

**Edelweiss Finvest Private Limited**  
*(formerly known as Arum Investments Private Limited)*

Financial Statements  
together with the  
Independent Auditor's Report  
for the year ended 31 March 2017

# **Edelweiss Finvest Private Limited**

*(formerly known as Arum Investments Private Limited)*

## **Financial statements together with the Independent Auditor's Report**

*for the year ended 31 March 2017*

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# B S R & Associates LLP

Chartered Accountants

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Mumbai - 400 011  
India

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## Independent Auditor's Report

To the Members of  
Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*)

### Report on the Financial Statements

We have audited the accompanying financial statements of Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*) (the "Company"), which comprise the Balance Sheet as at 31 March 2017, 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 the Financial Statements

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

### Auditor's Responsibility

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

B S R & Associates (a partnership firm with  
Registration No. BA69226) converted into  
B S R & Associates LLP (a Limited Liability,  
Partnership with LLP Registration No. AAB-8182)  
with effect from October 14, 2013

Registered Office  
5th Floor, Lodha Excelus,  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011

## **Independent Auditor's Report (Continued)**

### **Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)**

#### **Auditor's responsibility (Continued)**

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

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, 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, 2016 (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, 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.48 to the financial statements;



**Independent Auditor's Report (*Continued*)**

**Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*)**

**Report on other legal and regulatory requirements (*Continued*)**

- ii. the Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts - Refer Note 2.63 to the financial statements; and
- iii. there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management – Refer Note 2.61 to the financial statements.

**For B S R & Associates LLP**

*Chartered Accountants*

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



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai  
16 May 2017

## Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*)

### **Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*)**

The Annexure referred to in Independent Auditors' Report to the members of Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*) ("the Company") on the standalone financial statements for the year ended 31 March 2017, 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.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- 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. In our opinion, the frequency of such verification is reasonable in relation to the size of the Company and the nature of its business.
- (b) 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, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanation given to us, the Company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed thereunder apply.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income 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 employees' state insurance, sales tax, customs duty, excise duty and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax, and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

## Edelweiss Finvest Private Limited *(formerly known as Arum Investments Private Limited)*

### Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Finvest Private Limited *(formerly known as Arum Investments Private Limited)* (Continued)

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

Name of Statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Disallowance u/s 14A	2,19,446	AY 2010-11	CIT(A)
Income tax Act, 1961	Disallowance u/s 14A	12,43,243	AY 2013-14	CIT(A)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government or debenture holders during the year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.



**Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*)**

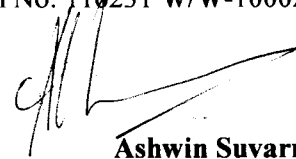
**Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*) (Continued)**

- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company is registered as required under Section 45-IA of the Reserve Bank of India Act, 1934.

**For B S R & Associates LLP**

*Chartered Accountants*

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



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai  
16 May 2017



## **Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*)**

### **Annexure - B to the Independent Auditor's Report of even date on the financial statements of Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*)**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

We have audited the internal financial controls over financial reporting of Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*) (the "Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## **Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*)**

### **Annexure - B to the Independent Auditor's Report of even date on the financial statements of Edelweiss Finvest Private Limited (*formerly known as Arum Investments Private Limited*)(Continued)**

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Associates LLP**

*Chartered Accountants*

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



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai

16 May 2017

**Edelweiss Finvest Private Limited**  
(formerly known as Arum Investments Private Limited)

**Balance sheet**

(Currency : Indian rupees)

	Note	As at 31 March 2017	As at 31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	255,129,000	255,129,000
Reserves and surplus	2.2	5,141,836,803	4,678,741,115
		<u>5,396,965,803</u>	<u>4,933,870,115</u>
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	4,740,997,860	268,873,000
Deferred tax liabilities (net)	2.12	3,867,177	-
Other Long term liabilities	2.4	74,830,293	-
Long-term provisions	2.5	3,168,278	4,139,571
		<u>4,822,863,608</u>	<u>273,012,571</u>
<b>Current liabilities</b>			
Short-term borrowings	2.6	-	14,545,958
Trade payables	2.7	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues other than micro enterprises and small enterprises		53,111,592	115,032,683
Other current liabilities	2.8	1,877,488,456	39,014,591
Short-term provisions	2.9	67,368,831	34,258,678
		<u>1,997,968,879</u>	<u>202,851,910</u>
<b>TOTAL</b>		<u><b>12,217,798,290</b></u>	<u><b>5,409,734,596</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, Plant and Equipments	2.10	1,103,371	1,165,159
Non-current investments	2.11	2,792,423,903	-
Deferred tax assets (net)	2.12	-	5,560,401
Long-term loans and advances	2.13	771,846,301	1,010,500,653
Other non-current assets	2.14	96,005,916	46,869,335
		<u>3,661,379,491</u>	<u>1,064,095,548</u>
<b>Current assets</b>			
Current investments	2.15	79,000,000	70,000,000
Stock in trade	2.16	6,582,283,194	1,650,000,000
Cash and bank balances	2.17	70,186,351	82,807,033
Short-term loans and advances	2.18	1,128,333,748	2,400,774,490
Other current assets	2.19	696,615,506	142,057,525
		<u>8,556,418,799</u>	<u>4,345,639,048</u>
<b>TOTAL</b>		<u><b>12,217,798,290</b></u>	<u><b>5,409,734,596</b></u>

