

**Edelweiss Asset Management Limited**

Financial Statements  
together with Auditors' Report  
for the year ended 31 March 2018

# Edelweiss Asset Management Limited

## Financial Statements together with Auditors' Report

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# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF Edelweiss Asset Management Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Edelweiss Asset Management Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West)  
Mumbai - 400 028  
T: +91 (22) 66691500, F: +91 (22) 66547804 / 07

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity No: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)





# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

To the Members of Edelweiss Asset Management Limited

Report on the Financial Statements

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### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss and its cash flows for the year ended on that date.

### Other Matter

9. The financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 15, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.



# Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Edelweiss Asset Management Limited

Report on the Financial Statements

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- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its financial statements – Refer Note 29;
  - ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2018.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
Chartered Accountants



Arvind Daga  
Partner  
Membership Number 108290

Mumbai  
April 28, 2018



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Edelweiss Asset Management Limited on the financial statements as of and for the year ended March 31, 2018  
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### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Edelweiss Asset Management Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



# **Price Waterhouse Chartered Accountants LLP**

## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Edelweiss Asset Management Limited on the financial statements as of and for the year ended March 31, 2018

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### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
Chartered Accountants



Arvind Daga  
Partner  
Membership Number 108290

Mumbai  
April 28, 2018



# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Edelweiss Asset Management Limited on the financial statements as of and for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification was carried out by the Management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether the discrepancies, if any, have been properly dealt with in the books of account.  
  
(c) The Company does not own any immovable properties as disclosed in Note 2.8 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, income tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.  
  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax and goods and service tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.





## Price Waterhouse Chartered Accountants LLP

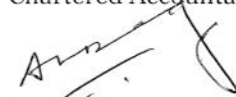
### Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Edelweiss Asset Management Limited on the financial statements as of and for the year ended March 31, 2018

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- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. According to the information and explanations given to us and the records of the Company examined by us, the Company has not paid/ provided for managerial remuneration as per the provisions of Section 197 read with Schedule V of the Act during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
Chartered Accountants



Arvind Daga  
Partner

Membership Number 108290

Mumbai  
April 28, 2018

# Edelweiss Asset Management Limited

## Balance Sheet

(Currency : Indian Rupees)

	Note	As at 31 March 2018	As at 31 March 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	700,000,000	678,750,000
(b) Reserves and surplus	4	420,006,717	459,922,902
		<u>1,120,006,717</u>	<u>1,138,672,902</u>
<b>Non-current liabilities</b>			
(a) Other Long term liabilities	5	6,300,000	-
(b) Long-term provisions	6	8,422,792	7,643,890
<b>Current liabilities</b>			
(a) Short-term borrowings	7	4,372,014	112,871,625
(b) Trade payables	8	-	-
Total outstanding dues of micro enterprises and small enterprises; and Total outstanding dues of creditors other than micro enterprises and small enterprises		146,327,054	72,613,156
(c) Other current liabilities	9	62,207,721	43,947,981
(d) Short-term provisions	10	1,289,000	6,082,000
<b>TOTAL</b>		<u><u>1,348,925,298</u></u>	<u><u>1,381,831,554</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	11		
(i) Property, plant and equipments		23,527,964	8,249,487
(ii) Intangible assets		440,138,123	559,719,273
(b) Non-current investments	12	110,616,755	121,300,000
(c) Deferred tax assets (Net)	13	-	-
(d) Long-term loans and advances	14	68,475,255	39,639,943
		<u>642,758,097</u>	<u>728,908,703</u>
<b>Current assets</b>			
(a) Current investments	15	413,703,563	418,805,302
(b) Trade receivables	16	105,816,791	65,041,952
(c) Cash and bank balances	17	62,418,855	5,904,162
(d) Short-term loans and advances	18	124,227,992	163,171,435
		<u>706,167,201</u>	<u>652,922,851</u>
<b>TOTAL</b>		<u><u>1,348,925,298</u></u>	<u><u>1,381,831,554</u></u>

The accompanying notes are an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm Registration No. 012754N / N500016



Arvind Daga

Partner

Membership No: 108290



Radhika Gupta

Chief Executive Officer

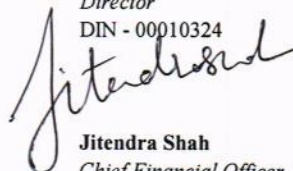
For and on behalf of the Board of Directors



Anurag Madan

Director

DIN - 00010324



Jitendra Shah

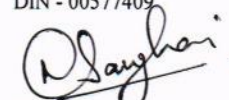
Chief Financial Officer



Kanu Doshi

Director

DIN - 00577409



Nirav Sanghavi

Company Secretary

Mumbai

28 April 2018

Mumbai

27 April 2018

# Edelweiss Asset Management Limited

## Statement of Profit and Loss

(Currency : Indian Rupees)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Revenues</b>			
Revenue from operations	19	488,520,602	290,733,808
Other income	20	50,060,502	37,593,488
<b>Total Revenue</b>		<b>538,581,104</b>	<b>328,327,296</b>
<b>Expenses</b>			
Employee benefits expense	21	214,081,631	138,703,175
Finance costs	22	11,637,166	2,963,480
Depreciation and amortization expenses	11	126,919,924	46,283,808
Other expenses	23	374,492,849	206,196,682
<b>Total expenses</b>		<b>727,131,570</b>	<b>394,147,145</b>
<b>Loss before tax</b>		<b>(188,550,466)</b>	<b>(65,819,849)</b>
<b>Tax expense:</b>			
Current tax		-	-
Short / (excess) provision for earlier years		115,719	-
<b>Loss for the year</b>		<b>(188,666,185)</b>	<b>(65,819,849)</b>
<b>Loss per equity share (face value of Rs. 10 each)</b>	26		
Basic and diluted		(2.78)	(1.05)

The accompanying notes are an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm Registration No. 012754N / N500016

