



KHANDELWAL PRAKASH MURARI BHANDARI & CO.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS REPORT

TO
THE MEMBERS OF
EDELWEISS INVESTMENT ADVISER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **EDELWEISS INVESTMENT ADVISER LIMITED** (“the company”) which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

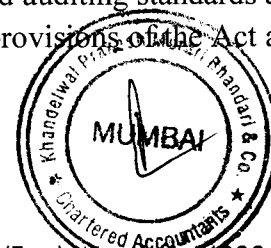
Management’s Responsibility for the Financial Statements

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, judgments and estimates that are reasonable and prudent and design, implementation 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 & fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 assurance 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, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

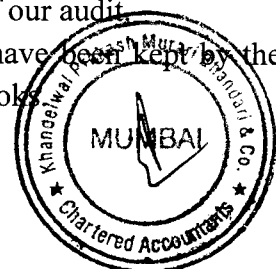
Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the act in the manner so requires and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2015;
- b. In the case of the Statement of Profit & Loss , of the loss of the company for the year ended on that date; and
- c. In the case of cash flow statement, of the cash flow of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure 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 statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as director in terms of section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Khandelwal Prakash Murari Bhandari & Co.

Chartered Accountants

(Firm's Registration No. 102454WD)



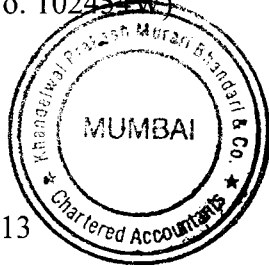
Pawan Kumar Gupta

Partner

Membership No. 051713

Place: Mumbai

Date: 14 May 2015



EDELWEISS INVESTMENT ADVISER LIMITED

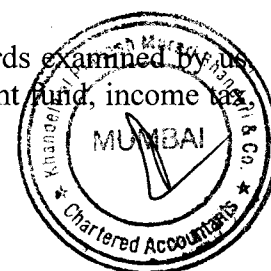
Annexure to Independent Auditors Report

(Referred to in paragraph 1 of our report of “Report on Other Legal and Regulatory Requirements” of even date)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) In respect of its Fixed Assets:
 - 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 regards to the size of the Company and nature of its assets.
- (ii) Based on our examination of documents and records, the company did not own any physical inventory at any time during the year and as at the balance sheet date, hence clause 3(ii) of the order is not applicable.
- (iii) According to the information and explanations given to us, during the year the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013, hence clause 3(iii) of the order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the services provided. During the course of our audit, no major weaknesses have been noticed in the internal controls in respect of these areas.
- (v) According to information and explanations given to us, during the year the Company has not accepted any deposits from the public, hence clause 3(v) of the order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of Cost records for the company under sub section (1) of Section 148 of the Companies Act, 2013.
- (vii)
 - a) According to the information and explanation given to us and records examined by us, the Company is generally regular in deposit of income tax, Provident fund, service tax, or cess and any other material statutory dues applicable to it. As explained to us the Company does not have any dues on account of Employees’ State Insurance, Sales Tax, Value Added Tax, Wealth Tax, Custom Duty, Excise Duty and Investor Education and Protection Fund.

According to the information and explanation given to us and records examined by us, there are no undisputed statutory dues payable in respect of Provident fund, income tax



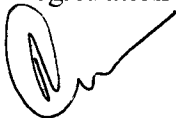
service Tax, or cess and any other material statutory dues applicable to it which are outstanding as on 31st March, 2015 for a period of more than six months from the date they became payable.

- b) According to the information and explanation given to us and records examined by us, there are no dues of Income Tax, service Tax, or cess and other statutory dues which have not been deposited on account of any dispute.
- c) According to the information and explanation given to us, the company is not required to transfer funds to investor education protection fund.
- (viii) The accumulated losses of the company as at the end of the financial year are more than fifty percent of its net worth. The company has not incurred cash losses in the financial year ended on that date. However, the company had incurred cash losses in the immediately preceding financial year.
- (ix) Based on the information available and explanations given by the management, the company has not taken any loan from financial institutions, bank or debenture holders and hence clause 3(ix) of the order is not applicable.
- (x) According to the information and explanation given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xi) The company has not taken any term loan during the year.
- (xii) To the best of our knowledge and according to the information and explanation given to us by the management, no fraud on or by the company, has been noticed or reported during the year.

For Khandelwal Prakash Murari Bhandari & Co.

