

Edelweiss Asset Management Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2015

Edelweiss Asset Management Limited

Financial Statements together with Auditors' Report

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B S R & Associates LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of
Edelweiss Asset Management Limited

Report on the financial statements

We have audited the accompanying financial statements of Edelweiss Asset Management Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, 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 financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Independent Auditors' Report (Continued)

Edelweiss Asset Management Limited

Auditors' responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

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 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and



Independent Auditors' Report (Continued)
Edelweiss Asset Management Limited

- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has no pending litigations as at 31 March 2015
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024



N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
11 May 2015

Edelweiss Asset Management Limited

Annexure to the Independent Auditors' Report

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii. The Company is a service company primarily rendering asset management services. Accordingly, paragraph 3 (ii) of the Order is not applicable.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of fixed assets and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the provisions of section 73 to section 76 or other relevant provisions of the Act and rules framed there under.
- vi. The Central Government has not prescribed the maintenance of cost records under sub- section 1 of Section 148 of the Act, for any of the services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise, value added tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of provident fund, Income tax, Service tax and other material statutory dues which have not been deposited with appropriate authorities on account of any dispute.



Edelweiss Asset Management Limited
Annexure to the Independent Auditors' Report (*continued*)

- (c) According to the information and explanations given to us, there are no dues of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder which is required to be transferred.
- viii. The Company has accumulated losses at the end of the financial year, which are less than fifty percent of its net worth. The Company has incurred cash loss of Rs. 82,202,220 during the year and cash loss of Rs. 34,888,848 in the immediately preceding financial year.
- ix. The Company did not have any outstanding dues to any financial institution, bank or debenture holder during the year.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Thus, paragraph 3 (x) of the Order is not applicable.
- xi. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, the Company did not have any term loans and hence, paragraph 3 (xi) of the Order is not applicable.
- xii. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024

N Sampath Ganesh

Partner

Membership No: 042554

Mumbai
11 May 2015

Edelweiss Asset Management Limited

Balance Sheet

as at 31 March 2015

(Currency : Indian Rupees)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	600,000,000	450,000,000
(b) Reserves and surplus	2.2	14,046,684	249,009,890
		<u>614,046,684</u>	<u>699,009,890</u>
Non-current liabilities			
Long-term provisions	2.3	4,123,000	787,000
Current liabilities			
(a) Short-term borrowings	2.4	6,542,000	-
(b) Trade payables	2.5	7,792,681	6,654,868
(c) Other current liabilities	2.6	30,224,371	33,739,419
(d) Short-term provisions	2.7	6,436,000	678,277
		<u>669,164,736</u>	<u>740,869,454</u>
TOTAL			
ASSETS			
Non-current assets			
(a) Fixed assets	2.8		
(i) Tangible assets		2,411,194	3,407,293
(ii) Intangible assets		662,439	637,739
(b) Non-current investments	2.9	40,900,000	-
(c) Long-term loans and advances	2.10	21,390,424	21,832,645
		<u>65,364,057</u>	<u>25,877,677</u>
Current assets			
(a) Current investments	2.11	77,473,954	136,792,473
(b) Trade receivables	2.12	19,015,560	1,792,103
(c) Cash and cash equivalents	2.13	450,635,922	455,105,889
(d) Short-term loans and advances	2.14	56,520,677	120,682,901
(e) Other current assets	2.15	154,566	618,411
		<u>603,800,679</u>	<u>714,991,777</u>
		<u>669,164,736</u>	<u>740,869,454</u>
TOTAL			