Significant accounting policies and notes to financial statements

1 & 2

As per our report of even date attached

For **BSR & Associates LLP**

Chartered Accountants

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



**Ashwin Suvarna**

Partner

Membership No: 109503

For and on behalf of the Board of Directors



**Puja D'souza**

Director

DIN : 05136515



**Hari Ram Misra**

Director

DIN : 07599248



**Sheetal Gandhi**

Chief Financial Officer



**Bhavesh Singh**

Company secretary

Mumbai

16 May 2017

Mumbai

16 May 2017

**Edelweiss Finvest Private Limited**  
(formerly known as Arum Investments Private Limited)

**Statement of Profit and Loss**

(Currency : Indian rupees)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Revenue from operations</b>			
Income from treasury	2.20	(5,952,367)	41,162,607
Interest income	2.21	1,105,463,408	648,663,671
<b>Other income</b>	2.22	20,225	25,659
<b>Total Revenue</b>		<b>1,099,531,266</b>	<b>689,851,937</b>
<b>Expenses</b>			
Employee benefit expenses	2.23	5,417,908	14,823,487
Finance costs	2.24	363,931,642	98,649,152
Depreciation and amortisation	2.10	61,788	69,457
Other expenses	2.25	49,814,368	8,408,024
<b>Total expenses</b>		<b>419,225,706</b>	<b>121,950,120</b>
<b>Profit before tax</b>		<b>680,305,560</b>	<b>567,901,817</b>
(1) Current tax [includes short / (excess) provision for earlier years of Rs. 352,722; previous year (Rs. 772,250)]		207,782,294	157,632,250
(2) Minimum alternative tax credit entitlement		-	(1,383)
(3) Deferred tax (net)		9,427,578	(1,741,798)
<b>Profit for the year</b>		<b>463,095,688</b>	<b>412,012,748</b>
<b>Earnings per equity share (Rs.) (Face value of Rs. 10 each)</b>	2.28		
Basic		165.04	146.83
Diluted		18.15	15.98

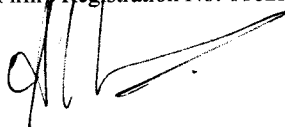
Significant accounting policies and notes to financial statements 1 & 2

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

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



**Ashwin Suvarna**

Partner

Membership No: 109503

For and on behalf of the Board of Directors



**Puja D'souza**

Director

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**Hari Ram Misra**

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DIN : 07599248



**Sheetal Gandhi**

Chief Financial Officer



**Bhavesh Singh**

Company secretary

Mumbai  
16 May 2017

Mumbai  
16 May 2017

# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

## Cash Flow Statement

(Currency : Indian rupees)

For the year ended  
31 March 2017

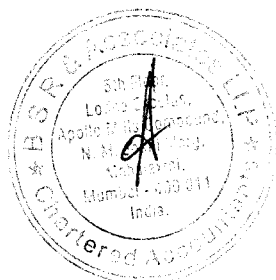
For the year ended  
31 March 2016

### A Cash flow from operating activities

Profit before taxation	680,305,560	567,901,817
<b>Adjustments for</b>		
Depreciation	61,788	69,457
Provision for compensated absences	(115,000)	19,000
Provision for standard asset	12,092,839	5,251,091
Dividend on investments	(71,148,000)	-
Profit on sale of current investment	12,313,436	(34,399,627)
Interest accrued on fixed deposits	(4,135,009)	-
<b>Operating cash flow before working capital changes</b>	<b>629,375,614</b>	<b>538,841,738</b>
<i>Add / (Less): Adjustments for working capital changes</i>		
Decrease in receivables from financing business (net) (refer note 1)	1,513,805,876	915,110,127
Increase in stock in trade	(4,932,283,194)	(1,650,000,000)
Increase in loans & advances and other current assets	(606,406,761)	(553,384,074)
Increase in liabilities and provisions	15,315,177	75,538,071
<b>Cash used in operations</b>	<b>(3,380,193,288)</b>	<b>(673,894,138)</b>
Income taxes paid	(187,426,383)	(101,452,283)
<b>Net cash used in operating activities - A</b>	<b>(3,567,619,671)</b>	<b>(775,346,421)</b>

