

# **Edelweiss Investment Adviser Limited**

Financial Statements  
together with Auditor's Report  
for the year ended 31 March 2016

# **Edelweiss Investment Adviser Limited**

## **Financial statements together with Independent Auditors' Report for the year ended 31 March 2016**

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**KHANDELWAL PRAKASH MURARI BHANDARI & CO.**  
CHARTERED ACCOUNTANTS

## **INDEPENDENT AUDITOR'S 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 31<sup>st</sup> March, 2016, Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

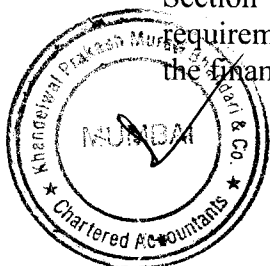
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in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

### **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 31st March, 2016, its Profit 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 matter specified in the paragraph 3 and 4 of the order.
- 2) As required by Section 143 (3) of the Act, we report, to the extent applicable, 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, Statement of Profit and Loss and the Cash Flow statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as applicable.

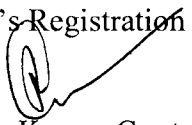


- e) On the basis of the written representations received from the Directors of the company as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With 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 Report in "**Annexure B**".
- 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 disclosed the impact of pending litigation on its financial position in its financial statements - Refer note 2.28 to the financial statements
  - ii. The company did not have any long term contracts including derivative contracts for which any provision required for 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 Khandelwal Prakash Murari Bhandari & Co.**

Chartered Accountants

(Firm's Registration No. 102454W)

  
Pawan Kumar Gupta

Partner

Membership No. 051713



Place: Mumbai

Date: 10th May 2016

**M/S EDELWEISS INVESTMENT ADVISER LIMITED**

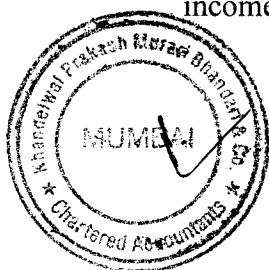
**Annexure "A" to Independent Auditor's Report**

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

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets;
- c) According to the information and explanations given to us and records examined by us, the Company does not own any immovable property as at balance sheet date;
- (ii) Based on our examination of documents and records, the Company did not own any physical inventory at any time during the year. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.
- (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. Accordingly, paragraph 3(iii) of the order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, where applicable with respect to the loans made.
- (v) The Company has not accepted any deposits from public.
- (vi) The Central Government has not prescribed the maintenance of Cost records under section 148 (1) of Act, for the Company.
- (vii) (a) According to the information and explanation given to us and records examined by us, the Company is generally regular in deposit of undisputed statutory dues including income tax, Provident fund, service tax and any other material statutory dues applicable to the company. As explained to us the Company does not have any dues on account of Employees' State Insurance, Sales Tax, Value Added Tax, Wealth Tax, Duty of Custom and Duty of Excise.

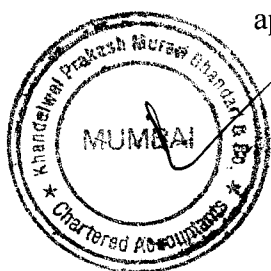
According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of income tax, service tax and any other material statutory dues applicable to the company which are outstanding as on 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of service tax, provident fund other material statutory dues applicable to the company which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:



Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	MTM Loss	18,470,419	Assessment Year 2012-13	CIT(Appeals)
Income Tax Act, 1961	Disallowance u/s 14A, provision for expenses, loss on forward contract and 26AS Reconciliation	18,564,520	Assessment Year 2013-14	CIT(Appeals)

- (viii) Based on the information available and explanations given by the management, the company has not taken any loan from financial institutions, banks, government or 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 material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and records examined by us, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and records examined by us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and records examined by us, 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 Khandelwal Prakash Murari Bhandari & Co.**

Chartered Accountants

(Firm's Registration No. 102454W)



Pawan Kumar Gupta

Partner

Membership No. 051713

Place: Mumbai

Date: 10th May 2016





## **Annexure-B to the Independent Auditors' Report**

### **Report on the Internal Financial Controls over financial reporting 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 Investment Adviser Limited ("the Company")** as at 31<sup>st</sup> March 2016 in conjunction with our audit of the financial statements of the Company for the year ended and as on that date.