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

For **BSR & Associates LLP**

Chartered Accountants

Firm Registration No. 116231W / W-100024

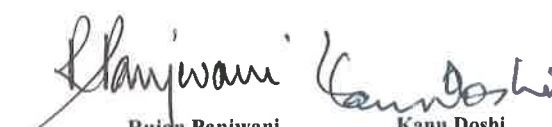


N Sampath Ganesh

Partner

Membership No: 042554

For and on behalf of the Board of Directors



Rujan Panjwani

Director

DIN - 00237366

Kanu Doshi

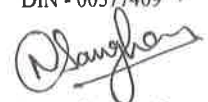
Director

DIN - 00577409



Asit H. Hemani

Chief Financial Officer



Nirav Sanghavi

Company Secretary

Mumbai
11 May 2015

Mumbai
11 May 2015

Edelweiss Asset Management Limited

Statement of Profit and Loss

for the year ended 31 March 2015

(Currency : Indian Rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenues			
Revenue from operations	2.16	48,965,658	19,301,200
Other income	2.17	69,093,128	69,379,788
Total Revenue		118,058,786	88,680,988
Expenses			
Employee benefit expense	2.18	105,058,871	67,862,081
Finance costs	2.19	77,056	48,726
Depreciation and amortization expenses	2.8	2,116,178	2,591,217
Other expenses	2.20	95,125,079	56,448,184
Total expenses		202,377,184	126,950,208
Loss before tax		(84,318,398)	(38,269,220)
Tax expense:			
Income tax		578,664	-
Deferred tax		-	(250,722)
Loss for the year		(84,897,062)	(38,018,498)
Earnings per equity share (face value of Rs. 10 each)			
Basic and diluted	2.23	(1.41)	(0.63)

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231W / W-100024



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai

11 May 2015

For and on behalf of the Board of Directors



Rujan Panjwani

Director

DIN - 00237366



Kanu Doshi

Director

DIN - 00577409



Asit H. Hemani

Chief Financial Officer



Nirav Sanghavi

Company Secretary

Mumbai

11 May 2015

Edelweiss Asset Management Limited

Cash Flow Statement

for the year ended 31 March 2015

(Currency : Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
Loss before tax	(84,318,398)	(38,269,220)
Adjustments for		
Depreciation	2,116,178	2,591,217
Profit on sale of current investments	(9,339,382)	(9,612,465)
Loss on sale of fixed assets	-	565,155
Compensated absences	160,000	224,000
Interest income	(59,718,419)	(59,438,274)
Interest expense	66,790	46,991
Operating cash flow before working capital changes	(151,033,231)	(103,892,596)
Add / (Less): Adjustments for working capital changes		
(Increase) / decrease in trade receivables	(17,223,458)	757,898
Increase in loans and advances	(5,298,035)	(2,853,235)
Decrease in other assets	-	21,135,484
Increase in liabilities and provisions	7,155,764	17,996,099
Cash used in operations	(166,398,960)	(66,856,350)
Income tax (paid) / refund	(1,275,460)	5,423,048
Net cash used in operating activities - A	(167,674,420)	(61,433,302)
B Cash flow from investing activities		
Inter corporate deposits placed	(400,000,000)	(400,000,000)
Inter corporate deposits redeemed	470,000,000	463,000,000
Purchase of fixed assets	(1,210,923)	(1,249,867)
Sale of fixed assets	-	11,566
Purchase of current and non-current investments	(261,850,000)	(567,503,172)
Sale/redemption of current and non-current investments	289,607,901	546,367,688
Interest received	60,182,265	59,194,657
Net cash generated from investing activities - B	156,729,243	99,820,872
C Cash flow from financing activities		
Borrowed through unsecured loans	6,542,000	13,460,435
Repayment of unsecured loans	-	(13,460,435)
Interest paid	(66,790)	(46,991)
Net cash generated from / (used in) financing activities - C	6,475,210	(46,991)
Net (decrease) / increase in cash and bank balances (A+B+C)	(4,469,967)	38,340,579
Cash and cash equivalents as at the beginning of the year	455,105,889	416,765,310
Cash and cash equivalents as at the end of the year (Refer note 2.13)	450,635,922	455,105,889

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231W / W-100024

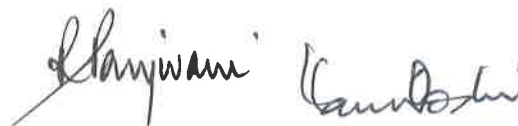


N Sampath Ganesh

Partner

Membership No: 042554

For and on behalf of the Board of Directors



Rujan Panjwani

Director

DIN - 00237366

Kanu Doshi

Director

DIN - 00577409



Asit H. Hemani

Chief Financial Officer



Nira V Sanghavi

Company Secretary

Mumbai

11 May 2015

Mumbai

11 May 2015

Edelweiss Asset Management Limited

Notes to the financial statements

1. *Significant accounting policies*

1.1 *Basis of preparation of financial statements*

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian rupees.

