

**IL&FS INVESTMENT ADVISORS LLC**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 MARCH 2020**

**IL&FS INVESTMENT ADVISORS LLC**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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## IL&FS INVESTMENT ADVISORS LLC

### CORPORATE DATA

		<i>Date of appointment</i>	<i>Date of resignation</i>
<b>DIRECTORS:</b>	Rubina <b>Toorawa</b>	31 January 2006	-
	Manoj Yeshwant <b>Borkar</b>	31 January 2006	-
	Mohan Roy <b>Lawrence</b>	26 March 2009	-
	Sateeta <b>Jeewoolall</b>	28 November 2017	-
<b>REGISTERED OFFICE:</b>	IFS Court Bank Street TwentyEight Cybercity Ebène 72201 MAURITIUS		
<b>BRANCH REGISTERED OFFICES:</b>	Office No 402 & 403 Level 4 Currency House, Tower No 1 Dubai International Financial Centre PO Box 482084 Dubai UNITED ARAB EMIRATES <i>(Branch under liquidation)</i>		
<b>ADMINISTRATOR AND SECRETARY:</b>	SANNE Mauritius IFS Court Bank Street TwentyEight Cybercity Ebène 72201 MAURITIUS		
<b>AUDITORS:</b>	HLB Appavoo & Associates Appavoo Business Centre 29, Bis Mère Barthélemy Street Port Louis MAURITIUS <i>(Appointed on 21 November 2019)</i>		
<b>BANKER:</b>	Absa Bank (Mauritius) Limited <i>(Previously known as Barclays Bank Mauritius Limited)</i> 1st Floor, Absa House 68-68A Cybercity Ebène MAURITIUS		

**IL&FS INVESTMENT ADVISORS LLC**

**CORPORATE DATA (CONTINUED)**

**BANKER OF BRANCH:** Bank of Baroda  
Sheikh Rashid Building  
Ali Bin Abi Talib Street, PO Box 3162  
Bur Dubai  
UNITED ARAB EMIRATES

**LIQUIDATION OF  
BRANCH:** RNG Auditors  
PO Box No: 118753  
Office No. 1502, ETA Star, AI Manara Tower  
Opposite J.W. Marriott Marquis Hotel  
Business Bay, Dubai  
UNITED ARAB EMIRATES

## **IL&FS INVESTMENT ADVISORS LLC**

### **COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report and the audited financial statements of IL&FS Investment Advisors LLC (the “Company”) for the year ended 31 March 2020.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company is to provide investment management services to Tara India Fund III, LLC (“Tara III”), Saffron India Real Estate Fund I (“SIREF I”) and the Special Purpose Vehicles of Tara III. During the year under review, the Company was providing investment management services to Investor India Realty Fund I LLC [previously known as IL&FS India Realty Fund LLC] (“Fund I”), Investor India Realty Fund II LLC [previously known as IL & FS India Realty Fund II LLC] (“Fund II”) and K2 Property Limited. (“K2”). The Company has terminated its management agreement with Fund I on 9 August 2019, Fund II on 6 January 2020 and with K2 on 23 October 2019.

The Company also has a branch office in Dubai International Financial Centre (“DIFC”). The branch office at DIFC which was providing consultancy services to infrastructure and natural resources sector was under the process of liquidation during the financial year 31 March 2020.

#### **RESULTS**

The results for the year are shown in the Statement of Profit or Loss and Other Comprehensive Income and related notes. The directors have not declared nor paid a dividend during the financial year ended 31 March 2020 (2019: USD1,000,000) to the Redeemable Preference Shareholder.

#### **DIRECTORS**

The present membership of the Board is set out on page 2.

#### **DIRECTORS’ RESPONSIBILITIES**

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 applicable International Financial Reporting Standards 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 at the foreseeable future.

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

## **IL&FS INVESTMENT ADVISORS LLC**

### **COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020**

#### **DIRECTORS' RESPONSIBILITIES (CONTINUED)**

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.

The directors have made an assessment of the Company's ability to continue as a going concern as explained in note 21.

#### **AUDITORS**

The auditors, **HLB Appavoo & Associates**, have been appointed on 21 November 2019 and have indicated their willingness to continue in office until the next Annual Meeting.

## **IL&FS INVESTMENT ADVISORS LLC**

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020**

The Board ensures that the Company is in compliance with the rules of the National Code of Corporate Governance (the “Code”) as issued by the National Committee on Corporate Governance on 13 February 2017 and which is effective as from reporting year ending 30 June 2018. The Board has adopted a Corporate Governance Framework which is based on the eight principles of the Code and guidance therein in line with the nature of its business, operations and size. The Board considers that it has maintained appropriate policies and procedures during the year ended 31 March 2020 to ensure compliance with the Corporate Governance Framework of the Company.

The eight principles of the Code have been implemented as detailed below:

#### *1) Governance Structure*

The Company has obtained a Category 1 Global Business Licence (“GBL1”) and a Financial Services Licence / Authorisation letter (“FSL/Authorisation letter”) from the Financial Services Commission (“FSC”) on 8 February 2006. As part of the Corporate Governance Framework which the Board has adopted, the Company has also adopted a Board Charter, which clearly defines the role, function and objectives of the Board of Directors, the various committees in place, as well as that of the Secretary, SANNE Mauritius.

The Company has in place a Constitution adopted on 24 November 2005, as amended through shareholders’ resolution dated 7 March 2008 and 30 July 2010, which sets out the rights, powers, duties and obligations of the Company, the Board, each director and each shareholder which it needs to abide along with other local laws and regulations.

In addition, in line with the Securities Act 05 (“SA 05”), the Company has adopted a Code of ethics on 28 October 2009, which sets out general statements on principles of ethical conduct towards stakeholders. The Board reviews the suitability and effectiveness of the Code of ethics at least once per year.

The Board ensures that objectives of the Company are being met through the implementation of adequate policies and processes that lead to value-creation. The Board also manages and controls the organisation and is collectively responsible for its long-term success, reputation and governance. In so doing, the Board assumes responsibility for meeting all regulatory and legal requirements including the following:

- (i) Determines, agrees and develops the Company’s general policy on corporate governance in accordance with the Code;
- (ii) Deliberates and resolves on all aspects of corporate governance and new Board appointment;
- (iii) Prepares corporate governance reports; and
- (iv) Reviews the terms and conditions of all service agreements between the Company and service providers.

## IL&FS INVESTMENT ADVISORS LLC

### CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020

#### 1) Governance Structure (continued)

The profiles of the Board of Directors are set out as follows:

**Mr Manoj Borkar** – Manoj has more than 32 years of experience in accountancy, audit, operations, tax, systems, processes and other related functions in financial services including private equity fund and investment structuring; 24 years of experience in private equity fund management. He joined IL&FS Group in 1991 and is one of the founding members of the IL&FS Alternative Assets practice. He was instrumental in setting up the internal control systems and procedures, developing operating procedures for funds and is closely involved in the fund structuring and fund raising activities of IL&FS Investment Managers Limited (“IIML”) and negotiating and finalising legal structures and documentation of the same. He started his career with SB Billimoria & Co as Audit Manager. Manoj joined IL&FS in the accounts department, moving to the operations department and then working as Executive Assistant to the Director (Finance). He worked closely with setting up joint ventures and other special purpose companies of IL&FS. He has worked with the IT Systems Group in developing accounting software. Manoj represents IIML on various subsidiary Boards and has received a Bachelor of Commerce degree in Accounting from the University of Mumbai (India) and is a fellow member of The Institute of Chartered Accountants of India.

**Mr Mohan Roy Lawrence** - Mohan has over 21 years of Private Equity and Corporate Finance experience. Mohan joined Infrastructure Leasing & Financial Services (IL&FS) in 2005 and moved to Dubai in 2009 to drive IL&FS Group's Infrastructure and Private Equity initiatives in the Middle East and Africa. Mohan has evaluated various opportunities for the Group in India, Middle East and Africa over the past 10 years. He has also invested in and worked closely with a number of companies in diverse sectors and has demonstrated a successful track record of exits. Mohan holds a Bachelor's degree in Mechanical Engineering and a Masters degree in Business Administration.

