asset is reduced by the impairment loss directly for all financial asset with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impaired 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



HML ADVISORS LLC  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity instruments issued by the Company

(a) Classification as debt or equity

Debt and equity instruments are classified as either equity or financial liabilities in accordance with the substance of the contractual arrangement.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(d) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(e) Derecognition financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(i) Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

(j) Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

**IIML ADVISORS LLC  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or if they and the Company are subject to common control. Related parties may be individuals or other entities.

**4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the Company's accounting policies, which are described in note 3, the directors are required to exercise judgement and also to use estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Actual results may differ as a result of changes in these estimates.

Estimations and assumptions that have a significant effect on the amounts recognised in the financial statements include:

*Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected. As described in Note 3, the directors have considered those factors and have determined that the functional currency of the Company is the USD.

**5. TAXATION**

*Income tax*

The Company under current laws and regulations, is liable to pay income tax at a rate of 15%. However, the Company is entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income thus reducing its maximum effective tax rate to 3%.

The Company has received a certificate from the Mauritian Authorities and believes such certification is determinative of its resident status for treaty purposes. The Tax Residence Certificate ("TRC") is renewable each year provided some undertakings / provisions are observed. For the year under review, the Company holds a valid TRC.

At 31 March 2017, the Company had accumulated tax losses of **USD138,244** (31 March 2016: USD208,919) and was therefore not liable to income tax. The tax losses are available for set off against taxable profits. No deferred tax asset has been recognised in the statement of financial position due to the improbability of future taxable profits.

	2017	2016
	USD	USD
Upto the year of assessment 2017 - tax loss incurred in 2012	95,327	95,327
Upto the year of assessment 2018 - tax loss incurred in 2013	30,077	30,077
Upto the year of assessment 2019 - tax loss incurred in 2014	30,679	30,679
Upto the year of assessment 2020 - tax loss incurred in 2015	27,621	27,621
Upto the year of assessment 2021/22 - tax loss incurred in 2016	25,215	25,215
Upto the year of assessment 2022/23 - tax loss incurred in 2017	<u>24,652</u>	<u>-</u>
	233,571	208,919
Tax losses lapsed	<u>(95,327)</u>	<u>-</u>
	<u><u>138,244</u></u>	<u><u>208,919</u></u>

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**6. PREPAYMENTS**

	<b>2017</b>	2016
	<b>USD</b>	USD
Prepayments	<u>-</u>	<u>1,199</u>

**7. STATED CAPITAL**

	<b>2017</b>	2016	<b>2017</b>	2016
	<b>Number</b>	Number	<b>USD</b>	USD
<i>Issued</i>				
1 ordinary share of USD1	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The ordinary share is not entitled to receive any dividend or distribution. The ordinary share of the Company is entitled to vote on any matter to be considered by the shareholder generally. On winding up of the Company, the holder of ordinary share shall be entitled to return of only the paid up value per ordinary share.

**8. REDEEMABLE PARTICIPATING SHARES**

	<b>2017</b>	2016	<b>2017</b>	2016
	<b>Number</b>	Number	<b>USD</b>	USD
At start and end of year	<u>24,999,900</u>	<u>24,999,900</u>	<u>249,999</u>	<u>249,999</u>

The redeemable participating shares are entitled to receive notice of and to attend Shareholders' Meetings generally and separate class meetings of the Redeemable Participating Shares, but no right to vote on any matters to be considered by the shareholders generally. On winding up of the Company, the holders of Redeemable Participating Shares shall be entitled to return of the remaining assets pro rata in proportion to their shareholding after repayment to the holders of Ordinary Shares. The redeemable participating shares are redeemable at the option of Company.

A dividend may be authorised and declared by the Board at such time and such amount as it thinks fit.

**9. ACCRUALS**

	<b>2017</b>	2016
	<b>USD</b>	USD
Accruals	<u>22,987</u>	<u>6,750</u>

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**10. FINANCIAL INSTRUMENTS**

*10.1 Capital risk management*

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. As part of its capital risk management policies, the Company reviews the capital structure to ensure that it has an appropriate portion of net debt to equity.

