

**Edelweiss Asset Management Limited**

**Financial Statements  
together with Auditors' Report  
for the year ended 31 March 2016**

# Edelweiss Asset Management Limited

## Financial Statements together with Auditors' Report

### ***Contents***

Auditors' Report

Balance Sheet

Statement of Profit and Loss

Cash Flow Statement

Notes to the Financial Statements

# B S R & Associates LLP

Chartered Accountants

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## Independent Auditor's Report

To the Members of  
Edelweiss Asset Management Limited

### *Report on the standalone financial statements*

We have audited the accompanying standalone financial statements of Edelweiss Asset Management Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2016, 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 standalone 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 standalone 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 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.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these standalone 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 Auditor's Report (Continued)**

### **Edelweiss Asset Management Limited**

#### ***Auditor's 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.

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 standalone financial statements.

#### ***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2016, 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, 2016 (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", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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 standalone 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 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;



## **Independent Auditor's Report (Continued)**

### **Edelweiss Asset Management Limited**

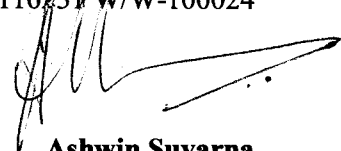
#### ***Report on other legal and regulatory requirements (Continued)***

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) 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 disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.27 (i) to the financial statements;
  - 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 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: 116731 W/W-100024



**Ashwin Suvarna**

*Partner*


Membership No: 109503

Mumbai  
10 May 2016

## **Edelweiss Asset Management Limited**

### **Annexure A to the Independent Auditor's Report - 31 March 2016**

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- 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.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties.
  - ii. The Company is a service company primarily engaged in the business of rendering asset management services. Accordingly, it does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable.
  - 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. Accordingly, paragraph 3(iii) of the Order is not applicable.
  - 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 Act, with respect to the loans and investments made.
  - v. The Company has not accepted any deposits from the public.
  - vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any 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 records of the Company, 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 employees' state insurance, sales tax, customs duty, excise duty 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 2016 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 disputes.
  - viii. The Company did not have any outstanding dues to any financial institution, bank, government or debenture holder during the year.
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## Edelweiss Asset Management Limited

### Annexure A to the Independent Auditor's Report - 31 March 2016

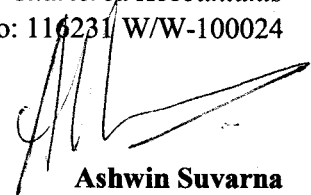
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- ix. The Company has not raised any money by way of initial public offer or further public offer and term loans during the year.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

For **B S R & Associates LLP**

*Chartered Accountants*

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



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai  
10 May 2016

## Edelweiss Asset Management Limited

### Annexure B to the Independent Auditor's Report - 31 March 2016

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

We have audited the internal financial controls over financial reporting of Edelweiss Asset Management Limited (the "Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### ***Management's responsibility for internal financial controls***

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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "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 the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

#### ***Auditor's responsibility***

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 and the Standards on Auditing, issued by the ICAI and 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.

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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.





## Edelweiss Asset Management Limited

### **Annexure B to the Independent Auditor's Report - 31 March 2016 (Continued)**

#### ***Meaning of internal financial controls over financial reporting***

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***

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.

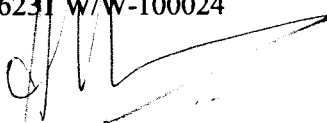
#### ***Opinion***

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 31 March 2016, 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 issued by the ICAI.

For B S R & Associates LLP

Chartered Accountants

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



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai  
10 May 2016

# Edelweiss Asset Management Limited

## Balance Sheet

(Currency : Indian Rupees)

	Note	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2.1	600,000,000	600,000,000
(b) Reserves and surplus	2.2	(25,507,249)	14,046,684
		<u>574,492,751</u>	<u>614,046,684</u>
<b>Non-current liabilities</b>			
Long-term provisions	2.3	4,888,000	4,123,000
<b>Current liabilities</b>			
(a) Short-term borrowings	2.4	8,561,767	6,542,000
(b) Trade payables	2.5	20,257,469	7,792,681
(c) Other current liabilities	2.6	32,709,428	30,224,371
(d) Short-term provisions	2.7	7,383,000	6,436,000
		<u>648,292,415</u>	<u>669,164,736</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	2.8		
(i) Tangible assets		7,220,746	2,411,194
(ii) Intangible assets		643,891	662,439
(b) Non-current investments	2.9	54,400,000	40,900,000
(c) Long-term loans and advances	2.10	14,961,812	21,390,424
		<u>77,226,449</u>	<u>65,364,057</u>
<b>Current assets</b>			
(a) Current investments	2.11	468,079,362	77,473,954
(b) Trade receivables	2.12	22,449,173	19,015,560
(c) Cash and cash equivalents	2.13	11,080,721	450,635,922
(d) Short-term loans and advances	2.14	69,456,710	56,520,677
(e) Other current assets	2.15	-	154,566
		<u>571,065,966</u>	<u>603,800,679</u>
		<u>648,292,415</u>	<u>669,164,736</u>