**Ms Rubina Toorawa** – Rubina, Chief Operating Officer, is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a BSc (Hons) from the University of Manchester. Prior to joining SANNE Mauritius (*previously known as International Financial Services Limited (“IFS”)*) in March 1999, she was a Senior Manager with PricewaterhouseCoopers (Mauritius), with particular exposure in the financial, textile and tourism sectors, including management of overseas projects financed by international financial institutions such as the World Bank. She had previously worked for KPMG (Manchester) for 6 years, where she specialised in the Banking and Finance sector and Value for Money audits. She has over 30 years' experience in accountancy, auditing, tax and consultancy. Her area of specialisation is on fund structuring, set up and administration. She also serves as a director of global business companies and investment funds.



## IL&FS INVESTMENT ADVISORS LLC

### CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020

#### 1) *Governance Structure (continued)*

**Ms Sateeta Jeewoolall** - Sateeta currently holds the position of Associate Director at SANNE Mauritius. She is a Fellow of the Association of Chartered Certified Accountants, UK and graduated with a Bachelor of Science in Economics (Hons) from the University of Mauritius. Prior to joining SANNE Mauritius (*previously known as International Financial Services Limited ("IFS")*) in September 2003, she was with PricewaterhouseCoopers (Mauritius) in the Audit department. At SANNE Mauritius, after heading a group responsible for administration and accounting of Private Equity Funds and global business companies for several years, she has joined the Onboarding and Structuring team. Over the years, she has developed in-depth knowledge of the financial services sector coupled with practical know-how on the operations, regulatory and compliance aspects for global business entities. She sits on the Board of a number of global business companies and investment funds.

#### 2) *Structure of the Board and its Committees*

The Board currently comprises of Messrs Manoj Borkar, Mohan Roy Lawrence, Ms Rubina Toorawa and Ms Sateeta Jeewoolall. The Board meets as and when required to discuss routine and other significant matters so as to ensure that the directors maintain overall control and supervision of the Company's affairs. In line with the requirement of the Financial Services Act 2007, all the meetings of the Board have been attended by the 2 resident directors or alternates and in line with the Constitution of the Company, all Board meetings were quorate and have been held, chaired and minuted in Mauritius.

The directors of the Company possess relevant qualification, experience and sufficient knowledge of the financial sector in general to contribute positively to the Board's activities. The directors are also aware of their continuous development and regularly attend professional development trainings, seminars relating to the industry in which the Company operates, among others.

The Board considers that its current size and composition are appropriate for the type of activity in which the Company is engaged and for the effective discharge of the Board's responsibilities.

The Board considers its current gender composition to be appropriate, which it shall reassess as required.

Due to its size and nature of business as well as being a private company, there are no independent directors.

To further assist the Board in its functions, a committee of directors has been set up and delegated with the following specific tasks:

- finalise all routine matters concerning the day to day running of the Company and/or arising out of the contracts approved in the meeting;

## **IL&FS INVESTMENT ADVISORS LLC**

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020**

#### **2) *Structure of the Board and its Committees (continued)***

- consider, deal with and determine any other matters arising out of or in connection with the issue, transfer and redemption of shares in accordance with the terms of the Constitution;
- approve the issue, allotment and redemption of shares;
- approve interim management accounts or financial statements to be filed with the Financial Services Commission;
- consider and approve empanelment of brokers or appointment of referrers and any other parties to facilitate the regular operational activities of the Company; and
- consider, deal with and approve any other matters regarded as routine operational and administrative matters by the Company.

The minutes of the Committee meetings and decisions taken therein for the period under review have been duly reviewed and ratified by the Board on 10 January 2020.

#### **3) *Director Appointment Procedures***

During the year under review no additional director has been appointed and all prior appointment of directors have been effected in accordance with the Constitution of the Company subject to receipt of customer due diligence documents on the latter, in line with the Code of prevention of Money Laundering and Terrorist Financing, issued by the FSC. In addition, FSC approval has been duly received prior to the appointment of the above mentioned directors.

On a yearly basis, the shareholders take note of directorship at the annual meeting of the Company.

Any new induction to the Board goes through close scrutiny of, inter alia, the candidate's calibre and expertise required for the position - an induction program is therefore not applicable.

#### ***Company Secretary***

The Company Secretary has an advisory role in all governance-related matters concerning the Company and acts as the main point of contact for the directors and shareholders, should they require guidance on their statutory responsibilities.

The principal functions of the Company Secretary include supplying the Board with high quality and timely information, collaborating with the Board in the preparation of agendas and coordinating the information flow between the directors.

SANNE Mauritius has been appointed by the Board as Company Secretary since incorporation of the Company.

## **IL&FS INVESTMENT ADVISORS LLC**

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020**

#### **4) *Directors Duties, Remuneration and Performance***

The directors of the Company are aware of their duties under the Companies Act 2001 and the Constitution of the Company and exercise sufficient care, diligence and skills for the good conduct of the business. The directors are also guided by the Board Charter of the Company, which will be re-assessed on annual basis by the Board.

The Board meets regularly (frequency depending on nature of business and operations) to discuss and approve the Company's operational, regulatory and compliance matters. The directors are provided appropriate notice and materials to help them in their decision-making.

The Company Secretary will henceforth facilitate self-evaluation of the Board at regular intervals.

A register of interests is kept by the Company Secretary and is updated on a regular basis. The register is also available to the shareholders of the Company upon request to the Company Secretary.

Directors disclose promptly any direct and indirect interest in contracts or transactions with the Company. All related party transactions are disclosed in the annual audited financial statements.

The Company, in line with the SA 05, has adopted a Policy for Conflicts of Interest – same was last re-assessed by the Board on 17 May 2019. Any transaction potentially involving a conflict of interest is conducted in accordance with the Conflicts of Interest Policy and the Code of Ethics. The Company has adopted a Code of Business Conduct on 29 June 2016, which also provides guidance on how to avoid any conflict of interest or potential ones and disclose promptly if it cannot be avoided. The Code of Business Conduct was amended and a new one was adopted on 17 May 2019.

Remuneration of directors is approved by the Board before any making any disbursement and is in line with agreements in place. The Board is satisfied that no remuneration committee needs to be set up for guidance on remuneration process for the Company.

The Company Secretary has effective IT policies and strategies in place, and ensures that correct, timely and clear information flows to the Board as and when required. Such IT policies and strategies are subject to an annual audit.

The directors ensure strict confidentiality with respect to information obtained while exercising their duties.

## **IL&FS INVESTMENT ADVISORS LLC**

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020**

#### **5) *Risk Management and Internal Control***

The oversight of risk management and internal control activities, either at the level of the Company or its service providers, is currently delegated to the Board of directors which regularly reviews the effectiveness of the internal control and risk management systems of the Company. The Board also reviews the performance of the external auditors and approves any proposed discharge of the external auditors when circumstances warrant. Additionally, with the direction of the Board, management has developed and implemented appropriate frameworks and effective processes for sound management of risk.

In line with the SA 05, the Company has adopted an Internal Control Procedure Manual (“Manual”) on 28 October 2009 and updated on 25 November 2013, which has to be re-assessed on an annual basis. The Manual was last re-assessed by the Board on 17 May 2019.

The Board is ultimately responsible for the Company’s system of internal control as well as implementation, maintenance and monitoring of the internal control in place. The Board confirms that it will continue to identify, evaluate and manage the various risks faced by the Company.

Day to day activities are undertaken by the Secretary, SANNE Mauritius (“SM”), which needs to ensure that the necessary structures, processes and methods for identifying and monitoring any risks are in place. Hence, the Company relies on the internal controls of SM which is subject to an internal control review and reporting by external auditors. On a yearly basis, an ISAE 3402 Type II Audit is conducted and the latest report was issued on 29 March 2019. Moreover, SM has a whistle blowing policy in place.

