

# B S R & Associates LLP

Chartered Accountants

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## Independent Auditors' Report

### To the Members of Edelweiss Finance & Investment Limited

#### *Report on the standalone financial statements*

We have audited the accompanying standalone financial statements of Edelweiss Finance & Investment Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### *Management's responsibility for standalone financial statements*

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.



## **Independent Auditors' Report (Continued)**

### **Edelweiss Finance & Investment Limited**

#### ***Auditors' responsibility (Continued)***

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

#### ***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profits and its cash flows for the year ended on that date.

#### ***Report on Other Legal and Regulatory Requirements***

As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



## **Independent Auditors' Report (Continued)** **Edelweiss Finance & Investment Limited**

### ***Report on Other Legal and Regulatory Requirements (Continued)***

- e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has no pending litigations as at 31 March 2015;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Associates LLP**

*Chartered Accountants*

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



**N Sampath Ganesh**

*Partner*

Membership No: 042554

Mumbai  
14 May 2015

## Edelweiss Finance & Investment Limited

### Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii. (a) The Company has conducted a physical verification of equity shares and other securities relating to Company's stock-in-trade on the basis of actual verification or statement received from depository participants at reasonable intervals.  
(b) The procedures for the physical verification of stock-in-trade followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of stock-in-trade. No material discrepancies have been noticed on physical verification of stock in trade.
- iii. 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 Act.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of fixed assets and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- v. The Company has not accepted any public deposits.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act, for any of the activities conducted/ services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, wealth tax, service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of customs duty, excise duty, cess, investor education and protection fund and employees' state insurance, to the extent applicable, as at 31 March 2015. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

## Edelweiss Finance & Investment Limited

### Annexure to the Independent Auditors' Report (*Continued*)

- (b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of dispute.

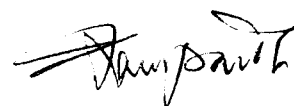
Name of the statute	Nature of dues	Amount (In Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	47,492,546	AY 2012-13	Commissioner of Income Tax Appeals

- (c) According to the information and explanations given to us, there are no dues of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder which is required to be transferred.
- viii. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix. The Company has not defaulted in repayment of dues to any financial institution, bank or debenture holder during the year.
- x. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- xii. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Associates LLP**

*Chartered Accountants*

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



**N Sampath Ganesh**

*Partner*

Membership No: 042554

Mumbai  
14 May 2015

# Edelweiss Finance & Investments Limited

## Balance Sheet

(Currency : Indian Rupees)

	Note	As at 31 March 2015	As at 31 March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2.1	340,350,200	340,350,200
(b) Reserves and surplus	2.2	3,470,244,449	3,256,826,966
		<u>3,810,594,649</u>	<u>3,597,177,166</u>
<b>Non-current liabilities</b>			
(a) Long-term borrowings	2.3	3,508,848,444	-
(b) Other long term liabilities	2.4	3,501,370	-
(c) Long-term provisions	2.5	45,334,087	48,716,319
<b>Current liabilities</b>			
(a) Short-term borrowings	2.6	28,709,418,492	19,268,382,547
(b) Trade payables	2.7	230,494,275	24,992,897
(c) Other current liabilities	2.8	1,494,906,254	262,461,040
(d) Short-term provisions	2.9	256,040,489	185,655,556
<b>TOTAL</b>		<u><b>38,059,138,060</b></u>	<u><b>23,387,385,525</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	2.10		
(i) Tangible assets		233,195,620	239,392,837
(ii) Intangible assets		955,706	978,159
(b) Non-current investments	2.11	1,398,800,167	1,417,801,998
(c) Deferred tax assets (net)	2.12	46,938,816	43,249,418
(d) Long-term loans and advances	2.13	3,198,803,879	1,001,825,301
(e) Other non-current assets	2.14	88,734,193	9,220,230
		<u>4,967,428,381</u>	<u>2,712,467,943</u>
<b>Current assets</b>			
(a) Current Investments	2.15	295,059,020	296,622,598
(b) Stock-in-trade	2.16	29,345,328,235	18,688,503,667
(c) Trade receivables	2.17	90,949,411	30,201,974
(d) Cash and bank balances	2.18	327,695,815	100,768,218
(e) Short-term loans and advances	2.19	2,002,054,638	1,105,525,703
(f) Other current assets	2.20	1,030,622,560	453,295,422
		<u>33,091,709,679</u>	<u>20,674,917,582</u>
<b>TOTAL</b>		<u><b>38,059,138,060</b></u>	<u><b>23,387,385,525</b></u>

Significant accounting policies and notes to the financial statements

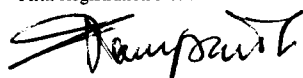
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As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231W/W-100024

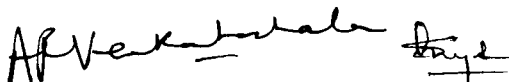


N Sampath Ganesh

Partner

Membership No: 042554

For and on behalf of the Board of Directors



Venkat Ramaswamy

Executive Director

DIN: 00008509

S. Ranganathan

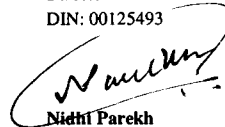
Director

DIN: 00125493



Manjeet Bijlani

Chief Financial Officer



Nidhi Parekh

Company Secretary

Mumbai

14 May, 2015

Mumbai

14 May, 2015

# Edelweiss Finance & Investments Limited

## Statement of Profit and Loss

(Currency : Indian Rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Revenue from operations</b>			
Fee and commission income	2.21	260,233,940	69,569,057
Income from treasury	2.22	352,057,051	532,756,543
Interest income	2.23	3,296,128,559	2,260,320,691
<b>Other income</b>	2.24	42,094,558	37,738,950
<b>Total Revenue</b>		<b>3,950,514,108</b>	<b>2,900,385,241</b>
<b>Expenses</b>			
Employee benefit expenses	2.25	214,075,437	95,440,960
Finance costs	2.26	2,873,454,200	2,016,946,994
Depreciation	2.10	20,473,814	16,452,201
Other expenses	2.27	81,090,044	160,293,622
<b>Total expenses</b>		<b>3,189,093,495</b>	<b>2,289,133,777</b>
<b>Profit before tax</b>		<b>761,420,613</b>	<b>611,251,464</b>
Tax expense:			
(1) Current tax [net of short / (excess) provision for earlier years Rs (4,171,373) (Previous year Rs 6,293,820)].		257,556,228	212,471,925
(2) Deferred tax		(3,689,398)	(21,723,707)
<b>Profit for the year</b>		<b>507,553,783</b>	<b>420,503,246</b>
<b>Earnings per equity share (Face value Rs. 10 each):</b>			
<b>Basic and diluted</b>	2.30	<b>170.43</b>	<b>144.20</b>
Significant accounting policies and notes to the financial statements	1 & 2		

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231W/W-100024



N Sampath Ganesh

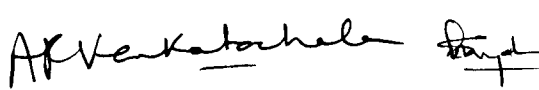
Partner

Membership No: 042554

Mumbai

14 May 2015

For and on behalf of the Board of Directors



Venkat Ramaswamy

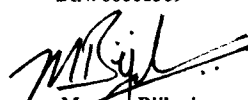
Executive Director

DIN: 00008509

S. Ranganathan

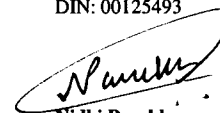
Director

DIN: 00125493



Manjeet Bijlani

Chief Financial Officer



Nidhi Parekh

Company Secretary

Mumbai

14 May 2015

# Edelweiss Finance & Investments Limited

## Cash Flow Statement

(Currency : Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>A Cash flow from operating activities</b>		
Profit before tax	761,420,613	611,251,464
<i>Adjustments for</i>		
Depreciation	20,473,814	16,452,201
Provision for compensated absences	119,000	49,000
Provision for non performing assets / (Written back)	(59,591,360)	25,518,101
Provision for standard assets /(written back)	10,524,396	(1,065,262)
Bad- debts and advances written off	59,591,360	980,902
Provision for doubtful debts	(3,340,319)	26,985,292
(Gain)/loss on sale of Fixed Assets	89	(31,799)
Dividend on investments	(3,296,154)	(4,563,240)
Interest on security receipts	(10,549,981)	(5,380,356)
Profit on sale of non current investments (net)	(108,595,549)	(22,794,250)
Profit on sale of current investments (net)	(4,096)	(1,893)
<b>Operating cash flow before working capital changes</b>	<b>666,751,813</b>	<b>647,400,160</b>
Add / (Less): Adjustments for working capital changes		
Increase in trade receivables	(57,407,118)	(41,343,684)
Decrease/(Increase) in Stock in trade	(10,656,824,570)	972,048,752
Decrease/(increase) in receivable from financing business (Refer note 1)	(3,321,581,737)	462,807,664
(Increase)/decrease in other loans and advances	155,772,519	(190,866,349)
(Increase)/decrease in other assets	(646,942,098)	102,391,158
Increase/(decrease) in liabilities and provisions	827,431,013	58,005,750
(Repayments)/proceeds from short-term borrowings (Refer note 1)	8,156,035,945	(2,466,607,302)
<b>Cash used in operations</b>	<b>(4,876,764,233)</b>	<b>(456,163,851)</b>
Income taxes Paid	(218,915,454)	(112,064,294)
<b>Net cash used in operating activities - A</b>	<b>(5,095,679,687)</b>	<b>(568,228,145)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(14,389,082)	(4,282,880)
Sale of fixed assets	7,836	200,001
Purchase of Non-current investments	(181,605,000)	(374,000,000)
Sale of Non-current investments	309,202,380	605,101,347
Purchase of current investments	-	(3,585,083)
Sale of current investments	1,567,674	1,246,825
Interest on security receipts	10,549,981	5,380,356
Dividend on investments	3,296,154	4,563,240
<b>Net cash generated from investing activities - B</b>	<b>128,629,943</b>	<b>234,623,806</b>



# Edelweiss Finance & Investments Limited

## Cash Flow Statement

(Currency : Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>C Cash flow from financing activities</b>		
Proceeds from issue of Preference share capital including premium	-	470,700,000
Proceeds from Issue of Long term secured debentures (refer note 1)	5,281,348,444	150,000,000
Dividend & Dividend Distribution Tax paid	(77,472,103)	(292,770,615)
<b>Net cash generated from financing activities - C</b>	<b>5,203,876,341</b>	<b>327,929,385</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>236,826,597</b>	<b>(5,674,954)</b>
Cash and cash equivalents as at the beginning of the year	40,768,218	46,443,172
Cash and cash equivalents as at the end of the year (Refer note 2.18)	277,594,815	40,768,218

Notes:

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

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231W/W-100024



N Sampath Ganesh

Partner

Membership No: 042554

For and on behalf of Board of Directors



Venkat Ramaswamy

Executive Director

DIN: 00008509

S. Ranganathan

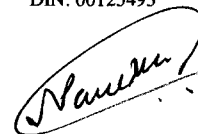
Director

DIN: 00125493



Manjeet Bijlani

Chief Financial Officer



Nidhi Parekh

Company Secretary

Mumbai  
14 May, 2015

Mumbai  
14 May, 2015

# Edelweiss Finance & Investments Limited

## Notes to the financial statements

### 1. Significant accounting policies

#### 1.1 Basis of preparation

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

The Company being a NBFC registered with RBI follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

#### 1.2 Use of estimates

The preparation of the financial statements in conformity with the GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 1.3 Current-non-current classification

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

##### Assets

An Asset is classified as current when it satisfies any of the following criteria:

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

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

All other assets are classified as non-current.