Significant accounting policies and notes to the financial statements  
The notes referred to above form an integral part of 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

**Ashwin Suvarna**  
Partner  
Membership No: 109503

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  
10 May 2016

Mumbai  
10 May 2016

# Edelweiss Asset Management Limited

## Statement of Profit and Loss

(Currency : Indian Rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenues</b>			
Revenue from operations	2.16	141,679,637	48,965,658
Income from treasury operations	2.17	(745,170)	-
Other income	2.18	62,090,705	69,093,128
<b>Total Revenue</b>		<b>203,025,172</b>	<b>118,058,786</b>
<b>Expenses</b>			
Employee benefit expense	2.19	109,467,606	105,058,871
Finance costs	2.20	2,380,341	77,056
Depreciation and amortization expenses	2.8	2,501,846	2,116,178
Other expenses	2.21	127,669,865	95,125,079
<b>Total expenses</b>		<b>242,019,658</b>	<b>202,377,184</b>
<b>Loss before tax</b>		<b>(38,994,486)</b>	<b>(84,318,398)</b>
<b>Tax expense:</b>			
Income tax		559,447	578,664
<b>Loss for the year</b>		<b>(39,553,933)</b>	<b>(84,897,062)</b>
<b>Earnings per equity share (face value of Rs. 10 each)</b>	2.24		
Basic and diluted		(0.66)	(1.41)

Significant accounting policies and notes to the financial statements  
The notes referred to above form an integral part of the financial statements

1 & 2

As per our report of even date attached

For **P S R & Associates LLP**  
Chartered Accountants  
Firm Registration No. 116231W / W-100024

**Ashwin Suvarna**  
Partner  
Membership No: 109503

Mumbai  
10 May 2016

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  
10 May 2016

# Edelweiss Asset Management Limited

## Cash Flow Statement

(Currency : Indian Rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A Cash flow from operating activities</b>		
Loss before tax	(38,994,486)	(84,318,398)
<i>Adjustments for</i>		
Depreciation	2,501,846	2,116,178
Profit on sale of current investments	(7,445,827)	(9,339,382)
Profit on sale of fixed assets	(124,143)	-
Compensated absences	205,000	160,000
Diminution in value of current investments	52,363	-
Interest income	(52,366,386)	(59,718,419)
Interest expense	2,374,214	66,790
<b>Operating cash flow before working capital changes</b>	<b>(93,797,419)</b>	<b>(151,033,231)</b>
<i>Add / (Less): Adjustments for working capital changes</i>		
Increase in trade receivables	(3,433,613)	(17,223,458)
Increase in loans and advances	(6,933,483)	(5,298,035)
Increase in liabilities and provisions	16,308,392	7,155,764
<b>Cash used in operations</b>	<b>(87,856,123)</b>	<b>(166,398,960)</b>
Income tax refund received / (paid)	4,866,615	(1,275,460)
<b>Net cash used in operating activities - A</b>	<b>(82,989,508)</b>	<b>(167,674,420)</b>
<b>B Cash flow from investing activities</b>		
Inter corporate deposits placed	(455,000,000)	(400,000,000)
Inter corporate deposits redeemed	450,000,000	470,000,000
Purchase of fixed assets	(7,482,064)	(1,210,923)
Sale of fixed assets	313,357	-
Purchase of current and non-current investments	(698,134,012)	(261,850,000)
Sale/redemption of current and non-current investments	301,422,067	289,607,901
Interest received	52,520,952	60,182,265
<b>Net cash (used in) / generated from investing activities - B</b>	<b>(356,359,700)</b>	<b>156,729,243</b>
<b>C Cash flow from financing activities</b>		
Proceeds from unsecured loan (net) (refer note 1)	2,019,767	6,542,000
Interest paid	(2,225,760)	(66,790)
<b>Net cash (used in) / generated from financing activities - C</b>	<b>(205,993)</b>	<b>6,475,210</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(439,555,201)</b>	<b>(4,469,967)</b>
Cash and cash equivalents as at the beginning of the year	450,635,922	455,105,889
Cash and cash equivalents as at the end of the year (Refer note 2.13)	11,080,721	450,635,922