Chartered Accountants

(Firm's Registration No. 102454W)



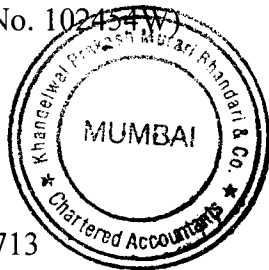
Pawan Kumar Gupta

Partner

Membership No. 051713

Place: Mumbai

Date: 14 May 2015



Edelweiss Investment Adviser Limited

Balance Sheet

(Currency : Indian rupees)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	4,750,000	4,750,000
(b) Reserves and surplus	2.2	190,465,752	192,816,072
		<u>195,215,752</u>	<u>197,566,072</u>
Non-current liabilities			
Long-term provisions	2.3	944,000	811,000
Current liabilities			
(a) Short-term borrowings	2.4	1,953,269,803	1,642,678,839
(b) Trade payables	2.5	7,965,421	4,842,458
(c) Other current liabilities	2.6	38,802,242	45,374,862
(d) Short-term provisions	2.7	166,000	297,000
TOTAL		<u><u>2,196,363,218</u></u>	<u><u>1,891,570,231</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets	2.8		
(i) Tangible assets		1,223,586	830,546
(ii) Intangible assets		546,931	669,862
(iii) Intangible assets under development		15,855,156	10,827,862
(b) Deferred tax assets (net)	2.9	69,121,363	68,715,399
(c) Long-term loans and advances	2.10	36,561,862	95,963,509
		<u>123,308,898</u>	<u>177,007,178</u>
Current assets			
(a) Trade receivables	2.11	5,136,356	674,230
(b) Cash and bank balances	2.12	29,311,792	5,649,050
(c) Short-term loans and advances	2.13	2,038,544,034	1,707,657,010
(d) Other current assets	2.14	62,138	582,763
		<u>2,073,054,320</u>	<u>1,714,563,053</u>
TOTAL		<u><u>2,196,363,218</u></u>	<u><u>1,891,570,231</u></u>
Significant accounting policies and notes to financial statements	1 & 2		

As per our report of even date attached.

For **Khandelwal Prakash Murari Bhandari & Co.**

Chartered Accountants

Firm's Registration No.: 1624

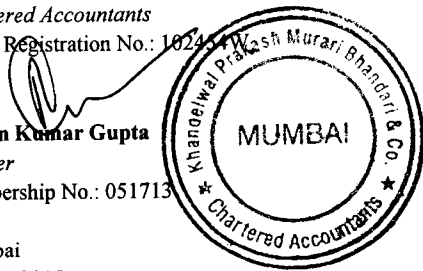
Pawan Kumar Gupta

Partner

Membership No.: 051713

Mumbai

14 May 2015



For and on behalf of the Board of Directors

Mayank Soti

Director

DIN : 03283886

Mumbai

14 May 2015

Sanjeev Rastogi

Director

DIN : 00254303

Edelweiss Investment Adviser Limited

Statement of Profit and Loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operations			
Fee and commission income	2.15	42,426,257	38,981,647
Income from treasury operations and investments	2.16	231,653,383	44,484,058
Other operating revenue	2.17	3,969,023	11,294,297
Other income	2.18	9,792	10,351
Total Revenue		278,058,455	94,770,353
Expenses			
Employee benefit expenses	2.19	47,493,403	35,213,156
Finance costs	2.20	181,329,811	153,897,261
Depreciation and amortization expenses	2.8	1,265,574	503,424
Other expenses	2.21	46,364,168	20,672,267
Total expenses		276,452,956	210,286,108
Profit/(Loss) before tax		1,605,499	(115,515,755)
Tax expense:			
(1) Income tax (previous year Rs. Nil)		4,361,000	-
(2) Short provision for earlier years		785	-
(3) Deferred tax benefit		(405,966)	(37,909,033)
Loss for the year		(2,350,320)	(77,606,722)
Earning per equity share:			
Basic and diluted earnings per share (Face value of Rs. 10 each)	2.26	(47.01)	(1,552.13)
Significant accounting policies and notes to financial statements	1 & 2		

As per our report of even date attached.

