

Edelweiss Investment Adviser Limited

Financial Statements
together with Auditor's Report
for the year ended 31 March 2018

Edelweiss Investment Adviser Limited

Financial statements together with Independent Auditors' Report for the year ended 31 March 2018

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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 31st March, 2018, 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, 2018, its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

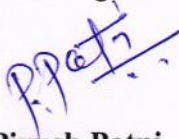


- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Report in "**Annexure B**".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 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 **2.33** 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.
Refer note **2.30** to the financial statements

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

Chartered Accountants

Firm Registration No. 102454W


Piyush Patni

Partner

Membership No.143869

Mumbai

25th April 2018



M/S EDELWEISS INVESTMENT ADVISER LIMITED

Annexure "A" to Independent Auditor's Report

The Annexure referred to in Draft Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, 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 on the basis of our examination of the records, 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) The Company has not granted any loans, guarantees, security or has not made any investment which attracts the provisions of section 185 and 186 of the Companies Act 2013. Accordingly, paragraph 3(iv) of the order is not applicable.
- (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/GST 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/GST and any other material statutory dues applicable to the company which are outstanding as on 31st March, 2018 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/GST, 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	Disallowance on account of provision for expenses, loss on forward contract, 26AS Reconciliation and Interest on late payment of TDS	18,450,296	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 given 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 Registration No. 102454W

P. Patni

Piyush Patni

Partner

Membership No.143869

Mumbai

25th April 2018





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 31st March 2018 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 31st March 2018, 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 Registration No. 102454W


Piyush Patni

Partner

Membership No.143869

Mumbai

25th April 2018



Edelweiss Investment Adviser Limited

Balance Sheet

(Currency : Indian rupees)

	Note	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	5,500,000	4,750,000
Reserves and surplus	2.2	(957,898,881)	5,637,885
		<u>(952,398,881)</u>	<u>10,387,885</u>
Non-current liabilities			
Long-term provisions	2.3	5,258,000	1,948,000
Current liabilities			
Short-term borrowings	2.4	6,097,296,949	4,307,890,306
Trade payables			
Total outstanding dues of Micro and Small enterprises	2.29	-	-
Total outstanding dues of creditors other than Micro and Small enterprises	2.5	13,278,407	3,636,177
Other current liabilities	2.6	81,044,183	201,110,731
Short-term provisions	2.7	1,271,000	430,000
TOTAL		<u>5,245,749,658</u>	<u>4,525,403,099</u>
ASSETS			
Non-current assets			
Fixed assets	2.8		
Property plant and equipment		2,207,432	872,444
Intangible assets		99,457	5,516,200
Intangible assets under development		-	88,900
Non-current investments	2.9	10	-
Deferred tax assets (net)	2.10	3,773,078	181,419,741
Long-term loans and advances	2.11	822,753,267	19,580,324
		<u>828,833,244</u>	<u>207,477,609</u>
Current assets			
Current investments	2.12	2,280	-
Trade receivables	2.13	98,593,926	53,769,797
Cash and bank balances	2.14	3,987,491	25,482,402
Short-term loans and advances	2.15	4,220,722,073	4,238,673,291
Other current assets	2.16	93,610,644	-
		<u>4,416,916,414</u>	<u>4,317,925,490</u>
TOTAL		<u>5,245,749,658</u>	<u>4,525,403,099</u>

As per our report of even date attached.

For Khandelwal Prakash Murari Bhandari & Co.