### Notes:

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

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231W/W-100024

Ashwin Suvarna

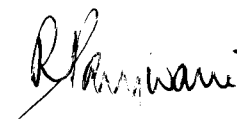
Partner

Membership No: 109503

Mumbai

10 May 2016

For and on behalf of the Board of Directors

  
Rujan Panjwani  
Director  
DIN - 00237366

  
Asit H. Hemani  
Chief Financial Officer

Mumbai

10 May 2016

  
Kanu Doshi  
Director  
DIN - 00577409

  
Nirav Sanghavi  
Company Secretary

# 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 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), (hereinafter 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 Management to make certain estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 1.3 *Current – non-current classification*

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

##### *Assets*

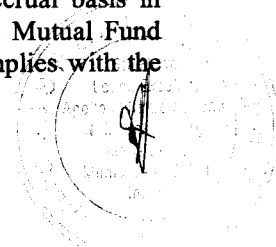
An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within twelve months after the reporting date or it is cash or cash equivalent unless it is restricted from being exchanged or expected to be used to settle a liability for at least twelve months after the reporting date. Current assets include the current portion of non-current assets. All other assets are classified as non-current.

##### *Liabilities*

A liability is classified as current when it is expected to be settled in the Company's normal operating cycle or it is held primarily for the purpose of being traded or it is due to be settled within twelve months after the reporting date or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.

#### 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 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)

### 1.4 Revenue recognition (continued)

- Portfolio management fee is recognised on an accrual basis in accordance with portfolio management agreement entered with respective clients.
- Realised profit/loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards/futures/options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, market intermediary quotes, valuation techniques are used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
- Interest income is recognised on accrual basis.
- Dividend income is recognised when the right to receive dividend 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 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 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

#### Intangible fixed assets

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



# Edelweiss Asset Management Limited

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

### 1.6 *Investments*

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

Non-current 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 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.

### 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 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.

### 1.8 *Impairment of assets*

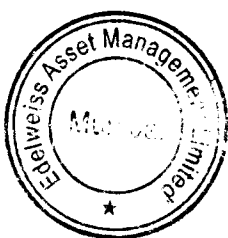
The Company assesses at the balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the net selling price and the 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.

### 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.



# Edelweiss Asset Management Limited

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

### 1.9 *Employee benefits (continued)*

#### *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.

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.

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 and 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 *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.



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# Edelweiss Asset Management Limited

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

### 1.10 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 only if 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.

#### *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.

### 1.11 Mutual fund expenses

Expenses incurred on behalf of 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.

### 1.12 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 after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

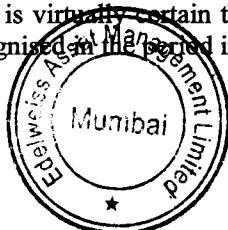
Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year 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.

### 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 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 2016	As at 31 March 2015
<b>2.1 Share capital</b>		
<b>Authorised :</b>		
70,000,000 (Previous year: 70,000,000) equity shares of Rs. 10 each	<u>700,000,000</u>	<u>700,000,000</u>
<b>Issued, subscribed and paid up:</b>		
60,000,000 (Previous year: 60,000,000) equity shares of Rs. 10 each, fully paid-up	<u>600,000,000</u>	<u>600,000,000</u>
	<u>600,000,000</u>	<u>600,000,000</u>

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 2016		31 March 2015	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity shares:</b>				
Outstanding as at the beginning of the year	60,000,000	600,000,000	45,000,000	450,000,000
Shares issued during the year*	-	-	15,000,000	150,000,000
Outstanding as at the end of the year	<u>60,000,000</u>	<u>600,000,000</u>	<u>60,000,000</u>	<u>600,000,000</u>

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

	31 March 2016		31 March 2015	
	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	60,000,000	100%	60,000,000	100%
	<u>60,000,000</u>	<u>100%</u>	<u>60,000,000</u>	<u>100%</u>

	31 March 2016		31 March 2015	
	No. of Shares	%	No. of Shares	%
<b>d) Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company:</b>				
Edelweiss Financial Services Limited, the holding company and its nominees	60,000,000	100%	60,000,000	100%
	<u>60,000,000</u>	<u>100%</u>	<u>60,000,000</u>	<u>100%</u>