For **Khandelwal Prakash Murari Bhandari & Co.**

Chartered Accountants

Firm's Registration No.: 1024541W

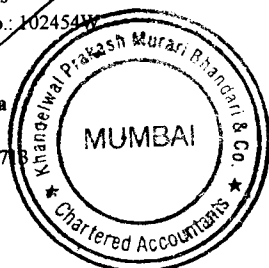
Pawan Kumar Gupta

Partner

Membership No.: 051718

Mumbai

14 May 2015



For and on behalf of the Board of Directors

Mayank Soti

Director

DIN : 03283886

Mumbai

14 May 2015

Sanjeev Rastogi

Director

DIN : 00254303

Edelweiss Investment Adviser Limited

Cash Flow Statement

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
Profit / (Loss) before taxation	1,605,499	(115,515,755)
<i>Adjustments for</i>		
Depreciation	1,265,574	503,424
Provision for doubtful debts and advances	20,864,502	-
Provision for gratuity	(38,000)	703,031
Provision for compensated absences	40,000	203,000
Loss on sale/write-off of fixed assets	1,441	38,278
Interest expense	181,173,229	153,757,456
Operating cash flow before working capital changes	204,912,245	39,689,434
<i>Adjustments for</i>		
Increase in trade receivables	(4,558,813)	(269,048)
Decrease in stock in trade	-	7,500,000
Increase in loans and advances	(364,482,444)	(51,304,368)
Decrease in other current assets	520,625	516,526,114
(Decrease) / Increase in liabilities and provisions	(18,910,143)	27,565,134
Cash (used in) / generated from operating activities	(182,518,530)	539,707,266
Income taxes paid	12,132,533	5,030,864
Net cash (used in) / generated from operating activities - A	(194,651,063)	534,676,402
B Cash flow from investing activities		
Purchase of Fixed assets	(7,155,734)	(9,268,189)
Proceeds on sale of Fixed assets	5,818	-
Proceeds from repayment of long term loan given	80,000,000	-
Net cash generated from / (used in) investing activities - B	72,850,084	(9,268,189)
C Cash flow from financing activities		
Borrowed through unsecured loan (refer note 1 below)	310,590,964	(382,376,740)
Interest paid	(165,127,243)	(151,419,697)
Net cash generated from / (used in) financing activities - C	145,463,721	(533,796,437)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	23,662,742	(8,388,224)
Cash and cash equivalent as at the beginning of the year	5,649,050	14,037,272
Cash and cash equivalent as at the end of the year (refer note 2.12)	29,311,792	5,649,050

Notes:

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

As per our report of even date attached.

For Khandelwal Prakash Murari Bhandari & Co.

Chartered Accountants

Firm's Registration No.: 10245

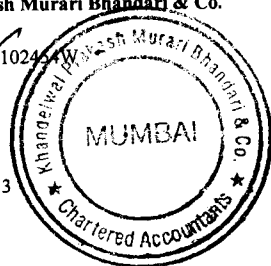
Pawan Kumar Gupta

Partner

Membership No.: 051713

Mumbai

14 May 2015



For and on behalf of the Board of Directors

Mayank Soti

Director

DIN : 03283886

Mumbai

14 May 2015

Sanjeev Rastogi

Director

DIN : 00254303

Edelweiss Investment Adviser Limited

Notes to the financial statements

for the year ended 31 March 2015

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

1.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities 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 satisfies any of the following criteria:

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

Current Assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

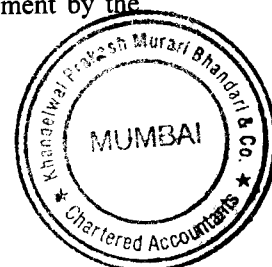
Liabilities

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

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

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.



Edelweiss Investment Adviser Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency : Indian rupees)

1. Significant accounting policies (*Continued*)

1.4 Revenue recognition

- Fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Income from treasury operations comprises of profit/loss on sale of securities, real estate properties and commodities and profit/loss on equity, commodity and currency derivative instruments.
 - i) Profit/ loss on sale of securities and commodities is determined based on the weighted average cost of the securities/commodities sold.
 - ii) 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, a valuation technique is used to determine the fair value. In most cases a valuation technique use observable market data as input parameters in order to ensure reliability of the fair value measure.
- Interest income is recognised on accrual basis.

1.5 Fixed assets and depreciation

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 to use or put to use whichever is earlier. In respect of assets sold, depreciation is provided up to 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
Office Equipment	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

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



Edelweiss Investment Adviser Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency : Indian rupees)

1. Significant accounting policies (*Continued*)

1.6 Investments

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

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

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

1.7 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

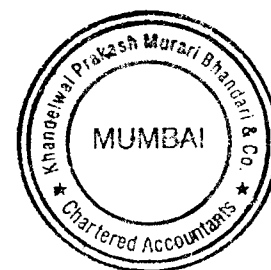
The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the statement of profit and loss.

Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods. Such 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.

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



Edelweiss Investment Adviser Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency : Indian rupees)

1. Significant accounting policies (*Continued*)

1.8 *Employee benefits (Continued)*

Compensated leave 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.

1.8 *Taxation*

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

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.

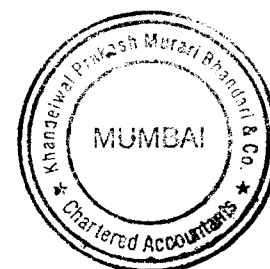
Deferred taxation

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

1.9 *Earnings per share*

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to 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 by the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.