The Company has contracted a Directors & Officers Liability, Professional Indemnity & Crime Insurance cover for its directors and officers from SICOM General Insurance Ltd. The current insurance policy has been extended to 16 November 2021.

#### **6) *Reporting with Integrity***

The directors are responsible for preparing financial statements of the Company that fairly present the state of affairs and financial position of the Company on a regular basis in accordance with applicable law and regulations. Given the nature of its activities, the Company has no environmental or social or health and safety impact and these are therefore not assessed in the financial statements. Further, the Company has no corporate social responsibility policy in place and has not made any donation so far.

The financial statements have been prepared under the International Financial Reporting Standards, which is a Generally Accepted Accounting Principles.

## **IL&FS INVESTMENT ADVISORS LLC**

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020**

#### **6) *Reporting with Integrity (continued)***

The annual and quarterly interim financial statements are tabled for review and approval by the Board of Directors and/or committee of the Board of Directors respectively before filing with the Financial Services Commission within the statutory deadlines.

The directors make an assessment of the Company's ability to continue as a going concern and same is disclosed in the financial statements every year.

The Internal Control Procedure Manual also describes the Company's culture, ethics and values.

The directors are responsible for the preparation and fair preparation of the financial statements in accordance with the requirements of the Mauritius Companies Act 2001 and under International Financial Reporting Standards and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

#### **7) *Audit***

In line with the Financial Services Act 2007, the financial statements of the Company are audited by HLB Appavoo & Associates ("HLB"), appointed following approval of the FSC on 21 November 2019. HLB was appointed as statutory auditors for the financial year ended 31 March 2020 by the Board following the resignation of KPMG Mauritius as auditor on 11 September 2019. The re-appointment of HLB will be done at the next annual meeting of the Company.

An audit plan is prepared by SANNE Mauritius and agreed with the auditors for the audit of the annual financial statements.

The fees payable by the Company to HLB for audit services for the financial year ended 31 March 2020 amount to USD7,500, exclusive of VAT. HLB provides only audit services to the Company.

Due to the nature of activities of the Company, no audit committee has been set up and there is no internal audit function. The Board adheres to the principles of the Internal Control Procedure Manual adopted by the Company.

## **IL&FS INVESTMENT ADVISORS LLC**

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020**

#### **8) *Relations with Shareholders and other Key stakeholders***

The Board is responsible for directing the affairs of the Company in the best interests of its shareholders, in conformity with the legal and regulatory frameworks and consistent with the Company's Constitution, best governance practices and in line with Mauritius Companies Act 2001. Any queries raised by the shareholder/ stakeholder are attended to by the Secretary or the directors, as applicable.

The annual meeting of the shareholders of the Company will be held by 30 September 2020 to adopt the audited financial statements of the Company for the year ended 31 March 2020. Notice of this meeting will be sent within the deadline stipulated in the Constitution of the Company.

As at 31 March 2020, the stated capital of the Company comprised of 57,001 Ordinary Shares of par value of USD 1 each. The shares are held by IL&FS Investment Managers Limited, a listed company based in India.

**IL&FS INVESTMENT ADVISORS LLC  
FOR THE YEAR ENDED 31 MARCH 2020**

**DIRECTORS' STATEMENT OF COMPLIANCE WITH NATIONAL CODE OF  
CORPORATE GOVERNANCE ("CODE")**

Throughout the year ended 31 March 2020, to the best of the Board's knowledge, the Company has complied with the Code. The Company has applied all of the principles set out in the Code and explained how these principles have been applied.



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**Director**

Date: 19 May 2020

**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 **IL&FS Investment Advisors LLC** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2020.



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**For SANNE Mauritius  
Secretary**

**Registered Office:**

IFS Court  
Bank Street  
TwentyEight  
Cybercity  
Ebène 72201  
Mauritius

Date: 19 May 2020



***Independent Auditors' report to the shareholder of IL&FS INVESTMENT ADVISORS LLC***

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**Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of **IL&FS INVESTMENT ADVISORS LLC** ("the Company") set out on pages 20 to 61, which comprise the statement of financial position as at March 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Mauritius Companies Act 2001.

**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 the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the 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 - Basis of Accounting**

We draw attention to note 3(a) to the financial statements, which describes the basis of accounting. These are the Company's statutory financial statements and have been prepared with the requirements of the Mauritius Companies Act 2001 applicable to a company holding of a Category 1 Global Business Licence. Our opinion is not modified in respect of this matter.

**Other Matter**

The financial statements of **IL&FS INVESTMENT ADVISORS LLC** for the year ended March 31, 2019, were audited by another auditor, who expressed an unmodified opinion on those statements on May 17, 2019.

**Other Information**

The directors are responsible for the other information. The other information comprises the Corporate Data, Commentary of the Directors, Corporate Governance Report, Directors' Statement of Compliance with National Code of Corporate Governance and Certificate from the Secretary but does not include the financial statements and our auditors' report thereon.

***Independent Auditors' report to the shareholder of IL&FS INVESTMENT ADVISORS LLC***

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**Report on the Audit of the Financial Statements (Continued)****Other Information (Continued)**

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 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 the requirements of the Mauritius Companies Act 2001 applicable to a company holding of a Category 1 Global Business Licence, as described in note 2(a) to the financial statements and 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditors' 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 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.

***Independent Auditors' report to the shareholder of IL&FS INVESTMENT ADVISORS LLC***

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**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

- 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 the directors.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.
- 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, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- we have no relationship with, or any interest in, the Company other than in our capacity as auditors;
- 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 it appears from our examination of those records.

**Financial Reporting Act Circular Letter CL280218**

Our responsibility under the Financial Reporting Act Circular Letter CL280218 is to report on the compliance with the Code of Corporate Governance disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has complied with the requirements of the Code.

***Independent Auditors' report to the shareholder of IL&FS INVESTMENT ADVISORS LLC***

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**Use of report**

This report is made solely for the Company's shareholders, 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 shareholders those matters we are required to state to the shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



**HLB Appavoo & Associates**  
***Public Accountants and management consultants***  
*Port Louis, Mauritius*



**B. Sehzad H Bauboo, FCCA**  
***Reporting partner***  
*Licensed by Financial Reporting Council*

Date: 19 May 2020

# IL&FS INVESTMENT ADVISORS LLC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

		Year ended 31 March 2020 USD	Year ended 31 March 2019 USD
<b>INCOME</b>			
Management and advisory fees	5	1,106,040	4,502,487
Interest income	5	376,576	182,041
Fee income	5	20,982	25,966
Other income	5	30,518	2,051
		<u>1,534,116</u>	<u>4,712,545</u>
Movement in impairment loss	11	57,470	755,013
		<u>1,591,586</u>	<u>5,467,558</u>
<b>EXPENSES</b>			
Strategic advisory fees	6	2,802,391	4,103,743
Other expenses		494,576	184,199
Legal and professional fees		68,362	88,603
Staff costs		52,676	497,978
Depreciation		287	286
Amortisation of intangible assets	9	-	1,226,107
		<u>3,418,292</u>	<u>6,100,916</u>
<b>Loss before taxation</b>		<b>(1,826,706)</b>	<b>(633,358)</b>
Taxation	7	-	-
<b>Total comprehensive income for the year</b>		<b><u>(1,826,706)</u></b>	<b><u>(633,358)</u></b>

The notes on pages 24 to 61 form an integral part of these financial statements.

