

## Independent Auditors' Report

To  
The Members of Edelweiss Alternative Asset Advisors Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Edelweiss Alternative Asset Advisors 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 significant accounting policies and other explanatory information.

### Management's Responsibility for the 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.

### Auditor's Responsibility

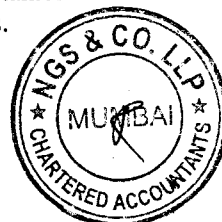
Our responsibility is to express an opinion on these financial statements based on our audit.

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 there under.

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.

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 financial statements.



B - 46, 3<sup>rd</sup> Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400 063.

Tel.: +91. 22. 4217 3337 | Email: info@ngsco.in

www.ngsco.in

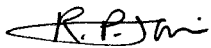
**Opinion**

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 2016, and its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. 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 Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 statement 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 written representations received from the Directors as on 31 March 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of section 164(2) of the Act;
  - f. with respect to the adequacy of the internal financial controls 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 does not have any pending litigations which would impact its financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For NGS & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No. 119850W**

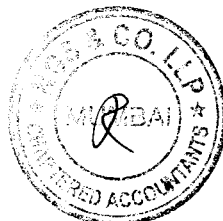
  
**R. P. Soni**  
**Partner**  
**Membership No.: 104796**  
**Place: Mumbai**  
**Date: 12 May 2016**



**Annexure A to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Edelweiss Alternative Asset Advisors Limited ('the Company') on the 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) As explained to us, 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 nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own immovable properties, accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) Based on our examination of documents and records, the Company does not own any inventory during the year. Therefore, the provisions of clause 3(ii) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
- (iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given 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 Companies Act, 2013 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 records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, services tax, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, sales tax, value added tax, duty of excise and duty of custom.

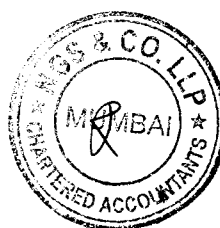


According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues of service tax and cess which have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax on account of dispute, is as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,697,476	A.Y.2012-13	CIT (A)

- (viii) The Company does not have any loans or borrowings from any financial institution, bank, government and debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no 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, during the year, 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 by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of Equity shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. Further the Company has not made any preferential allotment or private placement of any other shares, fully or partly convertible debentures during the year under review.



- (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 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 the Reserve Bank of India Act 1934.

**For NGS & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No. 119850W**

*R. P. Soni*

**R. P. Soni**  
**Partner**  
Membership No.:104796

Place: Mumbai  
Date: 12 May 2016



**Annexure B to the Auditors' Report**

**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 Alternative Asset Advisors Limited ("the Company")** as of 31 March 2016 in conjunction with our audit of 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 issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' 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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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.



**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.

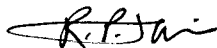
**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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**

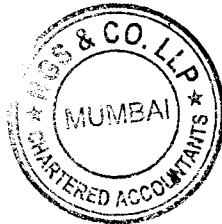
In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 119850W



**R. P. Soni**  
Partner  
Membership No.: 104796

Place: Mumbai  
Date: 12 May 2016



# Edelweiss Alternative Asset Advisors Limited

## Balance Sheet

(Currency: Indian rupees)

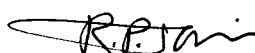
	Note	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	23,747,370	22,560,000
Reserves and surplus	2.2	(126,999,814)	46,096,645
		(103,252,444)	68,656,645
<b>Non-current liabilities</b>			
Long-term provisions	2.3	12,487,000	10,598,000
<b>Current liabilities</b>			
Short-term borrowings	2.4	83,440,532	
Trade payables			
Total outstanding due of Micro, Small and Medium enterprises	2.25	-	-
Total outstanding due of creditors other than Micro, Small and Medium enterprises	2.5	5,881,424	23,401,417
Other current liabilities	2.6	81,853,846	83,545,287
Short-term provisions	2.7	18,963,377	18,297,012
<b>TOTAL</b>		<b>99,373,735</b>	<b>204,498,361</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.8		
Tangible assets		8,422,040	6,753,460
Intangible assets		1,700,368	1,786,566
Intangible assets under development		-	120,000
Non-current investments	2.9	11,722,019	12,857,980
Deferred tax assets (net)	2.10	10,818,083	9,017,856
Long-term loans and advances	2.11	3,695,098	55,326,503
		36,357,608	85,862,365
<b>Current assets</b>			
Trade receivables	2.12	10,540,491	58,968,070
Cash and cash equivalents	2.13	36,538,296	6,456,233
Short-term loans and advances	2.14	15,821,048	52,303,321
Other current assets	2.15	116,292	908,372
		63,016,127	118,635,996
<b>TOTAL</b>		<b>99,373,735</b>	<b>204,498,361</b>