Arvind Daga

Partner

Membership No: 108290

Radhika Gupta

Chief Executive Officer

For and on behalf of the Board of Directors

Anurag Madan

Director

DIN - 00010324

Jitendra Shah

Chief Financial Officer

Kanu Doshi

Director

DIN - 00577409

Nirav Sanghavi

Company Secretary

Mumbai

25 April 2018

Mumbai

27 April 2018



# Edelweiss Asset Management Limited

## Cash Flow Statement

(Currency : Indian Rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A Cash flow from operating activities</b>		
Loss before tax	(188,550,466)	(65,819,849)
<i>Adjustments for</i>		
Depreciation and amortisation expense	126,919,924	46,283,808
Profit on sale of current and non-current investments	(48,729,672)	(34,982,616)
Loss / (Profit) on sale/write-off of fixed assets	276,983	27,046
Diminution in value of current and non-current investments	-	5,196
Interest income	(1,329,651)	(2,576,659)
Interest expense	11,504,924	2,917,566
<b>Operating cash flow before working capital changes</b>	<b>(99,907,958)</b>	<b>(54,145,508)</b>
<i>Changes in working capital</i>		
(Increase) / decrease in trade receivables	(40,774,839)	(45,118,204)
(Increase) / decrease in loans and advances	40,458,793	(134,964,676)
Increase / (decrease) in liabilities and provisions	94,223,696	64,691,351
<b>Cash (used in) operations</b>	<b>(6,000,308)</b>	<b>(169,537,037)</b>
Taxes paid (net of refunds)	(30,466,380)	(22,902,757)
<b>Net cash (used in) operating activities - A</b>	<b>(36,466,688)</b>	<b>(192,439,794)</b>
<b>B Cash flow from investing activities</b>		
Inter corporate deposits redeemed	-	42,000,000
Purchase of tangible and intangible assets	(23,468,136)	(606,414,978)
Proceeds from sale of tangible and intangible assets	573,902	-
Purchase of current and non-current investments	(1,719,194,649)	(1,708,046,878)
Proceeds from Sale/redemption of current and non-current investments	1,783,709,304	1,725,398,362
Interest received	1,329,651	2,576,659
<b>Net cash (used in) / generated from investing activities - B</b>	<b>42,950,072</b>	<b>(544,486,835)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital including securities premium account	170,000,000	630,000,000
Proceeds from short term borrowings (net) (refer note 1)	(108,499,611)	104,309,858
Interest paid	(11,469,080)	(2,559,788)
<b>Net cash generated from financing activities - C</b>	<b>50,031,309</b>	<b>731,750,070</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>56,514,693</b>	<b>(5,176,559)</b>
Cash and cash equivalents as at the beginning of the year	5,904,162	11,080,721
Cash and cash equivalents as at the end of the year (Refer note 17)	62,418,855	5,904,162

Note:

1 Net figures have been reported on account of volume of transactions.

This is the cash flow statement referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm Registration No. 012754N / N500016



Arvind Daga

Partner

Membership No: 108290



Radhika Gupta

Chief Executive Officer

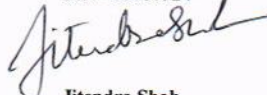
For and on behalf of the Board of Directors



Anurag Madan

Director

DIN - 00010324



Jitendra Shah

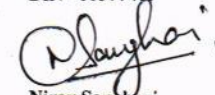
Chief Financial Officer



Kanu Doshi

Director

DIN - 00577409



Nirav Sanghavi

Company Secretary

Mumbai

28 April 2018

Mumbai

27 April 2018

# Edelweiss Asset Management Limited

## Notes to the financial statements

### 1. *Background*

Edelweiss Asset Management Limited ('the Company') was incorporated on 23 August 2007 as a private limited company. With effect from 18 January 2008, the Company converted itself into public limited company.

The Company is a subsidiary of Edelweiss Financial Services Limited and is incorporated as an asset management company. The Company is registered with the Securities and Exchange Board of India ('SEBI') to act as an investment manager to the Edelweiss Mutual Fund ('the fund').

### 2. *Significant accounting policies*

#### 2.1 *Basis of preparation of financial statements*

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7(1) of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

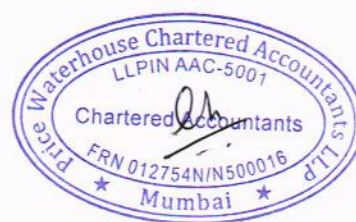
All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division I) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

#### 2.2 *Use of estimates*

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported revenue and expense during the reporting period. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 2.3 *Revenue recognition*

- Revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the services and are recognised net of service tax / goods and service tax.
- Management fees is recognised, net of service tax / goods and service tax on an accrual basis in accordance with the Investment Management Agreement with Edelweiss Mutual Fund ('the Fund') based on average assets under management (AUM) and complies with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

### 2.3 Revenue recognition (continued)

- Interest income is recognised on accrual basis.
- Profit/loss on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investment sold.

### 2.4 Fixed assets and depreciation/amortisation

#### *Property, plant and equipments*

Property, plant and equipments are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost of fixed assets comprises purchase price and directly attributable cost of bringing the asset to the location and condition for its intended use.

Property, plant and equipments are derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation is provided on written down value basis from the date the asset is put to use or ready for its intended use, whichever is earlier. In respect of asset sold, depreciation is provided upto the date of disposal.

As per the requirement of Schedule II of the Act, the Company has evaluated the estimated useful lives of the respective fixed assets which is as per the provisions of Part C of the Schedule II for calculating the depreciation. The useful life of the fixed assets is as follows:

Nature of assets	Estimated Useful Life
Furniture and fittings	10 years
Motor vehicles	8 years
Office equipments	5 years
Computers and data processing units - servers and networks	6 years
Computers and data processing units - end user devices, such as desktops, laptops, etc.	3 years

Leasehold improvements are amortised on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is earlier.

#### *Intangible assets*

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Intangibles such as software is amortised over a period of 3 years or its estimated useful life, whichever is shorter.