# IL&FS INVESTMENT ADVISORS LLC

## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2020

	Notes	31 March 2020 USD	31 March 2019 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	8	2,004	2,004
Investment in subsidiary	9	500	500
Plant and equipment	10	119	406
<b>Total non-current assets</b>		<b>2,623</b>	<b>2,910</b>
<b>Current assets</b>			
Trade and other receivables	11	59,926	340,652
Fixed deposits	12	3,700,000	2,500,000
Cash and cash equivalents	12	8,861,347	11,928,809
Tax Assets	7	17,483	17,483
<b>Total current assets</b>		<b>12,638,756</b>	<b>14,786,944</b>
<b>Total assets</b>		<b>12,641,379</b>	<b>14,789,854</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	13	57,001	57,001
Redeemable preference shares	14	250,999	250,999
Retained earnings		12,115,296	13,942,002
<b>Total equity</b>		<b>12,423,296</b>	<b>14,250,002</b>
<b>Non-current liabilities</b>			
Provisions for end of service gratuity	15	-	202,228
<b>Total non-current liabilities</b>		<b>-</b>	<b>202,228</b>
<b>Current liabilities</b>			
Trade and other payables	16	218,083	337,624
<b>Total current liabilities</b>		<b>218,083</b>	<b>337,624</b>
<b>Total equity and liabilities</b>		<b>12,641,379</b>	<b>14,789,854</b>

Approved by the Board of Directors and authorised for issue on **19 May 2020** and signed on its behalf by:



Director



Director

The notes on pages 24 to 61 form an integral part of these financial statements.



# IL&FS INVESTMENT ADVISORS LLC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Stated Capital USD	Redeemable Preference Shares USD	Retained Earnings USD	Total USD
As at 1 April 2018		57,001	250,999	16,387,843	16,695,843
Adjustment on adoption of IFRS 9, net of tax		-	-	(812,483)	(812,483)
Adjusted balance at 1 April 2018		<u>57,001</u>	<u>250,999</u>	<u>15,575,360</u>	<u>15,883,360</u>
Total comprehensive income for the year		-	-	(633,358)	(633,358)
Dividends	19	-	-	(1,000,000)	(1,000,000)
As at 31 March 2019		<u>57,001</u>	<u>250,999</u>	<u>13,942,002</u>	<u>14,250,002</u>
<b>As at 1 April 2019</b>		<b>57,001</b>	<b>250,999</b>	<b>13,942,002</b>	<b>14,250,002</b>
 Total comprehensive income for the year		 -	 -	 (1,826,706)	 (1,826,706)
<b>As at 31 March 2020</b>		<u><b>57,001</b></u>	<u><b>250,999</b></u>	<u><b>12,115,296</b></u>	<u><b>12,423,296</b></u>

The notes on pages 24 to 61 form an integral part of these financial statements.

# IL&FS INVESTMENT ADVISORS LLC

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year ended 31 March 2020 USD	Year ended 31 March 2019 USD
<b>Cash flows from operating activities</b>			
Loss after taxation		(1,826,706)	(633,358)
Movement in expected credit loss		(57,470)	(755,013)
Amortisation of intangible assets	9	-	1,226,107
Depreciation		287	286
Credit balances written off		-	(2,051)
Provision for staff end of service gratuity		(202,228)	24,513
Taxation		-	-
<b>Working capital adjustments:</b>			
Decrease in trade and other receivables		338,196	9,665,973
Decrease in trade & other payables		(119,541)	(1,364,958)
<b>Net cash flow (used in)/ generated from operating activities</b>		<b>(1,867,462)</b>	<b>8,161,499</b>
<b>Cash flows from investing activities</b>			
Purchase of term deposit having maturity more than 3 months		(3,700,000)	(2,500,000)
Maturity of term deposit having maturity of more than 3 months		2,500,000	3,000,000
<b>Net cash (used in)/ generated from investing activities</b>		<b>(1,200,000)</b>	<b>500,000</b>
<b>Cash flows from financing activities</b>			
Payment of dividend		-	(1,000,000)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(1,000,000)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(3,067,462)</b>	<b>7,661,499</b>
Cash and cash equivalents at start		11,928,809	4,267,310
<b>Cash and cash equivalents as at end of year</b>	12	<b>8,861,347</b>	<b>11,928,809</b>

The notes on pages 24 to 61 form an integral part of these financial statements.



## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **1. GENERAL**

IL&FS Investment Advisors LLC (the “Company”) was incorporated in Mauritius under the Mauritius Companies Act 2001 on 31 January 2006 as a private company with liability limited by shares and holds a Global Business Licence issued by the Financial Services Commission (“FSC”). 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 at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius. The Company also has a branch office in Dubai International Financial Centre (“DIFC”). During the year under review, the Company’s branch office in Dubai Multi Commodity Centre (“DMCC”) has been fully liquidated and the branch office at DIFC is currently being liquidated.

The principal activity of the Company is to provide investment management services to Tara India Fund III, LLC (“Tara IIP”), Saffron India Real Estate Fund I (“SIREF I”) and the Special Purpose Vehicles of Tara III. During the year under review, the Company was providing investment management services to Investor India Realty Fund I LLC [previously known as IL&FS India Realty Fund LLC] (“Fund I”), Investor India Realty Fund II LLC [previously known as IL & FS India Realty Fund II LLC] (“Fund II”) and K2 Property Limited. (“K2”). The Company has terminated its management agreement with Fund I on 9 August 2019, Fund II on 6 January 2020 and with K2 on 23 October 2019.

The financial statements of the Company are presented in United States Dollars (“USD”).

#### **2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)**

In the current year, 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 2019.

##### **2.1 New and revised IFRSs applied for the current year**

There has been amendments and interpretations that have become effective for the current year. The Company has adopted the following new interpretation during the year:

##### ***IFRIC 23 Uncertainty over Income Tax Treatments***

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (CONTINUED)**

##### **2.1 New and revised IFRSs applied for the current year (continued)**

###### ***IFRIC 23 Uncertainty over Income Tax Treatments (continued)***

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for financial year beginning on 1 January 2019 that have a material impact on the Company.

##### **2.2 New standards, interpretations and amendments issued not yet effective**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

###### ***Definition of Material (Amendments to IAS 1 and IAS 8)***

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of ‘material’ which is quoted below from the final amendments

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (CONTINUED)**

##### **2.2 New standards, interpretations and amendments issued not yet effective (continued)**

###### ***Amendments to References to Conceptual Framework in IFRS Standards***

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date.

The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change in respect to the changes brought to the conceptual framework.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently over the periods presented except as disclosed in note 2.

##### ***(a) Basis of preparation and statement of compliance***

The Company is the holder of a Global Business Licence and in accordance with the Fourteenth Schedule of the Mauritius Companies Act, the Company may avail of the exemption from consolidation for companies holding a Global Business Licence as it is a wholly owned subsidiary of a company.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

##### *(a) Basis of preparation and statement of compliance (continued)*

The Company has a 100% interest in Saffron Investment Trust, represented by SANNE Trustees and in accordance with International Financial Reporting Standards is required to present consolidated financial statements. In accordance with the Fourteenth Schedule of the Mauritius Companies Act, Section 12, the Company may not prepare group financial statements as it is a wholly owned subsidiary of another company and, in accordance with Section 211 of the Mauritius Companies Act, Content and form of financial statements, these financial statements present the financial position, financial performance and cash flow of the Company.

Because the Company is a holder of a Global Business Licence and is a wholly owned subsidiary of another company, these financial statements are prepared in accordance with Mauritius Companies Act which allows the use of International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board (IASB), except for the standard applicable to Consolidated Financial Statements (IFRS 10).

The financial statements have been prepared on a historical cost except for financial assets measured at fair value through profit or loss and the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

##### *(b) Basis of measurement*

The financial statements have been prepared on the going concern basis using the historical cost convention except for financial assets which are measured at fair value through profit or loss under IFRS 9.

##### *(c) Critical accounting estimates and assumptions*

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Critical accounting estimates and judgements are further disclosed in Note 4.

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

##### *(d) Investments in subsidiary*

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or currently convertible are considered when assessing whether the Company controls another entity.