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No.: 119850W



R. P. Soni  
Partner  
Membership No.: 104796



For and on behalf of the Board of Directors

  
Nikhil Johari  
Director  
DIN:01960539

  
Priyank Govila  
Director  
DIN:03291394

Mumbai  
12 May 2016

12 May 2016

12 May 2016



## Edelweiss Alternative Asset Advisors Limited

### Statement of Profit and Loss

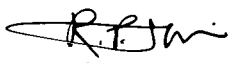
(Currency: Indian rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue from operations</b>			
Fee income	2.16	70,541,647	49,918,015
<b>Other income</b>	2.17	4,999,380	20,323,352
<b>Total revenue</b>		<u>75,541,027</u>	<u>70,241,367</u>
<b>Expenses</b>			
Employee benefit expenses	2.18	222,206,609	146,818,699
Finance costs	2.19	4,287,231	182,243
Depreciation and amortisation expenses	2.8	5,364,127	2,293,683
Other expenses	2.20	50,318,379	65,009,705
<b>Total expenses</b>		<u>282,176,346</u>	<u>214,304,330</u>
<b>Loss before tax</b>		(206,635,319)	(144,062,963)
<b>Tax expense:</b>			
Current tax (short provision of earlier years: Rs Nil, previous year Rs.12,46,337)		-	1,246,337
Minimum alternative tax credit entitlement for previous year		(867,013)	-
Deferred tax (benefit)/ charge		(1,800,227)	728,464
<b>Loss for the year</b>		<u>(203,968,079)</u>	<u>(146,037,764)</u>
<b>Earnings per equity share (face value Rs.10 each):</b>	2.23		
Basic and diluted		(87.07)	(64.73)

Significant accounting policies and notes to the financial statements 1 & 2

As per our report of even date attached.

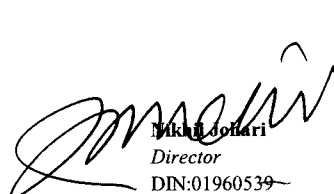
**For NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 119850W

  
**R. P. Soni**  
Partner  
Membership No.: 104796



Mumbai  
12 May 2016

**For and on behalf of the Board of Directors**

  
**Nikhil Gollari**  
Director  
DIN:01960539

  
**Priyank Govila**  
Director  
DIN:03291394

12 May 2016

12 May 2016

## Edelweiss Alternative Asset Advisors Limited

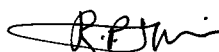
### Cash Flow Statement

(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 taxation	(206,635,319)	(144,062,963)
Adjustments for		
Depreciation and ammortisation expenses	5,364,127	2,293,683
Provision for compensated absences	718,000	386,000
Interest income	(3,747,429)	(19,522,288)
Interest expense	4,256,941	-
<b>Operating cash flow before working capital changes</b>	<b>(200,043,680)</b>	<b>(160,905,568)</b>
Add / (less): Adjustments for working capital changes		
Decrease in trade receivables	48,427,579	14,887,025
Decrease in loans and advances	46,656,028	40,584,501
Decrease/(increase) in other assets	2,819	(2,819)
(Decrease)/increase in current liabilities and provisions	(17,803,333)	32,949,957
<b>Cash used in operations</b>	<b>(122,760,587)</b>	<b>(72,486,904)</b>
Income taxes paid	(1,675,337)	(9,440,567)
<b>Net cash used in operating activity - A</b>	<b>(124,435,924)</b>	<b>(81,927,471)</b>
<b>B Cash flow from investing activities</b>		
Sale/(purchase) of investments (net) (refer note 2)	1,135,961	(5,357,981)
Purchase of fixed assets	(6,826,509)	(7,354,262)
Interest received	4,536,690	19,279,517
Proceeds from repayment of loan given (refer note 2)	44,000,000	80,891,449
<b>Net cash generated from investing activities - B</b>	<b>42,846,142</b>	<b>87,458,723</b>
<b>C Cash flow from financing activities</b>		
Proceed from short term borrowings (net) (refer note 2)	83,440,532	-
Interest paid	(3,827,677)	-
Proceeds from issue of ordinary shares including security premium	32,058,990	-
<b>Net cash generated from financing activities - C</b>	<b>111,671,845</b>	<b>-</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>30,082,063</b>	<b>5,531,252</b>
<b>Note :</b>		
1 Cash and cash equivalents as at the beginning of the year	6,456,233	924,981
Cash and cash equivalents as at the end of the year (Refer note 2.13)	36,538,296	6,456,233
2 Net figures have been reported on account of volume of transactions.		