Chartered Accountants

Firm's Registration No.: 102454W

PPati

Piyush Patni

Partner

Membership No.: 143869



Mumbai

25 April 2018

For and on behalf of the Board of Directors

Mayank Soti

Mayank Soti

Director

DIN No.: 03283886

Sanjeev Rastogi

Sanjeev Rastogi

Director

DIN No.: 00254303

Mumbai

25 April 2018

Edelweiss Investment Adviser Limited

Statement of Profit and Loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations			
Fee and commission income	2.17	55,375,982	41,233,060
Income from treasury operations and investments	2.18	223,059,199	150,654,804
Other operating revenue	2.19	115,616,126	179,498,189
		<u>394,051,307</u>	<u>371,386,053</u>
Other income	2.20	548,157	497,849
Total Revenue		<u>394,599,464</u>	<u>371,883,902</u>
Expenses			
Employee benefit expenses	2.21	131,528,169	39,568,108
Finance costs	2.22	541,344,079	720,082,307
Depreciation and amortization expenses	2.8	6,483,986	6,291,701
Other expenses	2.23	80,087,367	15,164,206
Total expenses		<u>759,443,601</u>	<u>781,106,322</u>
Loss before tax		(364,844,137)	(409,222,420)
Tax expense:			
(1) Income tax (including excess provision for earlier years Rs.295,961)		295,961	-
(2) Deferred tax charge / (benefit)		177,646,668	(115,701,946)
Loss for the year		<u>(542,786,766)</u>	<u>(293,520,474)</u>
Earning per equity share:			
Basic and diluted earnings per share (Face value of Rs. 10 each)	2.28	(10,031.25)	(5,870.41)
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

Piyush Patni

Partner

Membership No.: 143869

Mumbai

25 April 2018



For and on behalf of the Board of Directors

Mayank Soti

Director

DIN No.: 03283886

Mumbai

25 April 2018

Sanjeev Rastogi

Director

DIN No.: 00254303

Edelweiss Investment Adviser Limited

Cash Flow Statement

(Currency : Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities		
Loss before taxation	(364,844,137)	(409,222,420)
Adjustments for		
Depreciation and amortization expenses	6,483,986	6,291,701
Provision for doubtful debts	3,683,867	(18,845,476)
Provision for gratuity and compensated absences	4,151,000	746,000
Bad- debts and advances written off	331,187	-
Share of profit from partnership firm	(2,280)	-
Loss/(profit) on sale of fixed assets	21,736	(3,346)
Interest expense	536,831,667	720,076,251
Operating cash flow before working capital changes	186,657,026	299,042,710
Adjustments for working capital changes		
Increase in trade receivables	(44,824,129)	(31,938,460)
(Increase)/decrease in loans and advances	(780,209,385)	1,718,472,558
(Increase)/decrease in other current assets	(93,610,644)	53,115
Increase in liabilities and provisions	3,785,451	23,043,315
Cash (used in)/generated operating activities	(728,201,681)	2,008,673,238
Income taxes paid	(4,744,890)	(14,680,428)
Net cash (used in)/generated operating activities - A	(732,946,571)	1,993,992,810
B Cash flow from investing activities		
Purchase of fixed assets	(2,871,693)	(1,033,768)
Contribution in LLP through partner's Current Account account	(10)	-
Proceeds on sale of fixed assets	469,464	24,729
Proceeds from repayment of long term loan given	-	10,000,000
Net cash (used in)/generated from investing activities - B	(2,402,239)	8,990,961
C Cash flow from financing activities		
Redemption of preference share capital including premium	(425,000,000)	-
Proceeds from issue of share capital	5,000,000	-
Proceeds from /(repayment) of unsecured loan (refer note below)	1,789,406,643	(1,395,807,089)
Interest paid	(655,552,744)	(600,192,933)
Net cash generated / (used in) from financing activities - C	713,853,899	(1,996,000,022)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(21,494,911)	6,983,749
Cash and cash equivalent as at the beginning of the year	25,482,402	18,498,649
Cash and cash equivalent as at the end of the year (refer note 2.14)	3,987,491	25,482,402

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.: 102454W

Piyush Patni

Partner

Membership No.: 143869

Mumbai

25 April 2018



For and on behalf of the Board of Directors

Mayank Soti

Director

DIN No.: 03283886

Mumbai

25 April 2018

Sanjeev Rastogi

Director

DIN No.: 00254303

Edelweiss Investment Adviser Limited

Notes to the financial statements

for the year ended 31 March 2018

(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 2018

(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. Interest income on real estate advances has been accrued and recognised at an agreed internal rate of return and based on memorandum of understanding entered into.

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.