Edelweiss Investment Adviser Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency : Indian rupees)

1. Significant accounting policies (*Continued*)

1.10 Provisions and contingencies

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

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

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



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.1 Share capital		
Authorised :		
250,000 (Previous year 250,000) Equity shares of Rs. 10 each	2,500,000	2,500,000
5,000,000 (Previous year 5,000,000) Preference shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
	<u>52,500,000</u>	<u>52,500,000</u>
Issued, Subscribed and Paid up:		
50,000 (Previous year 50,000) equity shares of Rs. 10 each, fully paid-up (All the above, 50,000 (Previous year: 50,000) equity shares of Rs. 10 each, fully paid-up shares are held by Edelweiss Financial Services Limited, the holding company and its nominees.)	500,000	500,000
160,000 (Previous year 160,000) 0.01% Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up Of the above:- (i) 70,000 (Previous year: 70,000) - 0.01% Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid-up shares are held by Edelweiss Commodities Services Limited, a fellow subsidiary. (ii) 90,000 (Previous year: 90,000) - 0.01% Non Cumulative Redeemable Preference Shares of Rs.10 each, fully paid up shares are held by Edelweiss Commodities Services Limited, a fellow subsidiary.	1,600,000	1,600,000
220,000 (Previous year 220,000) 1% Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up Of the above:- (i) 110,000 (Previous year: 110,000) - 1% Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid-up shares are held by Edelweiss Finance & Investments Limited, a fellow subsidiary. (ii) 110,000 (Previous year: 110,000) - 1% Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid-up shares are held by ECL Finance Limited, a fellow subsidiary.	2,200,000	2,200,000
45,000 (Previous year 45,000) 1% Non-Cumulative Redeemable Preference Shares of Rs 10 each, fully paid up (The above, 45,000 (Previous year: 45,000) 1% Non Cumulative Redeemable Preference shares of Rs. 10 each, fully paid-up shares are held by Edelweiss Commodities Services Limited, a fellow subsidiary.)	450,000	450,000
	<u>4,750,000</u>	<u>4,750,000</u>
Reconciliation of number of shares outstanding :		
<u>Equity Shares</u>		
Number of shares outstanding at the beginning	50,000	50,000
Shares issued during the year	-	-
Number of shares at the end	<u>50,000</u>	<u>50,000</u>
Reconciliation of Share Capital:		
Share Capital at the beginning of the year	500,000	500,000
Share Capital issued during the year	-	-
Share Capital at the end of the year	<u>500,000</u>	<u>500,000</u>
Reconciliation of number of shares outstanding :		
<u>Preference Shares</u>		
Number of shares outstanding at the beginning	425,000	425,000
Shares issued during the year	-	-
Number of shares at the end	<u>425,000</u>	<u>425,000</u>
Reconciliation of Share Capital:		
Share Capital at the beginning of the year	4,250,000	4,250,000
Share Capital issued during the year	-	-
Number of shares at the end	<u>4,250,000</u>	<u>4,250,000</u>



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.1 Share capital (Continued)

Rights attached to Equity Shares:

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.

Terms of conversion/repayment of Non-Cumulative Redeemable Preference Shares:

70,000 Preference Shares

The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 1,000 per share. The Preference Shares were allotted on November 5, 2009. The Preference Shares are Non-cumulative and Non-convertible. The Preference Shares carry a Non-cumulative dividend of 0.01%. The Preference Shares will be redeemed at Rs. 1,000 per share at the end of 3 years from the date of allotment but before 10 years from the date of allotment.

90,000 Preference Shares

The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 1,000 per share. The Preference Shares were allotted on December 23, 2009. The Preference Shares are Non-cumulative and Non-convertible. The Preference Shares carry a Non-cumulative dividend of 0.01%. The Preference Shares will be redeemed at Rs. 1,000 per share at the end of 3 years from the date of allotment but before 10 years from the date of allotment.

2,20,000 Preference Shares

The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 1,000 per share. The Preference Shares were allotted on February 12, 2010. The Preference Shares are Non-cumulative and Non-convertible. The Preference Shares carry a Non-cumulative dividend of 1%. The Preference Shares will be redeemed at Rs. 1,000 per share at the end of 3 years from the date of allotment but before 10 years from the date of allotment.

45,000 Preference Shares

The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 1,000 per share. The Preference Shares were allotted on July 16, 2010. The Preference Shares are Non-cumulative and Non-convertible. The Preference Shares carry a Non-cumulative dividend of 1%. The Preference Shares will be redeemed at Rs. 1,000 per share at the end of 20 years from the date of allotment with an option redeem the shares at any time after a period of 3 months from the date of allotment.