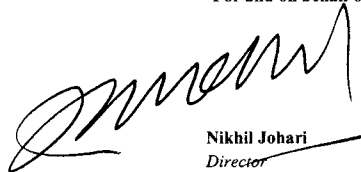
As per our report of even date attached.

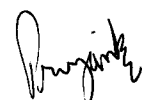
**For NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 119850W

  
**R. P. Soni**  
Partner  
Membership No.: 104796



**For and on behalf of the Board of Directors**

  
**Nikhil Johari**  
Director  
DIN:01960539

  
**Priyank Govila**  
Director  
DIN:03291394

Mumbai  
12 May 2016

12 May 2016

12 May 2016

# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements

(Currency: Indian rupees)

### 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), (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 the management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent liabilities on 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.

##### 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 12 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 12 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 12 months after the reporting date or 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, 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.



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (continued)

(Currency: Indian rupees)

### 1 Significant accounting policies (continued)

#### 1.4 Revenue recognition

- a) Fee income is accounted for, on an accrual basis in accordance with the terms and conditions of contracts entered into between the Company and the counterparty.
- b) Interest income is recognised on accrual basis.
- c) Profit/loss earned 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 investments sold.

#### 1.5 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 category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

#### 1.6 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 a written down value basis from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets 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 are as per the provisions of Part C of the Schedule for calculating the depreciation. The useful lives of the fixed assets are as follows:

Nature of assets	Useful life
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 are amortised over a period of 3 years based on its estimated useful life.



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (continued)

(Currency: Indian rupees)

### 1 Significant accounting policies (continued)

#### 1.7 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.

#### 1.8 Employee benefits

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

##### *Provident fund*

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

##### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit 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).

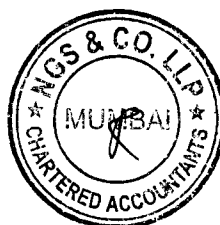
Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

##### *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).



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (continued)

(Currency: Indian rupees)

### 1.9 Taxation

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

#### *Income tax*

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

#### *Deferred taxation*

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised 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 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 reasonable/virtually certain (as the case may be) to be realised.

#### *Minimum Alternative tax (MAT) Credit*

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

### 1.10 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” as prescribed under Section 133 of the Companies Act, 2013 read with Rule 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.



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (continued)

(Currency: Indian rupees)

### 1 Significant accounting policies (continued)

#### 1.11 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.

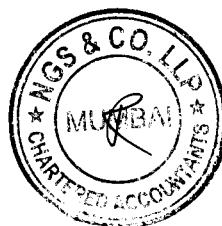
Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

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.

#### 1.12 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.



## Edelweiss Alternative Asset Advisors Limited

### Notes to financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.1 Share capital</b>		
a. <b>Authorised :</b> 3,000,000 (Previous year: 3,000,000) equity shares of Rs. 10/- each	<u>30,000,000</u>	<u>30,000,000</u>
b. <b>Issued, subscribed and paid up:</b> 2,374,737 (Previous year: 2,256,000) equity shares of Rs. 10/- each, fully paid-up	<u>23,747,370</u>	<u>22,560,000</u>
	<u>23,747,370</u>	<u>22,560,000</u>
c. <b>The movement in share capital during the year :</b>		
	As at 31 March 2016	As at 31 March 2015
<i>Equity shares</i>	No of shares Amount	No of shares Amount
Number of shares outstanding at the beginning of the year	2,256,000 22,560,000	2,256,000 22,560,000
Shares issued during the year	118,737 1,187,370	- -
Number of shares at the end of the year	<u>2,374,737</u> <u>23,747,370</u>	<u>2,256,000</u> <u>22,560,000</u>
d. <b>Details of shareholders holding more than 5% shares in the Company:</b>		
	As at 31 March 2016	As at 31 March 2015
	No of shares Amount	No of shares Amount
Edelweiss Financial Services Limited	2,256,000 95%	2,256,000 100%
	<u>2,256,000</u> <u>95%</u>	<u>2,256,000</u> <u>100%</u>
e. <b>Terms/rights attached to equity shares</b> The Company has only one class of shares, referred to as equity shares, having a par value of Rs 10. 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>2.2 Reserves and surplus</b>		
Securities premium reserves		
Opening balance	88,240,000	88,240,000
Add: Additions during the year	<u>30,871,620</u>	<u>-</u>
Closing balance	<u>119,111,620</u>	<u>88,240,000</u>
(Deficit)/Surplus in statement of profit and loss		
Opening balance	(42,143,355)	103,894,409
Add: loss for the year	<u>(203,968,079)</u>	<u>(146,037,764)</u>
Closing balance	<u>(246,111,434)</u>	<u>(42,143,355)</u>
	<u>(126,999,814)</u>	<u>46,096,645</u>