Investment in a subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investments is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Because the Company is a holder of a Global Business Licence and is a wholly owned subsidiary of another company, these financial statements are prepared in accordance with Mauritius Companies Act which allows the use of International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board (IASB), except for the standard applicable to Consolidated Financial Statements (IFRS 10).

##### *(e) Plant and equipment*

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is charged so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method as follows:

Category of Asset	Estimated Useful Life (in years)
Motor vehicles	4
Furniture	3-5
Office equipment	2-5
Computer equipment	3-5

At each reporting date, the Company reviews the carrying amounts of its plant and equipment to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

##### *(e) Plant and equipment (continued)*

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

##### *(f) Foreign currencies*

- *Functional and presentation currency*

The financial statements are presented in USD which is also the currency of the primary economic environments in which the Company operates, ("functional currency"). The Dubai branch is autonomous and the functional currency is the United Arab Emirates Dirhams ("AED"). At end of each reporting period, monetary items in AED are translated into the presentation currency, USD, using a pegged exchange rate of 3.67.

- *Transaction and balances*

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Transactions during that period are retranslated at the average rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

##### *(g) Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### *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 of items of income or expense that are taxable or deductible in other years and 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 by the end of the reporting period.

##### *Deferred tax*

Deferred tax is recognised on temporary 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. 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.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

##### *(g) Taxation (continued)*

##### *Deferred tax (continued)*

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

##### *(h) Revenue recognition*

The Company recognises revenue primarily from management fees and performance fees. Revenue is measured based on the consideration specified in a contract with customer. The Company recognises revenue when it provides the service to a customer.

The five step model for revenue recognition is as follows:

- Identify the contract with customers;
- Identify the performance obligations in the contract;
- Determine the transaction price of the contract;
- Allocate the transaction price to each performance obligations in the contracts; and
- Recognise revenue as each performance obligation is satisfied.

##### *Management fees and incentive fees*

Management/advisory fees, fee income and other income are recognised on the accrual basis unless collectability is in doubt. Revenue from material contracts is recognised at the contractual rates. The management/advisory fees are calculated based on the terms specified in the management agreements and advisory agreements.

##### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

*(i) Expense recognition*

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

*(j) Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

*(k) Employee benefits*

*(i) Short term employee benefits*

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of a past service provided by the employee and the obligation can be estimated reliably.

*(ii) Staff end-of-service benefits*

Provision is made for end-of-service gratuity payable to the staff employed in Dubai at the reporting date in accordance with the local labor laws in Dubai. This is in relation to the benefits paid by the Dubai branch to its employees when the latter leave after successfully completing the stipulated years of service in the employment contract.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

##### *(l) Financial instruments*

##### *(i) Recognition and measurement*

The Company initially recognises trade receivables when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### *(ii) Classification and subsequent measurement*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

*(l) Financial instruments*

*(ii) Classification and subsequent measurement (continued)*

The Company classifies its financial assets as:

- Financial assets measured at FVTPL: Investments
- Financial assets measured at amortised cost: cash and cash equivalent, fixed deposits, trade and other receivables.

*Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- these include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

The Company has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents, fixed deposits and other receivables. These financial assets are held to collect contractual cash flows; and
- Other business model: this includes equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

(i) *Financial instruments (continued)*

(ii) *Classification and subsequent measurement (continued)*

*Assessment whether contractual cash flows are solely payments of principal and interest (“SPPI”)*

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

(i) *Financial instruments (continued)*

(ii) *Classification and subsequent measurement (continued)*

*Financial assets: Subsequent measurement*

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Cash and cash equivalents and other receivables are included under this category.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

This category includes all financial liabilities, at amortised cost. The Company includes in this category trade and other payables. These are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iii) *Amortised cost measurement*

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(iv) *Fair value measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

(l) *Financial instruments (continued)*

(iv) *Fair value measurement (continued)*

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable input and minimize the use of unobservable input. The chosen valuation technique incorporates all of the factors that market participant would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. The fair value of the financial instruments that are not traded in active markets is determined by using valuation techniques. The Company has used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the reporting date.

(v) *Derecognition*

##### *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss and other comprehensive income. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(l) Financial instruments (continued)*

*(vi) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

There is no offsetting of financial instruments applied as on reporting in the statement of financial position.

*(vii) Impairment of assets*

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if its repayment terms has lapsed.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company considers a financial asset to have low credit risk when the amount receivable is with related parties.

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) *Financial instruments (continued)*

(vii) *Impairment of assets (continued)*

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; and
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

##### *Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.



## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

*(l) Financial instruments (continued)*

*(vii) Impairment of assets (continued)*

##### *Non-derivative financial assets*

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

##### *Fair value measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

*(1) Financial instruments (continued)*

*(vii) Impairment of assets (continued)*

*Fair value measurement (continued)*

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable input and minimize the use of unobservable input. The chosen valuation technique incorporates all of the factors that market participant would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. The fair value of the financial instruments that are not traded in active markets is determined by using valuation techniques. The Company has used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the reporting date. For subsequent measurement of financial instruments, all changes in fair value other than interest and dividend income and expense, are recognised in profit or loss as part of ‘net gains or losses on financial assets at fair value through profit or loss’.

*Amortised cost measurement*

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability at initial recognition. When calculating the effective interest rate, the Company estimates the future cash flows considering all contractual terms of the financial instruments but not the future credit losses.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

##### *(m) Specific instruments*

##### *Cash and cash equivalents*

Cash and cash equivalents comprise of balance with bank that are subject to insignificant risk of changes in fair value and are used by the Company in the management of short term commitments. Cash flow statement is prepared using the indirect method.

##### *Stated capital and redeemable preference shares*

Stated capital are classified as equity. The redeemable preference shares are classified as equity as they are redeemable at the option of the Company and are measured at the present value of the redemption amounts.

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 recognised at the proceeds received, net of direct issue costs.

#### **4. CRITICAL 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ as a result of changes in these estimates.

Estimations, assumptions and judgements that have a significant effect on 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 during the year are dependent on the functional currency selected.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

##### *Determination of functional currency (Continued)*

The currency of primary economic environment in which the Dubai branch operates, (“functional currency”), is the United Arab Emirates dirham (“AED”). The directors consider USD as the currency which represents most faithfully the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results, as well as its prime transacting currency. It has, therefore, determined that the functional currency of the Company is USD.

##### *Going concern*

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

##### *Valuation of financial instruments*

The Company’s accounting policy on fair value measurement is discussed in note 3(m).

##### *Staff end-of-service gratuity*

The branch, which is as at 31 March 2020 under liquidation, gratuity due (2019: USD202,228) has been paid to the staff. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects. Refer to Note 3(k) for further details.

##### *Revenue recognition*

Management has assessed revenue classification based on the 5 step model and determined whether the revenue from various streams of income are recognised either over time or at a point in time. Refer to Note 5 for further details.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

##### *Measurement of expected credit losses (“ECL”)*

The Company applies the simplified approach to provide for ECLs for trade and other receivables and contract assets. The Company uses an allowance matrix to measure ECL of trade receivables from customers.

The Company segregates trade receivables into the following ageing buckets: 0-90 days, 91-120 days, 121-180 days and above 180 days. Receivables above 90 days are considered to be in default. Loss rates for each ageing buckets are calculated using a ‘roll rate’ method based of the probability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics. The Company segments its trade receivables into active funds and inactive funds. Loss rates for each ageing buckets are based on actual credit loss experience over the past three years.

The Company then uses an appropriate model to incorporate forward macro-economic factors into the historical loss rates and uses three scenarios (base case, best case and worse case with appropriate weightages) to derive a weighted average forward looking loss rate for each ageing bucket. The Company has considered macro-economic indicators for Mauritius and Dubai as forward looking economic conditions in the ECL calculation since most of its customers are in Mauritius and Dubai.

In respect of calculation of ECL on cash and cash equivalents, the Company uses published credit ratings for the relevant financial institutions from an internationally accredited rating agency to derive the probability of defaults to which appropriate models are applied to incorporate forward macro-economic factors and arrive at a forecasted probability of default. The Company uses a loss given default (LGD) percentage based on Basel Convention in its ECL calculations for cash and cash equivalents.