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

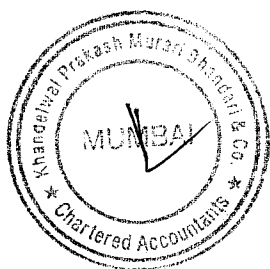
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

#### **Auditors' Responsibility**

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 Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013 and the Guidance Note, to the extent applicable to an audit of internal financial controls. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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<sup>st</sup> 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 Khandelwal Prakash Murari Bhandari & Co.**

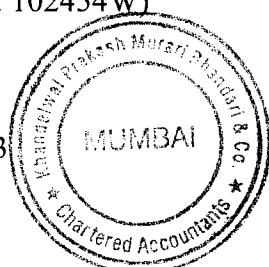
Chartered Accountants

(Firm's Registration No. 102454W)

Pawan Kumar Gupta

Partner

Membership No. 051713



Place: Mumbai

Date: 10th May 2016

# Edelweiss Investment Adviser Limited

## Balance Sheet

(Currency : Indian rupees)

### EQUITY AND LIABILITIES

#### Shareholders' funds

Share capital

Reserves and surplus

#### Non-current liabilities

Long-term provisions

#### Current liabilities

Short-term borrowings

Trade payables

Total outstanding dues of Micro, Small and Medium enterprises

Total outstanding dues of creditors other than Micro, Small and

Medium enterprises

Other current liabilities

Short-term provisions

#### TOTAL

### ASSETS

#### Non-current assets

Fixed assets

Tangible assets

Intangible assets

Intangible assets under development

Deferred tax assets (net)

Long-term loans and advances

#### Current assets

Trade receivables

Cash and bank balances

Short-term loans and advances

Other current assets

#### TOTAL

Significant accounting policies and notes to financial statements

As per our report of even date attached.

For Khandelwal Prakash Murari Bhandari & Co.

Chartered Accountants

Firm's Registration No.: 102454W

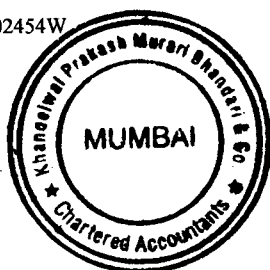
Pawan Kumar Gupta

Partner

Membership No.: 051713

Mumbai

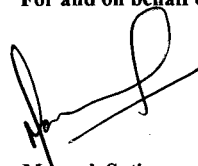
10 May 2016



Note	As at 31 March 2016	As at 31 March 2015
2.1	4,750,000	4,750,000
2.2	299,158,359	190,465,752
	<u>303,908,359</u>	<u>195,215,752</u>
2.3	937,000	944,000
2.4	5,703,697,395	1,953,204,795
2.26	-	-
2.5	2,054,284	8,030,429
2.6	59,765,227	38,802,242
2.7	11,634,752	166,000
	<u>6,081,997,017</u>	<u>2,196,363,218</u>
2.8	533,462	1,223,586
	11,133,736	546,931
	88,900	15,855,156
2.9	65,717,797	69,121,363
2.10	30,239,505	36,561,862
	<u>107,713,400</u>	<u>123,308,898</u>
2.11	2,985,861	5,136,356
2.12	18,498,649	29,311,792
2.13	5,952,745,992	2,038,544,034
2.14	53,115	62,138
	<u>5,974,283,617</u>	<u>2,073,054,320</u>
	<u>6,081,997,017</u>	<u>2,196,363,218</u>