## Edelweiss Alternative Asset Advisors Limited

### Notes to 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		
Compensated absences	1,999,000	1,386,000
Deferred bonus	10,488,000	9,212,000
	<u>12,487,000</u>	<u>10,598,000</u>

### 2.4 Short-term borrowings

#### Unsecured

Loan from holding company (Variable interest rate loan at quarterly average borrowing rate ranging from 8.47% to 9.28% of the holding company, repayable on demand)	33,440,532	-
Loan from fellow subsidiary (Fixed rate loan at 11.50% p.a, repayable on demand)	50,000,000	-
	<u>83,440,532</u>	<u>-</u>



## Edelweiss Alternative Asset Advisors Limited

### Notes to financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.5 Trade payables</b>		
Trade payables from non-related parties	4,863,104	19,932,065
Trade payables from related parties	1,018,320	3,469,352
	<u>5,881,424</u>	<u>23,401,417</u>



## Edelweiss Alternative Asset Advisors Limited

### Notes to financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.6 Other current liabilities</b>		
Interest accrued and due on borrowings	429,537	273
Income received in advance	381,328	206,085
Other payables		
Accrued salaries and benefits	72,987,003	78,359,148
Withholding taxes, service tax and other taxes payable	5,896,871	3,738,679
Others	2,159,107	1,241,102
	<u>81,853,846</u>	<u>83,545,287</u>
<b>2.7 Short-term provisions</b>		
Provision for employee benefits		
Gratuity (Refer note 2.24)	127,054	-
Compensated absences	404,000	299,000
Deferred bonus	18,000,000	15,776,000
Others		
Provision for taxation (net of advance tax and tax deducted at source)	378,082	378,082
Provision for capital expenditure	54,241	1,843,930
	<u>18,963,377</u>	<u>18,297,012</u>



## Edelweiss Alternative Asset Advisors Limited

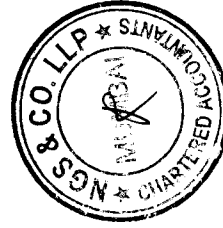
### Notes to financial statements (continued)

(Currency: Indian rupees)

3.8

#### 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	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
(A) Tangible assets									
Office equipment	697,580	202,543	-	900,123	300,211	262,381	-	562,592	397,369
Motor vehicle	7,155,615	4,688,313	-	11,843,928	1,914,034	3,033,388	-	4,947,422	5,241,581
Computers	1,868,425	1,431,022	-	3,299,447	753,915	1,357,529	-	2,111,444	1,114,510
Total	9,721,620	6,321,878	-	16,043,498	2,968,160	4,653,298	-	7,621,458	6,753,460
(B) Intangible assets									
Computer software	2,015,196	624,631	-	2,639,827	228,630	710,829	-	939,459	1,786,566
Total : B	2,015,196	624,631	-	2,639,827	228,630	710,829	-	939,459	1,786,566
Grand Total [A+B]	11,736,816	6,946,509	-	18,683,325	3,196,790	5,364,127	-	8,560,917	8,540,026
Previous year	4,502,554	7,234,262	-	11,736,816	903,108	2,293,683	325,340	3,196,790	8,540,026



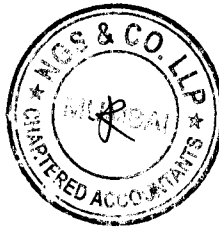
**Edelweiss Alternative Asset Advisors Limited**

**Notes to financial statements (continued)**

(Currency: Indian rupees)

**2.9 Non-current investments - at cost**

	As at 31 March 2016			As at 31 March 2015		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Others (unquoted)</b>						
Edelweiss Stressed and Troubled Assets Revival Fund	10,000	1,625	11,722,019	10,000	1,375	12,857,980
			<u>11,722,019</u>			<u>12,857,980</u>
<b>Aggregate of unquoted investment</b>						
- At book value			11,722,019			12,857,980



