

Independent Auditors' Report

To the Directors of
EW India Special Assets Advisors LLC

Report on the Financial Statements

We have audited the accompanying financial statements of **EW India Special Assets Advisors LLC** ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

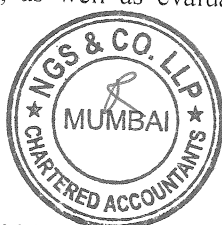
The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing, requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, 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 financial statements.



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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 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 profit and its cash flows for the year ended on that date.

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



R.P. Soni

R.P. Soni
Partner

Membership No. 104796

Place: Mumbai

Date: 14 May 2015

EW India Special Assets Advisors LLC

**Financial Statements
together with Auditors' Report
for the year ended 31 March 2015**

EW India Special Assets Advisors LLC

Financial statements together with Auditors' Report for the year ended 31 March 2015

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Auditors' Report

Balance Sheet

Statement of Profit and Loss

Cash Flow Statement

Notes to Financial Statements

Balance Sheet

(Currency: Indian rupees)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	88,204,758	14,739,133
Reserves and surplus	2.2	(81,577,083)	(88,328,250)
		<u>6,627,675</u>	<u>(73,589,117)</u>
Current liabilities			
Short-term borrowing	2.3	6,259,080	108,780,638
Trade payables		<u>17,525,518</u>	<u>58,102,593</u>
		<u>23,784,598</u>	<u>166,883,231</u>
TOTAL		<u><u>30,412,272</u></u>	<u><u>93,294,114</u></u>
ASSETS			
Non-current assets			
Non-current investments	2.4	688	1,626
		<u>688</u>	<u>1,626</u>
Current assets			
Trade receivables	2.5	30,130,759	91,725,261
Cash and cash equivalents	2.6	10,824	1,307,971
Short-term loans and advances	2.7	<u>270,001</u>	<u>259,256</u>
		<u>30,411,584</u>	<u>93,292,488</u>
TOTAL		<u><u>30,412,272</u></u>	<u><u>93,294,114</u></u>

Significant accounting policies and notes to the financial statements.

1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

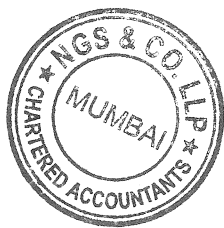
Firm Registration No.: 119850W



R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors



Director



Director

Mumbai

Date: 14 MAY 2015

Statement of Profit and Loss

(Currency: Indian rupees)

Particulars	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operations			
Advisory fee income		45,062,955	(38,079,946)
Total revenue		<u>45,062,955</u>	<u>(38,079,946)</u>
Expenses			
Finance costs	2.8	109,639	119,755
Other expenses	2.9	40,040,907	37,129,858
Total expenses		<u>40,150,546</u>	<u>37,249,613</u>
Profit / (loss) before tax		4,912,409	(75,329,558)
Tax expense:			
Income tax		-	-
Profit / (loss) for the year		<u>4,912,409</u>	<u>(75,329,558)</u>
Earnings per Class A shares (par value USD 1 each)	2.11		
Basic		3.67	(336.07)
Diluted		3.67	(336.07)