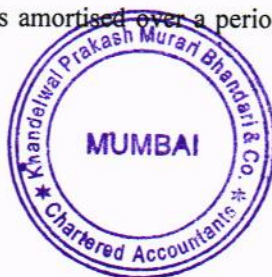
Depreciation is provided on a written down value basis from the date the asset is ready to use or put to use whichever is earlier. In respect of assets sold, depreciation is provided up to the date of disposal.

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 2018

(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 2018

(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.

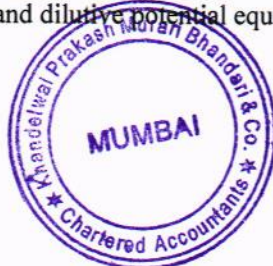
Minimum Alternative Tax (MAT) Credit

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 2018

(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 :

550,000 (Previous year 250,000) Equity shares of Rs. 10 each

As at
31 March 2018

As at
31 March 2017

5,500,000 2,500,000

4,700,000 (Previous year 5,000,000) Preference shares of Rs. 10 each

47,000,000 50,000,000

52,500,000 52,500,000

Issued, Subscribed and Paid up:

5,50,000 (Previous year 50,000) equity shares of Rs. 10 each, fully paid-up

5,500,000 500,000

(All the above, 5,50,000 (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.)

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

- 1,600,000

Of the above:-

(i) Nil (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) Nil (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.

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

- 2,200,000

(i) Nil (Previous year: 220,000) - 1% Non-Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid-up shares are held by ECL Finance Limited, a fellow subsidiary.

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

- 450,000

(Nil (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.)

5,500,000 4,750,000

Reconciliation of number of shares outstanding :

Equity Shares

Number of shares outstanding at the beginning of the year

50,000 50,000

Shares issued during the year

500,000 -

Number of shares outstanding at the end of the year

550,000 50,000

Reconciliation of Share Capital:

Share Capital at the beginning of the year

500,000 500,000

Share Capital issued during the year

5,000,000 -

Share Capital at the end of the year

5,500,000 500,000

Reconciliation of number of shares outstanding :

Preference Shares

Number of shares outstanding at the beginning of the year

425,000 425,000

Shares redeemed during the year

(425,000) -

Number of shares outstanding at the end of the year

- 425,000

Reconciliation of Share Capital:

Share Capital at the beginning of the year

4,250,000 4,250,000

Share Capital redeemed during the year

(4,250,000) -

Share Capital at the end of the year

- 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 were redeemed on March 28, 2018 at Rs. 1,000 per share.

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 were redeemed on March 28, 2018 at Rs. 1,000 per share.

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 were redeemed on March 28, 2018 at Rs. 1,000 per share.

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 were redeemed on March 28, 2018 at Rs. 1,000 per share.