Details of shareholders holding more than 5% shares in the company:

	As at 31 March 2015 No. of shares	As at 31 March 2014 No. of shares
Preference share of Rs. 10 each fully paid-up:		
Edelweiss Commodities Services Limited, a fellow subsidiary	205,000	205,000
Edelweiss Finance & Investments Limited, a fellow subsidiary	110,000	110,000
ECL Finance Limited, a fellow subsidiary	110,000	110,000
	<u>425,000</u>	<u>425,000</u>

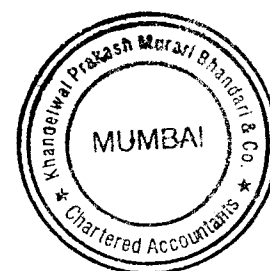


Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.2 Reserves and surplus		
Securities Premium Account		
Opening balance	420,750,000	420,750,000
Add : Additions during the year	-	-
	<u>420,750,000</u>	<u>420,750,000</u>
Statement of profit and loss		
Opening Balance	(227,933,928)	(150,327,206)
Add: Loss for the year	(2,350,320)	(77,606,722)
Closing balance	<u>(230,284,248)</u>	<u>(227,933,928)</u>
	<u>190,465,752</u>	<u>192,816,072</u>
2.3 Long-term provisions		
Provision for employee benefits		
Gratuity	741,000	643,000
Compensated absences	203,000	168,000
	<u>944,000</u>	<u>811,000</u>
2.4 Short-term borrowings		
<u>Unsecured</u>		
Loans from related parties (repayable on demand)	1,953,269,803	1,642,678,839
	<u>1,953,269,803</u>	<u>1,642,678,839</u>
2.5 Trade payables		
Trade payables (includes sundry creditors and provision for expenses)	7,965,421	4,842,458
	<u>7,965,421</u>	<u>4,842,458</u>
2.6 Other current liabilities		
Interest accrued and due on borrowings	20,782,424	4,736,438
Income received in advance	8,564	-
Other payables		
Accrued salaries and benefits	11,816,687	8,304,725
Withholding taxes, service tax and other taxes payable	6,194,567	9,214,614
Book overdraft	-	23,119,085
	<u>38,802,242</u>	<u>45,374,862</u>
2.7 Short-term provisions		
Provision for employee benefits		
Gratuity	103,000	239,000
Compensated absences	63,000	58,000
	<u>166,000</u>	<u>297,000</u>



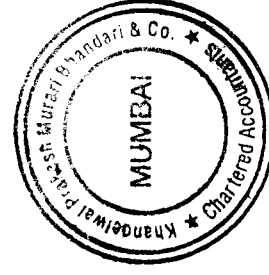
Edelweiss Investment Adviser Limited
Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.8 Fixed assets

Description of Assets	Gross block				Depreciation			Net block	
	As at 1 April 2014	Additions during the year	Deductions during the year	As at 31 March 2015	As at 1 April 2014	Additions during the year	Deductions during the year	As at 31 March 2015	As at 31 March 2014
Tangible assets									
Office equipment	232,229	123,685	10,000	345,914	37,208	129,498	2,743	163,963	181,951
Computers	1,226,037	1,257,874	-	2,483,911	590,512	851,764	-	1,442,276	1,041,635
Total : A	1,458,266	1,381,559	10,000	2,829,825	627,720	981,262	2,743	1,606,239	1,223,586
Intangible assets									
Computer software	813,700	161,381	-	975,081	143,838	284,312	-	428,150	546,931
Total : B	813,700	161,381	-	975,081	143,838	284,312	-	428,150	546,931
Grand Total [A+B]	2,271,966	1,542,940	10,000	3,804,906	771,558	1,265,574	2,743	2,034,389	1,770,517
Previous Year	1,156,285	1,197,336	81,655	2,271,966	311,511	503,423	43,376	771,558	1,500,408

Note
As per the requirement of the Companies Act, 2013, the Company has evaluated the useful life of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the Statement of profit and loss of the Company, the depreciation charge for the year ended 31 March 2015 is higher by Rs. 463,874/-



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.9 Deferred taxes assets (net)		
Deferred tax assets		
Provision for doubtful debts/ advances	6,898,430	-
Disallowances under section 43B of the Income Tax Act, 1961	366,999	584,902
Accumulated Losses	<u>61,982,613</u>	<u>68,308,580</u>
	<u>69,248,042</u>	<u>68,893,482</u>
Deferred tax liabilities		
Difference between book and tax depreciation	<u>126,679</u>	<u>178,083</u>
	<u>126,679</u>	<u>178,083</u>
	<u><u>69,121,363</u></u>	<u><u>68,715,399</u></u>
2.10 Long-term loans and advances		
<u>Unsecured, considered good</u>		
Loans and advances to related parties	10,000,000	90,000,000
Other loans and advances		
Advance income taxes (net of provision for taxation Rs.Nil; Previous year Rs. 6,997,194)	26,536,862	5,938,509
Deposits - others	25,000	25,000
	<u>36,561,862</u>	<u>95,963,509</u>