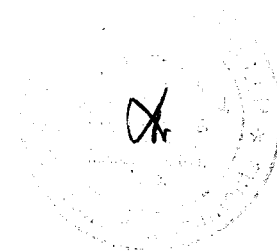
##### Liabilities

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

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

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

All other liabilities are classified as non-current.



# Edelweiss Finance & Investments Limited

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

### **1.4 Revenue recognition**

- a) Fee income including advisory fees, syndication fees, processing fees, arranger fees and referral fees 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 securities and profit/loss on equity, commodity, currency and interest rate derivative instruments.
  - i) Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold and recognised on trade date.
  - ii) Realised profit/ loss on closed positions of all derivative instruments is recognised on final settlement on squaring-up of the contracts. All outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation models use observable market data as input parameters in order to ensure reliability of the fair value measure.
  - iii) In respect of interest rate derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on interest rate derivatives' in the statement of profit and loss and the realised profit/loss on settlement during contract period is recognised as 'Interest on interest rate derivatives' in statement of profit and loss.
  - iv) In respect of currency derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on trading in currency derivatives' in the statement of profit and loss and the realised profit/loss on settlement during contract period is recognised as 'Interest income on currency derivatives' in statement of profit and loss.
- c) Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non- performing assets, wherein it is accounted on realisation, as per RBI guidelines. In case of commercial papers, deep discount bonds and certificate of deposits, the difference between the acquisition cost and redemption value is amortised on time basis and recognised as interest income.
- d) Dividend income is recognised when the right to receive payment is established.
- e) Income from training centre is recognised on accrual basis.

### **1.5 Benchmark linked debentures**

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at year end. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

### **1.6 Provisioning on receivables from financing business**

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI.

Provisions against standard assets are made on the basis of prudential norms prescribed by RBI.

# Edelweiss Finance & Investments Limited

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

### 1.7 *Fixed assets and depreciation*

#### **Tangible fixed assets and Capital work in progress**

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets comprises of 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 upto the date of disposal.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule II to the Act for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

<b>Nature of assets</b>	<b>Estimated useful life</b>
Building	60 years
Furniture and fittings	10 years
Motor Vehicles	8 years
Vessel	13 years
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

Leasehold improvements are amortized on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is earlier.

#### **Intangible fixed assets**

Intangible fixed assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

Intangibles such as software are amortised over a period of 3 years based on its estimated useful life.

### 1.8 *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to 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.

# Edelweiss Finance & Investments Limited

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

### **1.9 Stock-in-trade**

- a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- b) The securities held as stock-in-trade are valued at lower of weighted average cost or market value. In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- c) Debt instruments are valued at cost or fair value whichever is lower. In case of debt instruments for which direct quotes are not available, they are valued at the lowest of the quotes as on valuation date as provided by market intermediaries.
- d) Commercial papers, certificate of deposits and treasury bills are valued at carrying cost.

### **1.10 Investments**

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

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

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

### **1.11 Foreign currency transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

Non monetary assets and liabilities are carried at historical cost using exchange rate on the date of the transaction.

### **1.12 Employee benefits**

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

#### *Provident fund*

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

# Edelweiss Finance & Investments Limited

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

### 1.12 *Employee benefits (Continued)*

#### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Benefits in respect of gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

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

#### *Compensated absences*

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the Statement of Profit & Loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.

#### *Deferred Bonus:*

The Company has adopted a Deferred Bonus Plan under its Deferred Variable Compensation Plan. A pool of identified senior employees of the Company is entitled for benefits under this plan. Such deferred compensation will be paid in a phased manner over a future period of time. The measurement for the same has been based on actuarial assumptions and principles. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

### 1.13 *Taxation*

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

#### *Current tax*

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

#### *Deferred tax*

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised

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# Edelweiss Finance & Investments Limited

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

### **1.13    *Taxation (continued)***

only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

### **1.14    *Operating leases***

Lease payment for asset taken on operating lease are recognised as an expense in the statement of profit and loss on a straight- line basis over the lease term.

### **1.15    *Earnings per share***

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

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

### **1.16    *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 Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

### 2.1 Share capital

#### Authorised:

3,000,000 (Previous year: 3,000,000) Equity Shares of Rs. 10 each  
70,000,000 (Previous year: 70,000,000) Preference shares of Rs 10 each

As at  
31 March 2015

As at  
31 March 2014

30,000,000	30,000,000
700,000,000	700,000,000
<b>730,000,000</b>	<b>730,000,000</b>

#### Issued, Subscribed and Paid up:

2,655,020 (Previous year: 2,655,020) Equity Shares of Rs. 10 each, fully paid up  
31,380,000 - 14.625% Cumulative Redeemable Preference Shares (Previous year :31,380,000) of Rs 10 each, fully paid up

26,550,200

26,550,200

313,800,000

313,800,000

**340,350,200**

**340,350,200**

#### Movement in share capital

##### Equity Shares of Rs 10 each fully paid

Outstanding at the beginning of the year  
Shares issued during the year  
Outstanding at the end of the year

31 March 2015		31 March 2014	
Number of shares	Amount	Number of shares	Amount
2,655,020	26,550,200	2,655,020	26,550,200
-	-	-	-
<b>2,655,020</b>	<b>26,550,200</b>	<b>2,655,020</b>	<b>26,550,200</b>

##### 14.625% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid

Outstanding at the beginning of the year  
Shares issued during the year  
Outstanding at the end of the year

Number of shares	Amount	Number of shares	Amount
31,380,000	313,800,000	-	-
-	-	31,380,000	313,800,000
<b>31,380,000</b>	<b>313,800,000</b>	<b>31,380,000</b>	<b>313,800,000</b>

#### Equity shares held by holding / ultimate holding company and / or their subsidiaries / associates

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
Edelweiss Financial Services Limited (Holding company)*	2,655,020	100.00%	2,055,020	77.40%
Edelweiss Commodities Services Limited (Fellow subsidiary company)	-	-	600,000	22.60%
	<b>2,655,020</b>	<b>100.00%</b>	<b>2,655,020</b>	<b>100.00%</b>

#### Details of equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
Equity Shares of Rs 10 each fully paid				
Edelweiss Financial Services Limited (Holding company)*	2,655,020	100.00%	2,055,020	77.40%
Edelweiss Commodities Services Limited (Fellow subsidiary company)	-	-	600,000	22.60%
	<b>2,655,020</b>	<b>100.00%</b>	<b>2,655,020</b>	<b>100.00%</b>

\* including 6 shares held by Nominees of Edelweiss Financial Services Limited

#### Details of Cumulative Redeemable Preference Shares held by Preference Shareholders holding more than 5% of the aggregate Cumulative Redeemable Preference Shares in the Company

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
Motilal Oswal Securities Limited	4,190,000	13.35%	4,190,000	13.35%
	<b>4,190,000</b>	<b>13.35%</b>	<b>4,190,000</b>	<b>13.35%</b>

#### Terms/rights attached to equity shares:

The equity shares of the Company 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 repayment of Cumulative Redeemable Preference Shares

The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 15 per share. The Preference Shares were allotted on July 19, 2013. The Preference Shares are Cumulative and Redeemable. The Preference Shares carry a Cumulative dividend of 14.625%. The Preference Shares will be redeemed at a premium of Rs. 5 per preference share over the Face value together with the unpaid dividend till the date of redemption. The preference share will be compulsorily redeemed at the end of 10 years from the date of allotment.



# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

### 2.2 Reserves and surplus

	As at 31 March 2015	As at 31 March 2014
<b>Capital Redemption Reserve</b>	<b>9,713,000</b>	<b>9,713,000</b>
<b>Securities Premium Account</b>	<b>2,134,704,000</b>	<b>1,977,804,000</b>
Add : Additions during the year on issue of Preference Shares	-	156,900,000
	<b>2,134,704,000</b>	<b>2,134,704,000</b>
<b>Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, of India*</b>		
Opening balance	513,937,982	429,837,332
Add : Additions/(Transfer) during the year	101,510,900	84,100,650
	<b>615,448,882</b>	<b>513,937,982</b>
<b>General Reserve</b>		
Opening balance	90,258,949	48,208,624
Add : Additions/(Transfer) during the year	-	42,050,325
	<b>90,258,949</b>	<b>90,258,949</b>
<b>Surplus in statement of profit and loss</b>		
Opening Balance	508,213,035	428,574,998
Less: Adjustment on account of accumulated depreciation (refer note 2.10)	127,013	-
Add: Net profit for the year	507,553,783	420,503,246
	<b>1,015,639,805</b>	<b>849,078,244</b>
<b>Amount available for appropriation</b>		
Appropriations:		
Interim dividend on equity shares	199,126,500	151,336,140
Dividend distribution tax	48,989,537	31,189,952
Transfer to general reserve	-	42,050,325
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	101,510,900	84,100,650
Proposed dividend on preference shares	45,893,250	32,188,142
	<b>620,119,618</b>	<b>508,213,035</b>
	<b>3,470,244,449</b>	<b>3,256,826,966</b>

\* Represents reserve created @ 20% of the profit after tax for the year as per the provisions of section 45-IC of the Reserve Bank of India Act, 1934

# Edelweiss Finance & Investments Limited

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

(Currency : Indian Rupees)

		As at 31 March 2015	As at 31 March 2014
<b>2.3</b>	<b>Long-term borrowings</b>		
	<u>Secured</u>		
	Non-convertible redeemable debentures (refer note 2.32)	3,508,848,444	-
		<b>3,508,848,444</b>	<b>-</b>
<b>2.4</b>	<b>Other non - current liabilities</b>		
	Interest accrued but not due on borrowings	3,501,370	-
		<b>3,501,370</b>	<b>-</b>
<b>2.5</b>	<b>Long-term provisions</b>		
	Provision for employee benefits:		
	Provision for Gratuity (refer note 2.31)	-	2,463,449
	Compensated leave absences	967,000	858,000
	Deferred bonus	27,696,000	-
	Provision for standard assets	7,659,250	2,309,774
	Provision for non performing assets	-	34,073,259
	Provision for property tax	9,011,837	9,011,837
		<b>45,334,087</b>	<b>48,716,319</b>

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# Edelweiss Finance & Investments Limited