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 and its nominee

Number of shares at the end

As at 31 March 2018 No. of shares	As at 31 March 2017 No. of shares
---	---

550,000	50,000
---------	--------

550,000	50,000
---------	--------

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

Edelweiss Commodities Services Limited, a fellow subsidiary

ECL Finance Limited, a fellow subsidiary

Number of shares at the end

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

-	220,000
---	---------

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

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

2.2 Reserves and surplus

Securities Premium Account

Opening balance

Less : Utilisation during the year

420,750,000	420,750,000
-------------	-------------

(420,750,000)	-
---------------	---

-	420,750,000
---	-------------

Statement of profit and loss

Opening Balance

Add: Loss for the year

(415,112,115)	(121,591,641)
---------------	---------------

(542,786,766)	(293,520,474)
---------------	---------------

Closing balance

(957,898,881)	(415,112,115)
---------------	---------------

(957,898,881)	5,637,885
---------------	-----------



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.3 Long-term provisions		
Provision for employee benefits :		
Gratuity	4,795,000	1,584,000
Compensated absences	463,000	364,000
	<u>5,258,000</u>	<u>1,948,000</u>
2.4 Short-term borrowings		
<u>Unsecured</u>		
Loans from related parties (repayable on demand, at rate of interest 10.75 % p. a.)	436,417,736	4,091,290,306
Loan from others (repayable on demand, at rate of interest 12.00% p.a.)	5,660,879,213	216,600,000
	<u>6,097,296,949</u>	<u>4,307,890,306</u>
2.5 Trade payables		
Trade payables (refer note 2.29) (includes sundry creditors, provision for expenses, customer payables)	13,278,407	3,636,177
	<u>13,278,407</u>	<u>3,636,177</u>
2.6 Other current liabilities		
Interest accrued and due on borrowings	26,958,714	141,168,483
Advance from customers	18,567,238	37,876,040
Other payables		
Accrued salaries and benefits	23,618,741	8,329,939
Withholding taxes and other taxes payable	11,899,490	13,736,269
	<u>81,044,183</u>	<u>201,110,731</u>
2.7 Short-term provisions		
Provision for employee benefits :		
Gratuity	1,119,000	354,000
Compensated absences	152,000	76,000
	<u>1,271,000</u>	<u>430,000</u>



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.8 Fixed assets

Description of Assets	Gross block			Depreciation and amortisation				Net block	
	As at 1 April 2017	Additions during the year	Deductions during the year	As at 31 Mar 2018	As at 1 April 2017	Additions during the year	Deductions during the year	As at 31 Mar 2018	As at 31 March 2017
Tangible assets									
Vehicles	750,000	508,722	750,000	508,722	267,268	187,808	304,446	150,629	358,093
Office equipment	355,114	-	225,005	130,109	301,966	18,452	203,783	116,635	13,474
Computers	2,382,443	2,329,222	96,795	4,614,870	2,045,879	827,233	94,107	2,779,005	1,835,865
Total : A	3,487,557	2,837,944	1,071,800	5,253,701	2,615,113	1,033,493	602,336	3,046,269	2,207,432
Intangible assets									
Computer software	17,213,032	33,749	-	17,246,781	11,696,832	5,450,493	-	17,147,324	99,457
Total : B	17,213,032	33,749	-	17,246,781	11,696,832	5,450,493	-	17,147,324	99,457
Grand Total [A+B]	20,700,589	2,871,693	1,071,800	22,500,482	14,311,945	6,483,986	602,336	20,193,593	2,306,889
									6,388,644



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.9 Non-current investments		
Investments in partnership firm		
- Capital account	10	-
	<u>10</u>	<u>-</u>
2.10 Deferred taxes assets (net)		
Deferred tax assets		
Difference between book and tax depreciation	559,160	-
Provision for doubtful debts/ advances	1,532,700	(5,092,450)
Disallowances under section 43B of the Income Tax Act, 1961	1,681,218	734,802
Accumulated Losses	-	186,566,278
	<u>3,773,078</u>	<u>182,208,630</u>
Deferred tax liabilities		
Difference between book and tax depreciation	-	788,889
	-	788,889
	<u>3,773,078</u>	<u>181,419,741</u>



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.11 Long-term loans and advances		
<i>Unsecured, considered good</i>		
Advances towards real estate business	791,855,208	-
Other loans and advances		
Advance income taxes (net of provision for taxation)	30,803,059	19,485,324
Deposits - others	95,000	95,000
	<u>822,753,267</u>	<u>19,580,324</u>
2.12 Current investments		
Investments in partnership firms	2,280	-
-Current account		
	<u>2,280</u>	<u>-</u>
2.13 Trade receivables		
Debtors outstanding for a period exceeding six months		
Unsecured, considered doubtful	5,952,234	2,268,367
Provision for doubtful debts	<u>5,952,234</u>	<u>2,268,367</u>
	<u>5,952,234</u>	<u>2,268,367</u>
Other debts	-	-
Unsecured, considered good	98,593,926	53,769,797
	<u>98,593,926</u>	<u>53,769,797</u>
2.14 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	28,304	164
- in Current accounts	3,959,187	25,482,238
	<u>3,987,491</u>	<u>25,482,402</u>