The amortisation of intangible asset representing consideration paid towards acquisition of rights to operate, administer and manage the schemes of mutual fund is done equally over a period of 5 years.





# Edelweiss Asset Management Limited

## Notes to the financial statements (*continued*)

### 2.5 *Investments*

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investment. In case of investment in schemes of mutual funds, the net asset value of units declared by the mutual fund is considered as the fair value.

### 2.6 *Foreign currency transactions*

On initial recognition, foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

### 2.7 *Impairment of assets*

The Company assesses at the balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

### 2.8 *Employee benefits*

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (revised 2005), is set out below:

#### *Provident fund*

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the statement of profit and loss.





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

### 2.8 Employee benefits (continued)

#### *Gratuity*

The Company's gratuity scheme is a defined benefit plan in accordance with the Payment of Gratuity Act, 1972. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Changes in the present value of defined obligation resulting from plan amendments or curtailments are recognised in the statement of profit and loss as past service cost.

Benefits in respect of gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

#### *Compensated absences*

The eligible employees of certain companies of the Group are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Group recognises the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits are determined using the projected unit credit method.

#### *Deferred bonus*

The Company has adopted a Deferred Bonus Plan under its Deferred Variable Compensation Plan. A pool of identified senior employees of the Company is entitled for benefits under this plan. Such deferred compensation will be paid in a phased manner over a future period of time. The measurement for the same has been based on actuarial assumptions and principles. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

### 2.9 Current and deferred tax

Income tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income-Tax Act, 1961) and deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

#### *Current tax*

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

### 2.9 Current and deferred tax (continued)

#### *Deferred tax*

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised to the extent there is a virtual certainty of realisation of these assets. Deferred tax assets are reviewed as at the balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

#### *Minimum Alternative Tax (MAT) credit*

MAT credit asset is recognized where there is convincing evidence that the asset can be realized in future. MAT credit assets are reviewed as at the balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

### 2.10 Mutual fund expenses

Expenses incurred in relation to schemes of Edelweiss Mutual Fund ('the Fund') are recognised in the statement of profit and loss unless considered recoverable from schemes of the Fund in accordance with provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

### 2.11 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – "Earnings Per Share". Basic earnings per share is computed by dividing the net profit or loss after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### 2.12 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.





# Edelweiss Asset Management Limited

## Notes to the financial statements (*continued*)

### 2.13 *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

### 2.14 *Provisions and contingencies*

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

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

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
<b>3 Share capital</b>		
Authorised :		
70,000,000 (Previous year: 70,000,000) equity shares of Rs. 10 each	700,000,000	700,000,000
Issued, subscribed and paid up:		
70,000,000 (Previous year: 67,875,000) equity shares of Rs. 10 each, fully paid-up	700,000,000	678,750,000
<b>Total</b>	<b>700,000,000</b>	<b>678,750,000</b>

**a) Terms/rights attached to equity shares:**

The Company has only one class of equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b) Reconciliation of the shares outstanding at the beginning and at the end of the year:**

	31 March 2018		31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
<i>Equity shares:</i>				
Outstanding as at the beginning of the year*	67,875,000	678,750,000	60,000,000	600,000,000
Shares issued during the year**	2,125,000	21,250,000	7,875,000	78,750,000
Outstanding as at the end of the year	70,000,000	700,000,000	67,875,000	678,750,000

\* - During FY 2014-2015 the Company has issued 15,000,000 equity shares as bonus in the ratio 1:3 by utilising capital redemption reserve.

\*\* - During the year, the Company has issued 2,125,000 (Previous year: 7,875,000) equity shares of Rs. 10 each at premium of Rs.70 per shares.

	31 March 2018		31 March 2017	
	No. of Shares	%	No. of Shares	%
<b>c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates:</b>				
Edelweiss Financial Services Limited, the holding company and its nominees	65,939,250	94.20%	63,937,500	94.20%
Ecap Equities Limited	4,060,750	5.80%	3,937,500	5.80%
<b>Total</b>	<b>70,000,000</b>	<b>100%</b>	<b>63,937,500</b>	<b>100%</b>

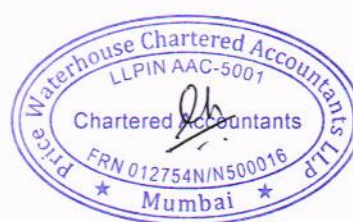
**d) Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company:**

	31 March 2018		31 March 2017	
	No. of Shares	%	No. of Shares	%
Edelweiss Financial Services Limited, the holding company and its nominees	65,939,250	94.20%	63,937,500	94.20%
Ecap Equities Limited	4,060,750	5.80%	3,937,500	5.80%
<b>Total</b>	<b>70,000,000</b>	<b>100%</b>	<b>63,937,500</b>	<b>100%</b>

e) The Company bought back 15,000,000 equity shares of Rs. 10 each at a price of Rs. 15.29 per share in financial year 2012-2013.

**4 Reserves and surplus**

Securities premium account	721,900,000	170,650,000
Add : Additions during the year (refer note 3)	148,750,000	551,250,000
	870,650,000	721,900,000
Deficit in the statement of profit and loss		
Opening balance	(261,977,098)	(196,157,249)
Add: Loss for the year	(188,666,185)	(65,819,849)
	(450,643,283)	(261,977,098)
<b>Total</b>	<b>420,006,717</b>	<b>459,922,902</b>