1.2 *Use of estimates*

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is prospectively made in current or future periods.

1.3 *Current – non-current classification*

All assets and liabilities are classified into current and non-current.

Assets

An Asset is classified as current when it satisfies any of the following criteria:

- a) It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realized within 12 months after the reporting date; or
- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current Assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) It is expected to be settled in the company's normal operating cycle.
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within 12 months after the reporting date; or
- d) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

1.4 Revenue recognition

- Investment management fees is recognised, net of service tax on an accrual basis in accordance with the Investment Management Agreement with the Edelweiss Mutual Fund ('the Fund') based on average assets under management (AUM) confirmed by the Fund and complies with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
- Portfolio management fee is recognised on an accrual basis in accordance with portfolio management agreement entered with respective clients.
- Interest income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.
- 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.

1.5 Fixed assets and depreciation

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

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 Companies Act, 2013, the Company has evaluated the useful lives of the respective fixed assets which is as per the provisions of Part C of the Schedule for calculating the depreciation. The useful life of the fixed assets is as follows:

Nature of assets	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

Intangible fixed assets

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



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

1.6 Investments

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

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

1.7 Foreign currency transactions

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 of 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 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.

1.8 Impairment of assets

The Company assesses at each 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. If such recoverable amount of the asset 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.

1.9 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.

Gratuity

The Company's gratuity scheme is a defined benefit plan. 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.



Edelweiss Asset Management Limited

Notes to the financial statements (*continued*)

1.9 *Employee benefits (continued)*

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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.

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 the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit & loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.

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).

1.10 *Taxation*

Income-tax expense comprises 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 tax laws applicable.



Edelweiss Asset Management Limited

Notes to the financial statements (*continued*)

1.10 *Taxation (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 as 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 only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each 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.

1.11 *Mutual fund expenses*

Expenses incurred on behalf of schemes of 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.

1.12 *Earnings per share*

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. Basic 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 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 potential equity shares.

1.13 *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 or disclosure is made.

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

Contingent assets are 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)

2.1 Share capital

Authorised :

70,000,000 (Previous year: 70,000,000) equity shares of Rs. 10 each

As at
31 March 2015

700,000,000

As at
31 March 2014

700,000,000

Issued, subscribed and paid up:

60,000,000 (Previous year: 45,000,000) equity shares of Rs. 10 each, fully paid-up

600,000,000

450,000,000

600,000,000

450,000,000

The entire paid up capital is held by Edelweiss Financial Services Limited, the holding company and its nominees.

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 2015		31 March 2014	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares:				
Outstanding at the beginning of the year	45,000,000	450,000,000	45,000,000	450,000,000
Shares issued during the year*	15,000,000	150,000,000	-	-
Outstanding at the end of the year	60,000,000	600,000,000	45,000,000	450,000,000

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

c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

Edelweiss Financial Services Limited, the holding company and its nominees

	31 March 2015		31 March 2014	
	No. of Shares	%	No. of Shares	%
Edelweiss Financial Services Limited, the holding company and its nominees	60,000,000	100%	45,000,000	100%
	60,000,000	100%	45,000,000	100%

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

Edelweiss Financial Services Limited, the holding company and its nominees

	31 March 2015		31 March 2014	
	No. of Shares	%	No. of Shares	%
Edelweiss Financial Services Limited, the holding company and its nominees	60,000,000	100%	45,000,000	100%
	60,000,000	100%	45,000,000	100%

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.

2.2 Reserves and surplus

Capital redemption reserve - opening balance
Less : Utilised during the year

150,000,000
(150,000,000)

150,000,000
-

-

150,000,000

Securities premium account

170,650,000

170,650,000

170,650,000

170,650,000

Deficit in statement of profit and loss

Opening balance

(71,640,110)

(33,621,612)

Add: Adjustment on account of accumulated depreciation (refer note 2.8)

(66,144)

-

Add: Loss for the year

(84,897,062)

(38,018,498)

(156,603,316)

(71,640,110)