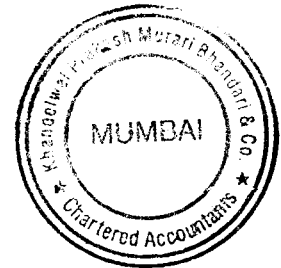


Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.11 Trade receivables		
Other debts		
Unsecured, considered good	5,136,356	674,230
Unsecured, considered doubtful	96,687	-
	<u>5,233,043</u>	<u>674,230</u>
Provision for doubtful debts	96,687	-
	<u>5,136,356</u>	<u>674,230</u>
2.12 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	31,885	10,000
Balances with banks		
- in Current accounts	29,279,907	5,639,050
	<u>29,311,792</u>	<u>5,649,050</u>
2.13 Short-term loans and advances		
<u>Unsecured, considered good</u>		
Loans and advances to related parties	130,290	2,780,160
Advances towards real estate business (net of provisions Rs. 20,767,815; previous year Rs. Nil)	2,033,863,906	1,689,764,287
Other loans and advances		
Prepaid expenses	246,398	11,394
Vendor Advances	153,387	152,421
Input tax credit	608,378	895,910
Advance income tax (net of provision for taxation Rs.4,361,000; previous year Rs. Nil)	683,934	13,511,539
Advances recoverable in cash or in kind or for value to be received	2,857,741	541,299
	<u>2,038,544,034</u>	<u>1,707,657,010</u>
2.14 Other current assets		
Accrued interest on loans given	62,138	322,450
Accrued interest on margin	-	313
Margin placed with broker	-	260,000
	<u>62,138</u>	<u>582,763</u>



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.15 Fee and commission income		
Advisory and other fees	42,426,257	38,981,647
	<u>42,426,257</u>	<u>38,981,647</u>
2.16 Income from treasury operations and investments		
Profit on trading of securities (net) - Cash	-	123,830
Profit on trading in Commodity derivative instruments (net)	108,480,000	-
Profit from real estate transactions	123,173,383	44,100,228
Dividend on stock in trade	-	260,000
	<u>231,653,383</u>	<u>44,484,058</u>
2.17 Other operating revenue		
Interest income on loan to subsidiary companies	3,961,644	10,799,985
Interest income on margin with brokers	7,379	494,312
	<u>3,969,023</u>	<u>11,294,297</u>
2.18 Other income		
Interest income - others	9,342	1,151
Miscellaneous income	450	9,200
	<u>9,792</u>	<u>10,351</u>

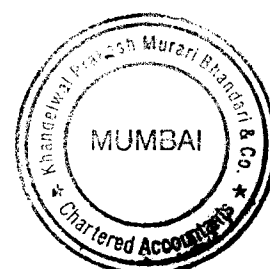


Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.19 Employee benefit expenses		
Salaries and wages	45,588,271	33,697,563
Contribution to provident and other funds	1,296,009	1,290,743
Staff welfare expenses	609,123	224,850
	<u>47,493,403</u>	<u>35,213,156</u>
2.20 Finance costs		
Interest on loan	181,173,229	153,757,456
Interest - others	139,728	139,143
Financial and bank charges	16,854	662
	<u>181,329,811</u>	<u>153,897,261</u>
2.21 Other expenses		
Advertisement and business promotion	3,184,872	783,809
Auditors' remuneration (refer note below)	66,000	72,000
Commission and brokerage	10,535,920	5,903,636
Communication	1,107,367	359,105
Computer expenses	102,725	1,400
Computer software	670,638	374,033
Dematerialisation charges	22,500	-
Directors' sitting fees	20,000	-
Donation	3,000	-
Electricity charges (refer note 2.31)	298,564	822,661
Insurance	519,697	75,874
Legal and professional fees	2,303,719	1,295,585
Loss on sale/ write-off of fixed assets (net)	1,441	38,278
Membership & Subscription	-	105,000
Office expenses	62,197	10,961
Postage and courier	11,980	6,739
Printing and stationery	1,101,866	543,400
Provision for doubtful debts and advances	20,864,502	-
Rates and taxes	12,500	2,500
Rent (refer note 2.31)	2,769,220	8,324,801
Repairs and maintenance - others	19,545	9,500
ROC Expenses	4,228	-
Security transaction tax	-	7,624
Seminar and conference	8,359	-
Service tax expenses	29,800	29,194
Stamp duty	1,830	4,762
Stock exchange expenses	-	(23,726)
Transportation Charges	1,500	-
Travelling and conveyance	2,315,601	1,925,006
Miscellaneous expenses	324,597	125
	<u>46,364,168</u>	<u>20,672,267</u>
Note:		
Auditors' remuneration		
As auditor	66,000	66,000
Other services	-	6,000
	<u>66,000</u>	<u>72,000</u>



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2015

(Currency: Indian rupees)

2.22 Segment reporting

The Company is engaged primarily into capital based business and accordingly, based on materiality, management has identified that there are no other reportable business segments within the meaning of Accounting Standard 17 - Segment Reporting.