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.15 Short-term loans and advances		
<u>Secured</u>		
Advances towards real estate business	1,215,483,477	1,366,180,029
	<u>1,215,483,477</u>	<u>1,366,180,029</u>
<u>Unsecured, considered good</u>		
Loans and advances to related parties	-	25,298
- To Fellow subsidiaries		
Advances towards real estate business	2,970,176,658	2,831,138,568
Other loans and advances		
Prepaid expenses	86,880	294,011
Vendor advances	983,828	471,841
Input tax credit	-	106,350
Advance income tax (net of provision for taxation)	5,627,742	11,904,626
MAT credit entitlement	27,587,323	27,587,638
Advances recoverable in cash or in kind or for value to be received	776,165	964,930
	<u>3,005,238,596</u>	<u>2,872,493,262</u>
	<u>4,220,722,073</u>	<u>4,238,673,291</u>
2.16 Other current assets		
Accrued interest on margin	563,132	-
Margin placed with broker	93,047,512	-
	<u>93,610,644</u>	<u>-</u>



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.17 Fee and commission income		
Advisory and other fees	55,375,982	41,233,060
	<u>55,375,982</u>	<u>41,233,060</u>
2.18 Income from treasury operations and investments		
Profit on trading of securities (net)	40,945,926	-
Profit / (loss) on trading in equity derivative instruments (net)	(35,443,649)	-
Profit/ (loss) on trading in currency derivative instruments (net)	(1,715,171)	-
Profit / (loss) on trading in interest rate derivative (net)	3,347,863	-
Yield on real estate advances	215,921,950	150,654,804
Share of profit in partnership firm	2,280	-
	<u>223,059,199</u>	<u>150,654,804</u>
2.19 Other operating revenue		
Interest income on real estate advance (refer note 2.31)	109,996,825	178,370,518
Interest income on loan	-	1,127,671
Interest income on margin with brokers	5,619,301	-
	<u>115,616,126</u>	<u>179,498,189</u>
2.20 Other income		
Interest income - others	328,481	483,153
Miscellaneous income	219,676	14,696
	<u>548,157</u>	<u>497,849</u>



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.21 Employee benefit expenses		
Salaries and wages	126,297,433	37,091,045
Contribution to provident and other funds (refer note 2.26)	3,379,793	1,834,392
Staff welfare expenses (refer note 2.35)	1,850,943	642,671
	<u>131,528,169</u>	<u>39,568,108</u>
2.22 Finance costs		
Interest on intercorporate deposits	-	7,215,200
Interest on loan	536,831,667	712,184,392
Interest - others	4,511,308	676,659
Financial and bank charges	1,104	6,056
	<u>541,344,079</u>	<u>720,082,307</u>



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.23 Other expenses		
Advertisement and business promotion	3,381,772	55,979
Auditors' remuneration (refer note below)	211,200	92,000
Bad debts written off	331,187	-
Commission and brokerage	40,217,970	27,085,788
Communication	1,189,082	418,695
Computer expenses	106,222	12,203
Computer software	294,819	57,095
Clearing and custodian charges	146,750	(11,504)
Corporate social responsibility	-	50,000
Directors' sitting fees	150,000	140,000
Electricity charges (refer note 2.35)	990,583	265,371
Legal and professional fees	12,983,006	1,821,197
Loss on sale/ write-off of fixed assets (net)	21,736	(3,346)
Membership & Subscription	-	416,875
Office expenses	3,421	(75,025)
Postage and courier	4,450	-
Printing and stationery	157,928	43,152
Provision for doubtful debts and advances	3,683,867	(18,845,476)
Rates and taxes	22,737	19,000
Rent (refer note 2.35)	7,278,154	2,116,096
Repairs and maintenance - others	414,611	-
ROC Expenses	16,800	2,600
Security transaction tax	1,109,236	-
Service tax expenses	1,141,476	692,366
Stamp duty	306,978	1,000
Travelling and conveyance	5,421,416	797,527
Miscellaneous expenses	7,765	12,613
Housekeeping and security charges	494,201	-
	80,087,367	15,164,206
Note:		
Auditors' remuneration		
As auditor	211,200	92,000
	211,200	92,000



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

for the year ended 31 March 2018

(Currency: Indian Rupees)