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

(Currency : Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.6 Short-term borrowings</b>		
<u><b>Secured</b></u>		
Collateralised borrowing and lending obligation (CBLO) (Secured by pledge of investments in government securities)	25,900,000,000	17,840,000,000
Non-convertible debenture (refer note 2.32) (Secured by charge on immovable property and floating charge on loans and advances, stock-in-trade and corporate guarantee from holding company)	1,285,000,000	-
	<b>27,185,000,000</b>	17,840,000,000
<u><b>Unsecured</b></u>		
(Due within one year, unless otherwise stated)		
Loans from related parties (repayable on demand)	37,093,924	432,829,087
Inter-corporate deposit	3,900,000	3,900,000
Commercial paper	1,500,000,000	1,000,000,000
Less: Unamortised discount on commercial paper	16,575,432	8,346,540
	<b>1,483,424,568</b>	991,653,460
	<b>1,524,418,492</b>	1,428,382,547
	<b>28,709,418,492</b>	19,268,382,547
<b>2.7 Trade payables</b>	<b>230,494,275</b>	24,992,897
(includes sundry creditors, provision for expenses and customer payables)		
	<b>230,494,275</b>	24,992,897

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# Edelweiss Finance & Investments Limited

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

(Currency : Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.8 Other current liabilities</b>		
Current maturities of Long Term Debt		
Non-convertible debentures (refer note 2.32)	637,500,000	150,000,000
Interest accrued but not due on borrowings	194,131,277	15,819,873
Interest accrued and due on borrowings	7,904,332	3,033,395
Premium received on exchange traded options (including MTM)	5,822,768	-
Advances from customers	2,659,104	864,989
Other Payables		
Accrued salaries and benefits	97,002,323	56,503,517
Withholding taxes, service tax and other taxes payable	53,294,643	5,160,459
Book overdraft	38,560,727	9,038,513
Retention money payable	5,883,109	5,805,835
Provision for capital expenditure	15,787,173	15,589,743
Others	2,978,548	7,000
Dividend payable	199,126,500	-
Mark to Market on interest rate swap	234,255,750	637,716
	<b>1,494,906,254</b>	<b>262,461,040</b>
<b>2.9 Short-term provisions</b>		
Provision for employee benefits		
Compensated absences	210,000	200,000
Deferred bonus	47,377,000	-
Others		
Proposed dividend on preference shares	45,893,250	32,188,142
Provision for dividend distribution tax	9,175,951	5,470,375
Provision for non performing assets	-	25,518,101
Provision for standard assets	7,313,344	2,138,424
Provision for taxation (Net of advance tax Rs 313,889,093/-, previous year: Rs. 275,624,352/-)	146,070,944	120,140,514
	<b>256,040,489</b>	<b>185,655,556</b>

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# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

2.10 Fixed assets

Description of Assets	Gross Block				Depreciation		Net Block			
	As at 1 April 2014	Additions during the year	Deductions during the year	As at 31 March 2015	As at 1 April 2014	Adjustment on account of accumulated Depreciation	Charge for the year	Deductions during the year	As at 31 March 2015	As at 31 March 2014
<b>Tangible assets</b>										
Land	41,051,969	-	-	41,051,969	-	-	-	-	41,051,969	41,051,969
Building	196,993,278	-	-	196,993,278	35,593,236	-	8,070,002	-	43,663,238	153,330,040
Furniture and Fixtures	30,478,798	-	-	30,478,798	17,090,005	-	4,278,628	-	21,368,633	9,110,165
Vehicles	7,297,309	11,901,696	-	19,199,005	3,280,487	-	2,851,353	-	6,131,840	13,388,793
Office equipment	29,680,281	1,027,748	8,332	30,699,697	13,139,245	365	3,709,196	407	16,848,399	4,016,822
Vessel	6,964,063	-	-	6,964,063	4,812,121	-	452,651	-	5,264,772	16,541,036
Computers	3,128,426	1,106,313	-	4,234,739	2,286,193	126,648	736,206	-	1,699,291	2,151,942
<b>Total : A</b>	<b>315,594,124</b>	<b>14,035,757</b>	<b>8,332</b>	<b>329,621,549</b>	<b>76,201,287</b>	<b>127,013</b>	<b>20,098,036</b>	<b>407</b>	<b>96,425,929</b>	<b>233,195,620</b>
<b>Intangible assets</b>										
Computer software	1,339,317	353,325	-	1,692,642	549,158	-	375,778	-	924,936	790,159
Brands/trademarks	188,000	-	-	188,000	-	-	-	-	-	188,000
<b>Total : B</b>	<b>1,527,317</b>	<b>353,325</b>	<b>-</b>	<b>1,880,642</b>	<b>549,158</b>	<b>-</b>	<b>375,778</b>	<b>-</b>	<b>924,936</b>	<b>978,159</b>
<b>Grand Total (A+B)</b>	<b>317,121,441</b>	<b>14,389,082</b>	<b>8,332</b>	<b>331,502,191</b>	<b>76,750,445</b>	<b>127,013</b>	<b>20,473,814</b>	<b>407</b>	<b>97,350,865</b>	<b>234,151,326</b>
Previous Year	314,197,142	4,282,880	1,358,581	317,121,441	61,488,625	-	16,452,201	1,190,381	76,750,445	240,370,996

### Note:-

As per the requirement of the Companies Act, 2013, the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the Statement of profit and loss of the Company, the depreciation charge for the year ended 31 March 2015 is higher by Rs. 3,980,503 and an amount of Rs. 127,013 has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life has expired as at 1 April 2014.

# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

### 2.11 Non-current investments (At cost)

	As at 31 March 2015			As at 31 March 2014		
	Face value	Quantity	Amount	Face value	Quantity	Amount
<b>I. Others investments, valued at cost, unquoted</b>						
Investments in equity instruments of subsidiaries (fully paid up)						
Olive Business Centre Limited	10	50,000	181,605,000	-	-	-
EC Global Limited	USD 1	25,000	438,600	USD 1	25,000	438,600
			<u>182,043,600</u>			<u>438,600</u>
Investments in equity instruments of other companies (fully paid up)						
Tamilnad Mercantile Bank Ltd	10	72	1,741,248	10	72	1,741,248
The Catholic Syrian Bank Ltd	10	1,913,452	431,595,389	10	1,913,452	431,595,389
Bombay Stock Exchange Ltd	1	298,000	109,282,500	1	298,000	109,282,500
Vini cosmetics Private Limited	10	51,969	21,211,667	10	51,969	21,211,667
CL Educate Limited	10	119,904	49,999,968	10	119,904	49,999,968
Argus Cosmetics Limited*	10	100,000	-	10	100,000	-
BL Industries Limited*	10	127,100	-	10	127,100	-
Shri Karthik Papers Limited*	10	20,600	-	10	20,600	-
Maxworth Limited*	10	1,600	-	10	1,600	-
			<u>613,830,772</u>			<u>613,830,772</u>
Investments in debentures or bonds						
17% Compulsorily Convertible Debentures of Arum Investments Pvt Ltd	-	-	-	125	413,656	51,707,000
			-			<u>51,707,000</u>
Investments in trust securities						
EARCL Trust SC 2	1,000	26,030	-	1,000	26,030	-
EARCL Trust SC 3	1,000	218,500	218,502	1,000	218,500	3,483,516
Edelweiss ARF-I Trust Scheme-1	1,000	56,728	46,990,360	1,000	56,728	46,990,360
Edelweiss ARF-I Trust Scheme-2	1,000	31,324	17,798,933	1,000	31,324	18,199,099
Edelweiss ARF-I Trust Scheme-3	1,000	43,899	43,896	1,000	43,899	12,886,412
Edelweiss ARF-I Trust Scheme-4	1,000	32,679	11,821,239	1,000	32,679	11,821,239
Edelweiss ARF-I Trust Scheme-5	1,000	35,370	12,977,865	1,000	35,370	35,370,000
			<u>89,850,795</u>			<u>128,750,626</u>
Investments in warrants:						
Taurus Telepower Private (Rs 5 paid up)	10	4,000,000	20,000,000	10	4,000,000	20,000,000
AT Invofin India Pvt. Ltd. (Rs 2.50 paid up)	10	320,000	20,000,000	10	320,000	20,000,000
Less : Provision for diminution in value of investments			<u>(20,000,000)</u>			<u>(20,000,000)</u>
			<u>20,000,000</u>			<u>20,000,000</u>
Investments in Units of Venture Fund						
KAE Capital Fund	1	25	2,500,000	1	25	2,500,000
Investments in preference shares of companies (fully paid up)						
1% Non cumulative Redeemable Preference shares of Edelweiss Investment Adviser Limited	-	-	-	10	110,000	110,000,000
0.01% Compulsorily Convertible Non-Cumulative Preference Shares of Arum Investment Private Limited	10	466,300	116,575,000	10	466,300	116,575,000
11% Non Cumulative Optionally convertible Preference shares of Edelweiss Broking Limited	10	374,000	374,000,000	10	374,000	374,000,000
			<u>490,575,000</u>			<u>600,575,000</u>
			<u>1,398,800,167</u>			<u>1,417,801,998</u>
* Represents shares held by the Company which have been written off in the earlier years.						
<b>Aggregate of Unquoted investments</b>						
- At carrying value			<u>1,398,800,167</u>			<u>1,417,801,998</u>

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# Edelweiss Finance & Investments Limited

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

(Currency : Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.12 Deferred tax assets (net)</b>		
<b>Deferred tax assets on</b>		
Provision for standard assets	5,181,715	1,511,943
Provision for non performing assets	-	20,255,103
Provision for compensated absences	407,336	359,614
Provision for Deferred bonus	25,981,264	-
Provision for doubtful debts	8,183,052	9,172,301
Disallowances under section 43B of the Income Tax Act, 1961	8,044,645	23,487,153
Others	1,813,247	-
	<u>49,611,259</u>	<u>54,786,114</u>
<b>Deferred tax liabilities for</b>		
Difference between book and tax depreciation	2,672,443	11,536,696
	<u>2,672,443</u>	<u>11,536,696</u>
	<u>46,938,816</u>	<u>43,249,418</u>

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# Edelweiss Finance & Investments Limited

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

(Currency : Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.13 Long-term loans and advances</b>		
<u>Secured</u>		
(considered good, unless stated otherwise)		
Receivable from financing business		
- considered good	2,663,700,000	420,000,000
	<u>2,663,700,000</u>	<u>420,000,000</u>
Loans and advances to related parties (refer note 2.29)	400,000,000	
<u>Unsecured</u>		
(considered good, unless stated otherwise)		
Loans and advances to related parties (refer note 2.29)		400,000,000
Receivable from financing business		
- considered non performing asset	-	34,073,259
Other loans and advances		
Advance income taxes (Net of provision for tax Rs. 1,079,709,348/-, previous year: Rs. 714,863,895/-)	135,103,879	147,752,042
	<u>535,103,879</u>	<u>581,825,301</u>
	<u>3,198,803,879</u>	<u>1,001,825,301</u>
<b>2.14 Other non-current assets</b>		
Long term deposits with banks (refer note 2.33)	74,432	174,432
Accrued interest on fixed deposits	6,707	33,961
Accrued interest on loans given	79,641,217	-
Other Assets	9,011,837	9,011,837
	<u>88,734,193</u>	<u>9,220,230</u>

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# Edelweiss Finance & Investments Limited

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

(Currency : Indian Rupees)