1 & 2

For and on behalf of the Board of Directors



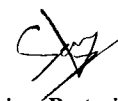
Mayank Soti

Director

DIN No.: 03283886

Mumbai

10 May 2016



Sanjeev Rastogi

Director

DIN No.: 00254303

# Edelweiss Investment Adviser 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 and commission income	2.15	35,210,709	42,426,257
Income from treasury operations and investments	2.16	422,589,027	231,653,383
Other operating revenue	2.17	1,199,999	3,969,023
		<u>458,999,735</u>	<u>278,048,663</u>
<b>Other income</b>	2.18	24,650	9,792
<b>Total Revenue</b>		<u>459,024,385</u>	<u>278,058,455</u>
<b>Expenses</b>			
Employee benefit expenses	2.19	45,057,607	48,013,100
Finance costs	2.20	278,146,713	181,329,811
Depreciation and amortization expenses	2.8	6,396,987	1,265,574
Other expenses	2.21	21,687,905	45,844,471
<b>Total expenses</b>		<u>351,289,212</u>	<u>276,452,956</u>
<b>Profit before tax</b>		107,735,173	1,605,499
<b>Tax expense:</b>			
(1) Income tax (Includes adjustment of short / (excess) provisions for earlier years Rs. (362) (Previous year: Rs. 785))		23,226,638	4,361,785
(2) MAT credit entitlement (includes for earlier years of Rs. 4,360,638 (Previous year: Rs. Nil))		(27,587,638)	-
(3) Deferred tax charge/(benefit)		3,403,566	(405,966)
<b>Profit/ (loss) for the year</b>		<u>108,692,607</u>	<u>(2,350,320)</u>
<b>Earning per equity share:</b>			
Basic and diluted earnings per share (Face value of Rs. 10 each)	2.26	2,173.85	(47.01)
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.: 102454W

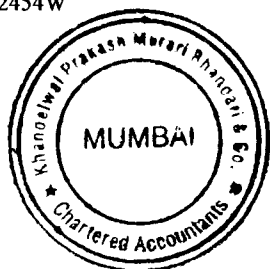
Pawan Kumar Gupta

Partner

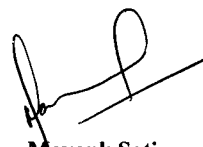
Membership No.: 051713

Mumbai

10 May 2016



For and on behalf of the Board of Directors



Mayank Soti

Director

DIN No.: 03283886

Mumbai

10 May 2016



Sanjeev Rastogi

Director

DIN No.: 00254303

# Edelweiss Investment Adviser 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>		
Profit / (Loss) before taxation	107,735,173	1,605,499
<i>Adjustments for</i>		
Depreciation and amortization expenses	6,396,987	1,265,574
Provision for doubtful debts	249,341	20,864,502
Provision for gratuity	-	(38,000)
Provision for compensated absences	-	40,000
(Profit)/Loss on sale of fixed assets	(2,524)	1,441
Interest expense	278,023,259	181,173,229
<b>Operating cash flow before working capital changes</b>	<b>392,402,236</b>	<b>204,912,245</b>
<i>Adjustments for</i>		
Decrease/(Increase) in trade receivables	1,901,154	(4,558,813)
Increase in loans and advances	(3,879,863,485)	(364,482,444)
Decrease in other current assets	9,023	520,625
Increase/(Decrease) in liabilities and provisions	15,040,587	(18,910,143)
<b>Cash used in operating activities</b>	<b>(3,470,510,485)</b>	<b>(182,518,530)</b>
Income taxes paid	13,563,765	12,132,533
<b>Net cash used in operating activities - A</b>	<b>(3,484,074,250)</b>	<b>(194,651,063)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(567,376)	(7,155,734)
Proceeds on sale of fixed assets	8,000	5,818
Proceeds from repayment of long term loan given	-	80,000,000
<b>Net cash (used in) / generated from investing activities - B</b>	<b>(559,376)</b>	<b>72,850,084</b>
<b>C Cash flow from financing activities</b>		
Proceeds from unsecured loan (refer note 1)	3,750,492,600	310,590,964
Interest paid	(276,672,117)	(165,127,243)
<b>Net cash generated from financing activities - C</b>	<b>3,473,820,483</b>	<b>145,463,721</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(10,813,143)</b>	<b>23,662,742</b>
Cash and cash equivalent as at the beginning of the year	29,311,792	5,649,050
Cash and cash equivalent as at the end of the year (refer note 2.12)	18,498,649	29,311,792

### Notes:

- 1 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.: 102454W

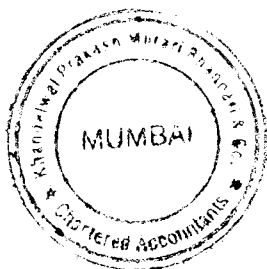
Pawan Kumar Gupta

Partner

Membership No.: 051713

Mumbai

10 May 2016



For and on behalf of the Board of Directors

Mayank Soti

Director

DIN No.: 03283886

Mumbai

10 May 2016

Sanjeev Rastogi

Director

DIN No.: 00254303

# Edelweiss Investment Adviser Limited

## Notes to the financial statements

for the year ended 31 March 2016

(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 management to make certain estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities on the date of the financial statements and reported amount of revenue and expenses during the reported period. The estimate 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