14,046,684

249,009,890



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.3 Long-term provisions		
Provision for employee benefits		
Gratuity	60,000	554,000
Compensated leave absences	361,000	233,000
Deferred bonus	3,702,000	-
	4,123,000	787,000
2.4 Short-term borrowings		
<u>Unsecured</u>		
(Due within one year, unless otherwise stated)		
Loans and advances from related parties (Repayable at variable rates of interest)	6,542,000	-
Total	6,542,000	-
2.5 Trade payables		
Trade payables (includes sundry creditors and provision for expenses)	7,792,681	6,654,868
	7,792,681	6,654,868
2.6 Other current liabilities		
Interest accrued and due on borrowings	16,423	-
Other payables		
Accrued salaries and benefits	26,383,912	14,081,705
Withholding tax, service tax and other taxes payable	2,150,574	1,765,811
Book overdraft	570,019	16,935,193
Others	1,103,443	956,710
	30,224,371	33,739,419
2.7 Short-term provisions		
Provision for employee benefits		
Compensated absences	111,000	79,000
Deferred bonus	6,325,000	-
Others		
Provision for taxation (Net of advance tax Rs. Nil; Previous year Rs. 75,000)	-	599,277
	6,436,000	678,277



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

2.8 Fixed assets

Description of Assets	Gross Block			Depreciation				Net Block		
	As at 1 April 2014	Additions during the year	Deductions during the year	As at 31 March 2015	As at 1 April 2014	Adjustment in Opening Reserve (Refer note below)	Charge for the year	Deductions during the year	As at 31 March 2015	As at 31 March 2014
Tangible assets										
Furniture and Fixtures	34,456	-	-	34,456	4,289	-	7,982	-	12,271	30,167
Vehicles	4,281,220	-	-	4,281,220	2,291,169	-	670,618	-	2,961,787	1,990,051
Office equipments	709,526	208,929	-	918,455	236,055	23,093	337,614	-	596,762	473,471
Computers	1,909,480	552,227	-	2,461,707	995,876	43,051	674,897	-	1,713,824	913,604
Total : A	6,934,682	761,156	-	7,695,838	3,527,389	66,144	1,691,111	-	5,284,644	3,407,293
Intangible assets										
Computer software	4,139,998	449,767	-	4,589,765	3,502,259	-	425,067	-	3,927,326	637,739
Total : B	4,139,998	449,767	-	4,589,765	3,502,259	-	425,067	-	3,927,326	637,739
Grand Total [A+B]	11,074,680	1,210,923	-	12,285,603	7,029,648	66,144	2,116,178	-	9,211,970	4,045,032
Previous Year	12,486,085	1,391,617	2,803,022	11,074,680	6,664,732	-	2,591,217	2,226,301	7,029,648	4,045,032

Note:

As per the requirement of the Companies Act, 2013 (the Act), the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the Statement of profit and loss of the Company, the depreciation charge for the year ended 31 March 2015 is higher by Rs. 712,317 and an amount of Rs. 66,144 has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life has expired as at 1 April 2014.



Edelweiss Asset Management Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2015			As at 31 March 2014		
2.9 Non-current investments						
Other investments (unquoted)	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Investments in equity instruments of other companies (fully paid up)						
MF Utilities India Private Limited	1	500,000	500,000	-	-	-
			<u>500,000</u>			<u>-</u>
Investments in mutual funds						
Edelweiss GILT Fund - Direct Plan - Growth	10	25,188	300,000	-	-	-
Edelweiss Ultra Short Term Bond Fund - Direct - Growth Plan	1,000	3,271	5,000,000	-	-	-
Edelweiss Short Term Bond Fund - Direct - Growth Plan	10	314,301	5,000,000	-	-	-
Edelweiss Liquid Fund - Direct - Growth Plan	1,000	3,663	5,000,000	-	-	-
Edelweiss Arbitrage Fund - Direct Plan - Growth	10	500,000	5,000,000	-	-	-
Edelweiss Absolute Return Fund - Direct Plan - Growth	10	283,621	5,000,000	-	-	-
Edelweiss Diversified Growth Equity Top 100 Fund - Direct Plan - Growth	10	206,991	5,000,000	-	-	-
Edelweiss ELSS Fund - Direct Plan - Growth	10	150,643	5,000,000	-	-	-
Edelweiss Select Midcap Fund - Direct Plan - Growth	10	267,256	5,000,000	-	-	-
Edelweiss Value Opportunities Fund - Direct Plan - Growth	10	5,320	100,000	-	-	-
			<u>40,400,000</u>			<u>-</u>
			<u>40,900,000</u>			<u>-</u>
Aggregate value of investments in equity shares (unquoted)						
At carrying value			500,000			-
At market value			500,000			-
Aggregate value of investments in mutual funds (unquoted)						
At carrying value			40,400,000			-
At net asset value			43,205,944			-