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

## 2.2 Reserves and surplus

Capital redemption reserve		
Opening balance	-	150,000,000
Less : Utilised during the year	-	(150,000,000)
	<u>-</u>	<u>-</u>
Securities premium account	170,650,000	170,650,000
	<u>170,650,000</u>	<u>170,650,000</u>
Deficit in the statement of profit and loss		
Opening balance	(156,603,316)	(71,640,110)
Add: Adjustment on account of accumulated depreciation (refer note 2.8)	-	(66,144)
Add: Loss for the year	(39,553,933)	(84,897,062)
	<u>(196,157,249)</u>	<u>(156,603,316)</u>
	<u>(25,507,249)</u>	<u>14,046,684</u>



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.3 Long-term provisions</b>		
Provision for employee benefits		
Gratuity	167,000	60,000
Compensated leave absences	519,000	361,000
Deferred bonus	4,202,000	3,702,000
	<b>4,888,000</b>	<b>4,123,000</b>
<b>2.4 Short-term borrowings</b>		
<b><u>Unsecured</u></b>		
(Due within one year, unless otherwise stated)		
Loans and advances from related parties (repayable at variable rates of interest)	8,561,767	6,542,000
	<b>8,561,767</b>	<b>6,542,000</b>
<b>2.5 Trade payables</b>		
Trade payables (includes sundry creditors and provision for expenses)	20,257,469	7,792,681
	<b>20,257,469</b>	<b>7,792,681</b>
<b>2.6 Other current liabilities</b>		
Interest accrued and due on borrowings	164,877	16,423
Other payables		
Accrued salaries and benefits	24,681,865	26,383,912
Withholding tax, service tax and other taxes payable	6,428,670	2,150,574
Book overdraft	-	570,019
Others	1,434,016	1,103,443
	<b>32,709,428</b>	<b>30,224,371</b>
<b>2.7 Short-term provisions</b>		
Provision for employee benefits		
Compensated absences	158,000	111,000
Deferred bonus	7,225,000	6,325,000
	<b>7,383,000</b>	<b>6,436,000</b>



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## 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 2015	Additions during the year	Deductions during the year	As at 31 March 2016	Charge for the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
<b>Tangible assets</b>								
Furniture and Fittings	34,456	38,400	-	72,856	9,210	-	51,375	22,185
Motor vehicles	4,281,220	2,583,884	883,992	5,981,112	647,522	694,778	3,066,581	1,319,433
Office equipments	918,455	220,269	3,706	1,135,018	231,015	3,706	310,947	321,693
Computers	2,461,707	4,244,597	-	6,706,304	1,200,637	-	3,791,843	747,883
<b>Total : A</b>	<b>7,695,838</b>	<b>7,087,150</b>	<b>887,698</b>	<b>13,895,290</b>	<b>2,088,384</b>	<b>698,484</b>	<b>7,220,746</b>	<b>2,411,194</b>
<b>Intangible assets</b>								
Computer software	4,589,765	394,914	-	4,984,679	413,462	-	643,891	662,439
<b>Total : B</b>	<b>4,589,765</b>	<b>394,914</b>	<b>-</b>	<b>4,984,679</b>	<b>413,462</b>	<b>-</b>	<b>643,891</b>	<b>662,439</b>
<b>Grand Total [A+B]</b>	<b>12,285,603</b>	<b>7,482,064</b>	<b>887,698</b>	<b>18,879,969</b>	<b>2,501,846</b>	<b>698,484</b>	<b>7,864,637</b>	<b>3,073,633</b>
Previous Year	11,074,680	1,210,923	-	12,285,603	2,116,178	-	3,073,633	

#### 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 2016 is higher by Rs. Nil (Previous year : Rs. 712,317) and an amount of Rs. Nil (Previous year : Rs. 66,144) has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life had expired as at 1 April 2014.