2.15 Current investments	As at 31 March 2015			As at 31 March 2014		
	face value	Quantity	Amount	face value	Quantity	Amount
<b>I. Others (unquoted)</b>						
Investments in equity instruments of other companies (fully paid up)						
Rediff.Com India Ltd	5	1,523,000	<u>292,767,213</u>	5	1,523,000	<u>292,767,213</u>
			<u>292,767,213</u>			<u>292,767,213</u>
Investments in mutual funds						
Birla Sun Life Saving Fund	100	22,896	<u>2,291,807</u>	100	38,526	<u>3,855,385</u>
			<u>2,291,807</u>			<u>3,855,385</u>
			<u>295,059,020</u>			<u>296,622,598</u>
Aggregate of Unquoted investments						
Equity Shares						
- At carrying value			292,767,213			292,767,213
Mutual Fund						
- At carrying value			2,291,807			3,855,385
- At net asset value			2,296,365			3,869,013

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# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

### 2.16 Stock in trade

#### Preference shares (quoted)

Cumulative Non-convertible Compulsorily Redeemable Preference Shares -IL&FS Transportation Networks Limited  
6.00% Cumulative Redeemable Non-Convertible Preference Shares - Zee Entertainment Enterprises Limited

(A)

#### Mutual funds (unquoted)

CPSE ETF

(B)

#### Debentures and bonds (quoted)

8.13% Government Stock 21.09.2022 Bonds  
8.79% Government Stock 08.11.2021 Bonds  
8.76% Government Stock Floating Rate Bond 21.12.2020  
7.80% Government Stock 11.04.2021 Bonds  
7.83% Government Stock 11.04.2018 Bonds  
8.15% Government Stock 11.06.2022 Bonds  
8.24% Government Stock 22.04.2018 Bonds  
8.07% Government Stock 15.01.2017 Bonds  
1.44% Inflation Index GS 2023 Bonds  
10.50% Government Stock 29.10.2024 Bonds  
7.28% Government Stock 03.06.2019 Bonds  
7.94% Government Stock 24.05.2021 Bond  
8.20% Government Stock 15.02.2022 Bond  
8.20% OIL Mktg Cos GOI SB 15.09.2024 Bond  
10.45% Government Stock 30.04.2018 Bonds  
6.90% OIL Mktg Cos GOI SB 04.02.2026 Bond  
8.28% Government Stock 21.09.2027 Bond  
9.64% Bihar State Development Loan 12.02.2024 Bonds  
9.75% Gujarat State Development Loan 26.02.2024 Bonds  
9.85% Bengal State Development Loan 26.02.2024 Bonds  
8.12% Government Stock 10.12.2020 Bonds  
6.35% Government Stock 02.01.2020 Bond  
5.64% Government Stock 02.01.2019 Bonds  
8.35% Government Stock 14.05.2022 Bonds

	Face Value	As at 31 March 2015 Quantity	Amount	Face Value	As at 31 March 2014 Quantity	Amount
	-	-	-	10	250,000	5,000,000
	1	2,643	2,289	-	-	-
		2,643	2,289		250,000	5,000,000
	-	-	-	10	13,632,046	237,884,656
		-	-		13,632,046	237,884,656
	-	-	-	100	13,000,000	1,222,000,000
	-	-	-	100	3,000,000	293,550,000
	100	500,000	47,225,000	100	500,000	47,225,000
	100	1,000,000	96,044,237	100	1,000,000	93,250,000
	100	15,500,000	1,529,658,300	100	20,000,000	1,933,000,000
	-	-	-	100	23,000,000	2,173,500,000
	100	10,000,000	1,007,042,053	100	10,000,000	977,800,001
	100	5,000,000	495,144,579	100	5,500,000	541,145,000
	-	-	-	100	500,000	39,885,000
	-	-	-	100	1,000,000	100,600,000
	100	24,750,000	2,363,782,206	100	21,000,000	1,957,862,931
	100	500,000	47,755,370	100	500,000	46,590,000
	100	500,000	48,846,429	100	500,000	47,070,000
	-	-	-	100	10,000	915,000
	-	-	-	100	2,600	263,770
	-	-	-	100	849,000	70,127,400
	-	-	-	100	207,000	19,323,450
	-	-	-	100	58,000	5,814,500
	-	-	-	100	20,000	2,037,000
	-	-	-	100	10,000	1,015,000
	100	6,500,200	642,601,648	-	-	-
	100	21,500,000	1,966,805,414	-	-	-
	100	8,000,000	717,726,000	-	-	-
	100	19,500,000	1,921,018,947	-	-	-

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# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

### 2.16 Stock in trade (Continued)

#### Debentures and bonds (quoted) (Continued)

	Face Value	As at 31 March 2015 Quantity	Amount	Face Value	As at 31 March 2014 Quantity	Amount
7.80% Government Stock 03.05.2020 Bonds	100	35,000,000	3,389,719,112	-	-	-
10.03% Government Stock 09.08.2019 Bonds	100	2,000,000	211,294,800	-	-	-
6.05% Government Stock 02.02.2019 Bonds	100	1,500,000	136,644,100	-	-	-
8.60% Government Stock 02.06.2028 Bonds	100	9,000,000	958,938,018	-	-	-
8.27% Government Stock 09.06.2020 Bonds	100	25,500,000	2,590,583,610	-	-	-
8.40% Government Stock 28.07.2024 Bonds	100	41,500,000	4,329,280,000	-	-	-
6.25% Government Stock 02.01.2018 Bonds	100	7,500,000	706,931,250	-	-	-
5.69% Government Stock 25.09.2018 Bonds	100	2,500,000	228,100,000	-	-	-
8.19% Government Stock 16.01.2020 Bonds	100	7,500,000	746,887,500	-	-	-
9.20% Government Stock 30.09.2030 Bonds	100	500,000	55,875,000	-	-	-
6.90% Government Stock 13.07.2019 Bonds	100	13,500,000	1,307,475,000	-	-	-
8.24% Government Stock 10.11.2033 Bonds	100	7,000,000	731,710,000	-	-	-
8.33% Government Stock 07.06.2036 Bonds	100	1,000,000	104,900,000	-	-	-
8.30% Government Stock 02.07.2040 Bonds	100	3,000,000	315,120,000	-	-	-
8.07% Government Stock 03.07.2017 Bonds	100	5,500,000	546,532,757	-	-	-
6.05% Government Stock 12.06.2019 Bonds	100	250,000	23,510,000	-	-	-
7.16% Government Stock 20.05.2023 Bonds	100	500,000	47,975,000	-	-	-
T BILL 05.03.2015 (364 DAYS)	-	-	-	100	16,498,000	1,524,105,288
T-BILL 26.06.2014 (364DAYS)	-	-	-	100	10,000,000	978,601,613
T BILL 18.09.2014 (364 DAYS)	-	-	-	100	10,000,000	959,898,630
T BILL 14.08.2014 (182 DAYS)	-	-	-	100	18,368,000	1,778,201,561
T BILL 19.02.2015 (364 DAYS)	-	-	-	100	22,500,000	2,085,674,166
T-BILL 24.07.2014 (364DAYS)	-	-	-	100	1,000,000	97,419,220
T BILL 29.08.2014 (182 DAYS)	-	-	-	100	15,000,000	1,447,133,152
11.52% India Infoline Housing Finance Ltd 26.12.2018 NCD	-	-	-	1,000	1,653	1,601,389
11.60% ECL Finance Limited 28.01.2017 Cumulative NCD	-	-	-	1,000	10	9,940
11.60% ECL Finance Limited 28.01.2017 NCD	1,000	927	923,292	-	-	-
12.00% ECL Finance Limited 26.04.2020 NCD	1,000	45,000	46,350,000	-	-	-
10.45% ECL Finance Limited 11.03.2018 NCD	1,000	135,000	132,637,500	-	-	-
11.85% ECL Finance Limited Cumulative 28.01.2019 NCD	1,000	201	199,794	-	-	-
9.30% Bluedart 20.11.2017 NCD	10	1,403,146	13,674,220	-	-	-
9.40% Bluedart 20.11.2018 NCD	10	254	2,470	-	-	-
9.50% Bluedart 20.11.2019 NCD	10	276,016	2,677,805	-	-	-

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# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

### 2.16 Stock in trade (Continued)

#### Debtentures and bonds (quoted) (Continued)

	As at 31 March 2015	As at 31 March 2014
	Quantity	Quantity
Face Value	Amount	Amount
9.01% National Housing Bank 13.01.2034 NCD	1,061	-
8.76% National Housing Bank 13.01.2034 NCD	6,098	-
8.45% India Infra Debt Limited 04.02.2025 NCD	239	-
8.55% India Infra Debt Limited 04.02.2020 BONDS	31	-
8.50% India Infrastructure Finance Co. Ltd. 12.11.33 Bonds	1,000	-
8.48% India Infrastructure Finance Co. Ltd. 22.01.29 Bonds	60,000	-
11.40% The Tata Power Co Ltd Perpetual 02.06.2021 NCD	26	-
8.63% Rural Electrification Corp. Ltd. Perpetual Bonds	50,000	-
8.63% Indian Railway Finance Corp. Ltd Perpetual Bonds	50,000	-
7.34% Indian Railway Finance Corp. Ltd 19.02.2028 NCD	1,896	-
8.66% National Thermal Power Corp. Ltd. Perpetual Bonds	15,832	-
8.14% Nuclear Power Corp. of India Ltd. 25.03.2026 Bonds	30	-
8.14% Nuclear Power Corp. of India Ltd. 25.03.2027 Bonds	30	-
8.14% Nuclear Power Corp. of India Ltd. 25.03.2028 Bonds	30	-
8.14% Nuclear Power Corp. of India Ltd. 25.03.2029 Bonds	30	-
8.14% Nuclear Power Corp. of India Ltd. 25.03.2030 Bonds	30	-
9.90 % Yes Bank Ltd Perpetual NCD	14	-
9.60 % Fullerton India Credit Co. Ltd 26.12.2024 NCD	100	-
9.18% Mahindra and Mahindra Fin. Services Ltd. 31.01.2025 Bonds	50	-
18.00% Ruparel Homes Pvt. Ltd. 31.01.2017 NCD	800	-
(C)	278,548,041	194,024,263
	28,755,325,946	18,445,619,011

#### Debtentures and bonds (unquoted)

18.50% Suranjan Holding and Estate Dev. Pvt. Ltd. 21.02.17 NCD	190	-
12.75% Mahan Synthetic Textiles Pvt. Ltd. 18.12.2016 NCD	40	-
(D)	230	-
(A+B+C+D)	278,550,914	207,906,309
	29,345,328,235	18,688,503,667

#### Total

Aggregate of quoted stock in trade in preference Shares

- At carrying value
- Market value

Aggregate of unquoted stock in trade in mutual fund

- At carrying value

Aggregate of quoted stock in trade in debentures and bonds

- At carrying value
- Market value

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# Edelweiss Finance & Investments Limited