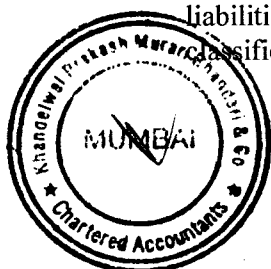
All assets and liabilities are classified into current and non-current

##### 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 Investment Adviser Limited

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

for the year ended 31 March 2016

(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 contracts entered into between the Company and the counterparty.
- b) Income from treasury operations comprises of profit/loss on sale of real estate properties and profit/loss on commodity and derivative instruments.  
Realised profit/ loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, market intermediary quotes, (a valuation technique) are 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.
- c) Interest income is recognised on accrual basis

#### 1.5 Fixed assets and depreciation

##### Tangible fixed assets and Capital work in Progress

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deduction for accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Capital work in progress comprises the cost of fixed assets that are not ready for its intended use at the reporting date.

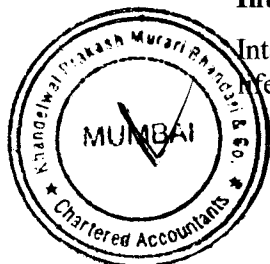
Depreciation is provided on a written down value basis from the date the asset is ready to use or put to use whichever is earlier. In respect of assets sold, depreciation is provided up to the date of disposal.

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

Intangibles 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 2016

(Currency : Indian rupees)

### 1. Significant accounting policies (*Continued*)

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

#### 1.7 *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.

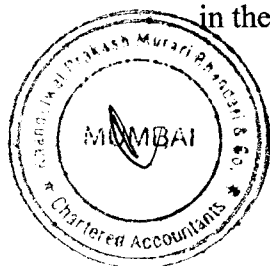
##### *Gratuity*

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 2016

(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.

#### 1.9 Tax

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 credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

##### *Current tax*

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

##### *Deferred tax*

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or 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 these 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.

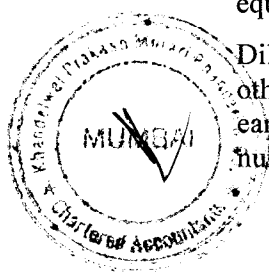
##### *Minimum Alternative Tax (MAT) Credit*

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

#### 1.10 Earnings per share

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

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax 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 2016

(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.



# Edelweiss Investment Adviser Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 2.1 Share capital

#### Authorised :

250,000 (Previous year 250,000) Equity shares of Rs. 10 each

	As at 31 March 2016	As at 31 March 2015
--	------------------------	------------------------

	2,500,000	2,500,000
--	-----------	-----------

5,000,000 (Previous year 5,000,000) Preference shares of Rs. 10 each

	50,000,000	50,000,000
--	------------	------------

	52,500,000	52,500,000
--	------------	------------

#### Issued, Subscribed and Paid up:

50,000 (Previous year 50,000) equity shares of Rs. 10 each, fully paid-up

	500,000	500,000
--	---------	---------

(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.)

160,000 (Previous year 160,000) 0.01% Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up

	1,600,000	1,600,000
--	-----------	-----------

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.

220,000 (Previous year 220,000) 1% Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up

	2,200,000	2,200,000
--	-----------	-----------

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.

45,000 (Previous year 45,000) 1% Non-Cumulative Redeemable Preference Shares of Rs 10 each, fully paid up

	450,000	450,000
--	---------	---------

(All 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.)

	4,750,000	4,750,000
--	-----------	-----------

#### Reconciliation of number of shares outstanding :

##### Equity Shares

Number of shares outstanding at the beginning

	50,000	50,000
--	--------	--------

Shares issued during the year

	-	-
--	---	---

Number of shares at the end

	50,000	50,000
--	--------	--------

#### 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

	500,000	500,000
--	---------	---------

#### Reconciliation of number of shares outstanding :

##### Preference Shares

Number of shares outstanding at the beginning

	425,000	425,000
--	---------	---------

Shares issued during the year

	-	-
--	---	---

Number of shares at the end

	425,000	425,000
--	---------	---------

#### 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

	4,250,000	4,250,000
--	-----------	-----------



# 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.

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

##### Equity share of Rs. 10 each fully paid-up:

Edelweiss Financial Services Limited, the holding company

As at 31 March 2016 No. of shares	As at 31 March 2015 No. of shares
-----------------------------------------	-----------------------------------------