2.24 Segment reporting

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

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

Income for each segment has been specifically identified. Expenditures, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.
Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.
Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.
The following table gives information as required under the Accounting Standard -17 on Segment Reporting:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
I Segment revenue		
a) Capital based business	339,223,482	371,386,053
b) Agency business	55,375,982	-
c) Unallocated	-	-
Total	394,599,464	371,386,053
Less : Inter segment revenue	-	-
Total income	394,599,464	371,386,053
II Segment results		
a) Capital based business	(351,763,702)	(409,222,420)
b) Agency business	(13,080,435)	-
c) Unallocated	-	-
Total	(364,844,137)	(409,222,420)
Loss before taxation	(364,844,137)	(409,222,420)
Less : Provision for taxation	177,942,629	(115,701,946)
Loss after taxation	(542,786,766)	(293,520,474)
III Segment assets		
a) Capital based business	5,162,213,243	4,525,403,099
b) Agency business	19,518,291	-
c) Unallocated	64,018,124	-
Total	5,245,749,658	4,525,403,099
IV Segment liabilities		
a) Capital based business	6,180,278,757	4,515,015,214
b) Agency business	6,094,194	-
c) Unallocated	11,775,588	-
Total	6,198,148,539	4,515,015,214
V Capital expenditure (Including capital work-in-progress)		
a) Capital based business	2,468,695	1,123,432
b) Agency business	402,998	-
Total	2,871,693	1,123,432
VI Depreciation and amortisation		
a) Capital based business	5,574,058	6,291,701
b) Agency business	909,928	-
Total	6,483,986	6,291,701
VII Significant non-cash expenses other than depreciation and		
a) Capital based business	7,020,074	(16,467,476)
b) Agency business	1,145,980	-
Total	8,166,054	(16,467,476)



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees)

2.25 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 Business Services Limited
Edelweiss Multi Strategy Fund Advisors LLP
Edelweiss Commodities Services Limited
Edelweiss Custodial Services Limited
Edelweiss Securities Limited
Eternity Business Centre Limited
Auris Corporate Centre Limited
Burlington Business Solutions Limited
ECap Equities Limited
Edelweiss Asset Management Limited
Edelweiss Broking Limited
Edelweiss Global Wealth Management Limited
Edelweiss Housing Finance Limited
ECL Finance Limited
Edelweiss Retail Finance Limited
Edelweiss Insurance Brokers Limited



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

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

Sr. No.	Nature of Transaction	Name of Related Parties	2017-18	2016-17
Capital account transactions during the year				
1	Long term loan repaid by (refer note below)	Edelweiss Business Services Limited	-	10,000,000
2	Investment in Partnership Firm	Edelweiss Multi Strategy Fund Advisors LLP	10	-
3	Redemption of preference share capital including premium by	Edelweiss Commodities Services Limited	205,000,000	-
		ECL Finance Limited	220,000,000	-
4	Equity shares issued to	Edelweiss Financial Services Limited	5,000,000	-
Current account transactions during the year				
5	Short term loans taken from (refer note below)	Edelweiss Financial Services Limited	-	595,230
		Edelweiss Commodities Services Limited	663,465,309	2,596,602,521
6	Short term loans repaid to (refer note below)	Edelweiss Financial Services Limited	-	672,998,625
		Edelweiss Commodities Services Limited	4,318,337,878	2,458,306,215
7	Interest expenses on loan from	Edelweiss Financial Services Limited	-	9,161,647
		Edelweiss Commodities Services Limited	441,277,604	683,639,432
8	Interest income on loan from	Edelweiss Business Services Limited	-	1,127,671
9	Share of profit in partnership firm	Edelweiss Multi Strategy Fund Advisors LLP	2,280	-
10	Interest income on margin from	Edelweiss Custodial Services Limited	5,604,840	-
		Edelweiss Securities Limited	14,461	-
11	Cost reimbursement paid to	Edelweiss Commodities Services Limited	1,379,567	1,694,359
		Eternity Business Centre Limited	129,215	747,108
		Auris Corporate Centre Limited	213,529	-
		Burlington Business Solutions Limited	16,395	-
		ECap Equities Limited	249,328	-
		Edelweiss Asset Management Limited	1,265,484	-
		Edelweiss Broking Limited	4,794,651	-
		Edelweiss Global Wealth Management Limited	55,218	-
		Edelweiss Securities Limited	1,117,473	-
		Edelweiss Housing Finance Limited	97,160	-
12	Tax reimbursement paid to	Edelweiss Business Services Limited	1,754,808	-
		Edelweiss Commodities Services Limited	40,453,689	-
13	Tax reimbursement received from	Edelweiss Financial Services Limited	5,814,841	-
14	Advisory and Brokerage other fees earned from	Edelweiss Housing Finance Limited	980,876	185,550
		ECL Finance Limited	2,262,162	4,306,040
		Edelweiss Retail Finance Limited	-	945,500
15	Processing fees paid to	Edelweiss Business Services Limited	-	14,980
16	Legal & Prof. Fees paid to	Edelweiss Business Services Limited	12,270,541	39,529
17	Insurance expenses paid to	Edelweiss Financial Services Limited	397,294	553,001
18	Sale of Fixed Assets to	Edelweiss Insurance Brokers Limited	-	25,298
		Edelweiss Business Services Limited	2,742	-
19	Gratuity Payable to	Edelweiss Business Services Limited	261,000	-