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
<b>5 Other long term liabilities</b>		
Others		
Lease equalisation (refer note 32)	6,300,000	-
	<u>6,300,000</u>	<u>-</u>
<b>6 Long-term provisions</b>		
Provision for employee benefits		
Gratuity (refer note 27)	7,332,792	6,612,890
Compensated leave absences	1,090,000	1,031,000
<b>Total</b>	<u>8,422,792</u>	<u>7,643,890</u>
<b>7 Short-term borrowings</b>		
<u>Unsecured</u>		
(Due within one year, unless otherwise stated)		
Loans and advances from related parties (repayable at variable rates of interest)	4,372,014	112,871,625
<b>Total</b>	<u>4,372,014</u>	<u>112,871,625</u>
<b>8 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises; and (refer note 31)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	146,327,054	72,613,156
<b>Total</b>	<u>146,327,054</u>	<u>72,613,156</u>
<b>9 Other current liabilities</b>		
Interest accrued and due on borrowings	558,499	522,655
Other payables		
Accrued salaries and benefits	45,165,424	32,917,061
Withholding tax, service tax and other taxes payable	12,746,370	8,715,017
Retention money payable	1,130,727	33,629
Others	2,606,701	1,759,619
<b>Total</b>	<u>62,207,721</u>	<u>43,947,981</u>
<b>10 Short-term provisions</b>		
Provision for employee benefits		
Gratuity (refer note 27)	1,000,000	1,000,000
Compensated absences	289,000	255,000
Deferred bonus	-	4,827,000
<b>Total</b>	<u>1,289,000</u>	<u>6,082,000</u>





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

### 11 Fixed assets

Description of Assets	Gross Block			Depreciation		Net Block As at 31 March 2018
	As at 1 April 2017	Additions during the year	Deductions during the year	As at 31 March 2018	Charge for the year	As at 31 March 2018
<b>Property, plant and equipments</b>						
Leasehold improvements	601,965	11,276,564	-	11,878,529	661,897	11,126,872
Furniture and Fittings	377,490	1,711,071	-	2,088,561	197,085	1,807,440
Motor vehicles	5,981,112	562,206	3,514,574	3,028,744	599,441	1,249,890
Office equipments	1,564,101	1,567,361	705,190	2,426,272	374,411	1,624,901
Computers	9,862,462	7,087,701	636,313	16,313,850	4,242,707	7,718,861
<b>Total : A</b>	<b>18,387,130</b>	<b>22,204,903</b>	<b>4,856,077</b>	<b>35,735,956</b>	<b>6,075,541</b>	<b>23,527,964</b>
<b>Intangible assets</b>						
Computer software	6,442,027	1,263,233	-	7,705,260	844,383	1,891,548
Rights acquired for management of MF schemes	600,000,000	-	-	600,000,000	120,000,000	438,246,575
<b>Total : B</b>	<b>606,442,027</b>	<b>1,263,233</b>	<b>-</b>	<b>607,705,260</b>	<b>120,844,383</b>	<b>440,138,123</b>
<b>Grand Total [A+B]</b>	<b>624,829,157</b>	<b>23,468,136</b>	<b>4,856,077</b>	<b>643,441,216</b>	<b>126,919,924</b>	<b>463,666,087</b>



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

### 11A Fixed assets

Description of Assets	Gross Block			Depreciation			Net Block As at 31 March 2017
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	Charge for the year	Deductions during the year	As at 31 March 2017
<b>Property, plant and equipments</b>							
Leasehold improvements	-	601,965	-	601,965	89,760	-	512,205
Furniture and Fittings	72,856	317,573	12,939	377,490	63,491	936	293,454
Motor vehicles	5,981,112	-	-	5,981,112	974,435	-	2,092,146
Office equipments	1,135,018	451,403	22,320	1,564,101	288,550	19,145	470,625
Computers	6,706,304	3,586,689	430,531	9,862,462	2,485,606	418,662	4,881,057
<b>Total : A</b>	<b>13,895,290</b>	<b>4,957,630</b>	<b>465,790</b>	<b>18,387,130</b>	<b>3,901,842</b>	<b>438,743</b>	<b>8,249,487</b>
<b>Intangible assets</b>							
Computer software	4,984,679	1,457,348	-	6,442,027	628,541	-	1,472,698
Rights acquired for management of MF schemes	-	600,000,000	-	600,000,000	41,753,425	-	558,246,575
<b>Total : B</b>	<b>4,984,679</b>	<b>601,457,348</b>	<b>-</b>	<b>606,442,027</b>	<b>42,381,966</b>	<b>-</b>	<b>559,719,273</b>
<b>Grand Total [A+B]</b>	<b>18,879,969</b>	<b>606,414,978</b>	<b>465,790</b>	<b>624,829,157</b>	<b>46,283,808</b>	<b>438,743</b>	<b>567,968,760</b>





# Edelweiss Asset Management Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 12 Non-current investments

#### Other investments (unquoted)

##### Investments in equity instruments of other companies (fully paid up)

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
MF Utilities India Private Limited	1	500,000	500,000	1	500,000	500,000
			<u>500,000</u>			<u>500,000</u>