50,000	50,000
--------	--------

<u>50,000</u>	<u>50,000</u>
---------------	---------------

##### Preference share of Rs. 10 each fully paid-up:

Edelweiss Commodities Services Limited, a fellow subsidiary

Edelweiss Finance & Investments Limited, a fellow subsidiary

ECL Finance Limited, a fellow subsidiary

205,000	205,000
---------	---------

110,000	110,000
---------	---------

110,000	110,000
---------	---------

<u>425,000</u>	<u>425,000</u>
----------------	----------------

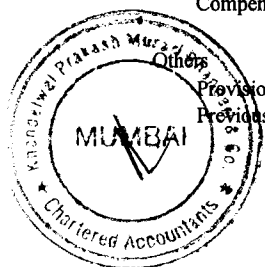


# Edelweiss Investment Adviser Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.2 Reserves and surplus</b>		
Securities premium account		
Opening balance	420,750,000	420,750,000
Add : Additions during the year	-	-
Closing balance	420,750,000	420,750,000
Statement of profit and loss		
Opening Balance	(230,284,248)	(227,933,928)
Add: Profit/(loss) for the year	108,692,607	(2,350,320)
Closing balance	(121,591,641)	(230,284,248)
	<b>299,158,359</b>	<b>190,465,752</b>
<b>2.3 Long-term provisions</b>		
Provision for employee benefits		
Gratuity	695,000	741,000
Compensated absences	242,000	203,000
	<b>937,000</b>	<b>944,000</b>
<b>2.4 Short-term borrowings</b>		
<u>Unsecured</u>		
Loans from related parties	4,625,397,395	1,953,204,795
(repayable on demand, at variable rate of interest ranging from 8.47% p.a. To 11.50% p.a.)		
Inter-corporate deposit	1,078,300,000	-
	<b>5,703,697,395</b>	<b>1,953,204,795</b>
<b>2.5 Trade payables</b>		
Trade payables (refer note 2.26)	2,054,284	8,030,429
(includes sundry creditors, provision for expenses)		
	<b>2,054,284</b>	<b>8,030,429</b>
<b>2.6 Other current liabilities</b>		
Interest accrued but not due on inter company deposit	691,294	-
Interest accrued and due on borrowings	20,593,871	20,782,424
Income received in advance	8,564	8,564
Other payables		
Accrued salaries and benefits	12,623,139	11,816,687
Withholding taxes, service tax and other taxes payable	21,683,859	6,194,567
Others	4,164,500	-
	<b>59,765,227</b>	<b>38,802,242</b>
<b>2.7 Short-term provisions</b>		
Provision for employee benefits		
Gratuity	630,000	103,000
Compensated absences	65,000	63,000
Provision for taxation (net of advance taxes and tax deducted at sources Rs.13,135,648; Previous year Rs.Nil)	10,939,752	-
	<b>11,634,752</b>	<b>166,000</b>



# 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 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
<b>Tangible assets</b>									
Office equipment	345,914	18,300	9,100	355,114	163,963	92,859	3,624	253,198	181,951
Computers	2,483,911	76,203	-	2,560,114	1,442,276	686,292	-	2,128,568	1,041,635
<b>Total : A</b>	<b>2,829,825</b>	<b>94,503</b>	<b>9,100</b>	<b>2,915,228</b>	<b>1,606,239</b>	<b>779,151</b>	<b>3,624</b>	<b>2,381,766</b>	<b>1,223,586</b>
<b>Intangible assets</b>									
Computer software	975,081	16,204,641	-	17,179,722	428,150	5,617,836	-	6,045,986	546,931
<b>Total : B</b>	<b>975,081</b>	<b>16,204,641</b>	<b>-</b>	<b>17,179,722</b>	<b>428,150</b>	<b>5,617,836</b>	<b>-</b>	<b>6,045,986</b>	<b>546,931</b>
<b>Grand Total [A+B]</b>	<b>3,804,906</b>	<b>16,299,144</b>	<b>9,100</b>	<b>20,094,950</b>	<b>2,034,389</b>	<b>6,396,987</b>	<b>3,624</b>	<b>8,427,752</b>	<b>1,770,517</b>
<b>Previous Year</b>	<b>2,271,966</b>	<b>1,542,940</b>	<b>10,000</b>	<b>3,804,906</b>	<b>771,558</b>	<b>1,265,574</b>	<b>2,743</b>	<b>2,034,389</b>	<b>1,770,517</b>

#### Note

As per the requirement of the Companies Act, 2013, the Company had 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 was higher by Rs.463,874/-.