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.10 Long-term loans and advances (Unsecured, considered good)		
Security Deposits		
Rental deposits	30,750	30,750
Other loans and advances		
Advance income tax (Net of provision for taxation Rs. Nil; Previous year Rs. 420,000)	21,359,674	16,696,034
Input tax credit	-	5,105,861
	21,390,424	21,832,645



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2015			As at 31 March 2014		
2.11 Current investments	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Other investments (unquoted)						
Investments in mutual funds						
Edelweiss Ultra Short Term Bond Fund - Direct - Growth Plan	1,000	31,399	47,994,928	-	-	-
Edelweiss Short Term Bond Fund - Direct - Growth Plan	10	30,112	479,026	10	7,827,143	110,723,793
Edelweiss Liquid Fund - Direct - Growth Plan	1,000	21,243	29,000,000	1,000	21,010	26,068,680
			<u>77,473,954</u>			<u>136,792,473</u>
Aggregate value of investments in mutual funds (unquoted)			77,473,954			136,792,473
At carrying value			81,891,581			140,276,578
At net asset value						



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.12 Trade receivables		
Other debts		
Unsecured, considered good	19,015,560	1,792,103
	<u>19,015,560</u>	<u>1,792,103</u>
2.13 Cash and cash equivalents		
Cash in hand	3,716	17,000
Cheques in hand	-	11,598,331
Balances with banks		
- in current accounts	632,206	3,490,558
- in fixed deposits with original maturity less than 3 months	450,000,000	440,000,000
	<u>450,635,922</u>	<u>455,105,889</u>
2.14 Short-term loans and advances (Unsecured, considered good)		
Other loans and advances		
Intercompany deposits placed with related parties	37,000,000	107,000,000
Prepaid expenses	1,693,688	1,585,089
Loans and advances to employees	137,042	838,593
Input tax credit	4,764,415	3,107,571
Advance income tax	281,592	4,847,714
Advances recoverable in cash or in kind or for value to be received	12,643,940	3,303,934
	<u>56,520,677</u>	<u>120,682,901</u>
2.15 Other current assets		
Accrued interest on fixed deposits	154,566	618,411
	<u>154,566</u>	<u>618,411</u>



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.16 Revenue from operations		
Management fees	48,810,429	18,954,047
Portfolio management fees	155,229	347,153
	48,965,658	19,301,200
2.17 Other income		
Profit on sale of current investment	9,339,382	9,612,465
Interest income on intercorporate deposits	58,278,904	58,438,822
Interest income on fixed deposits	423,299	999,452
Miscellaneous income	35,327	329,049
Interest Income - Others	1,016,216	-
	69,093,128	69,379,788
2.18 Employee benefit expense		
Salaries and wages	101,600,759	65,344,856
Contribution to provident and other funds (refer note 2.24)	2,591,380	1,386,936
Staff welfare expenses	866,732	1,130,289
	105,058,871	67,862,081
2.19 Finance costs		
Interest on bank overdraft	1,560	-
Interest on loan from holding company	65,230	46,991
Financial and bank charges	10,266	1,735
	77,056	48,726