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

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

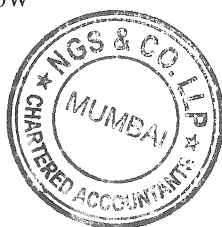
Firm Registration No.: 119850W



R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors


Director
Director

Mumbai

Date: 14 MAY 2015

Cash Flow Statement

(Currency: Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
Profits / (loss) before taxation	4,912,409	(75,329,558)
Adjustments for		
Adjustments for working capital changes		
Decrease / (increase) in trade receivables	61,594,502	(84,996,095)
Increase in short term loans and advances	(10,745)	(24,634)
Increase / (decrease) in trade payables and other current liabilities	(143,098,634)	144,245,045
Cash used in operations	(76,602,468)	(16,105,242)
Income taxes paid	-	-
Net cash used in operating activities - A	(76,602,468)	(16,105,242)
B Cash flow from investing activities		
Purchase / (sale) of non-current investment	938	(155)
Net cash generated from / (used in) investing activities - B	938	(155)
C Cash flow from financing activities		
Proceeds from issue of share capital	73,465,625	13,155,183
Net cash generated from financing activities - C	73,465,625	13,155,183
D Change in foreign exchange translation reserve	1,838,758	292,774
Net decrease in cash and cash equivalents (A+B+C+D)	(1,297,147)	(2,657,440)
Cash and cash equivalent as at the beginning of the year	1,307,971	3,965,411
Cash and cash equivalent as at the end of the year (Refer note 1)	10,824	1,307,971

Notes:

1 Cash and cash equivalents include the following:

Balances with banks:

In current accounts

Total of cash and cash equivalents

10,824	1,307,971
10,824	1,307,971

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

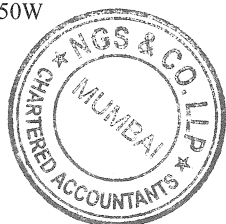
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R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors



Director



Director

Mumbai

Date: 14 MAY 2015

EW India Special Assets Advisors LLC

Notes to the financial statements

for the year ended 31 March 2015

(Currency: Indian rupees)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

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

The entity being a foreign Company, the assets and liabilities for the purpose of preparation of these financial statements, are translated into Indian Rupees at the rate of exchange prevailing as at the balance sheet date. Further, revenue and expense are translated into Indian Rupees at the average exchange rate prevailing during the year and the resulting net translation adjustment has been disclosed as Foreign Exchange Translation Reserve in Reserves and Surplus. The same is in compliance with Accounting Standard 11 issued by the Institute of Chartered Accountants of India on "The Effects of Changes in Foreign Exchange Rates".

1.2 Use of estimates

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

1.3 Current – non-current classification

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

Assets

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

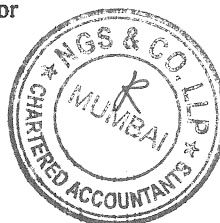
- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or 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:

- It is expected to be settled in the company's normal operating cycle.
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or



EW India Special Assets Advisors LLC

Notes to the financial statements *(Continued)*

for the year ended 31 March 2015

(Currency: Indian rupees)

1. Significant accounting policies *(continued)*

1.3 Current – non-current classification *(continued)*

- d) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current

1.4 Revenue recognition

Advisory fee is recognised on a contractual arrangement in accordance with the term and contract entered into between Company and the counterparty.

1.5 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 the cash generating unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

1.6 Taxation

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

Income tax

Provision for income tax is recognized based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable

Deferred tax

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



EW India Special Assets Advisors LLC

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian rupees)

1. Significant accounting policies (*continued*)

1.7 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 Rule 7 of Companies (Accounts) Rules 2014. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of class A shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue class A shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of class A shares and dilutive potential class A shares outstanding at year end.

1.8 Provisions and contingencies

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

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

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

1.9 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 other than any temporary diminution in value, 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 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.



EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.1 Share capital		
Authorised :		
1,511,000 (Previous year: 261,000) Class A shares of USD 1 each	87,757,558	14,291,933
1,000 (Previous year: 1000) Class B shares of USD 10 each	447,200	447,200
	88,204,758	14,739,133
Issued, subscribed and fully paid up:		
1,511,000 (Previous year: 261,000) Class A shares of USD 1 each	87,757,558	14,291,933
1,000 (Previous year: 1000) Class B shares of USD 10 each	447,200	447,200
	88,204,758	14,739,133

(The Class A shares are entirely held by EAAA LLC, the holding company)

(Out of the above 1,000 Class B shares, the holding company, EAAA LLC is holding 900 class B shares of USD 10 each.)