The Company considers the ECL on other receivables to be not material.

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 5. REVENUE

	2020 USD	2019 USD
Investment management fees	939,956	2,295,910
Incentive fees	166,084	1,714,286
Advisory income	-	492,291
<b>Total revenue from contract with customers</b>	<b>1,106,040</b>	<b>4,502,487</b>
Interest income	376,576	182,041
Fee income	20,982	25,966
Other income	30,518	2,051
<b>Total Revenue</b>	<b>1,534,116</b>	<b>4,712,545</b>

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

The Company is entitled to management fees and incentive fees once it provides the investment management services to the fund. As such, there is only one performance obligation for both streams of revenue. Due to the constraint factor, the performance fees has been split as it can only be recognised once the constraint is known.

During the year under review, there has been changes to the transaction price of the services provided for certain contracts. This has, however, not changed the performance obligation and the directors concluded that these changes did not give rise to new contracts.

New contracts have been assessed and the Directors have concluded that the nature and timing of the satisfaction of performance obligations in those contracts, including significant payment terms, and the related revenue recognition policies.

#### 6. STRATEGIC ADVISORY FEES

The Company has entered into an Advisory Agreement (the “AA”) with IL&FS Investment Managers Limited to provide services stated in the AA with respect to with Investor India Realty Fund I LLC [*previously known as IL&FS India Realty Fund LLC*] (“Fund I”), Investor India Realty Fund II LLC [*previously known as IL & FS India Realty Fund II LLC*] (“Fund II”) and Tara III. The AA with Fund I and Fund II has been terminated on 9 August 2019 and on 6 January 2020 respectively. In consideration of the services provided by the Investment Advisor, the Company pays quarterly advisory fees. The advisory fees for the year under review amounted to **USD2,802,391** (2019: USD3,880,000).

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **6. STRATEGIC ADVISORY FEES (CONTINUED)**

The Company has terminated its agreement with IIML Asset Advisors Limited (“IAAL”) to provide Advisory services in relation to SIREF and K2, effective as of 1 April 2019. The advisory fees for the year under review amounted to **Nil** (2019: USD223,743).

#### **7. TAXATION**

The Company holds a Category 1 Global Business License for the purpose of the Mauritius Financial Services Act 2007. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax (“Deemed tax credit”) on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of Shares.

Post 30 June 2021 and under the new tax regime, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Fund’s tax liability computed at 15% on such income, or (b) a partial exemption of 80% of the income of the Fund from tax in Mauritius subject to meeting all following conditions with the remaining 20% of the income to be subject to a 15% tax, resulting in effective tax rate on of 3%. The Company is entitled to a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company’s tax liability computed at 15% on such income subject to meeting certain conditions, which includes;

- a) The Company carries out its core income generating activities in Mauritius;
- b) The Company employs, directly or indirectly, an adequate number of suitably qualified persons to conduct its core income generating activities; and
- c) The Company incurs a minimum expenditure proportionate to its level of activities.

The Company will also need to demonstrate that its central management and control is in Mauritius.

# IL&FS INVESTMENT ADVISORS LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 7. TAXATION

#### (i) Tax expense

	2020	2019
	USD	USD
Current tax	-	-

#### (ii) Tax (asset)/liability

	2020	2019
	USD	USD
Balance at beginning of the year	(17,483)	(17,483)
Refund during the year	-	-
Payment during the year	-	-
Charge for the year	-	-
Balance at end of the year	<u>(17,483)</u>	<u>(17,483)</u>

At 31 March 2020, the Company had accumulated tax losses amounting to **USD3,211,461** (2019: USD2,147,278) and is therefore not liable to income tax.

The accumulated tax losses brought forward are valid as follows:

	Tax losses USD	No of years valid for	Expiry date
Year ended 31 March 2019	2,147,278	4	31 Mar 2024
Year ended 31 March 2020	3,211,461	5	31 Mar 2025
Total	<u>5,358,739</u>		

A deferred tax asset of USD803,811 has not been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that sufficient future taxable profit will be available against which the unused tax losses can be utilised.



## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 7. TAXATION

##### (iii) Tax reconciliation

	2020 USD	2019 USD
Loss before taxation	<u>(1,826,706)</u>	<u>(633,358)</u>
Tax rate at 15%	(274,006)	(95,004)
Unauthorised deductions	(207,713)	(227,088)
Deferred tax not recognised	<u>481,719</u>	<u>322,092</u>
Tax expense	<u>-</u>	<u>-</u>

#### 8. INVESTMENTS

Name of company	Country of Incorporation	% Holding	Principal activity	2020 USD	2019 USD
IL&FS India Realty Fund LLC	Mauritius	100% of the Class C shares	Fund	1,000	1,000
Tara India Fund III, LLC	Mauritius	100% of the Class C and Class D shares	Fund	2	2
IL & FS India Realty Fund II LLC	Mauritius	100% of the Class C shares	Fund	1,000	1,000
Tara Feeder Fund Limited	Jersey	2 Management shares	Fund	2	2
				<u>2,004</u>	<u>2,004</u>

The directors are of the opinion that cost reflects the best estimate of the fair value of the investments as at 31 March 2020 as they represent exit value. The shares are not redeemable, confer the holders voting rights in any members' meeting and shall not be entitled to distribution.

On winding up of the investee companies, the Company shall be entitled to receive its paid up capital only. The directors consider the nominal value of the shares to approximate their fair values. The Company's exposure from holding these investments is the management fee income that it has earned. Based on the above, the Company has no control over the above investee companies.

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 9. INVESTMENT IN SUBSIDIARY

	2020 USD	2019 USD
Investment in Saffron Investment Trust (the "Trust")	<u>500</u>	<u>500</u>

The remaining value represents the investment in subsidiary as at 31 March 2020 and is **USD500** (31 March 2019: USD500).

The Company is the sole beneficiary of the Saffron Investment Trust, represented by SANNE Trustees (the "Trust") which is established in Mauritius and the directors have assessed that the Company has control over the Trust. As explained in Note 3(a), the Company has availed of the exemption from consolidation in accordance with the Mauritius Companies Act.

The capital contribution, represent investment in subsidiary and is of indefinite life and is not subject to amortisation. During the year, the Company did not receive any distribution from the Trust (31 March 2019: Nil). The residual amount of contribution held in the Trust as at 31 March 2020 amounted to **USD500** (31 March 2019: USD500). The principal object of the Trust is to hold assets for the beneficiary.

#### 10. COMPUTER EQUIPMENT

	2020 USD	2019 USD
<b><u>AT COST</u></b>		
At year start	<u>39,667</u>	<u>39,667</u>
At year end	<u>39,667</u>	<u>39,667</u>
	2020 USD	2019 USD
<b><u>DEPRECIATION</u></b>		
At year start	39,261	38,975
Charge for year	<u>287</u>	<u>286</u>
At year end	<u>39,548</u>	<u>39,261</u>
<b><u>NET BOOK VALUE</u></b>	<u>119</u>	<u>406</u>

Following the liquidation of the Dubai Branch, all the plant and equipments of the branch, that is Office Equipment, Furniture and Motor Vehicles has been written down to zero.

# IL&FS INVESTMENT ADVISORS LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 11. (I) TRADE RECEIVABLES

	2020 USD	2019 USD
Branch trade receivable	-	215,956
Expected credit loss	<u>(57,470)</u>	<u>(57,470)</u>
	<u>(57,470)</u>	<u>158,486</u>

The receivable period is on average from 3 months to one year and no interest is charged on all trade receivables.