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.20 Other expenses		
Advertisement and business promotion	4,295,924	3,217,931
Auditors' remuneration (refer note below)	190,750	185,500
Commission and brokerage on PMS	56,618	84,909
Communication	2,915,641	1,613,097
Computer expenses	4,910	111,517
Clearing and custodian charges	150,000	528,500
Dematerialisation charges	(31,499)	250,000
Directors' sitting fees	300,000	150,000
Electricity charges (refer note 2.27)	1,190,088	1,061,703
Mutual fund - NFO expenses	665,564	500,000
Foreign exchange loss (net)	30,086	-
Insurance	1,318,993	716,040
Legal and professional fees	5,130,267	2,833,543
Loss on sale/ write-off of fixed assets	-	565,155
Membership and subscription	3,048,470	1,712,133
Mutual fund expenses	56,181,398	23,105,238
Office expenses	708,256	398,796
Postage and courier	30,230	12,197
Printing and stationery	826,056	496,060
Rates and taxes	198,621	53,741
Rent (refer note 2.27)	10,691,854	14,698,318
Repairs and maintenance	1,779,636	471,552
Seminar and conference	392,339	56,540
Service tax expenses	600,043	64,649
Website related expenses	2,070	290,088
Travelling and conveyance	4,370,165	3,246,244
Miscellaneous expenses	78,599	24,733
	95,125,079	56,448,184
Note:		
Auditors' remuneration:		
As Auditor	175,000	175,000
For reimbursement of expenses	15,750	10,500
	190,750	185,500



Edelweiss Asset Management Limited

Notes to the financial statements (*continued*)

(Currency: Indian Rupees)

2.21 *Segment reporting*

The Company has operated only in one business segment during the year viz. capital based business comprising of trading and investment activities. Therefore, the Company has only one reportable business segment, the results of which are disclosed in the financial statements. Since business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

2.22 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 Securities Limited
	Edelweiss Commodities Services Limited
	Edelweiss Trusteeship Company Limited
	ECap Equities Limited
	Edelweiss Broking Limited
	Edelweiss Web Services Limited
Key Management Personnel	Anurag Madan (till 01 November 2014)

ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	2014-15	2013-14
Current account transactions				
1	Short term loans taken from	Edelweiss Financial Services Limited	6,542,000	13,460,435
2	Short term loans repaid to	Edelweiss Financial Services Limited	-	13,460,435
3	Inter-corporate deposits placed with	Edelweiss Commodities Services Limited	400,000,000	400,000,000
4	Inter-corporate deposits repaid by	Edelweiss Commodities Services Limited	470,000,000	463,000,000
5	Reimbursements paid to	Edelweiss Financial Services Limited	15,406,106	11,382,083
6	Interest expenses on loan from	Edelweiss Financial Services Limited	65,230	46,991
7	Interest income on inter-corporate deposit from	Edelweiss Commodities Services Limited	58,278,904	58,438,822
8	PMS fees earned from	Ecap Equities Limited	-	5,472
9	Cost reimbursements paid to	Edelweiss Financial Services Limited	790,335	-
		Edelweiss Commodities Services Limited	11,749,382	15,632,790
		Edelweiss Web Services Limited	58,840	16,800
10	Cost reimbursements received from	Ecap Equities Limited	2,755,970	2,737,904
11	Mutual fund expenses paid to (incurred on behalf of the Fund)	Edelweiss Broking Limited	-	6,250
		Edelweiss Trusteeship Company Limited	1,000,000	1,000,000
Balances with related parties				
12	Short term loans taken from	Edelweiss Financial Services Limited	6,542,000	-
13	Trade payables to	Edelweiss Financial Services Limited	1,113,757	-
		Edelweiss Broking Limited	4,950	4,950
		Edelweiss Web Services Limited	60,229	17,196
		Edelweiss Commodities Services Limited	63,600	-
14	Accrued interest on short term loans received from	Edelweiss Financial Services Limited	16,423	-
15	Trade receivables from	Ecap Equities Limited	2,821,010	-
16	Inter-corporate deposits placed with	Edelweiss Commodities Services Limited	37,000,000	107,000,000
17	Other current assets	Edelweiss Financial Services Limited	-	5,704
		Edelweiss Securities Limited	-	5,876



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.23 Earnings per share

In accordance with Accounting Standard 20 on Earnings per share notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014, the computation of earnings per share is set out below.

	2015	2014
A Net amount attributable to the equity shareholders (as per statement of profit and loss)	(84,897,062)	(38,018,498)
B Calculation of weighted average number of Equity Shares of Rs. 10 each		
- Number of shares at the beginning of the year	45,000,000	45,000,000
- Number of shares issued during the year	15,000,000	-
Total number of equity shares outstanding at the end of the year	60,000,000	45,000,000
Weighted average number of equity shares outstanding during the period	60,000,000	60,000,000
C Basic and diluted earnings per share (in Rupees) (A/B)	(1.41)	(0.63)

The basic and diluted earnings per share are the same as there is no dilutive/ potential equity shares issued.