##### Investments in mutual funds

Edelweiss Dynamic Bond Fund - Direct Plan - Growth Plan (formerly Edelweiss Bond Fund)	10	275,200	5,000,000	10	275,200	5,000,000
Edelweiss Liquid Fund - Direct - Growth Plan	1,000	2,445	5,000,000	10	244,512	5,000,000
Edelweiss Arbitrage Fund - Direct Plan - Growth Plan	10	500,000	5,000,000	10	500,000	5,000,000
Edelweiss Balanced Advantage Fund - Direct Plan - Growth (formerly Edelweiss Absolute Return Equity Fund)	10	283,621	5,000,000	10	283,621	5,000,000
Edelweiss Large Cap Fund - Direct Plan - Growth (formerly Edelweiss Top 100 Fund)	10	156,400	3,777,947	10	206,991	5,000,000
Edelweiss Long Term Equity Fund (Tax savings) - Direct Plan Growth (formerly Edelweiss ELSS Fund)	10	150,643	5,000,000	10	150,643	5,000,000
Edelweiss Mid Cap Fund - Direct Plan - Growth (formerly Edelweiss Mid and Small Cap Fund)	10	238,857	5,000,000	10	238,857	5,000,000
Edelweiss Multi-asset Allocation Fund - Direct Plan - Growth (formerly Edelweiss Prudent Advantage Fund)	10	34,175	657,733	10	103,782	2,000,000
Edelweiss Equity Savings Fund - Direct Plan - Growth (formerly Edelweiss Equity Savings Advantage Fund)	10	438,425	5,000,000	10	438,425	5,000,000
Edelweiss Exchange Traded Fund - Nifty 50 - Growth Plan	10	610	5,000,000	10	610	5,000,000
Edelweiss Exchange Traded Fund - Nifty Bank - Growth Plan	10	2,873	4,711,381	10	3,049	5,000,000
Edelweiss Exchange Traded Fund - Nifty Quality 30 - Growth Plan	10	10,487	2,169,694	10	24,167	5,000,000
Edelweiss ASEAN Equity Off-shore Fund - Direct Plan - Growth	10	297,424	5,000,000	10	297,424	5,000,000
Edelweiss Balanced Advantage Fund - Direct Plan - Growth	-	-	-	10	483,573	5,000,000
Edelweiss Corporate Bond Fund - Direct Plan - Growth (formerly Edelweiss Corporate Debt Opportunities Fund)	10	402,606	5,000,000	10	402,606	5,000,000
Edelweiss Europe Dynamic Equity Off-shore Fund - Direct Plan - Growth	10	510,459	5,000,000	10	510,459	5,000,000
Edelweiss Large & Midcap Fund - Direct Plan - Growth (formerly Edelweiss Equity Opportunities Fund)	10	213,821	5,000,000	10	213,821	5,000,000
Edelweiss Emerging Markets Opportunities Equity Off-shore Fund - Direct Plan - Growth	10	260,631	2,500,000	10	260,631	2,500,000
Edelweiss Multi-Cap Fund - Direct Plan - Growth (formerly Edelweiss Economic Resurgence Fund)	10	492,029	5,000,000	10	492,029	5,000,000
Edelweiss Greater China Equity Off-Shore Fund - Direct Plan - Growth	10	238,050	5,000,000	10	238,050	5,000,000
Edelweiss Government Securities Fund - Direct Plan - Growth	10	361,928	5,000,000	10	361,928	5,000,000
Edelweiss Banking and PSU Debt Fund - Direct Plan - Growth	10	372,334	5,000,000	10	372,334	5,000,000
Edelweiss Short Term Fund - Direct Plan - Growth (formerly Edelweiss Short Term Income Fund)	10	340,732	5,000,000	10	340,732	5,000,000
Edelweiss Tax Advantage Fund - Direct Plan - Growth	10	40,650	1,300,000	10	40,650	1,300,000
Edelweiss Low Duration Fund - Direct Plan - Growth (formerly Edelweiss Treasury Fund)	1,000	2,628	5,000,000	10	262,760	5,000,000
Edelweiss US Value Equity Offshore Fund - Direct Plan - Growth	10	353,935	5,000,000	10	353,935	5,000,000

#### Total

Aggregate value of investments in equity shares (unquoted)

At carrying value 500,000 500,000

Aggregate value of investments in mutual funds (unquoted)

At carrying value 110,116,755 120,800,000

At net asset value 135,038,132 131,906,800





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
<b>13 Deferred tax asset (net)</b>		
<b>Deferred tax assets</b>		
Lease equalisation	1,638,000	-
Carry forward of losses and unabsorbed depreciation	9,183,358	10,021,620
	<b>10,821,358</b>	<b>10,021,620</b>
<b>Deferred tax liabilities</b>		
Difference between book and tax depreciation	10,821,358	10,021,620
	<b>10,821,358</b>	<b>10,021,620</b>
	<b>-</b>	<b>-</b>

Deferred tax asset and liability has been offset as they relate to the same governing taxation laws. Deferred tax asset is recognised to the extent of deferred tax liability available for setoff. Additionally, deferred tax asset in respect of carry forward taxable losses and unabsorbed tax depreciation has not been recognised on account of no virtual certainty of realisation of these assets.

## 14 Long-term loans and advances

(Unsecured, considered good)

<b>Security Deposits</b>		
Rental deposits	25,768,775	527,750
<b>Other loans and advances</b>		
Advance income tax		
[net of provision for tax Rs. Nil (Previous year Rs. Nil)]	42,706,480	39,112,193
<b>Total</b>	<b>68,475,255</b>	<b>39,639,943</b>



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

### 15 Current investments

	As at 31 March 2018			As at 31 March 2017		
Other investments (unquoted)	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Investments in mutual funds</b>						
Edelweiss Dynamic Bond Fund - Direct Plan - Growth (formerly Edelweiss Bond Fund)	10	73,906	1,337,570	10	73,906	1,337,570
Edelweiss Liquid Fund - Direct - Growth Plan	1,000	1,207	2,467,174	10	138,140	2,824,818
Edelweiss Low Duration Fund - Direct Plan - Growth (formerly Edelweiss Treasury Fund)	1,000	194,109	406,505,530	-	-	-
LIC MF Savings Plus Fund - Direct Plan - Growth Plan	-	-	-	10	16,628,111	411,893,286
Edelweiss Exchange Traded Fund - Nifty 50 (NIFTY EES) - Growth Plan	10	87	661,829	10	156	1,222,326
Edelweiss Equity Savings Fund - Direct Plan - Growth (formerly Edelweiss Equity Savings Advantage Fund)	10	19,296	220,056	10	19,296	220,056
Edelweiss Mid Cap Fund - Direct Plan - Growth (formerly Edelweiss Mid and Small Cap Fund)	10	62,449	1,307,246	10	62,449	1,307,246
Edelweiss Balanced Advantage Fund - Direct Plan - Growth (formerly Edelweiss Absolute Return Equity Fund)	10	53,566	1,204,158	-	-	-
<b>Total</b>			<b>413,703,563</b>			<b>418,805,302</b>
Aggregate value of investments in mutual funds (unquoted)						
At carrying value			413,703,563			418,805,302
At net asset value			416,247,477			435,568,611