#### *Ageing of receivables*

	2020 USD	2019 USD
0-90 days	-	71,456
91-120 days	-	72,250
121-180 days	-	-
More than 180 days	<u>-</u>	<u>72,250</u>
	<u>-</u>	<u>215,956</u>

A reconciliation of the movements in the provision for impairment of trade receivables account is as follows:

	2020 USD	2019 USD
ECL recognised at year start	57,470	812,483
Reversal of Expected Credit Loss	<u>(57,470)</u>	<u>(755,013)</u>
ECL at year end	<u>-</u>	<u>57,470</u>

### 11. (II) OTHER RECEIVABLES

	2020 USD	2019 USD
Other receivables	49,755	154,500
Prepayments	<u>10,171</u>	<u>27,666</u>
	<u>59,926</u>	<u>185,005</u>
<b>Total Trade and Other Receivables</b>	<u><b>59,926</b></u>	<u><b>343,491</b></u>

Other receivables are unsecured, interest free and are repayable on demand.

The directors considered ECL on other receivables as not material.

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 12. CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS

	2020 USD	2019 USD
Fixed deposits*	8,500,000	11,250,000
Cash at bank	361,347	678,809
	<u>8,861,347</u>	<u>11,928,809</u>

\*Fixed deposits represent deposits having a maturity of less than 3 months from year end.

The Company also has a fixed deposit balance of **USD3,700,000** (2019: USD2,500,000) which represents deposits held with Absa Bank (Mauritius) Limited (*previously known as Barclays Bank Mauritius Limited*) for more than 3 months.

#### 13. STATED CAPITAL

	2020 USD	2019 USD
Balance at beginning of the year	57,001	57,000
Issue during the year	-	-
Balance at end of the year	<u>57,001</u>	<u>57,001</u>

The ordinary shares provide the rights to receive distribution and payments on winding up of the Company and voting rights. Each Ordinary Share of the Company entitles the holder the right to vote on any matter to be considered by the shareholders generally. All the Ordinary Shares are held by the holding company, IL&FS Investment Managers Limited, incorporated in India. The Company has issued 57,001 Ordinary Share of USD1 each to IL&FS Investment Managers Ltd on 26 April 2017 pursuant to the Scheme of Arrangement and Amalgamation between IIML and the Company.

#### 14. REDEEMABLE PARTICIPATING SHARES

	2020 USD	2019 USD
100,000 redeemable participating shares of USD0.01 each	1,000	1,000
24,999,900 redeemable participating shares—series I of USD0.01 each issued on 26 April 2017	249,999	249,999
	<u>250,999</u>	<u>250,999</u>

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 14. REDEEMABLE PARTICIPATING SHARES (CONTINUED)

The redeemable participating shares carry voting rights and are entitled to proceeds on redemption and distributions. As per the Company's Constitution, the redeemable participating shares are redeemable at the option of Company and are considered as equity. All the redeemable participating shares are held by the holding company, IL&FS Investment Managers Limited.

The Company has issued 24,999,900 Redeemable Participating Shares Series I of USD0.01 each to IL&FS Investment Managers Limited on 26 April 2017 pursuant to the Scheme of Arrangement and Amalgamation between IIML and the Company.

#### 15. PROVISIONS FOR END OF SERVICE GRATUITY

	2020	2019
	USD	USD
<b>Non-current liability</b>		
Provision for staff end of service gratuity	-	202,228

This provision is in relation to the staff end of service gratuity for the Company's branch at DIFC.

#### 16. (I) TRADE PAYABLES

	2020	2019
	USD	USD
Advisory fees payable to IIML Asset Advisors Ltd	-	43,523
	-	43,523

The advisory fees are payable quarterly in arrears to IL&FS Investment Managers Limited pursuant to an Advisory Agreement and the outstanding advisory fees do not carry any interest.

#### 16. (II) OTHER PAYABLES

	2020	2019
	USD	USD
Other payables	209,751	212,573
Other provisions - Branch	832	69,028
Audit fees accrued	7,500	12,500
	218,083	294,101

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 16. (II) OTHER PAYABLES (CONTINUED)

The amounts due are unsecured, interest free and payable on demand.

Total Trade and Other Payables	<u>218,083</u>	<u>337,624</u>
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#### 17. FINANCIAL RISK MANAGEMENT

##### 17.1 Introduction and Overview

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 Board of directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

The Company's investing activities expose it to various types of risks that are associated with the financial instruments and the markets in which it invests. The Company is mainly exposed to market risk, credit risk and liquidity risk.

This note presents information about the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

##### 17.2 Credit risk

Credit risk refers to the risk that 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.

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 17.2 Credit risk (continued)

###### *Exposure to credit risk*

The Company's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position. The risk on these exposures are summarised below:

	2020 USD	2019 USD
<b>ASSETS</b>		
Trade Receivables	-	158,486
Other receivables	49,755	154,500
Fixed deposits	3,700,000	2,500,000
Cash and cash equivalents	8,861,347	11,928,809
	<u>12,611,102</u>	<u>14,741,795</u>

The trade receivables consist of amounts owed to the Company from funds under its management/advisory and are bound to be recovered since the Company has investment management agreements /advisory agreements with such entities.

###### *Concentration of credit risk*

At the end of the year, the details of the trade receivables were as follows:

	2020	2019
Branch trade receivables	-	100%
	<u>-</u>	<u>100%</u>

The credit risk on the above amounts due is limited since the amounts owed to the Company are from funds under its management/advisory and are bound to be recovered since the Company has investment management agreements/advisory agreements with the above entities. The Company does not hold any collateral over these balances.

###### *Cash and cash equivalents*

Bank balances are kept in reputable financial institutions. The bank balance is currently held with Absa Bank (Mauritius) Limited (*previously known as Barclays Bank Mauritius Limited*), a reputable institution whose exposure to credit risk is considered minimal as it has a global scale deposits rating of Baa3/Prime-3 from Moody's.

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **17. FINANCIAL RISK MANAGEMENT (CONTINUED)**

##### *17.2 Credit risk (continued)*

###### *Expected Credit Loss assessment*

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. The Company uses an allowance matrix to measure the ECLs of trade receivables.

###### *Amounts arising from ECL*

Impairment on cash and cash equivalents and other receivables has been measured on a 12-month expected losses basis and reflects the short maturities of the exposures.

The Company considers that these exposures have low credit risk based on the fact the amounts are due from related parties.

The Company monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published ratings, the Company supplements this by reviewing available press and regulatory information about counterparties.

###### *Offsetting financial assets and financial liabilities*

The Company has not offset any financial assets and financial liabilities in the statement of financial position.

##### *17.3 Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company maintains sufficient cash to address any liquidity risk that may arise.

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.



# IL&FS INVESTMENT ADVISORS LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 17.3 Liquidity risk (continued)

##### *Maturity profile of financial liabilities*

2020	Up to 1 year USD	Total USD
<b>Non- interest bearing instruments:</b>		
<b>Trade and other payables</b>	<b>218,083</b>	<b>218,083</b>
	<b>218,083</b>	<b>218,083</b>
2019	Up to 1 year USD	Total USD
Non- interest bearing instruments:		
Trade and other payables	337,624	337,624
	337,624	337,624

#### 17.4 Market risk

‘Market risk’ is the risk that changes in market prices, such as interest rates, foreign exchange rates, equity prices and credit spreads (not relating to changes in the obligor’s/issuer’s credit standing) will affect the Company’s income or the fair value of its holdings of financial instruments.

##### *Foreign currency risk*

The Company’s financial assets and liabilities are denominated in USD and most transactions are made in USD. The Company receives management fee income from K2 Property Limited, a Euro fund in Euros on a half yearly basis in advance whilst the reporting currency of the Company is in USD. The transactions of the Dubai branch are undertaken in UAE Dirhams (“AED”). The Company is, therefore, exposed in movement of the USD/AED exchange rate.