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

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

Sr. No.	Nature of Transaction	Name of Related Parties	2017-18	2016-17
20	Gratuity receivable from	Edelweiss Asset Management Limited	3,692,000	-
21	Purchase of Fixed Assets from	Edelweiss Asset Management Limited	508,722	-
22	Nomination deposits accepted from	Edelweiss Financial Services Limited	100,000	-
23	Nomination deposits paid to	Edelweiss Financial Services Limited	100,000	-
24	Margins placed with (refer note below)	Edelweiss Securities Limited	1,558,643	-
		Edelweiss Custodial Services Limited	758,508,225	-
25	Margins withdrawn by (refer note below)	Edelweiss Securities Limited	612,828	-
		Edelweiss Custodial Services Limited	666,406,528	-
Balances with related parties				
26	Short term loan taken from	Edelweiss Commodities Services Limited	436,417,736	4,091,290,306
27	Trade payables to	Edelweiss Financial Services Limited	-	35,613
		Edelweiss Business Services Limited	6,324,647	57,235
		Auris Corporate Centre Limited	213,529	-
		Burlington Business Solutions Limited	16,395	-
		Edelweiss Asset Management Limited	1,141,921	-
		Edelweiss Broking Limited	1,586,367	-
		Edelweiss Global Wealth Management Limited	35,457	-
		Edelweiss Securities Limited	265,482	-
28	Other payables to	Edelweiss Broking Limited	-	84,000
29	Accrued interest expenses on loan taken from	Edelweiss Commodities Services Limited	456,466	132,600,213
30	Trade receivables from	ECL Finance Limited	65,662	524,859
		Edelweiss Housing Finance Limited	146,184	60,060
		Edelweiss Commodities Services Limited	158,249	-
		Edelweiss Financial Services Limited	145,203	-
		Edelweiss Asset Management Limited	2,550,079	-
31	Interest receivable on margins placed with	Edelweiss Custodial Services Limited	563,132	-
32	Investment in partnership firm	Edelweiss Multi Strategy Fund Advisors LLP	2,290	-
33	Advances recoverable from	Edelweiss Financial Services Limited	-	434,369
		Edelweiss Global Wealth Management Limited	-	8,000
		Edelweiss Asset Management Limited	-	452,000
		Edelweiss Commodities Services Limited	-	10,000
34	Short term loans and advances given to	Edelweiss Insurance Brokers Limited	-	25,298
35	Margin placed with	Edelweiss Securities Limited	945,814	-
		Edelweiss Custodial Services Limited	92,101,697	-

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



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

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

A) Defined contribution plan - Provident fund

Amount of Rs. Rs.3,377,802 (Previous year Rs. 1,147,249) is recognised as expense and included in "Employee benefit expenses" – Note 2.21 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 2018	For the year ended 31 March 2017
Current service cost	904,000	366,000
Interest on defined benefit obligation	354,000	93,000
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognised in the year	-	-
Past service cost	291,000	-
Actuarial (gain) / loss	208,000	228,000
Total included in employee benefit expenses	1,757,000	687,000