2.23 Disclosure of Related parties as required under AS-18 – “Related party Disclosure”

In accordance with Accounting Standard 18 on “Related Party Disclosures” as prescribed under Section 133 of the companies Act 2013, read with Rule 7 of the companies (Accounts) Rules, 2014.

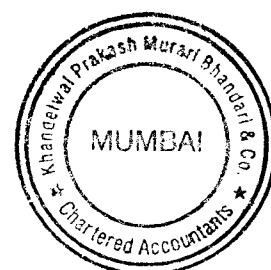
(A) Name of related party by whom control is exercised

Edelweiss Financial Services Limited	Holding Company
--------------------------------------	-----------------

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

Edelweiss Commodities Services Limited
Edelweiss Securities Limited
ECL Finance Limited
Edelweiss Web Services Limited
Edelweiss Housing Finance Limited.
Edelweiss Broking Limited (refer note below)
Edelweiss Insurance Brokers Limited.

Note: Edelweiss Financial Advisors Limited (“Transferor Company”), has been amalgamated with Edelweiss Broking Limited (“Transferee Company”) with effect from 01 October 2013 (“the Appointed Date”) vide a court order. All related party transactions transacted during the year and the outstanding balances thereof as at the end of the year relating to the Transferor Company are considered to be transacted with the Transferee Company and accordingly included in the related party transactions disclosure of the Company.



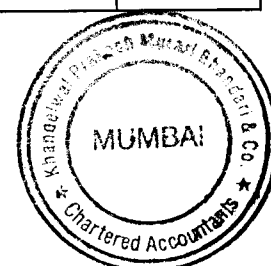
Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.23 Disclosure of Related parties as required under AS-18 - "Related Party Disclosure" (Continued)

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2015	Amount 31 March 2014
	Capital account transactions during the year			
1	Short term loans taken from	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	450,263,957 200,000	846,383,380 90,500,000
2	Short term loans repaid to	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	- 139,938,000	1,319,260,120 -
3	Long term loan repaid by	Edelweiss Web Services Limited	80,000,000	-
4	Margin withdrawn from fellow subsidiary	Edelweiss Securities Limited Edelweiss Broking Limited	260,000 -	506,862,229 10,000,000
	Current account transactions during the year			
5	Interest expenses on loan from	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	19,721,672 161,451,557	31,385,029 117,635,989
6	Interest income on margin placed with	Edelweiss Securities Limited Edelweiss Broking Limited	7,379 -	337,287 156,712
7	Interest income on loan from	Edelweiss Web Services Limited	3,961,644	10,477,535
8	Cost reimbursement paid to	Edelweiss Commodities Services Limited	2,997,784	9,147,462
9	Reimbursement paid to	Edelweiss Financial Services Limited	21,381,415	11,225,069
10	Advisory and other fees earned from	Edelweiss Housing Finance Limited ECL Finance Limited	1,275,093 1,913,784	1,175,761 164,925
11	Processing fees paid to	Edelweiss Web Services Limited	71,710	14,250
12	Insurance expenses paid to	Edelweiss Financial Services Limited	413,115	-
	Balances with related parties			
13	Short term loan taken from	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	617,442,795 1,335,762,000	167,178,839 1,475,500,000
14	Long-term loans given to	Edelweiss Web Services Limited	10,000,000	90,000,000
15	Trade payables to	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited Edelweiss Web Services Limited Edelweiss Broking Limited	959,369 3,412,108 73,402 446,000	- - 14,586 -
16	Accrued interest expenses on loans paid to	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	1,050,595 19,731,829	2,664,420 2,072,018
17	Accrued interest income on loan given to	Edelweiss Web Services Limited	62,138	322,450
18	Advances recoverable from	Edelweiss Financial Services Limited Edelweiss Web Services Limited Edelweiss Insurance Brokers Limited Edelweiss Securities Limited Edelweiss Broking Limited	5,816 90,529 39,761 - -	428,000 - - 313 6,904



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

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

A) Defined contribution plan - Provident fund

Amount of Rs. 881,382 (previous year Rs. 950,000) is recognised as expense and included in “Employee benefit expenses” – Note 2.19 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

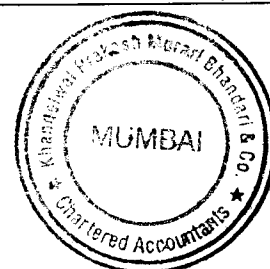
Net employee benefits expenses (recognised in employee cost):