### B Cash flow from investing activities

Investments in fixed deposits	-	(50,000,000)
Purchase of non current investments	(2,792,423,903)	-
Purchase of current investments	(875,010,000)	-
Sale of current investment	853,696,571	564,399,626
Dividend on investments	71,148,000	-
Interest income received on fixed deposit	4,136,426	78,980
<b>Net cash (used in) / generated from investing activities - B</b>	<b>(2,738,452,906)</b>	<b>514,478,606</b>



**Edelweiss Finvest Private Limited**  
**(formerly known as Arum Investments Private Limited)**

**Cash Flow Statement (continued)**

(Currency : Indian rupees)

<b>C Cash flow from financing activities</b>		
Non convertible debentures issued	6,307,997,860	-
(Decrease)/ increase in short term borrowing	(14,545,965)	13,057,642
<b>Net cash generated from financing activities - C</b>	<b>6,293,451,895</b>	<b>13,057,642</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(12,620,682)</b>	<b>(247,810,173)</b>
Cash and cash equivalent as at the beginning of the year	32,807,033	280,617,206
Cash and cash equivalent as at the end of the year	20,186,351	32,807,033

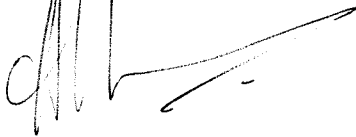
Note 1: Net figures have been reported on account of volume of transactions.

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W



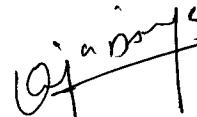
**Ashwin Suvarna**

Partner

Membership No: 109503

Mumbai  
16 May 2017

For and on behalf of the Board of Directors



**Puja D'souza**

Director

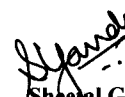
DIN : 05136515



**Hari Ram Misra**

Director

DIN : 07599248



**Sheetal Gandhi**

Chief Financial Officer



**Bhavesh Singh**

Company secretary

Mumbai  
16 May 2017

# **Edelweiss Finvest Private Limited**

*(formerly known as Arum Investments Private Limited)*

## **Notes to the financial statements**

### **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 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified), the Companies Act, 1956 (to the extent applicable) 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 Non Banking Financial Company ('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 management to make certain estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### **1.3 Current/non-current classification**

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

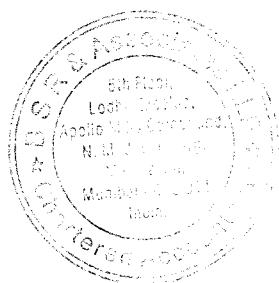
##### **Assets**

An Asset is classified as current when it 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.



# **Edelweiss Finvest Private Limited**

*(formerly known as Arum Investments Private Limited)*

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

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

#### **1.3 Current/non-current classification (Continued)**

##### **Liabilities**

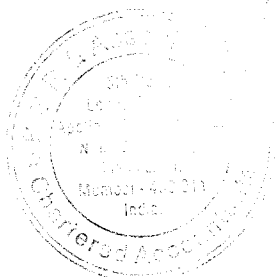
A liability is classified as current when it satisfies any of the following criteria:

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

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

#### **1.4 Revenue recognition**

- a. 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, which is accounted on realisation, as per RBI guidelines.
- b. Portion of maturity premium on loans that is agreed with the borrower and receivable on maturity, is accounted upon its agreement at maturity.
- c. Dividend income is recognised when the right to receive payment is established.
- d. Profit/loss on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- e. Realised profit/loss on closed positions of derivate instrument is recognised on final settlement on squaring of the contracts.
- f. Processing and other fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- g. Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on equity, currency interest rate derivative instruments.
  - i) Profit/loss on sale of investments / securities is determined based on the weighted average cost of the investments / securities sold and recognised on trade date.
  - ii) Realised profit/ loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.





# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

## Notes to the financial statements (Continued)

### 1. Significant accounting policies (Continued)

#### 1.5 Cost of 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 a reporting date. 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 made based on management's assessment of the degree of impairment subject to minimum provisioning levels prescribed in the prudential norms for asset classification and provisioning guidelines issued by the RBI for NBFCs.

Provisions against standard assets are made in accordance with the prudential norms laid down by RBI.

#### 1.7 Fixed asset and depreciation/ amortisation

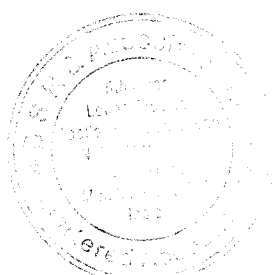
##### Property, Plant and Equipments

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on written down value basis from the date the asset is put to use or ready for its intended use whichever is earlier. In respect of asset 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 estimated useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

Class of asset	Estimated useful life
Building (Flat)	60 Years
Office Equipments	5 Years
Computers - End user devices, such as desktops, laptops, etc.	3 Years



# **Edelweiss Finvest Private Limited**

*(formerly known as Arum Investments Private Limited)*

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

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

#### **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.

#### **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 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 fund is considered as the fair value.

#### **1.10 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 and 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 lower of cost and fair value. In case of debt instruments for which direct quotes are not available, fair value is the lowest of the quotes as on the valuation date as provided by market intermediaries.



# **Edelweiss Finvest Private Limited**

*(formerly known as Arum Investments Private Limited)*

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

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

#### **1.11 Taxation**

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

##### *Current tax*

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

##### *Deferred tax*

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted as 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 only if there is a virtual certainty of realisation of these assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

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

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

#### **1.12 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:

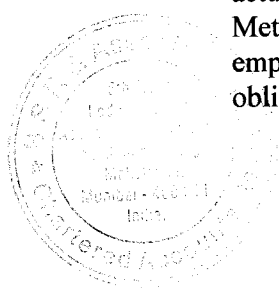
##### *Provident Fund*

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 statement of profit and loss.

##### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefits 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. This 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 carried out by an independent actuary using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.



# Edelweiss Finvest Private Limited

*(formerly known as Arum Investments Private Limited)*

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

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

#### 1.12 Employee benefits *(Continued)*

##### *Compensated leave absences*

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

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

Actuarial gains and losses are recognised immediately in the Statement of profit and loss.

##### *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 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.

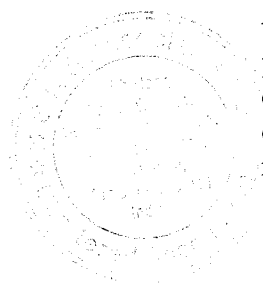
#### 1.14 Earnings per share

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 the weighted average number of equity shares considered for deriving the basic EPS and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

#### 1.15 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.



# **Edelweiss Finvest Private Limited**

*(formerly known as Arum Investments Private Limited)*

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

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

#### **1.15 Provisions and contingencies (Continued)**

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.