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
<b>16 Trade receivables</b>		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	105,816,791	65,041,952
<b>Total</b>	<b>105,816,791</b>	<b>65,041,952</b>
<b>17 Cash and bank balances</b>		
Cash and cash equivalents		
Cash in hand	24,965	88
Balances with banks		
- in current accounts	62,393,890	5,904,074
<b>Total</b>	<b>62,418,855</b>	<b>5,904,162</b>
<b>18 Short-term loans and advances</b>		
(Unsecured, considered good)		
Other loans and advances		
Prepaid expenses	2,645,491	1,454,792
Loans and advances to employees	410,207	271,929
Advance income tax	26,762,142	5,768
[net of provision for tax Rs. Nil (Previous year Rs. Nil)]		
Advances recoverable in cash or in kind or for value to be received	94,410,152	161,438,946
<b>Total</b>	<b>124,227,992</b>	<b>163,171,435</b>



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>19 Revenue from operations</b>		
Management fees (net of service tax / goods and service tax)	488,520,602	290,733,808
<b>Total</b>	<b>488,520,602</b>	<b>290,733,808</b>
<b>20 Other income</b>		
Profit on sale of current and non-current investments	48,729,672	34,982,616
Interest income on intercorporate deposits	-	2,402,630
Interest Income - Others	1,329,651	174,029
Miscellaneous income	1,179	34,213
<b>Total</b>	<b>50,060,502</b>	<b>37,593,488</b>
<b>21 Employee benefit expense</b>		
Salaries and wages	196,215,272	129,106,880
Contribution to provident and other funds (refer note 27)	6,548,937	4,752,858
Gratuity expenses (refer note 27)	3,738,902	90,890
Staff welfare expenses	7,578,520	4,752,547
<b>Total</b>	<b>214,081,631</b>	<b>138,703,175</b>
<b>22 Finance costs</b>		
Interest on loan from holding company	-	82,172
Interest on loan from fellow subsidiaries	11,504,924	2,835,394
Financial and bank charges	132,242	45,914
<b>Total</b>	<b>11,637,166</b>	<b>2,963,480</b>





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

### 23 Other expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
Advertisement and business promotion	19,727,222	11,066,455
Auditors' remuneration (refer note below)	1,284,310	1,187,150
Communication	4,274,007	2,108,009
Computer expenses	1,470,255	741,942
Diminution in value of current and non-current investments	-	5,196
Directors' sitting fees	540,000	440,000
Donation	50,000	-
Electricity charges (refer note 30)	1,810,430	2,003,918
Mutual fund - NFO expenses	3,031,418	1,009,243
Insurance	1,472,827	856,363
Legal and professional fees	67,910,906	43,636,723
Loss on sale/ write-off of fixed assets	276,983	27,046
Membership and subscription	10,960,708	6,423,037
Mutual fund expenses	210,032,375	109,041,940
Office expenses	2,710,238	512,525
Printing and stationery	3,525,230	1,847,632
Rates and taxes	75,384	83,374
Rent (refer note 30)	24,230,577	16,213,807
Repairs and maintenance	3,454,742	2,665,899
Service tax expenses	1,183,108	(758,077)
Stamp duty	829,100	670,200
Travelling and conveyance	15,026,223	5,930,945
Miscellaneous expenses	616,806	483,355
<b>Total</b>	<b>374,492,849</b>	<b>206,196,682</b>

#### Note:

#### Auditors' remuneration:

As Auditor	1,230,880	1,099,000
Reimbursement of expenses	53,430	88,150
	<b>1,284,310</b>	<b>1,187,150</b>



# Edelweiss Asset Management Limited

## Notes to the financial statements (*continued*)

(Currency: Indian Rupees)

### **24**     *Segment reporting*

The primary business of the Company is to act as an investment manager to Edelweiss Mutual Fund. Accordingly, there is no separate reportable segment and hence, no disclosure is made under Accounting Standard 17 – Segment Reporting. Further, segmentation based on geography has not been presented as the Company operates only in India.





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

### 25 Disclosure as required by Accounting Standard 18 - Related Party Disclosure

#### i. List of related parties and relationship:

Name of related parties by whom control is exercised : Holding Company	Edelweiss Financial Services Limited
Fellow Subsidiaries (with whom transactions have taken place)	Edelweiss Commodities Services Limited Edelweiss Trusteeship Company Limited ECap Equities Limited Edelcap Securities Limited Edelweiss Broking Limited Edelweiss Securities Limited Edelweiss Business Services Limited Auris Corporate Centre Limited Eternity Business Centre Limited Burlington Business Solutions Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Multi Strategy Funds Management Private Limited Edelweiss Multi Strategy Fund Advisors LLP Edelweiss Global Wealth Management Limited Edelweiss Housing Finance Limited Edelweiss Investment Adviser Limited ECL Finance Limited Edelvalue Partners Edelweiss Agri Value Chain Limited EFSL Trading Limited (Formerly EFSL Commodities Limited ) Edelweiss Custodial Services Limited
Fund managed by the Company	Edelweiss Mutual Fund

#### ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	2017-18	2016-17
1	Equity share capital issued	Edelweiss Financial Services Limited ECap Equities Limited	160,140,000 9,860,000	315,000,000 315,000,000
2	Short term loans taken from (Refer Note below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	- 1,313,114,968	13,657,117 516,804,323
3	Short term loans repaid to (Refer Note below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	- 1,421,614,579	22,218,884 403,932,698
4	Inter-corporate deposits repaid by	Edelweiss Commodities Services Limited	-	42,000,000
5	Purchase of mutual fund units	Edelweiss Mutual Fund	1,719,194,648	1,708,046,878
6	Sale of mutual fund units	Edelweiss Mutual Fund	1,783,709,304	1,725,398,362