	Financial Assets 2020 USD	Financial Liabilities 2020 USD	Financial Assets 2019 USD	Financial Liabilities 2019 USD
UAE Dirhams	11,689	832	468,658	69,028
Mauritian Rupee	7,537	-	4,957	-
US Dollars	12,589,356	217,251	14,307,093	568,596
Great Britain Pounds	-	-	-	-
Euro	14,695	-	3,214	-
Total	<b>12,623,277</b>	<b>218,083</b>	<b>14,783,922</b>	<b>637,624</b>

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 17.4 Market risk (continued)

###### *Foreign currency risk (continued)*

The exchange rate of AED is pegged to the USD at 3.67. Accordingly, the Company will not have any exposure to the fluctuations in exchange rates. As such, sensitivity analysis will not be disclosed.

Directors have set up a policy to require management of foreign exchange risk against their functional currency. The Company is required to cover its entire foreign exchange risk exposure. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. Foreign currency exposure arising from transaction in EUR and MUR are not material and hence, sensitivity not disclosed.

###### *Interest rate risk*

Interest income from bank deposits may fluctuate in amount, in particular due to changes in interest rates. However, the Company has entered into fixed deposit agreements with Absa Bank (Mauritius) Limited at fixed interest rates. ABSA is a reputable institution whose exposure to risk is considered minimal as it has a credit rating of P-1 from Moody's. The Company is not exposed to interest rate risk on its financial assets or liabilities. The interest rate profile of the Company's interest bearing financial instruments is as follows:

	2020 USD	2019 USD
<b>Fixed-rate instruments</b>		
Financial Assets	12,200,000	2,500,000
Financial Liabilities	-	-
	<u>12,200,000</u>	<u>2,500,000</u>
<b>Variable-rate instruments</b>		
Financial Assets	-	-
Financial Liabilities	-	-
	<u>-</u>	<u>-</u>

###### *Price risk*

The Company has invested in the management shares of Tara Feeder Fund Limited and other classes of shares in Fund I, Tara III and Fund II. The shares of the investee companies are held for strategic rather than trading purposes. Directors are of the view that the nominal amount reflects the fair value of the investments.

## IL&FS INVESTMENT ADVISORS LLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 17.5 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 redeemable participating shares, stated capital and retained earnings.

The Company is required to maintain an unimpaired capital of MUR1 million (approximately USD30,000) in accordance with the Securities Act 2005. The unimpaired capital of the Company at the reporting date was **USD12,410,721** (31 March 2019: USD14,250,002). Hence, the Company meets the requirement as established by the Securities Act 2005 and Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008.

##### 17.6 Fair values

The Company's financial assets and financial liabilities include fair value of investments through profit or loss, cash and cash equivalents, fixed deposits, trade and other receivables, and trade and other payables. The carrying amount of these approximates their fair values.

The classification of the financial assets and liabilities per IFRS 9 category are as follows:

<b>2020</b>	<b>Financial Assets at Amortised Cost USD</b>	<b>Fair Value through Profit or Loss USD</b>	<b>Total USD</b>
<b>Financial Assets:</b>			
<b>Fair Value through Profit or Loss</b>	-	2,004	2,004
<b>Cash and cash equivalents</b>	8,861,347	-	8,861,347
<b>Fixed deposits</b>	3,700,000	-	3,700,000
<b>Trade and other receivables</b>	59,926	-	59,926
<b>Total</b>	<b>12,621,273</b>	<b>2,004</b>	<b>12,623,277</b>
	<b>Financial Liabilities at Amortised Cost USD</b>	<b>Fair Value through Profit or Loss USD</b>	<b>Total USD</b>
<b>Financial Liabilities:</b>			
<b>Trade and other payables</b>	218,083	-	218,083
<b>Total</b>	<b>218,083</b>	<b>-</b>	<b>218,083</b>

# IL&FS INVESTMENT ADVISORS LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 17.6 Fair values (continued)

2019	Financial Assets at Amortised Cost USD	Fair Value through Profit or Loss USD	Total USD
Financial Assets:			
Fair Value through Profit or Loss	-	2,004	2,004
Cash and cash equivalents	11,928,809	-	11,928,809
Fixed deposits	2,500,000	-	2,500,000
Trade and other receivables	353,109	-	353,109
Total	<u>14,781,918</u>	<u>2,004</u>	<u>14,783,922</u>
	Financial Liabilities at Amortised Cost USD	Fair Value through Profit or Loss USD	Total USD
Financial Liabilities:			
Trade and other payables	337,624	-	337,624
Total	<u>337,624</u>	<u>-</u>	<u>337,624</u>

The table analyses financial instruments measured at fair value at the end of the reporting year by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>31 March 2020</b>				
<b>Fair Value through profit or loss</b>	<u>-</u>	<u>-</u>	<u>2,004</u>	<u>2,004</u>
<b>31 March 2019</b>				
Available for sale investments	<u>-</u>	<u>-</u>	<u>2,004</u>	<u>2,004</u>

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amount approximates fair value and hence no fair value hierarchy table has been disclosed.

**IL&FS INVESTMENT ADVISORS LLC**
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**
**17. RELATED PARTY TRANSACTIONS**

<b>Name of Related Party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>Volume of transaction 2020 USD</b>	<b>Volume of transaction 2019 USD</b>	<b>Balance at 2020 USD</b>	<b>Balance at 2019 USD</b>
SANNE Mauritius	Administrator, Secretary and Directorship	Professional fees (Including director fees)	43,982	55,876	2,326	2,701
IL&FS Investment Managers Limited	Shareholder/ Advisor	Advisory fees	2,802,391	3,880,000	-	-
		Other operating expenses	(2,819)	(28,595)	-	(12,847)
		Dividend paid	-	1,000,000	-	-
IIML Asset Advisors Limited	Advisor	Advisory fees	-	223,743	-	(43,523)
		Other operating expenses	-	299	-	(867)
Saffron Investment Trust	Beneficiary as per Trust's deed	Contribution from Trust	-	-	500	500
IL & FS Global Financial Service (ME) Limited	Fellow subsidiary	Other operating expenses	-	30,986	1,362	1,362
IL&FS Investment Advisors (Branch)	Branch	Head office	(11,257,154)	300,000	328,386	11,585,540
		Key Management Personnel *	-	258,835	-	149,698
IL&FS India Realty Fund LLC	Fund under management	Investment Management services	-	143,415	-	-
		Other receivables	-	2,266	1,516	3,475
IL & FS India Realty Fund II LLC	Fund under management	Management fees	893,750	1,882,480	-	-
		Other receivables	-	(22,188)	199	7,020
Tara India Fund III, LLC	Fund under management	Management fees	-	587,839	-	-
		Other receivables	-	(2,482)	1,695	11,355
K2 Property Limited	Fund under management	Management fees	99,566	1,330,066	-	3,214
Saffron India Real Estate Fund	Fund under management	Management fees	44,095	66,396	-	-
		Other receivables	-	3,132	-	-

## **IL&FS INVESTMENT ADVISORS LLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **18. RELATED PARTY TRANSACTIONS (CONTINUED)**

	<b>31 March 2020 USD</b>	<b>31 March 2019 USD</b>
<b>* Compensation of key management personnel payable</b>		
Post-employment benefits	-	(149,678)
(included in provision for staff end-of-service benefits)		

#### **19. DIVIDEND**

During the year, the Company has not declared any dividend to its Redeemable Participating Shareholder (2019: USD10 per redeemable participating share amounting to USD1,000,000).

#### **20. HOLDING COMPANY**

The directors regard IL&FS Investment Managers Limited, a company incorporated and listed in India as the Company's holding company.

#### **21. GOING CONCERN**

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### **22. EVENTS AFTER THE REPORTING DATE**

As at 31 March 2020, many cases of COVID-19 had been reported to the World Health Organisation. Following the subsequent spread of the virus, on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, and its subsequent spread, is considered as a non-adjusting subsequent event. The fair value of investments as at 31 March 2020 reflect the conditions known as at that date and do not factor in the effect of COVID-19 on those valuations. As at the date of this report, it is not possible to reliably estimate the financial effect of the virus on the Company's operations or fair value of investments.