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

(Currency : Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.17 Trade receivables</b>		
Outstanding for a period exceeding six months		
Unsecured, considered doubtful	23,644,973	26,985,292
Less: Provision for doubtful debts	23,644,973	26,985,292
	-	-
Other debts		
Unsecured, considered good	90,949,411	30,201,974
	90,949,411	30,201,974
<b>2.18 Cash and bank balances</b>		
<b>Cash and Cash equivalents</b>		
Cash in hand	152,574	25,270
Balances with Banks		
- in Current accounts	277,442,241	30,742,948
- in fixed deposits with original maturity less than 3 months (refer note 2.33)	-	10,000,000
	277,594,815	40,768,218
<b>Other Banks Balances</b>		
- Short term deposits with banks (refer note 2.33)	50,101,000	60,000,000
	327,695,815	100,768,218

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# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

### 2.19 Short-term loans and advances

#### Secured

(considered good, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
Receivable from financing business	1,876,230,068	855,366,433
	<b>1,876,230,068</b>	<b>855,366,433</b>

#### Unsecured

(considered good, unless stated otherwise)

Receivable from financing business	31,500,000	3,242
------------------------------------	------------	-------

#### Other loans and advances

Deposits placed with exchange/ depositories	46,205,694	43,583,297
Deposits- others	838,600	778,300
Prepaid expenses	35,412,679	6,403,731
Loans and advances to employees	43,316	247,594
Vendor Advances	4,676,706	1,313,256
Intercompany deposits placed	-	25,518,101
Input tax credit	3,317,836	8,844,224
Advance tax (Net of provision for tax Rs.Nil, previous year Rs. 85,943,511/-)	-	62,181
Advances recoverable in cash or in kind or for value to be received	3,829,739	163,405,344
	<b>125,824,570</b>	<b>250,159,270</b>

<b>2,002,054,638</b>	<b>1,105,525,703</b>
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### 2.20 Other current assets

Accrued interest on fixed deposits	45,320	113,671
Accrued interest on debt instruments	668,206,434	257,073,442
Accrued interest on loans given	27,607,598	52,557,813
Accrued interest on margin	2,348,002	254,449
Mark to Market on interest rate swap	15,657,190	143,220,915
Margin for IRS MTM	222,290,617	-
Premium paid on outstanding exchange traded options	9,256,973	-
Contribution to gratuity fund (net) (refer note 2.31)	482,000	-
Margin placed with broker	84,728,426	75,132
	<b>1,030,622,560</b>	<b>453,295,422</b>

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# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>2.21 Fee and commission income</b>		
Processing and other fees	260,233,940	69,569,057
	<b>260,233,940</b>	<b>69,569,057</b>
<b>2.22 Income from treasury and investments</b>		
Profit/ (Loss) on trading of securities (net)	960,356,900	(129,017,711)
Profit on trading in equity derivative instruments (net)	117,986,851	-
Profit on trading in commodity derivative instruments (net)	-	52,965,000
Profit/ (loss) on trading in currency derivative instruments (net)	1,246,651	-
Profit/(Loss) on interest rate derivatives (net)	(679,614,759)	480,737,286
Profit on sale of Current Investment	4,096	1,893
Interest on interest rate derivatives	26,845,089	100,712,585
Profit on sale of non current investments	108,595,549	22,794,250
Dividend on current investments	190,702	233,974
Dividend on long term Investment	3,105,452	4,329,266
Profit / (Loss) on benchmark linked Debenture	(186,659,480)	-
	<b>352,057,051</b>	<b>532,756,543</b>
<b>2.23 Interest Income</b>		
On loans	432,653,685	275,854,429
On intercorporate deposits	-	7,219,726
On fixed deposits	6,083,921	6,476,426
On debt instruments	2,838,738,235	1,945,610,660
On margin with brokers	2,228,842	694,511
On CBLO	5,854,350	18,434,259
On others	10,569,526	6,030,680
	<b>3,296,128,559</b>	<b>2,260,320,691</b>
<b>2.24 Other income</b>		
Income from training centre	40,273,411	37,738,177
Miscellaneous income	1,821,147	773
	<b>42,094,558</b>	<b>37,738,950</b>

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# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>2.25 Employee benefit expenses</b>		
Salaries and wages (refer note 2.50)	211,969,119	93,281,016
Contribution to provident and other funds	1,764,660	1,894,046
Staff welfare expenses	341,658	265,898
	<u>214,075,437</u>	<u>95,440,960</u>
<b>2.26 Finance costs</b>		
Interest on debentures	14,695,890	8,284,932
Interest on loan from holding company	233,728,267	151,971,365
Interest on loan from fellow subsidiaries	477,779	42,530,929
Interest on CBLO	2,472,365,001	1,702,074,600
CBLO charges	10,659,681	7,739,115
Interest on inter-corporate deposits	214,500	214,500
Interest - others	15,337,883	9,426,701
Discount on commercial paper	92,627,608	93,580,835
Finance and bank charges	33,347,591	1,124,017
	<u>2,873,454,200</u>	<u>2,016,946,994</u>

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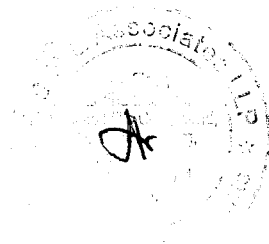


# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>2.27 Other expenses</b>		
Advertisement and business promotion	1,069,187	1,399
Auditors' remuneration (refer below)	1,538,541	1,391,700
Bad- debts written off	59,591,361	980,902
Commission and brokerage	2,527,447	299,668
Communication	1,454,708	1,503,988
Computer expenses	255,850	45,323
Computer software expenses	93,934	14,065
Clearing and custodian charges	6,069,950	3,128,598
Dematerialisation charges	76,513	17,846
Directors' sitting fees	380,000	220,000
Donation	200,000	-
Electricity charges (Refer note 2.50)	8,406,076	7,945,816
Freight & Forwarding Expenses	4,196	99,300
Insurance	683,528	138,111
Legal and professional fees	9,618,431	20,112,996
(Profit)/Loss on sale of Fixed Assets	89	(31,799)
Membership and subscription	73,001	-
Office expenses	23,234	356,061
Postage and courier	930	29,451
Printing and stationery	80,763	248,117
Provision for standard assets /(written back)	10,524,396	(1,065,262)
Provision for non performing assets	(59,591,360)	25,518,101
Provision for doubtful debts/ (written back)	(3,340,319)	26,985,292
Rates and taxes	267,040	22,770
Rating Support Fees	5,300,000	7,500,000
Rent (Refer note 2.50)	7,634,511	7,544,350
Repairs and maintenance - others	2,147,886	1,752,300
ROC Expenses	122,636	3,425,510
Security transaction tax	1,800,812	234,599
Seminar & conference	1,500	-
Service tax and VAT expenses	(18,714,408)	3,695,715
Stamp duty	4,555,045	819,422
Stock exchange expenses	796,500	7,500
Travelling and conveyance	2,528,699	3,391,439
Wealth Tax	101,000	-
Miscellaneous expenses	34,808,367	43,960,344
	<b>81,090,044</b>	<b>160,293,622</b>
<b>Auditors' remuneration:</b>		
As auditor	1,200,000	1,200,000
For other services	245,100	162,700
For reimbursement of expenses	93,441	29,000
	<b>1,538,541</b>	<b>1,391,700</b>



# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

### 2.28 Segment reporting

#### Primary Segment (Business segment)

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, derivatives, income from investments and dividend income
Agency business	Advisory services
Financing business	Wholesale financing

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

#### Secondary Segment

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, 2015	For the Year Ended 31 March, 2014
<b>I</b>	<b>Segment Revenue</b>		
	a) Capital based business	3,146,839,751	2,509,978,752
	b) Agency business	254,176,774	61,900,307
	c) Financing business	507,383,480	290,742,905
	d) Unallocated	42,114,103	37,763,277
	<b>Total Income</b>	<b>3,950,514,108</b>	<b>2,900,385,241</b>
<b>II</b>	<b>Segment Results</b>		
	a) Capital based business	241,429,695	504,276,856
	b) Agency business	238,822,494	28,776,442
	c) Financing business	307,583,637	136,753,166
	d) Unallocated	(26,415,213)	(58,555,000)
	<b>Total</b>	<b>761,420,613</b>	<b>611,251,464</b>
	<b>Profit before taxation</b>	<b>761,420,613</b>	<b>611,251,464</b>
	Less : Provision for taxation	253,866,830	190,748,218
	<b>Profit after taxation</b>	<b>507,553,783</b>	<b>420,503,246</b>
Particulars		As at 31 March, 2015	As at 31 March, 2014
<b>III</b>	<b>Segment Assets</b>		
	a) Capital based business	31,287,151,018	21,079,785,957
	b) Agency business	8,698,146	26,501,376
	c) Financing business	6,085,977,610	1,794,828,557
	d) Unallocated	677,311,286	486,269,635
	<b>Total</b>	<b>38,059,138,060</b>	<b>23,387,385,525</b>
<b>IV</b>	<b>Segment Liabilities</b>		
	a) Capital based business	29,062,097,701	19,243,821,142
	b) Agency business	13,488,127	7,503,660
	c) Financing business	4,617,883,683	301,132,534
	d) Unallocated	555,073,900	237,751,022
	<b>Total</b>	<b>34,248,543,411</b>	<b>19,790,208,358</b>
<b>V</b>	<b>Capital Expenditure</b>		
	a) Capital based business	1,214,700	3,706,383
	b) Agency business	98,114	91,406
	c) Financing business	998,858	429,328
	d) Unallocated	12,077,410	55,763
	<b>Total</b>	<b>14,389,082</b>	<b>4,282,880</b>
<b>VI</b>	<b>Depreciation</b>		
	a) Capital based business	7,248,585	5,444,123
	b) Agency business	585,483	134,261
	c) Financing business	4,020,085	1,819,983
	d) Unallocated	8,619,661	9,053,834
	<b>Total</b>	<b>20,473,814</b>	<b>16,452,201</b>
<b>VII</b>	<b>Non-Cash expenditure other than depreciation</b>		
	a) Capital based business	5,817,374	45,405,571
	b) Agency business	469,881	1,119,778
	c) Financing business	937,969	5,259,546
	d) Unallocated	77,854	683,139
	<b>Total</b>	<b>7,303,078</b>	<b>52,468,034</b>

# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

### 2.29 Disclosure of Related parties as required under AS 18- "Related Party Disclosures"

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

Relationship	Name of related parties
Holding Company	Edelweiss Financial Services Limited
Subsidiary Company	EC Global Limited Olive Business Centre Limited (from 4 December 2014)
Fellow Subsidiaries (with whom transactions have taken place)	ECL Finance Limited ECap Equities Limited EC Commodity Limited Edelcap Securities Limited Edelweiss Broking Limited Edelweiss Securities Limited Edel Finance Company Limited EdelGive Foundation Edelweiss Web Services Limited Edelweiss Housing Finance Limited Edelweiss Investment Adviser Limited Edelweiss Commodities Services Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Tokio Life Insurance Company Limited
Key Management Personnel	Venkat Ramaswamy Gaurang Tailor (upto May 21, 2014)