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

A) Defined contribution plan (provident fund):

Amount of Rs. 2,591,380 (Previous year: Rs. 1,386,936) is recognised as expense and included in "Employee benefit expenses" – note 2.18 in the statement of profit and loss.

B) Defined benefit plan (gratuity):

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

Net employee benefit expense:

	2015	2014
Current service cost	685,000	469,000
Interest cost	170,000	127,000
Expected return on plan asset	(132,000)	(101,000)
Actuarial (gain) or loss recognized in the year	115,000	83,000
Expense recognized in statement of profit and loss	838,000	578,000

Balance Sheet

Changes in the present value of the defined benefit obligation are as follows:

	2015	2014
Present value of obligation at the beginning of the year	1,916,000	1,606,903
Transfer in / (out)	43,000	-
Interest cost	170,000	127,000
Current service cost	685,000	469,000
Benefits paid	(230,000)	(432,000)
Actuarial (gain)/loss on obligation	387,000	145,097
Liability at the end of the year	2,971,000	1,916,000



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

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

Changes in the fair value of plan assets are as follows:

	2015	2014
Fair value of plan asset at the beginning of the year	1,362,000	1,230,782
Expected return on plan asset	132,000	101,000
Contributions	1,375,000	400,000
Benefits paid	(230,000)	(432,000)
Actuarial (gain)/loss on plan assets	272,000	62,218
Fair value of plan assets at the end of the year	2,911,000	1,362,000

Amount recognised in the balance sheet:

Particulars	2015	2014	2013	2012	2011
Liability at the end of the year	2,971,000	1,916,000	1,606,903	890,618	1,035,029
Fair value of plan assets at the end of the year	2,911,000	1,362,000	1,230,782	1,102,427	1,142,189
Amount recognized in balance sheet - asset/(liability)	(60,000)	(554,000)	(376,121)	211,809	87,180

Experience adjustment:

Particulars	2015	2014	2013	2012	2011
On plan liabilities: (gain)/ loss	118,000	210,000	249,263	(628,200)	(730,061)
On plan assets: gain/ (loss)	272,000	63,000	40,000	23,759	24,616
Estimated contribution for next year	Nil	500,000	500,000	Nil	Nil

Principal actuarial assumptions at the balance sheet date:

	2015	2014
Discount rate	7.80%	8.70%
Salary escalation	7%	6%
Employee attrition rate	13% - 60%	13% - 60%

2.25 Foreign currency transactions

The Company has undertaken the following transactions in foreign currency:

	2015	2014
Expenditure incurred in foreign currency (on accrual basis)		
Software licence expenses	620,445	-
Market data services	45,287	-
Total	665,732	-

2.26 Contingent liabilities and commitments

- 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 has been advised by its tax counsel that it has a good chance in sustaining its position.
- The Company has capital commitments of Rs. 105,500 (Previous year: Rs. 52,000) as at the balance sheet date.



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.27 Cost sharing

During the year the Company carried out its operations from premises leased by Edelweiss Commodities Services Limited (ECSL) being a fellow subsidiary. The Company has entered into an MOU with ECSL for reimbursement of costs on the basis of number of employees, area occupied, actual identifications etc. Accordingly, and as identified by the Management, the expenditure heads in note 2.20 are gross of the reimbursements made.

2.28 Details of dues to micro small and medium enterprises

Trade Payables includes Rs. Nil (Previous year: Rs. Nil) 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.

2.29 Discontinuation of portfolio management services

During the year the Company discontinued its portfolio management services business and surrendered the license with The Securities Exchange Board of India (SEBI).

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W / W-100024



N. Sampath Ganesh

Partner

Membership No: 042554

For and on behalf of the Board of Directors



Rujan Panjwani

Director

DIN - 00237366



Kanu Doshi

Director

DIN - 00577409



Asit H. Hemani

Chief Financial Officer



Nirav Sanghavi

Company Secretary

Mumbai
11 May 2015

Mumbai
11 May 2015