## Edelweiss Alternative Asset Advisors Limited

### Notes to financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.10 Deferred tax assets (net)</b>		
Deferred tax asset		
Disallowances under section 43B of the Income Tax Act, 1961	10,499,851	9,066,153
Difference between book and tax depreciation	318,232	-
Deferred tax liability		
Difference between book and tax depreciation	-	(48,297)
	<u>10,818,083</u>	<u>9,017,856</u>
<b>2.11 Long-term loans and advances</b>		
Loans and advances to related parties	-	44,000,000
Other advances		
Prepaid expenses	152,007	1,888,660
Advance income tax tax deducted at source (net of provision for taxation)	3,543,091	9,437,843
	<u>3,695,098</u>	<u>55,326,503</u>



## Edelweiss Alternative Asset Advisors Limited

### Notes to financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.12 Trade receivables</b>		
<i>Unsecured, considered good</i>		
Other debts	10,540,491	58,968,070
	<u>10,540,491</u>	<u>58,968,070</u>
<b>2.13 Cash and cash equivalents</b>		
Cash in hand	24,216	22,248
Balances with banks		
- in current accounts	36,514,080	6,433,985
	<u>36,538,296</u>	<u>6,456,233</u>



## Edelweiss Alternative Asset Advisors Limited

### Notes to financial statements (continued)

(Currency: Indian rupees)

#### 2.14 Short-term loans and advances

*Unsecured, considered good*

	As at 31 March 2016	As at 31 March 2015
Loans and advances to related parties	-	43,891,449
Other advances		
Deposits- others	400,000	400,000
Prepaid expenses	2,415,472	4,358,176
Loans and advances to employees	670,018	1,013,218
Vendor advances	264,241	129,462
Input tax credit	3,371,875	2,248,676
Advance income tax and tax deducted at source (net of provision for taxation)	7,570,089	-
MAT credit entitlement	867,013	-
Advances recoverable in cash or in kind or for value to be received	262,340	262,340
	<u>15,821,048</u>	<u>52,303,321</u>

#### 2.15 Other current assets

Accrued interest on investments	116,292	-
Accrued interest on loans given	-	905,553
Gratuity (Refer note 2.24)	-	2,819
	<u>116,292</u>	<u>908,372</u>



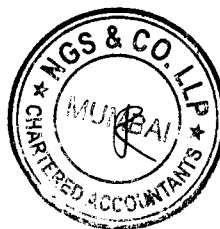


## Edelweiss Alternative Asset Advisors Limited

### Notes to financial statements (continued)

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.16 Fee income</b>		
Advisory and other fees	70,541,647	49,918,015
	<u>70,541,647</u>	<u>49,918,015</u>
<b>2.17 Other income</b>		
Miscellaneous income	-	159,889
Interest income - others	3,753,045	19,667,158
Foreign exchange gain (net)	1,246,335	496,305
	<u>4,999,380</u>	<u>20,323,352</u>



# Edelweiss Alternative Asset Advisors Limited

## Notes to financial statements (continued)

(Currency: Indian rupees)

For the year ended  
31 March 2016

For the year ended  
31 March 2015

### 2.18 Employee benefit expenses

Salaries and wages (refer note 2.28)	211,172,672	140,930,088
Contribution to provident and other funds	8,808,532	3,820,121
Staff welfare expenses	2,225,405	2,068,490
	<u>222,206,609</u>	<u>146,818,699</u>

### 2.19 Finance costs

Interest on loan	4,256,941	-
Interest - others	68	167,718
Financial and bank charges	30,222	14,525
	<u>4,287,231</u>	<u>182,243</u>



# Edelweiss Alternative Asset Advisors Limited

## Notes to financial statements (continued)

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.20 Other expenses</b>		
Advertisement and business promotion	1,577,006	490,871
Auditors' remuneration (refer note below)	126,000	138,354
Communication expenses	2,387,947	1,719,504
Computer expenses	50,394	-
Computer software	33,704	1,585
Electricity charges (refer note 2.28)	1,204,924	1,066,901
Insurance expenses	8,187	-
Legal and professional fees	(3,527,150)	26,916,943
Membership and subscription	111,295	4,205
Office expenses	67,690	2,971
Postage and courier	157	6,180
Printing and stationery	2,542,208	2,092,226
Rates and taxes	25,180	19,001
Rent (refer note 2.28)	11,614,357	9,642,068
Repairs and maintenance - others	106,215	(114,569)
ROC expenses	2,534	4,828
Seminar and conference	212,083	537,545
Service tax expenses	142,028	118,458
Travelling and conveyance	33,627,252	22,314,792
Miscellaneous expenses	6,368	47,842
	<b>50,318,379</b>	<b>65,009,705</b>
<b>Note:</b>		
<b>Auditors' remuneration:</b>		
As auditor	126,000	110,000
For reimbursement of expenses	-	28,354
	<b>126,000</b>	<b>138,354</b>