#### ii. Transactions with related parties :

Nature of Transactions	Related Party Name	2015	2014
<b>A. Capital account transactions during the year</b>			
Investment in equity shares of	Olive Business Centre Limited	181,105,000	-
Purchase of equity shares from	ECL Finance Limited	500,000	-
Sale of equity shares to	Edelweiss Broking Limited	-	373,569,670
	Edelweiss Commodities Services Limited	-	40,093,622
Investment in preference shares of	Edelweiss Broking Limited	-	374,000,000
Sale of preference shares to	ECL Finance Limited	110,000,000	110,000,000
Issue of Non Convertible Debentures to	Edelweiss Tokio Life Insurance Company Ltd.	-	150,000,000
Redemption of Non convertible Debentures	Edelweiss Tokio Life Insurance Company Ltd.	150,000,000	-
Loans taken from (Refer Note - 1)	Edelweiss Financial Services Limited	10,249,444,180	8,312,194,595
	Others - Fellow subsidiary company	-	1,000,000,000
Loans repaid to (Refer Note - 1)	Edelweiss Financial Services Limited	10,640,608,343	8,232,866,732
	Others - Fellow subsidiary	4,571,000	994,600,000
Loans given to (Refer Note - 1)	Edelweiss Commodities Services Limited	-	400,000,000
	Olive Business Centre Limited	465,963	-
Repayment of loans by (Refer Note - 1)	Olive Business Centre Limited	465,963	-

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**Edelweiss Finance & Investments Limited**  
**Notes to the financial statements (Continued)**

(Currency: Indian Rupees)

**2.29 Disclosure of Related parties as required under AS 18- "Related Party Disclosures" (Continued)**

Nature of Transactions	Related Party Name	2015	2014
<b>B Secondary market transactions</b>			
Purchases of securities (Stock-in-trade) from	ECL Finance Limited	2,309,802,075	876,032,849
	Edelweiss Commodities Services Limited	4,987,272,673	-
	Others - Fellow subsidiary company	-	56,067,458
Sale of securities (Stock-in-trade) to	ECL Finance Limited	545,580,916	100,959,721
	Edelweiss Commodities Services Limited	337,920,682	813,811
	Edelweiss Securities Limited	319,573,315	206,265,918
	Edelweiss Web Services Limited	528,450,000	-
	Others - Fellow subsidiary company	204,121,828	-
Margin placed with (Refer note 1)	Edelweiss Securities Limited	251,708,217	70,000,000
Margin refund received from (Refer note 1)	Edelweiss Securities Limited	167,054,934	70,000,000
<b>C Current account transactions</b>			
Interest expense on loan taken from	Edelweiss Financial Services Limited	233,728,269	151,971,365
	Edelweiss Commodities Services Limited	477,779	42,530,929
Interest expense on non - convertible debentures issued to	Edelweiss Tokio Life Insurance Company Ltd.	11,194,521	8,284,932
Interest income on debt instruments from	ECL Finance Limited	1,100,335	16,361
Interest income on margin placed with brokers	Edelweiss Securities Limited	2,228,842	694,511
Interest income on loans given to	Edelweiss Commodities Services Limited	48,000,000	394,521
	Others subsidiary company	3,230	-
Dividend paid to	Edelweiss Financial Services Limited	199,126,500	151,336,140
Reimbursement paid to	Edelweiss Commodities Services Limited	2,145,907	2,359,560
	Edelweiss Financial Services Limited	159,854,250	227,704,405
	Edelweiss Alternative Asset Advisors Limited	-	426,082
	ECL Finance Limited	50,000,000	-
Cost reimbursement paid to	Edelweiss Financial Services Limited	-	7,679,204
	Edelweiss Commodities Services Limited	7,634,511	8,289,886
	Others - Fellow subsidiary company	627,600	20,900
Cost reimbursement received from	Edelweiss Financial Services Limited	-	563,000
	Edelweiss Securities Limited	-	461,000
	Edelcap Securities Limited	-	189,000
	Others - Fellow subsidiary company	-	77,000
Rating support fees paid to	Edelweiss Financial Services Limited	5,300,000	7,500,000
Clearing charges paid to	Edelweiss Securities Limited	115,000	-
Commission and brokerage paid to	Edelweiss Securities Limited	218,680	99,779
Donation given to	EdelGive Foundation	200,000	-
Remuneration paid to	Venkat Ramaswamy	27,129,878	12,959,952
	Gaurang Tailor	157,809	1,919,704

## Edelweiss Finance & Investments Limited

### Notes to the financial statements (Continued)

(Currency: Indian Rupees)

#### 2.29 Disclosure of Related parties as required under AS 18- "Related Party Disclosures" (Continued)

Nature of Transactions	Related Party Name	2015	2014
<b>D Balances with related parties</b>			
<b>Other liabilities</b>			
Interest expense accrued and due on borrowings	Edelweiss Financial Services Limited	7,902,963	2,590,689
	Edelweiss Commodities Services Limited	1,369	442,706
Interest expense accrued but not due on non convertible debentures issued to	Edelweiss Tokio Life Insurance Company Ltd.	-	8,284,932
Remuneration payable to	Venkat Ramaswamy	20,000,000	10,000,000
	Gaurang Tailor	-	811,000
Corporate guarantee taken from	Edelweiss Financial Services Limited	5,433,100,000	470,700,000
Trade payables to	Edelweiss Financial Services Limited	981,192	5,650,857
	Edelweiss Securities Limited	192,231,560	-
	Others - Fellow subsidiary company	1,386,736	21,228
Dividend payable to	Edelweiss Financial Services Limited	199,126,500	-
Investment in preference shares of	Edelweiss Investment Adviser Ltd	-	110,000,000
	Edelweiss Broking Limited	374,000,000	374,000,000
Investment in equity shares of	EC Global Limited	-	438,600
	Olive Business Centre Limited	181,605,000	-
Investment in debentures of	ECL Finance Limited	71,485,000	-
Unsecured loan taken from	Edelweiss Financial Services Limited	36,264,924	427,429,086
	Edelweiss Commodities Services Limited	829,000	5,400,000
Non convertible debentures outstanding	Edelweiss Tokio Life Insurance Company Ltd.	-	150,000,000
<b>Other assets</b>			
Accrued interest income on loans given to	Edelweiss Commodities Services Limited	2,485,479	355,069
Accrued interest income on Debentures of	ECL Finance Limited	38,643	8,152
<b>Long term loans and advances</b>			
Receivable from financing business from	Edelweiss Commodities Services Limited	400,000,000	400,000,000
<b>Short-term loans and advances</b>			
Advances recoverable in cash or in kind or for value to be received from	Edelweiss Financial Services Limited	301,246	563,000
	Edelcap Securities Limited	-	189,000
	Edelweiss Securities Limited	-	461,000
	ECL Finance Limited	113,000	-
	Edelweiss Web Services Limited	149,326	-
	Others - Fellow subsidiary company	6,000	77,000
<b>Other current assets</b>			
Accrued interest income on margin from	Edelweiss Securities Limited	192,757	81
Receivable from broker	Edelweiss Securities Limited	84,728,426	75,132

Note 1 : 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 Finance & Investments Limited

### Notes to the financial statements (Continued)

(Currency: Indian Rupees)

#### 2.30 Earnings per share

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

	2015	2014
a) Profit for the period (as per statement of profit and loss)	507,553,783	420,503,246
Less: Preference dividend on cumulative preference share capital	45,893,250	32,188,142
Less : Dividend Distribution Tax on above preference dividend	9,175,950	5,470,375
Profit attributable to Equity Shareholders	452,484,583	382,844,729
b) Calculation of weighted average number of Equity Shares of Rs 10 each:		
- Number of equity shares outstanding at the beginning of the year	2,655,020	2,655,020
- Number of equity shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	2,655,020	2,655,020
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	2,655,020	2,655,020
c) Basic and diluted earnings per share (in Rupees) (a/b)	170.43	144.20

The basic and diluted earnings per share are the same as there are no dilutive potential equity shares issued or outstanding as at the year ended 31 March 2015.

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

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

Amount of Rs.1,153,209 (previous year: Rs. 708,966) is recognised as expenses and included in "Employee Benefits Expense"  
- Note 2.25 in the statement of profit and loss.

##### B) Defined benefit plan (Gratuity)

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

##### Statement of profit and loss


##### Net employee benefit expenses:

	2015	2014
Current service cost	698,551	857,000
Interest on defined benefit obligation	497,000	423,000
Expected return on plan assets	(425,000)	(274,000)
Actuarial (gain)/losses	(160,000)	178,000
<b>Total included in Employee benefit expenses</b>	<b>610,551</b>	<b>1,184,000</b>

##### Balance Sheet

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

	2015	2014
Liability at the beginning of the year	6,674,432	4,071,432
Employee transfer in / out adjustment	(1,096,000)	1,283,000
Interest cost	497,000	423,000
Current service cost	698,551	857,000
Benefit paid	(730,983)	(354,000)
Actuarial (gain)/loss on obligations	681,000	394,000
<b>Liability at the end of the year</b>	<b>6,724,000</b>	<b>6,674,432</b>



# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

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

Changes in the Fair Value of Plan Assets are as follows:

	2015	2014
Fair value of plan assets at the beginning of the year	4,210,983	2,554,983
Expected Return on Plan Asset	425,000	274,000
Contributions	2,460,000	1,520,000
Benefits paid	(730,983)	(354,000)
Actuarial (loss)/Gain	841,000	216,000
<b>Fair value of plan assets at the end of the year</b>	<b>7,206,000</b>	<b>4,210,983</b>

Amount recognised in the Balance Sheet:	2015	2014	As at 31 March, 2013	2012	2011
<b>Particulars</b>					
Liability at the end of the year	6,724,000	6,674,432	4,071,432	2,149,255	1,715,989
Fair value of plan assets	7,206,000	4,210,983	2,554,983	2,259,072	1,803,168
<b>Amount recognized in Balance Sheet - Assets/(Liability)</b>	<b>482,000</b>	<b>(2,463,449)</b>	<b>(1,516,449)</b>	<b>109,817</b>	<b>87,179</b>

Experience Adjustments:	2015	2014	As at 31 March, 2013	2012	2011
<b>Particulars</b>					
-On Plan Liabilities: (Gain)/ Loss	185,000	757,000	1,117,691	(1,534,332)	(1,225,026)
-On Plan Assets: Gain/ (Loss)	841,000	216,000	(53,082)	30,986	24,733
<b>Estimated Contribution for next year</b>	<b>-</b>	<b>2,500,000</b>	<b>1,500,000</b>	<b>-</b>	<b>-</b>

Principle actuarial assumptions at the balance sheet date:

	2015	2014
Discount rate current	7.80%	8.90%
Salary escalation rate	7%	6%
Employees attrition rate	13%-25%	13%-25%



# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

### 2.32 Details of secured debentures issued

As at 31 March 2015

Interest rate range	> 5 Years	3 - 5 Years	Maturity 2 - 3 Years	1 - 2 Years	< 1 Year
<b>Non-convertible debentures</b>					
10% to 11%	-	-	1,500,000,000	-	-
<b>Benchmark linked debentures</b>					
9% to 10%	-	-	-	-	1,285,000,000
10% to 11%	232,900,000	465,869,175	102,021,344	332,391,804	107,500,000
11% to 12%	-	-	732,666,121	143,000,000	530,000,000
<b>Total</b>	<b>232,900,000</b>	<b>465,869,175</b>	<b>2,334,687,465</b>	<b>475,391,804</b>	<b>1,922,500,000</b>