The movement in share capital during the year :

	As at 31 March 2015		As at 31 March 2014	
	No of shares	Amount	No of shares	Amount
Class A shares				
Outstanding at the beginning of the year	261,000	14,291,933	25,000	1,136,750
Issued during the year	1,250,000	73,465,625	236,000	13,155,183
As at the end of the year	1,511,000	87,757,558	261,000	14,291,933
Class B shares				
Outstanding at the beginning of the year	1,000	447,200	1,000	447,200
Issued during the year	-	-	-	-
As at the end of the year	1,000	447,200	1,000	447,200

Terms /rights attached to class A shares:

Class A shares represent the management and voting rights of the Company. The holders of Class A shares have a right to vote on a poll at a meeting of shareholders on any resolution, except for Class meetings of Class B shareholders. The Class A shares does not carry any distribution rights.

In the event of liquidation of the Company, the holders of Class A shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts and distribution to Class B shares

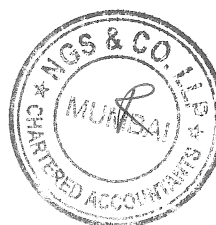
Terms /rights attached to class B shares:

Class B shares are non voting but have a right to receive notice and to vote on a poll at a meeting of Class B shareholders only in cases where a vote is taken on matters which will vary and affect the rights of Class B shareholders. The shareholder of Class B shares would be entitled to receive distributions (by way of dividend or otherwise) from the amounts available for distribution to the shareholders as may be decided by the Board from time to time.

In the event of liquidation of the Company, the holders of Class B shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

Details of Shareholders holding more than 5% shares

	As at 31 March 2015		As at 31 March 2014	
Name of the shareholder	No. of shares	Percentage of total number of shares	No. of shares	Percentage of total number of shares
Class A Shares				
EAAA LLC	1,511,000	100	261,000	100
Class B Shares				
EAAA LLC	900	90	900	90
Gamla Livförsäkringsaktiebolaget SEB Trygg Liv (publ)	100	10	100	10



EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.2 Reserves and surplus

Foreign exchange translation reserve

Deficit in statement of profit and loss

Opening balance

Add: profit / (loss)for the year

Closing balance

As at 31 March 2015	As at 31 March 2014
(159,104)	(1,997,862)
(86,330,388)	(11,000,829)
4,912,409	(75,329,559)
(81,417,979)	(86,330,388)
(81,577,083)	(88,328,250)

2.3

Short-term borrowings

Unsecured, due within one year unless and otherwise stated
EAAA LLC, holding company

6,259,080	108,780,638
6,259,080	108,780,638



EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.4 Non-current investments - at cost	As at 31 March 2015		As at 31 March 2014	
	Quantity	Face value	Quantity	Face value
Other non-current investments				
<i>Management shares</i>				
EW India Special Assets Fund LLC*	999	0.01 USD	999	0.01 USD
<i>Class B shares</i>				
EW India Special Assets Fund LLC	-	-	1,707	0.01 USD
<i>Ordinary shares</i>				
EW India Special Assets Fund Pte Limited	1	1	-	-
	1,000	688	2,706	1,625
Aggregate of unquoted investment				
- At book value		688		1,625

* Change in amount of Investment is due to foreign currency translation



EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.5 Trade receivables		
Unsecured, considered good		
Debtors outstanding for a period exceeding six months	18,570,876	-
Other debts	11,559,883	91,725,261
	<u>30,130,759</u>	<u>91,725,261</u>
2.6 Cash and cash equivalents		
Balances with banks		
- in current accounts	10,824	1,307,971
	<u>10,824</u>	<u>1,307,971</u>
2.7 Short-term loans and advances		
Other loans and advances		
Prepaid expenses	270,001	259,256
	<u>270,001</u>	<u>259,256</u>
2.8 Financial costs		
Bank charges	109,639	119,755
	<u>109,639</u>	<u>119,755</u>
2.9 Other expenses		
Auditors' remuneration (refer note 2.13)	460,590	473,080
Communication	9,881	9,679
Directors fees	550,324	-
Legal and professional fees	38,659,145	36,281,426
License fees	231,442	228,978
Registered address charges	31,867	31,216
Secretarial service	47,925	46,945
Miscellaneous expenses	49,733	58,533
	<u>40,040,907</u>	<u>37,129,857</u>



EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

2.10 Segment reporting

The business of the Company is to carry out investment advisory activities as permitted under the provisions of Financial Services Act, 2007 of Mauritius and accordingly it operates in one segment only. Hence, no disclosures are required under Accounting Standard 17 on Segment Reporting specified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

2.11 Earnings per share

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

	For the year ended 31 March 2015	For the year ended 31 March 2014
a) Shareholders earnings (statement of profit and loss)	4,912,409	(75,329,558)
b) Calculation of weighted average number of Class A Shares of USD 1 each:		
- Number of shares at the beginning of the year	261,000	25,000
- Shares issued during the year (number of shares issued)	1,250,000	236,000
Total number of Class A shares outstanding at the end of the year	1,511,000	261,000
Weighted average number of Class A shares outstanding during the year (based on the date of issue of shares)	1,339,767	224,145
Nominal value per share in USD	1	1
c) Basic and diluted earnings per share (in rupees) (a/b)	3.67	(336.07)

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

2.12 Disclosure as required by the Accounting Standard 18 – "Related party transactions" as prescribed under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014:

(A) Names of related parties by whom control is exercised

Edelweiss Financial Services Limited	Ultimate holding company
EC International Limited	Holding company of EAAA LLC
EAAA LLC	Holding company

(B) Name of fellow subsidiaries with whom transactions have taken place:

Edelweiss Alternative Asset Advisors Limited	Fellow subsidiary
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EW India Special Assets Advisors LLC
Notes to the financial statements (continued)
for the year ended 31 March 2015

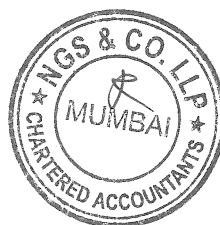
(Currency: Indian rupees)

2.12 Related parties (continued)

(C) Transactions and balances with related party:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Capital account transactions		
Class A Share capital issued EAAA LLC	73,465,625	13,155,183
Current account transactions		
Sub advisory fee expense Edelweiss Alternative Asset Advisors Limited	16,509,713	24,682,455
Reimbursement of expenses EAAA LLC	-	1,088,932
Unsecured loan taken EAAA LLC	6,114,709	75,620,250
Unsecured loan repaid EAAA LLC	34,242,369	1,088,932
Unsecured loan converted to equity shares EAAA LLC	73,465,625	13,155,183
Balances with related parties		
Trade payables Edelweiss Alternative Asset Advisors Limited	16,899,516	24,520,718
Unsecured loan EAAA LLC	6,259,080	108,780,638

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



EW India Special Assets Advisors LLC

Notes to the financial statements (*continued*)

for the year ended 31 March 2015

(Currency: Indian rupees)

2.13 Auditors' remuneration

	For the year ended 31 March 2015	For the year ended 31 March 2014
As Auditors	460,590	473,080
Other matters	-	-
Out-of-pocket expenses	-	-
Total	460,590	473,080

2.14 Capital commitments and contingent liabilities

The Company has no capital commitments and contingent liabilities as at the balance sheet date.
(Previous year: Nil)

2.15 Disclosure under Schedule III of the Companies Act

Disclosure under Schedule III of the Companies Act, 2013 has been made to the extent applicable to the Company.

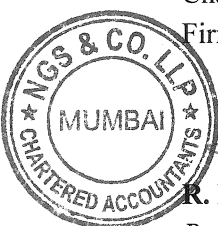
As per our report of even date attached.

For NGS & Co. LLP

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For and on behalf of the Board of Directors



R. P. Soni

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Membership No.: 104796

Mumbai

Date 14 MAY 2015

Director

Director