# Edelweiss Investment Adviser Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.9 Deferred taxes assets (net)</b>		
<b>Deferred tax assets</b>		
Provision for doubtful debts/ advances	6,980,870	6,898,430
Disallowances under section 43B of the Income Tax Act, 1961	539,588	366,999
Accumulated Losses	59,673,782	61,982,613
	<u>67,194,240</u>	<u>69,248,042</u>
<b>Deferred tax liabilities</b>		
Difference between book and tax depreciation	1,476,443	126,679
	<u>65,717,797</u>	<u>69,121,363</u>
<b>2.10 Long-term loans and advances</b>		
<b><u>Unsecured, considered good</u></b>		
Loans and advances to related parties	10,000,000	10,000,000
Capital advances	741,846	-
<b>Other loans and advances</b>		
Advance income taxes (net of provision for taxation Rs.Nil; Previous year Rs. Nil)	19,472,659	26,536,862
Deposits - others	25,000	25,000
	<u>30,239,505</u>	<u>36,561,862</u>



# Edelweiss Investment Adviser Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 2.11 Trade receivables

Debtors outstanding for a period exceeding six months

Unsecured, considered doubtful

Provision for doubtful debts

Other debts

Unsecured, considered good

Unsecured, considered doubtful

Provision for doubtful debts

As at  
31 March 2016

As at  
31 March 2015

	346,028	-
	346,028	-
	346,028	-
	-	-
	2,985,861	5,136,356
	-	96,687
	2,985,861	5,233,043
	-	96,687
	2,985,861	5,136,356
	2,985,861	5,136,356

### 2.12 Cash and bank balances

Cash and cash equivalents

Cash in hand

Balances with banks

- in Current accounts

7,986

31,885

18,490,663

29,279,907

18,498,649

29,311,792

### 2.13 Short-term loans and advances

#### Secured

Advances towards real estate business

3,309,057,807

805,358,025

3,309,057,807

805,358,025

#### Unsecured, considered good

Loans and advances to related parties

Advances towards real estate business (net of provisions Rs. 20,767,815)

Other loans and advances

Prepaid expenses

Vendor advances

Input tax credit

Advance income tax (net of provision for taxation Rs.4,361,000; previous year Rs. 4,361,000)

MAT credit entitlement

Advances recoverable in cash or in kind or for value to be received

119,758

130,290

2,606,303,391

1,228,505,881

204,814

246,398

77,416

153,387

178,816

608,378

8,176,615

683,934

27,587,638

-

1,039,737

2,857,741

2,643,688,185

1,233,186,009

5,952,745,992

2,038,544,034

### 2.14 Other current assets

Accrued interest on loans given

53,115

62,138

53,115

62,138





# Edelweiss Investment Adviser Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

For the year ended  
31 March 2016

For the year ended  
31 March 2015

### 2.15 Fee and commission income

Advisory and other fees

35,210,709

42,426,257

35,210,709

42,426,257

### 2.16 Income from treasury operations and investments

Profit on trading in commodity derivative instruments (net)

71,312,117

108,480,000

Profit from real estate transactions

351,276,910

123,173,383

422,589,027

231,653,383

### 2.17 Other operating revenue

Interest income on loan

1,199,999

3,961,644

Interest income on margin with brokers

-

7,379

1,199,999

3,969,023

### 2.18 Other income

Interest income - others

5,450

9,342

Miscellaneous income

19,200

450

24,650

9,792



# Edelweiss Investment Adviser Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 2.19 Employee benefit expenses

	For the year ended 31 March 2016	For the year ended 31 March 2015
Salaries and wages	43,802,068	45,588,271
Contribution to provident and other funds	724,141	1,296,009
Staff welfare expenses	531,398	1,128,820
	<u>45,057,607</u>	<u>48,013,100</u>

### 2.20 Finance costs

Interest on intercorporate deposits	768,104	-
Interest on loan	276,406,754	181,173,229
Interest - others	952,033	139,728
Financial and bank charges	19,822	16,854
	<u>278,146,713</u>	<u>181,329,811</u>