As at 31 March 2014

Interest rate range	> 5 Years	3 - 5 Years	Maturity 2 - 3 Years	1 - 2 Years	< 1 Year
<b>Non-convertible debentures</b>					
11% to 12%	-	-	-	-	150,000,000

a) The Company has an asset cover of 100% in accordance with the terms of the trust deed by way of charge on immovable property, floating charge on movable properties in the form of receivables.

b) Debt Equity and Asset cover Ratio:

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>Shareholders' fund</b>		
Paid up capital - Equity	26,550,200	26,550,200
Add : Reserve and surplus	3,313,344,449	3,099,926,966
Less : Deferred tax asset	46,938,816	43,249,418
<b>Total equity (A)</b>	<b>3,292,955,833</b>	<b>3,083,227,748</b>
<b>Debt</b>		
Long-term borrowings	3,508,848,444	-
Short-term borrowings	28,709,418,492	19,268,382,547
Current maturities of long term borrowings	637,500,000	150,000,000
Preference Share capital	313,800,000	313,800,000
Redemption premium on Preference	156,900,000	156,900,000
<b>Total debt (B)</b>	<b>33,326,466,936</b>	<b>19,889,082,547</b>
<b>Debt equity ratio (B/A)</b>	<b>10.12</b>	<b>6.45</b>

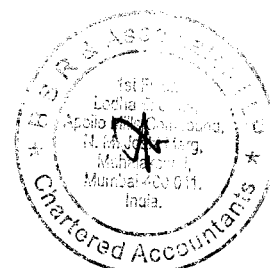
#### Asset cover ratio

Particulars	As at 31-Mar-15	As at 31-Mar-14
<b>Assets available</b>		
Loans and advances*	5,989,037,666	1,761,645,678
Stock in trade	28,355,328,235	18,688,503,667
<b>Total (A)</b>	<b>34,344,365,901</b>	<b>20,450,149,345</b>
<b>Secured debt</b>		
Long term secured borrowings	3,508,848,444	-
Short-term Secured borrowings	27,185,000,000	17,840,000,000
Current maturities of secured long term debt	637,500,000	150,000,000
<b>Total (B)</b>	<b>31,331,348,444</b>	<b>17,990,000,000</b>
<b>Asset cover (A/B)</b>	<b>1.10:1</b>	<b>1.14:1</b>

\* Includes debentures in the nature of loan.

### 2.33 Encumbrances' on fixed deposits held by the Company

- Sales tax authorities:** Rs. 74,432 (Previous year: Rs. 74,432) for meeting deposit requirements.
- The Collector of Raigad, Alibagh state excise department:** Rs.100,000 (Previous year: Rs. 100,000) for license.
- HDFC Bank:** Rs Nil (Previous year: Rs. 20,000,000) for meeting margin requirement for trading in interest rate swaps.
- Ratnakar Bank:** Rs 50,001,000 (Previous year: Rs. Nil) against Overdraft facility.





# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

### 2.34 Open interest in interest rate derivatives:

As at 31 March 2015

Benchmark	Notional principal	Terms	Purpose
MIBOR	12,500,000,000	Pay fixed Vs. receive floating	Hedging

As at 31 March 2014

Benchmark	Notional principal	Terms	Purpose
MIBOR	12,250,000,000	Pay fixed Vs. receive floating	Hedging

### 2.35 Open interest in equity index/ stock futures as at 31 March 2015 (previous year : Nil)

Sr. No.	Particulars	Expiry date	Contracts	Involved	Position	Purpose
1	NIFTY	30-Apr-15	750	37,500	Long position	Hedging
2	INFY	30-Apr-15	22	2,750	short position	Hedging

### 2.36 Option equity index/ stock contracts outstanding as at 31 March 2015 (previous year: Nil)

Sr. no.	Name of the option – Index / Stock	Total premium carried forward as at 31 March 2015 (Net of provision made)	Purpose
1	Purchaser of option- Nifty	9,256,973	Hedging
2	Sale of option- Nifty	5,822,768	Hedging

### 2.37 Open interest rate futures as at 31 March 2015 (previous year : Nil)

Sr. No.	Particulars	Expiry date	Contracts	Involved	Position	Purpose
1	8.40% Central Government Security	30-Apr-15	2,367	4,734,000	Long position	Hedging

### 2.38 Foreign currency

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2015 (Previous year: Rs Nil).

### 2.39 Contingent liability and commitments

Contingent liability

Nil

Commitments

a) Uncalled liabilities on non-current investments Rs 2,500,000 as at balance sheet date (Previous year: Rs. 2,500,000).

b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 69,000 (Previous year: Rs 52,000) as at the balance sheet date.

c) Undrawn committed credit lines Rs.128,660,000 as at balance sheet date (Previous year: Rs.59,200,000).

### 2.40 Details of purchase, sales and change in inventory

Particular	2015	2014
<b>Opening stock</b>		
Equity shares	-	-
Preference shares	5,000,000	-
Mutual Funds	237,884,656	-
Debt instruments	18,445,619,011	19,660,552,419
	18,688,503,667	19,660,552,419
<b>Purchase</b>		
Equity shares	-	124,471,839
Preference shares	3,372	252,000,000
Mutual Funds	-	237,884,656
Debt instruments	236,954,998,809	106,464,303,207
	236,955,002,181	107,078,659,702
<b>Sale</b>		
Equity shares	-	115,038,793
Preference shares	5,173,333	246,891,015
Mutual Funds	263,128,518	-
Debt instruments	226,990,232,662	107,559,760,934
	227,258,534,513	107,921,690,742
<b>Closing stock</b>		
Equity shares	-	-
Preference shares	2,643	5,000,000
Mutual Funds	-	237,884,656
Debt instruments	29,345,325,592	18,445,619,011
	29,345,328,235	18,688,503,667
<b>Profit/(Loss) on sale of securities</b>	960,356,900	(129,017,711)

# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.41

Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

		2015		2014	
<b>Liabilities side :</b>		<b>Amount Outstanding</b>	<b>Amount Overdue</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
(1)	Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not				
	(a) Debentures :Secured	5,621,253,100	-	158,284,932	-
	:Unsecured	-	-	-	-
	(other than falling within the meaning of public deposits *)				
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	-	-	-	-
	(d) Inter-Corporate Loans and Borrowing	56,626,247	-	455,582,355	-
	(e) Commercial Paper	1,483,424,568	-	991,653,460	-
	(f) Other Loans:	-	-	-	-
	Collateralised Lending and Borrowing	25,900,000,000	-	17,840,000,000	-
	(* Please see Note 1 below)				
<b>Assets side :</b>				<b>Amount Outstanding</b>	
				<b>2015</b>	<b>2014</b>
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:				
	(a) Secured			5,957,537,666	1,327,569,176
	(b) Unsecured			31,500,000	511,301,602
(3)	Break-up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities				
	(i) Lease assets including lease rentals under sundry debtors :				
	(a) Financial Lease			-	-
	(b) Operating Lease			-	-
	(ii) Stock on hire including hire charges under sundry debtors:				
	(a) Assets on Hire			-	-
	(b) Repossessed Assets			-	-
	(iii) Hypothecation loans counting towards EL / HP activities :				
	(a) Loans where assets have been repossessed			-	-
	(b) Loans other than (a) above			-	-

*Dr*

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

**2.41** Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2015) *(Continued)*

		Amount Outstanding	
		2015	2014
(4)	<b>Break-up of Investments</b>		
	Current Investments:		
	1. <u>Quoted</u> :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. <u>Unquoted</u> :		
	(i) Shares : (a) Equity	292,767,213	292,767,213
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	2,291,807	3,855,385
	(iv) Government Securities	-	-
	(v) Others (Debt instruments)	-	-
	Long Term investments :		
	1. <u>Quoted</u> :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. <u>Unquoted</u> :		
	(i) Shares : (a) Equity	795,874,372	614,269,372
	(b) Preference	490,575,000	600,575,000
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others		
	(a) Warrants	20,000,000	20,000,000
	(b) Units of Fund	2,500,000	2,500,000
	(c) Investment in Security Receipts	89,850,795	128,750,626
	(d) Share Application Money		
(5)	Borrower group-wise classification of all assets financed as in (2) and (3) above:		
	(Please see Note 2 below)		
	<b>Category</b>	<b>Amount (net of provisions)</b>	
		<b>2015</b>	<b>2014</b>
		<b>Secured</b>	<b>Unsecured</b>
		<b>Secured</b>	<b>Unsecured</b>
	1. Related Parties**		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	402,485,479	51,707,000
	(c) Other related parties	-	-
	2. Other than related parties	5,555,052,188	400,003,242
	<b>Total</b>	<b>5,957,537,666</b>	<b>451,710,242</b>

## Edelweiss Finance & Investments Limited

### Notes to the financial statements (Continued)

(Currency: Indian Rupees)

**2.41** Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2015) (Continued)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) (Please see Note 3):				
Category	2015		2014	
	Market value / Break-up or fair value or NAV	Book value (net of provisions)	Market value / Break-up or fair value or NAV	Book value (net of provisions)
1. Related parties**				
(a) Subsidiaries	-	182,043,600	-	438,600
(b) Companies in the same group	-	490,575,000	-	600,575,000
(c) Other related parties	-	-	-	-
2. Other than related parties	-	1,021,240,587	-	1,061,703,996
<b>Total</b>	-	<b>1,693,859,187</b>	-	<b>1,662,717,596</b>
** As per Accounting Standard of ICAI (Please see Note 3)				
(7) Other information				
<b>Particulars</b>			<b>2015</b>	<b>2014</b>
(i) Gross Non-Performing Assets				
(a) Related Party			-	-
(b) Other than Related Parties			-	59,591,360
(ii) Net Non-Performing Assets				
(a) Related Party			-	-
(b) Other than Related Parties			-	-
(iii) Assets acquired in satisfaction of debts			-	-

#### Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.
- 

#### 2.42 Capital to Risk Assets Ratio (CRAR)

Items	2015	2014
i. CRAR (%)	30.02%	64.46%
ii. CRAR - Tier I Capital (%)	24.91%	57.21%
iii. CRAR - Tier II Capital (%)	5.11%	7.25%
iv. Amount of subordinated debt raised as Tier-II capital	-	-
v. Amount raised by issue of Perpetual Debt Instruments	-	-

## Edelweiss Finance & Investments Limited

### Notes to the financial statements (Continued)

(Currency: Indian Rupees)

#### 2.43 Exposure to real estate sector, both direct and indirect; and

Category	2015	2014
<b>A Direct exposure</b>		
<b>i. Residential Mortgages</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-
<b>ii. Commercial Real Estate</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	2,193,472,381	472,202,743
<b>iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures</b>		
Residential	-	-
Commercial Real Estate	-	-
<b>B Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