The capital structure of the Company consists of stated capital, redeemable participating shares and reserves.

*10.2 Categories of financial instruments*

	<b>2017</b>	2016
	<b>USD</b>	USD
<b>Financial assets</b>		
Cash and cash equivalents	<u>7,108</u>	<u>14,324</u>
	<b>2017</b>	2016
	<b>USD</b>	USD
<b>Financial liabilities</b>		
Accruals	<u>22,987</u>	<u>6,750</u>

*10.3 Currency risk*

The Company's financial assets and liabilities are denominated in USD and most transactions are made in USD. As such, changes in exchange rates do not have significant impact on the Company's profit or loss and equity.

*10.4 Currency profile*

The Company's financial assets and liabilities are summarised as follows:

	<b>Financial assets</b>		<b>Financial liabilities</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>USD</b>	USD	<b>USD</b>	USD
USD	<u>7,108</u>	<u>14,324</u>	<u>22,987</u>	<u>6,750</u>

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**10. FINANCIAL INSTRUMENTS (CONTINUED)**

*10.4 Currency profile (continued)*

*Credit risk*

Credit risk refers to the risk a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a policy of only dealing with credit counterparties as a means of mitigating the risk of financial loss from defaults.

Financial assets that potentially expose the Company to credit risk consist principally of cash balances and loan receivable. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

The bank balance is held with a reputable financial institution, thus the credit risk is minimal.

*10.5 Interest rate risk*

The Company is not exposed to interest rate risk as there are no interest bearing financial assets and financial liabilities. No interest income has been earned for the year ended 31 March 2017.

*10.6 Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The maturity profile of the financial instruments is summarised as follows:

	31 March 2017	
	Less than 1	Total
	month	
	USD	USD
Financial assets		
Cash and cash equivalents	<u>7,108</u>	<u>7,108</u>
Financial liabilities		
Other accruals	<u>22,987</u>	<u>22,987</u>

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**10. FINANCIAL INSTRUMENTS (CONTINUED)**

*10.6 Liquidity risk (continued)*

	31 March 2016	
	Less than 1 month	Total
	USD	USD
Financial assets		
Cash and cash equivalents	14,324	14,324
Financial liabilities		
Other accruals	6,750	6,750

*Fair values*

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values due to the short-term nature of the balances involved.

**11. RELATED PARTY TRANSACTIONS**

During the year, the Company transacted with certain related parties. Details of the nature, volume of transactions and balances with the related parties are as follows:

Name of related party	Relationship	Nature of transactions	Volume of transactions		Balances as at	
			2017	2016	2017	2016
			USD	USD	USD	USD
International Financial Services Limited	Administrator	Professional and directors' fees	8,938	8,645	(9,187)	(2,150)

**12. HOLDING COMPANY**

The Company is a wholly owned subsidiary of IL&FS Investment Managers Limited, a company incorporated in India.

**13. SCHEME OF ARRANGEMENT AND AMALGAMATION**

The Board of Directors at the Board meeting dated 2 March 2017 had approved a Scheme of Arrangement and Amalgamation (the "Scheme") between the Company and IIAL in accordance with the provisions of Section 261 to 264 and other applicable provisions, if any, of the Mauritius Companies Act, 2001. The Scheme is effective as from 1 January 2017 and all the assets and liabilities of the Company will be transferred to IIAL in consideration for 1 (one) fully paid up Ordinary Share of USD1 each in IIAL will be issued and allotted to the shareholder of the Company for every 1 (one) Ordinary Share held by the Shareholder in the Company. Also, 1 (one) Redeemable Participating Share-Series 1 of USD0.01 each in IIAL will be issued and allotted to the shareholder in the Company for every 1 (one) Redeemable Participating Share held by the shareholder of the Company. The aforesaid Scheme has been approved by the Supreme Court of Mauritius on 26 April 2017. Accordingly, all the relevant adjustments has been accounted in the books of accounts of the Company. The Scheme will be effective once all the regulatory formalities have been completed.