# Edelweiss Asset Management Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016			As at 31 March 2015		
<b>2.9 Non-current investments</b>						
<b>Other investments (unquoted)</b>	<b>Face Value</b>	<b>Quantity</b>	<b>Amount</b>	<b>Face Value</b>	<b>Quantity</b>	<b>Amount</b>
<b>Investments in equity instruments of other companies (fully paid up)</b>						
MF Utilities India Private Limited	1	500,000	500,000	1	500,000	500,000
			<u>500,000</u>			<u>500,000</u>
<b>Investments in mutual funds</b>						
Edelweiss GILT Fund - Direct Plan - Growth Plan	-	-	-	10	25,188	300,000
Edelweiss Bond Fund - Direct - Growth Plan	1,000	3,271	5,000,000	1,000	3,271	5,000,000
<i>(Formerly known as Edelweiss Ultra Short Term Bond Fund - Direct - Growth Plan)</i>						
Edelweiss Short Term Income Fund - Direct - Growth Plan	10	314,301	5,000,000	10	314,301	5,000,000
Edelweiss Liquid Fund - Direct - Growth Plan	1,000	3,663	5,000,000	1,000	3,663	5,000,000
Edelweiss Arbitrage Fund - Direct Plan - Growth Plan	10	500,000	5,000,000	10	500,000	5,000,000
Edelweiss Absolute Return Fund - Direct Plan - Growth Plan	10	283,621	5,000,000	10	283,621	5,000,000
Edelweiss Diversified Growth Equity Top 100 Fund - Direct Plan - Growth Plan	10	206,991	5,000,000	10	206,991	5,000,000
Edelweiss ELSS Fund - Direct Plan - Growth Plan	10	150,643	5,000,000	10	150,643	5,000,000
Edelweiss Emerging Leaders Fund - Direct Plan - Growth Plan	10	267,256	5,000,000	10	267,256	5,000,000
<i>(Formerly known as Edelweiss Select Midcap Fund - Direct Plan - Growth Plan)</i>						
Edelweiss Prudent Advantage Fund - Direct Plan - Growth Plan	10	51,725	1,000,000	10	5,320	100,000
<i>(Formerly known as Edelweiss Value Opportunities Fund - Direct Plan - Growth Plan)</i>						
Edelweiss Equity Savings Advantage Fund - Direct Plan - Growth Plan	10	182,459	2,900,000	-	-	-
<i>(Formerly known as Edelweiss Debt and Corporate Opportunities Fund - Direct Plan - Growth Plan)</i>						
Edelweiss Exchange Traded Scheme - Nifty (NIFTY EES) - Growth Plan	10	610	5,000,000	-	-	-
Edelweiss Exchange Traded Scheme - Banking - Growth Plan	10	3,049	5,000,000	-	-	-
			<u>53,900,000</u>			<u>40,400,000</u>
			<u>54,400,000</u>			<u>40,900,000</u>
<b>Aggregate value of investments in equity shares (unquoted)</b>						
At carrying value			500,000			500,000
At market value			500,000			500,000
<b>Aggregate value of investments in mutual funds (unquoted)</b>						
At carrying value			53,900,000			40,400,000
At net asset value			56,803,243			43,205,944



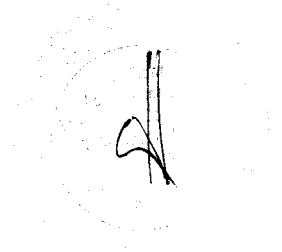
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## Edelweiss Asset Management Limited

### Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.10 Long-term loans and advances</b> (Unsecured, considered good)		
Security Deposits		
Rental deposits	47,750	30,750
Other loans and advances		
Advance income tax	14,914,062	21,359,674
	<u>14,961,812</u>	<u>21,390,424</u>

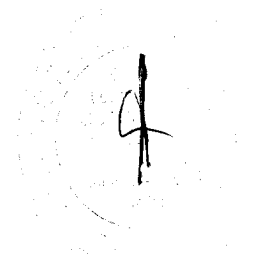


## Edelweiss Asset Management Limited

### Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2016			As at 31 March 2015		
<b>2.11 Current investments</b>						
<b>Other investments (unquoted)</b>	<b>Face Value</b>	<b>Quantity</b>	<b>Amount</b>	<b>Face Value</b>	<b>Quantity</b>	<b>Amount</b>
Edelweiss Bond Fund - Direct - Growth Plan (Formerly known as Edelweiss Ultra Short Term Bond Fund - Direct - Growth Plan)	1,000	5,627	8,601,776	1,000	31,399	47,994,928
Edelweiss Short Term Income Fund - Direct - Growth Plan	10	373,613	6,209,737	10	30,112	479,026
Edelweiss Liquid Fund - Direct - Growth Plan	1,000	1,452	2,045,523	1,000	21,243	29,000,000
LIC Nomura MF Savings Plus Fund - Direct Plan - Growth Plan	10	19,254,302	450,000,000	-	-	-
Edelweiss Exchange Traded Scheme - Nifty (NIFTY EES) - Growth Plan	10	156	1,222,326	-	-	-
			<u>468,079,362</u>			<u>77,473,954</u>
Aggregate value of investments in mutual funds (unquoted)						
At carrying value			468,079,362			77,473,954
At net asset value			475,406,413			81,891,581