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

### 25 Disclosure as required by Accounting Standard 18 - Related Party Disclosure

#### ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	2017-18	2016-17
7	Reimbursements paid to	Edelweiss Financial Services Limited	-	10,541,907
		Edelweiss Commodities Services Limited	-	7,843,709
		Edelweiss Business Services Limited	4,003,308	60,473,595
8	Interest expenses on loan from	Edelweiss Financial Services Limited	-	82,172
		Edelweiss Commodities Services Limited	11,504,924	2,835,394
9	Interest income on inter-corporate deposit from	Edelweiss Commodities Services Limited	-	2,402,630
10	Cost reimbursements paid to	Edelweiss Financial Services Limited	603,590	1,000,353
		Edelweiss Commodities Services Limited	11,197,481	5,503,485
		Edelweiss Business Services Limited	31,648,949	150,314
		Edelweiss Broking Limited	293,901	317,887
		Eternity Business Centre Limited	950,526	11,473,889
		Auris Corporate Centre Limited	1,550,125	-
		Burlington Business Solutions Limited	142,391	-
		Edelweiss Global Wealth Management Limited	50,311	-
		Edelweiss Housing Finance Limited	122,951	-
		Edelweiss Custodial Services Limited	7,770,061	-
		ECap Equities Limited	1,478,675	-
		EFSL Trading Limited (Formerly EFSL Commodities Limited )	27,484	-
		Edelweiss Securities Limited	358,502	-
11	Cost reimbursements received from	Edelweiss Financial Services Limited	418,902	-
		Edelweiss Investment Adviser Limited	1,255,314	-
		Edelweiss Multi Strategy Funds Management Private Limited	2,642,462	-
		Edelweiss Multi Strategy Fund Advisors LLP	1,717,913	-
		EFSL Trading Limited (Formerly EFSL Commodities Limited )	133,259	-
		Edelweiss Global Wealth Management Limited	5,250	-
		ECL Finance Limited	925,800	-
		Edelvalue Partners	88,086	-
		Edelweiss Alternative Asset Advisors Limited	176,168	-
		Edelweiss Mutual Fund	244,022,888	126,809,681
12	Expenses on behalf of Mutual Fund paid to	Edelweiss Trusteeship Company Limited	1,000,000	1,000,000
13	Management fees received from	Edelweiss Mutual Fund	488,520,602	290,733,808
	<b>Balances with related parties</b>			
14	Short term loans taken from (Refer Note below)	Edelweiss Commodities Services Limited	4,372,014	112,871,625
15	Investments in mutual fund units	Edelweiss Mutual Fund	523,820,317	539,605,301
16	Trade payables to	Edelweiss Investment Adviser Limited	2,550,079	452,000
		Edelweiss Business Services Limited	13,745,224	170,605
		Edelweiss Trusteeship Company Limited	90,003	87,504
		Edelweiss Custodial Services Limited	954,436	-
		Edelweiss Global Wealth Management Limited	17,731	-
		Edelweiss Housing Finance Limited	5,477	-
		Edelweiss Securities Limited	112,775	-
17	Accrued interest on short term loans received from	Edelweiss Commodities Services Limited	558,499	522,654
18	Advances recoverable in cash or in kind or for value to be received	Edelweiss Commodities Services Limited	788,488	-
		Edelweiss Broking Limited	57,454	-
		Edelweiss Financial Services Limited	392,244	259,559
		Edelweiss Agri Value Chain Limited	340,000	-
		EFSL Trading Limited (Formerly EFSL Commodities Limited )	320,978	-
		ECL Finance Limited	1,027,124	-
		Edelcap Securities Limited	558,000	-
		Edelvalue Partners	95,681	-
		Edelweiss Alternative Asset Advisors Limited	191,364	21,850
		Edelweiss Multi Strategy Fund Advisors LLP	1,866,235	-
		Edelweiss Multi Strategy Funds Management Private Limited	2,688,368	755,000
		Edelweiss Mutual Fund	63,020,869	147,516,302
19	Trade receivables	Edelweiss Mutual Fund	105,515,533	65,041,952

Note: The Intra group company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed/refund received with/from related parties are disclosed based on the maximum incremental amount given/taken and placed/refund received during the reporting period





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 26 Loss per share

The computation of loss per share is set out below.

	2018	2017
A Net loss attributable to the equity shareholders (as per the statement of profit and loss)	(188,666,185)	(65,819,849)
B Calculation of weighted average number of Equity Shares of Rs. 10 each		
- Number of shares at the beginning of the year	67,875,000	60,000,000
- Number of shares issued during the year	2,125,000	7,875,000
Total number of equity shares outstanding at the end of the year	70,000,000	67,875,000
Weighted average number of equity shares outstanding during the year	67,921,575	62,783,219
C Basic and diluted loss per share (in Rupees) (A/B)	(2.78)	(1.05)

The basic and diluted loss per share are the same as there are no dilutive potential equity shares issued by the Company.

### 27 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

#### A) Defined contribution plan (provident fund):

Amount of Rs. 6,548,937 (Previous year: Rs. 4,752,858) is recognised as expense and included in "Employee benefit expense" – note 18 in the statement of profit and loss.

#### B) Defined benefit plan (gratuity):

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

The following tables summarize the components of the net benefit expenses recognized in the statement of profit and loss, the funded status and amounts recognized in the balance sheet for the gratuity benefit plan.

#### Statement of profit and loss

Expenses recognized in the statement of profit and loss account:

	2018	2017
Current service cost	1,521,902	1,493,890
Interest cost	570,000	376,000
Expected return on plan asset	(219,000)	(249,000)
Past service cost	1,405,000	-
Actuarial (gain) or loss recognized in the year	461,000	(1,530,000)
Employer expense	3,738,902	90,890



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 27 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (continued)

#### Balance sheet

#### Reconciliation of Defined Benefit Obligation (DBO):

	2018	2017
Present value of DBO at the beginning of the year	11,658,890	4,322,000
Acquisition/ (Divesture)	-	7,600,000
Transfer in / (out)	(3,019,000)	755,000
Interest cost	570,000	376,000
Current service cost	1,521,902	1,493,890
Benefits paid	(1,442,000)	(1,635,000)
Past service cost	1,405,000	-
Actuarial (gain)/loss on obligation	569,000	(1,253,000)
<b>Present value of DBO at the end of the year</b>	<b>11,263,792</b>	<b>11,658,890</b>