### 2.21 Other expenses

Advertisement and business promotion	275,162	3,184,872
Auditors' remuneration (refer note below)	80,000	66,000
Commission and brokerage	17,995,292	10,535,920
Communication	394,871	1,107,367
Computer expenses	-	102,725
Computer software	109,179	670,638
Clearing and custodian charges	11,504	-
Dematerialisation charges	(22,500)	22,500
Directors' sitting fees	90,000	20,000
Donation	-	3,000
Electricity charges (refer note 2.30)	90,322	298,564
Legal and professional fees	662,920	2,303,719
Loss on sale/ write-off of fixed assets (net)	(2,524)	1,441
Office expenses	18,632	62,197
Postage and courier	89	11,980
Printing and stationery	4,903	1,101,866
Provision for doubtful debts and advances	249,341	20,864,502
Rates and taxes	15,000	12,500
Rent (refer note 2.30)	849,215	2,769,220
Repairs and maintenance - others	(1,967)	19,545
ROC Expenses	1,200	4,228
Seminar and conference	-	8,359
Service tax expenses	38,791	29,800
Stamp duty	920	1,830
Transportation charges	(300)	1,500
Travelling and conveyance	806,443	2,315,601
Miscellaneous expenses	21,412	324,597
	<u>21,687,905</u>	<u>45,844,471</u>

#### Note:

#### Auditors' remuneration

As auditor	80,000	66,000
Other services	-	-
	<u>80,000</u>	<u>66,000</u>



*For the year ended 31 March 2016*



# Edelweiss Investment Adviser Limited

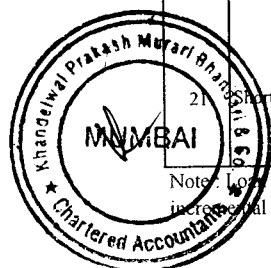
## Notes to the financial statements (Continued)

(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 2016	Amount 31 March 2015
	<b>Capital account transactions during the year</b>			
1	Long term loan repaid by (refer note below)	Edelweiss Web Services Limited	-	80,000,000
	<b>Current account transactions during the year</b>			
2	Short term loans taken from (refer note below)	Edelweiss Financial Services Limited	1,832,580,646	450,263,957
		Edelweiss Commodities Services Limited	2,617,232,000	200,000
3	Short term loans repaid to (refer note below)	Edelweiss Financial Services Limited	1,777,620,046	-
		Edelweiss Commodities Services Limited	-	139,938,000
4	Margin received from (refer note below)	Edelweiss Securities Limited	-	260,000
5	Interest expenses on loan from	Edelweiss Financial Services Limited	98,981,719	19,721,672
		Edelweiss Commodities Services Limited	177,425,035	161,451,557
6	Interest income on margin placed with	Edelweiss Securities Limited	-	7,379
7	Interest income on loan from	Edelweiss Web Services Limited	1,199,999	3,961,644
8	Cost reimbursement paid to	Edelweiss Commodities Services Limited	939,537	2,997,784
		Edelweiss Financial Services Limited	32,581,235	21,381,415
9	Advisory and other fees earned from	Edelweiss Housing Finance Limited	984,959	1,275,093
		ECL Finance Limited	4,024,387	1,913,784
10	Net amount earned on settlement of forward contract	ECap Equities Limited	18,180,000	-
11	Processing fees paid to	Edelweiss Web Services Limited	38,470	71,710
12	Insurance expenses paid to	Edelweiss Financial Services Limited	328,717	413,115
	<b>Balances with related parties</b>			
13	Short term loan taken from	Edelweiss Financial Services Limited	672,403,395	617,442,795
		Edelweiss Commodities Services Limited	3,952,994,000	1,335,762,000
14	Long-term loans given to	Edelweiss Web Services Limited	10,000,000	10,000,000
15	Trade payables to	Edelweiss Financial Services Limited	35,613	959,369
		Edelweiss Commodities Services Limited	-	3,412,108
		Edelweiss Web Services Limited	40,201	73,402
16	Other payables to	Edelweiss Broking Limited	99,000	446,000
		Edelweiss Agri Value Chain Limited	3,000	-
17	Accrued interest expenses on loan taken from	Edelweiss Financial Services Limited	1,991,445	1,050,595
		Edelweiss Commodities Services Limited	18,602,426	19,731,829
18	Accrued interest income on loan given to	Edelweiss Web Services Limited	53,115	62,138
19	Trade receivables from	ECL Finance Limited	660,260	-
		Edelweiss Housing Finance Limited	15,195	-
20	Advances recoverable from	Edelweiss Financial Services Limited	190,816	5,816
		Edelweiss Securities Limited	103,000	-
		Edelweiss Broking Limited	436	-
		Edelweiss Global Wealth Management Limited	8,000	-
		Edelweiss Asset Management Limited	452,000	-
21	Short term loans and advances given to	Edelweiss Web Services Limited	79,997	90,529
		Edelweiss Insurance Brokers Limited	39,761	39,761