## Edelweiss Asset Management Limited

### Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.12 Trade receivables</b>		
Other debts		
Unsecured, considered good	22,449,173	19,015,560
	<u>22,449,173</u>	<u>19,015,560</u>
<b>2.13 Cash and cash equivalents</b>		
Cash in hand	7,654	3,716
Balances with banks		
- in current accounts	11,073,067	632,206
- in fixed deposits with original maturity less than 3 months	-	450,000,000
	<u>11,080,721</u>	<u>450,635,922</u>
<b>2.14 Short-term loans and advances</b> (Unsecured, considered good)		
Other loans and advances		
Intercompany deposits placed with related parties	42,000,000	37,000,000
Prepaid expenses	834,321	1,693,688
Loans and advances to employees	450,747	137,042
Cenvat credit	-	4,764,415
Advance income tax	1,301,142	281,592
Advances recoverable in cash or in kind or for value to be received	24,870,500	12,643,940
	<u>69,456,710</u>	<u>56,520,677</u>
<b>2.15 Other current assets</b>		
Accrued interest on fixed deposits	-	154,566
	<u>-</u>	<u>154,566</u>





# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.16 Revenue from operations</b>		
Management fees	141,679,637	48,810,429
Portfolio management fees	-	155,229
	<u>141,679,637</u>	<u>48,965,658</u>
<b>2.17 Income from treasury operations</b>		
Loss on trading in equity derivative instruments (net)	(745,170)	-
	<u>(745,170)</u>	<u>-</u>
<b>2.18 Other income</b>		
Profit on sale of current investment	7,445,827	9,339,382
Interest income on intercorporate deposits	51,426,885	58,278,904
Interest income on fixed deposits	939,501	423,299
Profit on sale of fixed assets (net)	124,143	-
Interest Income - Others	1,702,692	1,016,216
Miscellaneous income	451,657	35,327
	<u>62,090,705</u>	<u>69,093,128</u>
<b>2.19 Employee benefit expense</b>		
Salaries and wages	102,985,370	101,600,759
Contribution to provident and other funds (refer note 2.25)	3,374,121	2,591,380
Staff welfare expenses	3,108,115	866,732
	<u>109,467,606</u>	<u>105,058,871</u>
<b>2.20 Finance costs</b>		
Interest on bank overdraft	-	1,560
Interest on loan from holding company	2,374,214	65,230
Financial and bank charges	6,127	10,266
	<u>2,380,341</u>	<u>77,056</u>



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# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.21 Other expenses</b>		
Advertisement and business promotion	16,630,376	4,295,924
Auditors' remuneration (refer note below)	485,500	190,750
Commission and brokerage	123,000	56,618
Communication	3,544,529	2,915,641
Computer expenses	137,444	4,910
Clearing and custodian charges	9,000	150,000
Dematerialisation charges	1,065,711	(31,499)
Diminution in value of current investments	52,363	-
Directors' sitting fees	360,000	300,000
Electricity charges (refer note 2.28)	905,728	1,190,088
Foreign exchange loss (net)	-	30,086
Insurance	601,171	1,318,993
Legal and professional fees	10,853,889	5,130,267
Membership and subscription	2,884,476	3,048,470
Mutual fund expenses	67,076,717	56,846,962
Office expenses	1,645,771	708,256
Printing and stationery	1,343,496	826,056
Rates and taxes	43,987	198,621
Rent (refer note 2.28)	11,085,594	10,691,854
Repairs and maintenance	1,851,037	1,779,636
Seminar and conference	347,714	392,339
Service tax expenses	1,654,905	600,043
Travelling and conveyance	4,920,072	4,370,165
Miscellaneous expenses	47,385	110,899
	<b>127,669,865</b>	<b>95,125,079</b>
<b>Note:</b>		
<b>Auditors' remuneration:</b>		
As Auditor	475,000	175,000
For reimbursement of expenses	10,500	15,750
	<b>485,500</b>	<b>190,750</b>



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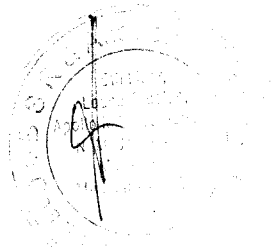
# Edelweiss Asset Management Limited

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

(Currency: Indian Rupees)

### 2.22 *Segment reporting*

The main business of the Company is to act as an investment manager to the Edelweiss Mutual Fund. Accordingly, there is no 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)

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

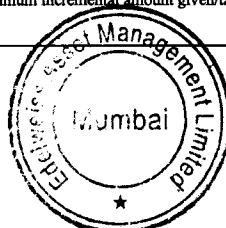
#### i. List of related parties and relationship:

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 Auris Corporate Centre Limited Edelweiss Finance and Investments Limited Edelweiss Investment Adviser Limited

#### ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	2015-16	2014-15
<b>Current account transactions</b>				
1	Short term loans taken from	Edelweiss Financial Services Limited	52,019,767	6,542,000
2	Short term loans repaid to	Edelweiss Financial Services Limited	50,000,000	-
3	Inter-corporate deposits placed with	Edelweiss Commodities Services Limited	455,000,000	400,000,000
4	Inter-corporate deposits repaid by	Edelweiss Commodities Services Limited	450,000,000	470,000,000
5	Reimbursements paid to	Edelweiss Financial Services Limited	36,849,845	15,406,106
6	Interest expenses on loan from	Edelweiss Financial Services Limited	2,374,214	65,230
7	Interest income on inter-corporate deposit from	Edelweiss Commodities Services Limited	51,426,885	58,278,904
8	Margins placed with broker	Edelweiss Broking Limited	2,613,516	-
9	Margins withdrawn from broker	Edelweiss Broking Limited	2,613,516	-
10	Cost reimbursements paid to	Edelweiss Financial Services Limited	502,493	790,335
		Edelweiss Commodities Services Limited	8,317,008	11,749,382
		Edelweiss Web Services Limited	66,330	58,840
		Auris Corporate Centre Limited	3,432,960	-
11	Cost reimbursements received from	ECap Equities Limited	2,326,343	2,755,970
12	Mutual fund expenses paid to (incurred on behalf of the Fund)	Edelweiss Trusteeship Company Limited	1,000,000	1,000,000
<b>Balances with related parties</b>				
13	Short term loans taken from	Edelweiss Financial Services Limited	8,561,767	6,542,000
14	Trade payables to	Edelweiss Financial Services Limited	-	1,113,757
		Edelweiss Broking Limited	-	4,950
		Edelweiss Web Services Limited	69,315	60,229
		Edelweiss Commodities Services Limited	-	63,600
		Edelweiss Trusteeship Company Limited	87,087	-
		Auris Corporate Centre Limited	3,587,443	-
		Edelweiss Investment Adviser Limited	452,000	-
15	Accrued interest on short term loans received from	Edelweiss Financial Services Limited	164,877	16,423
16	Trade receivables from	ECap Equities Limited	2,431,029	2,821,010
		Edelweiss Broking Limited	13,666	-
		Edelweiss Financial Services Limited	24,340	-
		Edelweiss Web Services Limited	15,625	-
		Edelweiss Finance and Investments Limited	45,000	-
17	Inter-corporate deposits placed with	Edelweiss Commodities Services Limited	42,000,000	37,000,000

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)

### 2.24 Earnings per share

The computation of earnings per share is set out below.

	2016	2015
A Net loss attributable to the equity shareholders (as per the statement of profit and loss)	(39,553,933)	(84,897,062)
B Calculation of weighted average number of Equity Shares of Rs. 10 each		
- Number of shares at the beginning of the year	60,000,000	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	60,000,000
Weighted average number of equity shares outstanding during the year	60,000,000	60,000,000
C Basic and diluted earnings per share (in Rupees) (A/B)	(0.66)	(1.41)

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

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

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

Amount of Rs. 3,374,121 (Previous year: Rs. 2,591,380) is recognised as expense and included in "Employee benefit expenses" – note 2.19 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

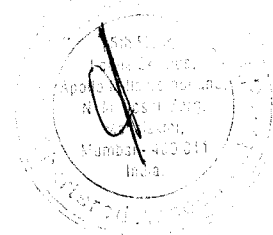
Expenses recognized in the statement of profit and loss account:

	2016	2015
Current service cost	775,000	685,000
Interest cost	200,000	170,000
Expected return on plan asset	(210,000)	(132,000)
Actuarial (gain) or loss recognized in the year	<u>1,248,000</u>	<u>115,000</u>
<b>Employer expense</b>	<b>2,013,000</b>	<b>838,000</b>

Balance sheet

Reconciliation of Defined Benefit Obligation (DBO):

	2016	2015
Present value of DBO at the beginning of the year	2,971,000	1,916,000
Transfer in / (out)	(406,000)	43,000
Interest cost	200,000	170,000
Current service cost	775,000	685,000
Benefits paid	(400,000)	(230,000)
Actuarial (gain)/loss on obligation	<u>1,182,000</u>	<u>387,000</u>
<b>Present value of DBO at the end of the year</b>	<b>4,322,000</b>	<b>2,971,000</b>



# Edelweiss Asset Management Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

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

Reconciliation of fair value of plan assets:

	2016	2015
Fair value of plan assets at the beginning of the year	2,911,000	1,362,000
Expected return on plan asset	210,000	132,000
Contributions	1,500,000	1,375,000
Benefits paid	(400,000)	(230,000)
Actuarial gain/(loss) on plan assets	<u>(66,000)</u>	<u>272,000</u>
Fair value of plan assets at the end of the year	4,155,000	2,911,000

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

Particulars	2016	2015	2014	2013	2012
Present value of DBO	4,322,000	2,971,000	1,916,000	1,606,903	890,618
Fair value of plan assets at the end of the year	4,155,000	2,911,000	1,362,000	1,230,782	1,102,427
Amount recognized in balance sheet - asset/(liability)	(167,000)	(60,000)	(554,000)	(376,121)	211,809

Experience adjustments:

Particulars	2016	2015	2014	2013	2012
On plan liabilities: (gain)/ loss	1,121,000	118,000	210,000	249,263	(628,200)
On plan assets: gain/ (loss)	(71,000)	272,000	63,000	40,000	23,759
Estimated contribution for next year	500,000	Nil	500,000	500,000	Nil

Principal actuarial assumptions at the balance sheet date:

	2016	2015
Discount rate	7.40%	7.80%
Salary escalation	7%	7%
Employee attrition rate	13% - 60%	13% - 60%

### 2.26 Foreign currency transactions

The Company has undertaken the following transactions in foreign currency:

	2016	2015
Expenditure incurred in foreign currency (on accrual basis)		
Software licence expenses	-	620,445
Market data services	49,579	45,287
Total	49,579	665,732

### 2.27 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 has been advised by its tax counsel that it has a good chance in sustaining its position.



# Edelweiss Asset Management Limited

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

(Currency: Indian Rupees)

### 2.27 *Contingent liabilities and commitments (continued)*

#### ii. Commitments

The Company has capital commitments of Rs. 483,000 (Previous year: Rs. 105,500) as at the balance sheet date.

### 2.28 *Cost sharing*

During the year the Company carried out its operations from premises leased by Edelweiss Commodities Services Limited and Auris Corporate Centre Limited being fellow subsidiaries. The Company has entered into MOU's with both the fellow subsidiaries for reimbursement of costs on the basis of number of employees, area occupied, actual identifications etc. Accordingly and as identified by Management, the expenditure heads in note 2.21 are gross of the reimbursements made.

### 2.29 *Details of dues to micro small and medium enterprises*

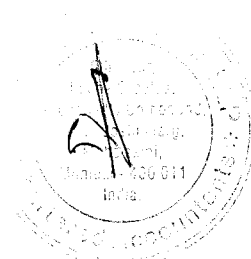
There are Rs. Nil (Previous year: Rs. Nil) dues payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses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

### 2.30 *Discontinuation of portfolio management services*

During the previous year ended 31 March 2015, the Company discontinued its portfolio management services business and surrendered the license with The Securities and Exchange Board of India (SEBI).

### 2.31 *Significant event*

The Company as the Asset Management Company of Edelweiss Mutual Fund ('the Fund') along with Edelweiss Financial Services Limited, the Sponsor of the Fund and Edelweiss Trusteeship Company Limited, the Trustee of the Fund have, on March 22, 2016, entered into a Scheme Transfer Agreement with JPMorgan Asset Management (Asia) Inc., the Sponsor of JPMorgan Mutual Fund (JPM MF), JPMorgan Mutual Fund India Private Limited, the Trustee of JPM MF and JPMorgan Asset Management India Private Limited, the Asset Management Company of JPM MF for acquiring control and management of the onshore fund schemes and international fund of funds of JPM MF and the corresponding change in the sponsorship, trusteeship and administration of schemes of JPM MF, upon completion of the transaction subject to receipt of regulatory approvals.



# Edelweiss Asset Management Limited

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

(Currency: Indian Rupees)

### 2.32 *Prior period comparatives*

Previous year figures have been regrouped and rearranged wherever necessary.

As per our report of even date attached

For **B.S.R. & Associates LLP**

*Chartered Accountants*

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

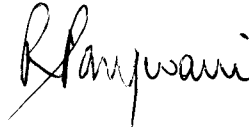


**Ashwin Suvarna**

*Partner*

Membership No: 109503

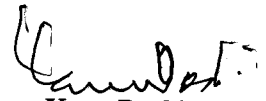
For and on behalf of the Board of Directors



**Rujan Panjwani**

*Director*

DIN – 00237366



**Kanu Doshi**

*Director*

DIN – 00577409



**Asit H. Hemani**

*Chief Financial Officer*



**Nirav Sanghavi**

*Company Secretary*

Mumbai  
10 May 2016

Mumbai  
10 May 2016