# Edelweiss Alternative Asset Advisors Limited

## Notes to financial statements (continued)

(Currency: Indian Rupees)

### 2.21 Segment reporting

The Company's business is organised and management reviews the performance based on the business segments as mentioned below:

Segment	Activities covered
Capital based business	Income from treasury operations, income from investments and dividend income
Agency business	Fee income

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis. Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

The following table gives information on segment assets and liabilities as at 31 March 2016 and the segment revenue, expenses and result for the year ended on that date:

	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
I	Segment revenue		
	a) Capital based business	3,753,045	19,667,158
	b) Agency business	71,787,982	49,918,015
	c) Unallocated	-	656,194
	Total	75,541,027	70,241,367
	Less : Inter segment revenue	-	-
	Total Income	75,541,027	70,241,367
II	Segment results		
	a) Capital based business	(12,257,888)	10,270,894
	b) Agency business	(193,612,471)	(153,635,572)
	c) Unallocated	(764,960)	(698,285)
	Total	(206,635,319)	(144,062,963)
	Profit before taxation	(206,635,319)	(144,062,963)
	Less : Provision for taxation	(2,667,240)	1,974,801
	Profit after taxation	(203,968,079)	(146,037,764)
	Particulars	As at 31 March 2016	As at 31 March 2015
III	Segment assets		
	a) Capital based business	12,822,221	102,373,845
	b) Agency business	23,843,067	74,963,907
	c) Unallocated	62,708,447	27,160,609
	Total	99,373,735	204,498,361
IV	Segment liabilities		
	a) Capital based business	40,039,160	5,745,413
	b) Agency business	156,093,193	125,853,794
	c) Unallocated	6,493,826	4,242,509
	Total	202,626,179	135,841,716
V	Capital expenditure (Including capital work-in-progress)		
	a) Capital based business	347,325	367,713
	b) Agency business	6,599,184	6,986,549
	c) Unallocated	-	-
	Total	6,946,509	7,354,262
VI	Depreciation and amortisation		
	a) Capital based business	268,206	114,684
	b) Agency business	5,095,921	2,178,999
	c) Unallocated	-	-
	Total	5,364,127	2,293,683
VII	Significant non-cash expenses other than depreciation and amortisation		
	a) Capital based business	35,900	19,300
	b) Agency business	682,100	366,700
	c) Unallocated	-	-
	Total	718,000	386,000



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (continued)

(Currency: Indian rupees)

**2.22** *Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014:*

**(A) Name of related party by whom control is exercised:**

Edelweiss Financial Services Limited

Holding company

**(B) Fellow subsidiaries with whom transactions have taken place:**

Edelweiss Securities Limited

Edelweiss Commodities and Services Limited

EW India Special Assets Advisors LLC

Edelweiss Global Wealth Management Limited

EW Special Opportunities Advisors LLC

EW SBI Crossover Advisors LLC

Edelweiss Alternative Asset Advisors Pte Limited

Edelweiss Web services Limited



## Edelweiss Alternative Asset Advisors Limited

### Notes to financial statements (continued)

(Currency: Indian rupees)

2.22 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014:

#### (C) Transactions with related parties:

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2016	For the year ended 31 March 2015
(i)	Current account transactions during the year			
	Short term loans taken from (refer note below)			
		Edelweiss Financial Services Limited	118,412,375	-
		Edelweiss Commodities Services Limited	50,000,000	-
	Short term loans repaid to (refer note below)			
		Edelweiss Financial Services Limited	84,971,843	-
		Edelweiss Commodities Services Limited	-	-
	Short term loans given to (refer note below)	Edelweiss Commodities Services Limited	35,943,995	34,265,334
	Repayment of short term loans by (refer note below)	Edelweiss Commodities Services Limited	79,436,435	122,589,995
	Repayment of long term loans by (refer note below)	Edelweiss Web Services Limited	44,000,000	37,000,000
	Interest expense on loans taken from			
		Edelweiss Financial Services Limited	4,225,520	-
		Edelweiss Commodities Services Limited	31,421	-
	Interest income on loans given to			
		Edelweiss Web Services Limited	2,409,180	6,596,384
		Edelweiss Commodities Services Limited	987,056	12,915,652
	Nomination deposit paid to	Edelweiss Financial Services Limited	100,000	-
	Processing fee paid to	Edelweiss Web Services Limited	55,170	40,600
	Cost reimbursements paid to			
		Edelweiss Financial Services Limited	2,846,211	49,521,645
		Edelweiss Commodities Services Limited	12,819,281	10,769,969
		Edelweiss Web Services Limited	63,170	12,000
	Reimbursements paid to			
		Edelweiss Financial Services Limited	56,458,334	-
		Edelweiss Web Services Limited	11,438,472	-
	Fee income earned from			
		EW Special Opportunities Advisors LLC	-	1,877,724
		EW India Special Assets Advisors LLC	-	16,899,516
		EW SBI Crossover Advisors LLC	-	37,361,105
		Edelweiss Alternative Asset Advisors Pte Ltd	50,903,942	-



## Edelweiss Alternative Asset Advisors Limited

### Notes to financial statements (continued)

(Currency: Indian rupees)

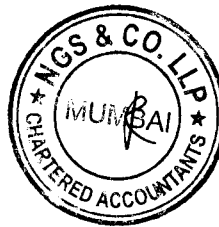
2.22 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014:

#### (C) Transactions with related parties (continued)

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>(II) Balances with related parties</b>				
	Trade payable to	Edelweiss Web Services Limited	154,412	41,558
		Edelweiss Financial Services Limited	191,906	2,381,794
		Edelweiss Commodities Services Limited	-	61,000
	Nomination deposit payable to	Edelweiss Financial Services Limited	100,000	
<b>Other liabilities</b>				
	Interest accrued and due on borrowings from	Edelweiss Financial Services Limited	401,257	272
		Edelweiss Commodities Services Limited	28,279	-
	Trade receivables	EW Special Opportunities Advisors LLC	-	1,877,724
		EW India Special Assets Advisors LLC	-	16,899,516
		Edelweiss Global Wealth Management Limited	-	72,000
	Short-term borrowings	Edelweiss Financial Services Limited	33,440,532	-
		Edelweiss Commodities Services Limited	50,000,000	-
<b>Loans and advances</b>				
	Unsecured long term loans given to	Edelweiss Web Services Limited	-	44,000,000
	Unsecured short term loans given to	Edelweiss Commodities Services Limited	-	43,683,440
	Advance given to	Edelweiss Securities Limited	-	84,000
		Edelweiss Web Services Limited	-	124,009
<b>Other current assets</b>				
	Accrued interest on loans given to	Edelweiss Commodities Services Limited	-	601,772
		Edelweiss Web Services Limited	-	303,781

Note :

Loan given to/taken from related parties are disclosed based on the maximum incremental amount given/taken during the reporting year.



# Edelweiss Alternative Asset Advisors 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:

	For the year ended 31 March 2016	For the year ended 31 March 2015
a) Net amount attributable to the equity shareholders (as per statement of profit and loss)	(203,968,079)	(146,037,764)
b) Calculation of weighted average number of equity Shares of Rs 10 each:		
– Number of shares at the beginning of the year	2,256,000	2,256,000
– Shares issued during the year	118,737	-
Total number of equity shares outstanding at the end of the year	2,374,737	2,256,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	2,342,532	2,256,000
c) Basic and diluted earnings per share (in rupees) (a/b)	(87.07)	(64.73)

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

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

#### A) Defined contribution plan - Provident fund

Amount of Rs. 5,845,571/- (previous year Rs. 2,870,245/-) is recognised as expense and included in "Employee benefit expenses" – Note 2.18 in the statement of profit and loss.