Note: Loans given/taken to/from parties and margin money placed/refund received with/from related parties are disclosed based on the maximum incremental amount given/taken and placed/refund received during the reporting period



# Edelweiss 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. 809,637 (previous year Rs. 881,382) 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 2016	For the year ended 31 March 2015
Current service cost	235,000	234,000
Interest on defined benefit obligation	116,000	38,000
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognised in the year	-	-
Past service cost	-	-
Actuarial (gain) / loss	(438,000)	136,000
<b>Total included in employee benefit expenses</b>	<b>(87,000)</b>	<b>408,000</b>

#### 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	844,000	882,000
Interest cost	116,000	38,000
Current service cost	235,000	234,000
Past service cost (non vested benefit)	-	-
Past service cost (vested benefit)	-	-
Benefit Paid	-	-
Actuarial (gain)/loss on obligations	(438,000)	136,000
Transfers In/(Out)	638,000	(446,000)
<b>Liability at the end of the year</b>	<b>1,325,000</b>	<b>844,000</b>
Of which, short term provision	630,000	103,000



# Edelweiss Investment Adviser Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

Amount Recognised in the Balance Sheet:

	As at 31 March 2016	As at 31 March 2015
Liability at the end of the year	1,325,000	844,000
Fair value of plan assets at the end of the year	-	-
<b>Amount in Balance sheet</b>	<b>1,325,000</b>	<b>844,000</b>

Experience Adjustment:

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Defined Benefit Obligation	1,325,000	844,000	882,000	179,000
Fair Value of Plan Assets	-	-	-	-
Surplus/(Deficit)	(1,325,000)	(844,000)	(882,000)	(179,000)
On Plan liabilities: (Gain) / Loss	(448,000)	54,000	120,000	-
On Plan Assets Gain / (Loss)	NA	NA	NA	NA

Principle actuarial assumptions at the balance sheet date:

	As at 31 March 2016	As at 31 March 2015
Discount rate current	7.4%	7.8%
Salary escalation current	7%	7%
Employees attrition rate	13%-60%	13%-60%



# Edelweiss Investment Adviser Limited

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

(Currency: Indian rupees)

### 2.25 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:

	2016	2015
a) Shareholders earnings (as per statement of profit and loss)	108,692,607	(2,350,320)
b) Calculation of weighted average number of Equity Shares of Rs 10 each:		
– Number of equity shares at the beginning of the year	50,000	50,000
– Number of equity shares issued during the year	-	-
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)	2173.85	(47.01)

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

### 2.26 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.

### 2.27 Capital commitments

The Company has Rs. 2,103,988,770 (previous year: Rs. 1,314,864,276) capital commitments as at the balance sheet date.

### 2.28 Contingent liabilities

Taxation matters in respect of which appeal is pending Rs. 18,450,296 (previous year: Rs. Nil)

### 2.29 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).



# Edelweiss Investment Adviser Limited

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

(Currency: Indian rupees)


### 2.30 *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, actual identifications etc. Accordingly, and as identified appropriately, the expenditure head in Note 2.21 is gross of the reimbursements.

### 2.31 *Prior period comparatives*

Previous year figures have been regrouped and rearranged wherever necessary confirm to current year's presentation/classification.

For **Khandelwal Prakash Murari Bhandari & Co.**  
*Chartered Accountants*  
Firm's Registration No.: 102454W

  
**Pawan Kumar Gupta**  
*Partner*  
Membership No.: 051713

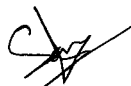
Mumbai  
Date : 10 May 2016



For and on behalf of the Board of Directors

  
**Mayank Soti**  
*Director*  
DIN : 03283886

Mumbai  
10 May 2016

  
**Sanjeev Rastogi**  
*Director*  
DIN : 00254303