Balance sheet

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

	As at 31 March 2018	As at 31 March 2017
Liability at the beginning of the year	1,938,000	1,325,000
Interest cost	354,000	93,000
Current service cost	904,000	366,000
Past service cost (non vested benefit)	-	-
Past service cost (vested benefit)	291,000	-
Benefit Paid	(1,212,000)	-
Actuarial (gain)/loss on obligations	208,000	228,000
Transfers In/(Out)	3,431,000	(74,000)
Liability at the end of the year	5,914,000	1,938,000
Of which, short term provision	1,119,000	354,000



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

Amount Recognised in the Balance Sheet:

	As at 31 March 2018	As at 31 March 2017
Liability at the end of the year	5,914,000	1,938,000
Fair value of plan assets at the end of the year	-	-
Amount in Balance sheet	5,914,000	1,938,000

Experience Adjustment:

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Defined Benefit Obligation	5,914,000	1,938,000	1,325,000	844,000
Fair Value of Plan Assets	-	-	-	-
Surplus/(Deficit)	(5,914,000)	(1,938,000)	(1,325,000)	(844,000)
On Plan liabilities: (Gain) / Loss	324,000	143,000	(448,000)	54,000
On Plan Assets Gain / (Loss)	NA	NA	NA	NA

Principle actuarial assumptions at the balance sheet date:

	As at 31 March 2018	As at 31 March 2017
Discount rate current	7%	6.6%
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)

2.27 Disclosure on Specified Bank notes (SBN's) pursuant to notification as per amended Schedule III of the Companies Act, 2013: As at 31st March 2018

	<i>SBNs</i>	<i>Other denomination notes</i>	<i>Total</i>
Closing cash in hand as on 08.11.2016	Not Applicable	Not Applicable	Not Applicable
(+) Permitted receipts			
(-) Permitted payments			
(-) Amount deposited in Banks			
Closing cash in hand as on 30.12.2016			

Disclosure on Specified Bank notes (SBN's) pursuant to notification as per amended Schedule III of the Companies Act, 2013:As at 31st March 2017

	<i>SBNs</i>	<i>Other denomination notes</i>	<i>Total</i>
Closing cash in hand as on 08.11.2016	9,500	164	9,664
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	9,500	-	9,500
Closing cash in hand as on 30.12.2016	-	164	164



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.28 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:

	2017-2018	2016-2017
a) Shareholders earnings (as per statement of profit and loss)	(542,786,766)	(293,520,474)
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	500,000	-
Total number of equity shares outstanding at the end of the year	550,000	50,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	54,110	50,000
c) Basic and diluted earnings per share (in rupees) (a/b)	(10031.25)	(5870.41)

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

2.29 Details of dues to micro and small enterprises

Trade payables include 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.

2.30 Dues to Investor Protection Fund

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2018.



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.31 During the year, interest income on real estate advances has been recognised on accrual and time proportionate basis at an agreed internal rate of return based on memorandum of understanding entered into between concerned parties.

2.32 Capital commitments

The Company has Rs. 2,042,668,641 (Previous year: Rs. 2,213,279,895) capital commitments as at the balance sheet date.

2.33 Contingent liabilities

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

2. The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal/s and is defending its position. Based on the favorable outcome in Appellate proceedings in the past and as advised by the tax advisors, company is reasonably certain about sustaining its position in the pending cases, hence the possibility of outflow of resources embodying economic benefits on this ground is remote.

2.34 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).

2.35 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, actual identifications, basis of area occupied etc. On the same lines, branch running costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 2.23 include reimbursements paid.



Edelweiss Investment Adviser Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.36 Prior period comparatives

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

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



Piyush Patni
Partner

Membership No.: 143869



Mumbai
Date : 25 April 2018

For and on behalf of the Board of Directors



Mayank Soti
Director
DIN No.:03283886

Mumbai
Date: 25 April 2018



Sanjeev Rastogi
Director
DIN.:00254303