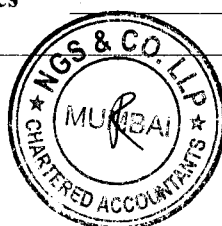
#### B) Retirement benefit – gratuity

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

#### Statement of profit and loss

Net employee benefits expenses:

	For the year ended 31 March 2016	For the year ended 31 March 2015
Current service cost	1,846,000	1,384,000
Interest on defined benefit obligation	439,000	530,000
Expected return on plan assets	(496,000)	(344,000)
Actuarial (gain) / loss	1,055,873	(620,880)
<b>Total included in employee benefit expenses</b>	<b>2,844,873</b>	<b>949,120</b>





# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (continued)

(Currency: Indian rupees)

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

#### Balance sheet

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

	As at 31 March 2016	As at 31 March 2015
Liability at the beginning of the year	6,337,061	5,614,000
Interest cost	439,000	530,000
Current service cost	1,846,000	1,384,000
Transfer in/(out)	(715,000)	3,47,000
Benefit paid	-	(1,640,000)
Actuarial (gain)/loss on obligations	948,230	102,061
<b>Liability at the end of the year</b>	<b>8,855,291</b>	<b>6,337,061</b>

Changes in fair value of plan assets are as follows:

	As at 31 March 2016	As at 31 March 2015
Fair value at the beginning of the year	6,339,880	4,008,000
Expected return on plan assets	496,000	344,000
Contributions	2,000,000	2,905,000
Benefits paid	-	(1,640,000)
Actuarial gain/(loss)	(107,643)	722,880
<b>Fair value of plan assets at the end of the year</b>	<b>8,728,237</b>	<b>6,339,880</b>

Amount recognised in the Balance Sheet:

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Liability at the end of the year	8,855,291	6,337,061	5,614,000	4,158,061	1,797,238
Fair value of plan assets at the end of the year	8,728,237	6,339,880	4,008,000	-	-
<b>Amount recognized in Balance sheet (assets)/liabilities</b>	<b>127,054</b>	<b>(2,819)</b>	<b>1,606,000</b>	<b>4,158,061</b>	<b>1,797,238</b>



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (continued)

(Currency: Indian rupees)

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

#### Experience adjustment:

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
On plan liabilities: (gain) / loss	(120,000)	(532,000)	279,000	1,245,681	(31,003)
On plan assets: gain /( loss)	791,000	723,000	4,000	-	-

Principle actuarial assumptions at the balance sheet date:

	As at 31 March 2016	As at 31 March 2015
Discount rate current	7.40%	7.80%
Salary escalation rate	7.00%	7.00%
Employees attrition rate	13%-25%	13%-25%

### 2.25 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.

### 2.26 Capital commitments and contingent liabilities

Uncalled liabilities on non current investments Rs 33,750,000 as at balance sheet date (Previous year: Rs 36,250,000).

Estimated amount of contracts remaining to be executed on capital account and not provided for Nil. (Previous year: 695,000).

### 2.27 Earnings and expenditure in foreign currency

The Company has undertaken the following transactions in foreign currency:

(a) Expenditure incurred in foreign currency (on accrual basis)

	For the year ended March 2016	For the year ended March 2015
Travelling and conveyance	1,760,029	631,589
Seminar and conferences	-	207,162
Membership and subscription	159,459	-
<b>Total</b>	<b>1,919,488</b>	<b>838,751</b>



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (continued)

(Currency: Indian rupees)

### 2.27 Earnings and expenditure in foreign currency (continued)

(b) Income earned in foreign currency (on accrual basis)

	For the year ended March 2016	For the year ended March 2015
Advisory and other fees	50,903,942	56,138,345
<b>Total</b>	<b>50,903,942</b>	<b>56,138,345</b>

### 2.28 Cost sharing

Edelweiss Commodities Services Limited, being the fellow subsidiary incurs common expenditure like rent, electricity, etc. which is for the benefit of the Company. These costs so expended are reimbursed by the Company on the basis of area occupied, actual identifications etc. Accordingly, and as identified appropriately, the expenditure heads in Note 2.20 are gross of the reimbursements.

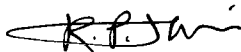
During the previous year, the company incurred common expenditure like senior management cost which is for the benefit of itself and Arum Investments Private Limited, being the associate of the holding company of the Company. These costs so expended are reimbursed on the basis of number of employees, time spent by employees, area occupied, actual identifications etc. Accordingly, and as identified appropriately, the expenditure head in Note 2.18 are net of the reimbursements.

As per our report of even date attached.

**For NGS & Co. LLP**

Chartered Accountants

Firm Registration No.: 119850W



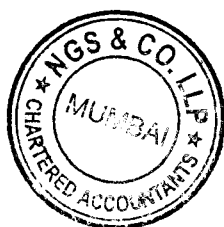
**R. P. Soni**

Partner

Membership No.: 104796

Mumbai

12 May 2016



**For and on behalf of the Board of Directors**




**Nikhil Johari**

Director

DIN.: 01960539

12 May 2016



**Priyank Govila**

Director

DIN.: 03291394

12 May 2016