#### 2.44 Asset Liability Management

As at 31 March, 2015

Particulars	Liabilities		Assets	
	Market borrowings	Advances*	Stock in trade	Investments
1 day to 30/31 days (one month)	26,396,361,075	27,607,598	27,223,960,285	458,361
Over one month to 2 months	987,063,493	-	998,839,221	-
Over 2 months to 3 months	23,900,000	250,000,000	-	-
Over 3 months to 6 months	829,000	-	132,528,729	31,110,167
Over 6 months to 1 year	1,938,764,924	2,647,730,068	-	263,490,492
Over 1 year to 3 years	2,811,100,000	2,337,275,000	-	-
Over 3 years to 5 years	466,600,000	501,425,000	-	-
Over 5 years	231,148,444	225,000,000	-	1,398,800,167
<b>Total</b>	<b>32,855,766,936</b>	<b>5,989,037,666</b>	<b>28,355,328,235</b>	<b>1,693,859,187</b>

\* Includes debentures in the nature of loan

As at 31 March, 2014

Particulars	Liabilities		Assets	
	Market borrowings	Advances	Stock in trade	Investments
1 day to 30/31 days (one month)	18,831,653,460	419,855,396	18,147,400,000	-
Over one month to 2 months	-	-	-	-
Over 2 months to 3 months	-	-	108,200,000	-
Over 3 months to 6 months	432,829,087	-	432,900,000	94,215,432
Over 6 months to 1 year	153,900,000	461,029,138	-	219,575,410
Over 1 year to 3 years	-	872,202,743	-	15,019,413
Over 3 years to 5 years	-	-	-	117,774,637
Over 5 years	-	34,073,259	-	1,267,839,705
<b>Total</b>	<b>19,418,382,547</b>	<b>1,787,160,536</b>	<b>18,688,500,000</b>	<b>1,714,424,597</b>



## Edelweiss Finance & Investments Limited

### Notes to the financial statements (Continued)

(Currency: Indian Rupees)

#### 2.45 Movements in Non Performing Advances:

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions:

Particulars	2015	2014
<b>i) Movement of NPAs (Gross)</b>		
a) Opening Balance	59,591,360	34,073,259
b) Additions during the year	-	25,518,101
c) Reductions during the year	59,591,360	-
d) Closing balance	-	59,591,360
<b>ii) Movement of Net NPAs</b>		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
<b>iii) Movement of Provisions for NPAs (excluding provision on Standard assets)</b>		
a) Opening Balance	59,591,360	34,073,259
b) Additions during the year	-	25,518,101
c) Reductions during the year	59,591,360	-
d) Closing balance	-	59,591,360

#### 2.46 Details of Single Borrower Limit and Borrower Group Limit exceeded by the Company:

During the year ended 31 March 2015 and 31 March 2014, the company credit exposure to single borrowers and group borrowers were within the limits prescribed by RBI.

#### 2.47 Key Ratios

The Following table sets forth, for the periods indicated, the key financial ratios.

Particulars	2015	2014
Gross NPAs as a percentage of Total Advance	0.00%	3.24%
Net NPAs as a percentage of Total Advance	0.00%	0.00%
Book Value per share <sup>1</sup> (Rs.)	1240.28	1,161.28
Current Ratio <sup>2</sup>	1.08	1.05
Debt to Equity Ratio <sup>3</sup>	10.12	6.45
Return on average Equity <sup>4</sup> (%)	15.92%	13.70%
Return on average assets <sup>5</sup> (%)	1.65%	1.74%

1 Book Value per share = Equity Share Capital (+) Reserves and Surplus (-) Redemption premium on Preference Shares and Deferred Tax Assets / Outstanding number of equity shares

2 Current ratio = Current assets / Current liabilities.

3 Debt-Equity ratio = Total Debt / Total Equity

Total Debt = Preference shares (+) Redemption premium on preference shares (+) Long term borrowings (+) Short term borrowings (+) Current maturity of long term borrowings

Total Equity = Equity Share Capital (+) Reserves and Surplus (-) Deferred tax asset

4 Return on average equity = Net profit after tax / [Annual average equity share capital (+) Annual average Reserves and Surplus less Deferred tax asset].

5 Return on average assets = Net profit after tax / Annual average total assets.



# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.48 Disclosure pursuant to the revised regulatory framework issued by the Reserve Bank of India vide circular RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 (Other than what is already disclosed elsewhere).

### (i) Investments

	Particulars	2015	2014
(1)	Value of Investments		
(i)	Gross Value of Investments		
	(a) In India	1,713,859,187	1,734,424,596
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	20,000,000	20,000,000
	(b) Outside India	-	-
(iii)	Net Value of Investments		
	(a) In India	1,693,859,187	1,714,424,596
	(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation on investments.		
(i)	Opening balance	20,000,000	20,000,000
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	20,000,000	20,000,000

### (ii) Derivatives

Forward Rate Agreement / Interest Rate Swap			
S.no.	Particulars	2015	2014
i)	The notional principal of swap agreements	12,500,000,000	12,500,000,000
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	15,657,190	144,514,850
iii)	Collateral required by the NBFC upon entering into swaps	-	20,000,000
iv)	Concentration of credit risk arising from the swaps*	100%	100%
v)	The fair value of the swap book	(218,598,560)	142,582,199

\* % of concentration of credit risk arising from swaps with banks.

Exchange Traded Interest Rate (IR) Derivatives			
S.no.	Particulars	2015	2014
i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
ii)	Notional principal amount of exchange traded IR derivatives outstanding	-	-
iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

### Qualitative disclosure

The Company undertakes transactions in derivative products in the role of a user with counter parties. The Company deals in the derivatives for balance sheet management i.e. for hedging fixed rate, floating rate or foreign currency assets/liabilities and for hedging the variable interest in case of benchmark linked debentures. All derivatives are marked to market on reporting dates and the resulting gain/loss is recorded in the statement of profit and loss.

Dealing in derivatives is carried out by specified groups of the treasury department of the Company based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Mid office team conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, risk monitoring and reporting.

The Company has a credit and market risk department that assesses counterparty risk and market risk limits, within the risk architecture and processes of the Company. The Company has in place a policy which covers various aspects that apply to the functioning of the derivative business. Limits are monitored on a daily basis by the mid-office.

# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.48 Disclosure pursuant to the revised regulatory framework issued by the Reserve Bank of India vide circular RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 (Other than what is already disclosed elsewhere) (continued)

### Quantitative Disclosures

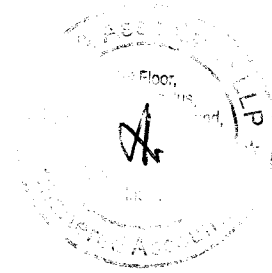
S.no.	Particulars	2015		2014	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	For hedging		12,500,000,000	-	12,500,000,000
ii)	Marked to Market Positions [1]				
	a) Assets (+)		15,657,190	-	144,514,850
	b) Liability (-)		234,255,750	-	1,931,650.64
iii)	Credit Exposure [2]		700,000,000	-	693,750,000
iv)	Unhedged Exposures	-	-	-	-

### (iii) Exposure to Capital Market

Particulars	2015	2014
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented invested in corporate debt;	926,597,985	926,597,985
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	2,157,117,609	889,442,934
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	2,500,000	2,500,000
<b>Total exposure to capital market</b>	<b>3,086,215,594</b>	<b>1,818,540,919</b>

### (iv) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss.

Particulars	2015	2014
(i) Provisions for depreciation on Investment	-	-
(ii) Provision towards NPA	(59,591,360)	25,518,101
(iii) Provision made towards Income tax	257,556,228	212,471,925
(iv) Provision for Standard Assets	10,524,396	(1,065,262)
(v) Other Provision and Contingencies (provision for doubtful debts)	(3,340,319)	26,985,292





# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.48 Disclosure pursuant to the revised regulatory framework issued by the Reserve Bank of India vide circular RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 (Other than what is already disclosed elsewhere) (continued)

(v) Ratings assigned by credit rating agencies and migration of ratings during the year ended 31 March, 2015

Instrument category	CRISIL	ICRA	CARE
(i) Long Term Instruments			
Rating	CRISIL AA-/Stable	[ICRA]-AA	CARE AA
Amount	1,300,000,000	5,000,000,000	1,500,000,000
(ii) Short Term Instruments			
Rating	CRISIL A1+	[ICRA]A1+	CARE A1+
Amount	2,500,000,000	5,000,000,000	2,500,000,000
(iii) Market linked debentures			
Short Term			
Rating	CRISIL PP- MLD A1+R	-	-
Amount	2,000,000,000	-	-
Long Term			
Rating	-	PP-MLD [ICRA]AA	CARE PP MLD-AA
Amount	-	3,000,000,000	5,000,000,000

(vi) Concentration of Advances

Particulars	2015	2014
Total advances to twenty largest borrowers	5,909,508,579	1,787,160,536
Percentage of advances to twenty largest borrowers to total advances	98.67%	100%

(vii) Concentration of Exposures

Particulars	2015	2014
Total exposures to twenty largest borrowers / customers	5,862,610,998	1,846,363,779
Percentage of exposures to twenty largest borrowers / customers to total exposures	97.89%	100%

(viii) Concentration of NPAs

Particulars	2015	2014
Total exposures to top four NPAs	-	34,073,259

(ix) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total assets as at 31 March, 2015	Total assets as at 31 March, 2014
EC Global Limited	-	Mauritius	11,594,362,564	12,520,516,135

(x) Sector-wise NPAs

S.no.	Particulars	Percentage of NPAs to Total Advances in that sector 2015	Percentage of NPAs to Total Advances in that sector 2014
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	1.91%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-
	Total	-	-

(xi) Customer Complaints

(a)	No. of complaints pending at the beginning of the year	-
(b)	No. of complaints received during the year	-
(c)	No. of complaints redressed during the year	-
(d)	No. of complaints pending at the end of the year	-

# Edelweiss Finance & Investments Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

### 2.49 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.

### 2.50 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like rent expenditure, which is for the benefit of itself and its subsidiary. This cost so expended is reimbursed on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. On the same lines, employees cost expended by Edelweiss Finance & Investments Limited for the benefit of fellow subsidiaries is recovered by Edelweiss Finance & Investments Limited. Accordingly, and as identified by the management, the expenditure heads in Note 2.25 and 2.27 are net of the reimbursements.

2.51 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 and is defending its position. Due to the lack of clarity on legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the company, if any, at this stage cannot be estimated. The Company has been advised by its tax counsel that it has a good chance in sustaining its position.

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231W/W-100024



N Sampath Ganesh

Partner

Membership No: 042554

For and on behalf of the Board of Directors



Venkat Ramaswamy

Executive Director

DIN: 00008509

S. Ranganathan

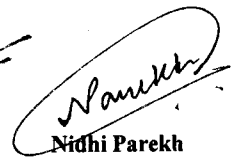
Director

DIN: 00125493



Manjeet Bijlani

Chief Financial Officer



Nidhi Parekh

Company Secretary

Mumbai

14 May 2015

Mumbai

14 May 2015