#### Reconciliation of fair value of plan assets:

	2018	2017
Fair value of plan assets at the beginning of the year	4,046,000	4,155,000
Expected return on plan asset	219,000	249,000
Contributions	-	1,000,000
Benefits paid	(1,442,000)	(1,635,000)
Actuarial gain/(loss) on plan assets	108,000	277,000
<b>Fair value of plan assets at the end of the year</b>	<b>2,931,000</b>	<b>4,046,000</b>

#### Net (liability) / asset recognised in the balance sheet:

Particulars	2018	2017	2016	2015	2014
Present value of defined benefit obligation	11,263,792	11,658,890	4,322,000	2,971,000	1,916,000
Fair value of plan assets at the end of the year	2,931,000	4,046,000	4,155,000	2,911,000	1,362,000
<b>Amount recognized in balance sheet - asset/(liability)</b>	<b>(8,332,792)</b>	<b>(7,612,890)</b>	<b>(167,000)</b>	<b>(60,000)</b>	<b>(554,000)</b>

#### Experience adjustments:

Particulars	2018	2017	2016	2015	2014
On plan liabilities: (gain)/ loss	780,000	(1,666,000)	1,121,000	118,000	210,000
On plan assets: gain/ (loss)	81,000	264,000	(71,000)	272,000	63,000
<b>Estimated contribution for next year</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>500,000</b>	<b>Nil</b>	<b>500,000</b>

#### Principal actuarial assumptions at the balance sheet date:

	2018	2017
Discount rate	7%	6.60%
Salary escalation	7%	7%
Employee attrition rate	13% - 60%	13% - 60%
Expected return on plan assets	6.60%	7.40%
Mortality rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)

#### Percentage Break-down of Total Plan Assets:

	2018	2017
Insurer Managed Funds (Unit-linked)	100%	99.80%
Cash and Bank	0%	0.20%





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 28 Foreign currency transactions

The Company has undertaken the following transactions in foreign currency:

	2018	2017
<b>Expenditure incurred in foreign currency (on accrual basis)</b>		
Salaries & Bonus - Stipend	32,500	-
<b>Total</b>	<b>32,500</b>	<b>-</b>

### 29 Contingent liabilities and commitments

#### i. Contingent liabilities

The Company has received demand notice(s) from tax authorities on account of disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act, 1961, read with Rule 8D of Income Tax Rules, 1962. The Company has filed appeal(s) and is defending its position. Due to lack of clarity on the legal position relating to application of Rule 8D, the outcome and quantification of the eventual tax liability on the Company, if any, at this stage cannot be estimated. The Company believes that it has a good chance in sustaining its position.

#### ii. Commitments

The Company has capital commitments of Rs. **3,307,593** (Previous year: Rs. 894,000) as at the balance sheet date.

### 30 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads in note 21 and 23 include reimbursements paid and are net of reimbursements received based on the management's best estimate.

### 31 Details of dues to micro small and medium enterprises

There are Rs. Nil (Previous year: Rs. Nil) dues payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said act.

### 32 Operating leases

The Company has significant operating lease arrangements for premises. These lease arrangements range for a period between 11 months and 5 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 32 Operating leases (continued)

The Company has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2018 aggregated to Rs. 10,204,082 (Previous year: Rs. Nil) which has been included under the head Operating expenses – Rent under note 23 in the statement of profit and loss.

Details of future minimum lease payments for the non-cancellable operating lease are as follows:

Particulars	2018	2017
Minimum lease payments for non cancellable lease		
- not later than one year	33,704,225	-
- later than one year and not later than five years	9,800,425	-
- later than five years	-	-
Total	43,504,650	-

Future minimum lease payments for the non-cancellable operating lease are before sharing of expenses with group companies

### 33 Disclosures relating to Specified Bank notes\* (SBN's) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to Notification No. G.S.R. 308(E) dated 30th March 2017:

	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	56,000	1,105	57,105
(+) Permitted receipts	-	53,299	53,299
(-) Permitted payments	-	10,000	10,000
(-) Amount deposited in Banks	56,000	-	56,000
Closing cash in hand as on 30.12.2016	-	44,404	44,404

\*For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.





# Edelweiss Asset Management Limited

## Notes to the financial statements (*continued*)

(Currency: Indian Rupees)

### 34 *Significant event*

- (a) The Company has on April 02, 2018, entered into an agreement with Edelweiss Multi Strategy Fund Advisors LLP for acquiring control and rights of Alternative Investment Funds. All necessary approvals from The Securities and Exchange Board of India (SEBI) were duly received and advisory service will commence with effect from April 01, 2018.
- (b) The Board of Directors of the Company in their meeting held on 04 December 2017 approved the amalgamation of Edelweiss Multi Strategy Funds Management Private Limited with the Company with effect from 01 April 2017 ("Appointed Date") through a Scheme of Amalgamation ("Scheme") under Section 230 to 232 of the Companies Act, 2013 subject to necessary approvals from regulatory authorities.

### 35 *Prior period comparatives*


Previous year figures have been regrouped and rearranged wherever necessary.

As per our report of even date attached

For **Price Waterhouse Chartered Accountants LLP**

Firm's Registration No: 012754N / N500016

*Chartered Accountants*



**Arvind Daga**

*Partner*

Membership No: 108290



**Radhika Gupta**

*Chief Executive Officer*

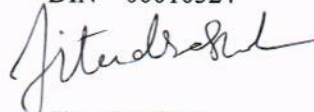
For and on behalf of the Board of Directors



**Anurag Madan**

*Director*

DIN - 00010324



**Jitendra Shah**

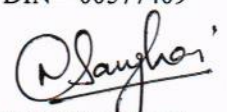
*Chief Financial Officer*



**Kanu Doshi**

*Director*

DIN - 00577409



**Nirav Sanghavi**

*Company Secretary*

Mumbai  
28 April 2018

Mumbai  
27 April 2018