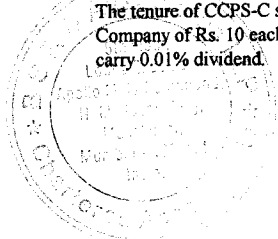


**Edelweiss Finvest Private Limited**  
(formerly known as Arum Investments Private Limited)

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

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016		
<b>2.1 Share capital</b>				
<b>a. Authorised :</b>				
11,500,000 (Previous year: 3,000,000) Equity shares of Rs. 10 each	115,000,000	30,000,000		
23,500,000 (Previous year: 32,000,000) Preference shares of Rs. 10 each	235,000,000	320,000,000		
	<u>350,000,000</u>	<u>350,000,000</u>		
<b>b. Issued, Subscribed and Paid up:</b>				
2,805,998 (Previous year: 2,805,998) equity shares of Rs. 10 each, fully paid-up (Of the above, 1,700,812 (Previous year: 1,700,812) fully paid-up equity shares of Rs.10 each, are held by ECap Equities Limited, the holding company).	28,059,980	28,059,980		
800,000 (Previous year: 800,000) 0.01% Compulsorily convertible non-cumulative preference shares - Series A of Rs. 10 each, fully paid up	8,000,000	8,000,000		
11,345,363 (Previous year: 11,345,363) 0.01% Compulsorily convertible non- cumulative preference shares - Series B of Rs. 10 each, fully paid up	113,453,630	113,453,630		
10,561,539 (Previous year: 10,561,539) 0.01% Compulsorily convertible non- cumulative preference shares - Series C of Rs. 10 each, fully paid up	105,615,390	105,615,390		
	<u>255,129,000</u>	<u>255,129,000</u>		
<b>a. Movement in share capital :</b>				
	<b>31 March 2017</b>	<b>31 March 2016</b>		
	<b>No of shares</b>	<b>Amount</b>	<b>No of shares</b>	<b>Amount</b>
<b>i) Equity shares</b>				
Outstanding at the beginning of the year	2,805,998	28,059,980	2,805,998	28,059,980
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	<u>2,805,998</u>	<u>28,059,980</u>	<u>2,805,998</u>	<u>28,059,980</u>
<b>ii) 0.01% Compulsorily convertible non- cumulative preference shares - Series A</b>				
Outstanding at the beginning of the year	800,000	8,000,000	800,000	8,000,000
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	<u>800,000</u>	<u>8,000,000</u>	<u>800,000</u>	<u>8,000,000</u>
<b>iii) 0.01% Compulsorily convertible non- cumulative preference shares - Series B</b>				
Outstanding at the beginning of the year	11,345,363	113,453,630	11,345,363	113,453,630
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	<u>11,345,363</u>	<u>113,453,630</u>	<u>11,345,363</u>	<u>113,453,630</u>
<b>iv) 0.01% Compulsorily convertible non- cumulative preference shares - Series C</b>				
Outstanding at the beginning of the year	10,561,539	105,615,390	10,561,539	105,615,390
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	<u>10,561,539</u>	<u>105,615,390</u>	<u>10,561,539</u>	<u>105,615,390</u>
<b>b. Terms/rights attached to equity shares:</b>				
The Company has only one class of shares referred to as equity shares having a par value of Rs 10. Each holder of equity shares is entitled to one vote per share.				
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				
The distribution will be in proportion to the number of equity shares held by the shareholders				
<b>c. Terms/rights attached to 0.01% Compulsorily convertible non- cumulative preference shares - Series A (CCPS -A)</b>				
The tenure of CCPS-A shall be upto 31 December 2017. With the required consent of the CCPS-A holders, the term of issue of the CCPS-A had been changed and accordingly the holders of CCPS-A can convert any or all the CCPS-A held by them into 1 equity share of the Company of Rs.10 each at par. However, there will be mandatory conversion into equity shares of all the CCPS-A outstanding as on 31 December 2017. The CCPS-A shall carry 0.01% dividend.				
<b>d. Terms/rights attached to 0.01% Compulsorily convertible non- cumulative preference shares - Series B (CCPS - B)</b>				
The tenure of CCPS-B shall be upto 31 December 2017. During the term of the CCPS-B, the holder can convert any or all the CCPS-B held by them into 1 equity share of the Company of Rs. 10 each at face value. However, there will be mandatory conversion into equity shares of all the CCPS-B outstanding as on 31 December 2017. The CCPS-B shall carry 0.01% dividend.				
<b>e. Terms/rights attached to 0.01% Compulsorily convertible non- cumulative preference shares - Series C (CCPS - C)</b>				
The tenure of CCPS-C shall be upto till 31 March 2018. During the term of the CCPS-C, the holder can convert any or all the CCPS-C held by them into 1 equity share of the Company of Rs. 10 each at face value. However, there will be mandatory conversion into equity shares of all the CCPS-C outstanding as on 31 March 2018. The CCPS-C shall carry 0.01% dividend.				



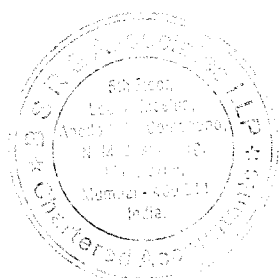
**Edelweiss Finvest Private Limited**  
(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)

(Currency : Indian rupees)