	For the year ended 31 March 2015	For the year ended 31 March 2014
Current service cost	234,000	196,223
Interest on defined benefit obligation	38,000	50,000
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognised in the year	-	-
Past service cost	-	-
Actuarial (gain) / loss	136,000	92,000
Total included in employee benefit expenses	408,000	338,223

Balance sheet

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

	As at 31 March 2015	As at 31 March 2014
Liability at the beginning of the year	882,000	178,969
Interest cost	38,000	50,000
Current service cost	234,000	196,223
Past service cost (non vested benefit)	-	-
Past service cost (vested benefit)	-	-
Benefit Paid	-	(95,000)
Actuarial (gain)/loss on obligations	136,000	92,000
Transfers In/(Out)	(446,000)	459,808
Liability at the end of the year	844,000	882,000
Of which, short term provision	103,000	239,000



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

Amount Recognised in the Balance Sheet:

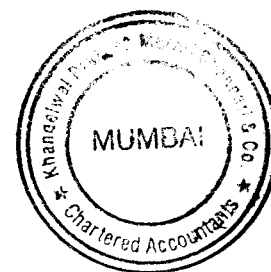
	As at 31 March 2015	As at 31 March 2014
Liability at the end of the year	844,000	882,000
Fair value of plan assets at the end of the year	-	-
Amount in Balance sheet	844,000	882,000

Experience Adjustment:

	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Defined Benefit Obligation	844,000	882,000	178,969
Fair Value of Plan Assets	-	-	-
Surplus/(Deficit)	(844,000)	(882,000)	(178,969)
On Plan liabilities: (Gain) / Loss	54,000	120,000	-
On Plan Assets Gain / (Loss)	NA	NA	NA

Principle actuarial assumptions at the balance sheet date:

	As at 31 March 2015	As at 31 March 2014
Discount rate current	7.8%	8.7%
Salary escalation current	7%	6%
Employees attrition rate	13%-60%	13%-60%



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.25 Details of purchase, sale and change in stock in trade (value in Rs.):

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Securities		
Opening stock		
Equity shares	-	7,500,000
Subtotal	-	7,500,000
Purchase		
Equity shares	-	-
Subtotal	-	-
Sales		
Equity shares	-	7,623,830
Subtotal	-	7,623,830
Closing stock		
Equity shares	-	-
Subtotal	-	-
Profit on trading of securities	-	123,830

2.26 Earnings per share

In accordance with Accounting Standard 20 on "Earnings Per Share" as prescribed under Section 133 of the companies Act 2013, read with Rule 7 of the companies (Accounts) Rules, 2014. The computation of earnings per share is set out below:

	2015	2014
a) Shareholders earnings (as per statement of profit and loss)	(2,350,320)	(77,606,722)
b) Calculation of weighted average number of Equity Shares of Rs 10 each:		
– Number of shares at the beginning of the year	50,000	50,000
– Shares issued during the year (number of shares issued)	-	-
Total number of equity shares outstanding at the end of the year	50,000	50,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	50,000	50,000
c) Basic and diluted earnings per share (in rupees) (a/b)	(47.01)	(1,552.13)

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



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.27 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.

2.28 Capital commitments

The Company has Rs. 1,314,864,276 (previous year: Rs. 1,311,689,830) capital commitments as at the balance sheet date.

2.29 Contingent liabilities

The Company has no contingent liabilities as at the balance sheet date (previous year: Rs. Nil).

2.30 Earnings and expenditure in foreign currency

The Company did not have any earnings or expenditure in foreign currency during the year (previous year: Rs. Nil).

2.31 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with subsidiaries Edelweiss Commodities Services Limited, incurs expenditure like electricity, rent, etc. which is for the benefit of Edelweiss Investment Adviser Limited. This cost so expended is reimbursed by Edelweiss Investment Adviser Limited on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. Accordingly, and as identified appropriately, the expenditure head in Note 2.21 is gross of the reimbursements.

For **Khandelwal Prakash Murari Bhandari & Co.**

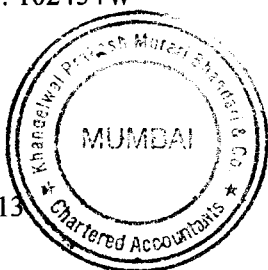
Chartered Accountants

Firm's Registration No.: 102454W



Pawan Kumar Gupta
Partner

Membership No.: 051713



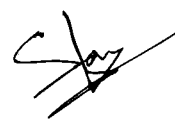
Mumbai
Date : 14 May 2015

For and on behalf of the Board of Directors



Mayank Soti
Director
DIN : 03283886

Mumbai
14 May 2015



Sanjeev Rastogi
Director
DIN : 00254303