(Currency : Indian rupees)		As at 31 March 2017		As at 31 March 2016	
<b>2.1 Share capital (Continued)</b>					
f.	<b>Shares held by holding/ultimate holding company and/or their subsidiaries/associates</b>	<b>No of shares</b>	<b>% holding in the class</b>	<b>No of shares</b>	<b>% holding in the class</b>
	ECap Equities Limited - Holding company	1,700,812	60.61	1,700,812	60.61
	Edelweiss Securities Limited - Fellow subsidiary company	1,105,186	39.39	1,105,186	39.39
		<u>2,805,998</u>	<u>100.00</u>	<u>2,805,998</u>	<u>100.00</u>
g.	<b>Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:</b>	<b>No of shares</b>	<b>% holding in the class</b>	<b>No of shares</b>	<b>% holding in the class</b>
	<b>Equity Shares of Rs 10 each fully paid</b>				
	ECap Equities Limited	1,700,812	60.61	1,700,812	60.61
	Edelweiss Securities Limited	1,105,186	39.39	1,105,186	39.39
		<u>2,805,998</u>	<u>100.00</u>	<u>2,805,998</u>	<u>100.00</u>
h.	<b>Details of Preference shareholders holding more than 5% shares in the company:</b>				
	<b>i) 0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series A</b>				
	Edelweiss Finance & Investments Limited	466,300	58.29	466,300	58.29
	Edelweiss Commodities Services Limited	179,492	22.43	179,492	22.43
	Edelweiss Securities Limited	154,208	19.28	154,208	19.28
		<u>800,000</u>	<u>100.00</u>	<u>800,000</u>	<u>100.00</u>
	<b>ii) 0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series B</b>				
	ECap Equities Limited	11,345,363	100.00	11,345,363	100.00
		<u>11,345,363</u>	<u>100.00</u>	<u>11,345,363</u>	<u>100.00</u>
	<b>iii) 0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series C</b>				
	ECap Equities Limited	9,413,545	89.13	9,413,545	89.13
	Edelweiss Commodities Services Limited	1,147,994	10.87	1,147,994	10.87
		<u>10,561,539</u>	<u>100.00</u>	<u>10,561,539</u>	<u>100.00</u>
		<b>As at 31 March 2017</b>		<b>As at 31 March 2016</b>	
<b>2.2 Reserves and surplus</b>					
	Capital Redemption Reserve		84,340,320		84,340,320
	Securities Premium Account		2,461,531,900		2,461,531,900
	Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, of India (*)		441,936,840		359,534,291
	Add : Additions during the year		<u>92,619,138</u>		<u>82,402,549</u>
			534,555,978		441,936,840
	Surplus in statement of profit and loss				
	Opening Balance		1,690,932,055		1,361,321,857
	Add: Profit for the year		<u>463,095,688</u>		<u>412,012,748</u>
	<b>Amount available for appropriation</b>		<u>2,154,027,743</u>		<u>1,773,334,605</u>
	Appropriations:				
	Transfer to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934		92,619,138		82,402,550
			<u>2,061,408,605</u>		<u>1,690,932,055</u>
			5,141,836,803		4,678,741,115

(\*) 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 Finvest Private Limited**  
**(formerly known as Arum Investments Private Limited)**

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

(Currency : Indian rupees)

**As at**  
**31 March 2017**

**As at**  
**31 March 2016**

**2.3 Long-term borrowings**

**Secured**

Non-convertible redeemable debentures (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)

**4,232,497,860**

-

**Unsecured**

Non-convertible redeemable debentures (refer note 2.33)

**508,500,000**

-

2,150,984 (previous year: 2,150,984,), 17% Compulsorily  
 convertible debentures of Rs. 125 each

-

268,873,000

**4,740,997,860**

**268,873,000**

**2.4 Other long term liabilities**

Interest accrued but not due on borrowings

**74,830,293**

-

**74,830,293**

-

**2.5 Long-term provisions**

Provision for employee benefits

Gratuity (refer note 2.29)

**730,978**

916,868

Compensated leave absences

**107,000**

202,000

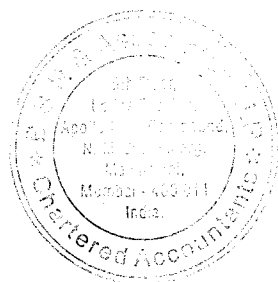
Provision for standard assets

**2,330,300**

3,020,703

**3,168,278**

**4,139,571**



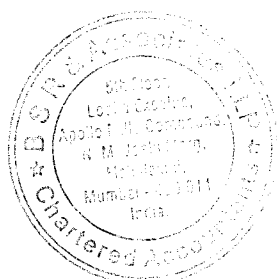


**Edelweiss Finvest Private Limited**  
**(formerly known as Arum Investments Private Limited)**

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

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.6 Short-term borrowings</b>		
<u>Unsecured</u>		
Loan from group companies (refer note 2.27)	-	14,545,958
[repayable on demand, at variable rate of interest]	-	14,545,958
<b>2.7 Trade payables</b>		
Payable to:		
Others	53,111,592	115,032,683
(Includes sundry creditors and provision for expenses)		
	53,111,592	115,032,683
<b>2.8 Other Current Liabilities</b>		
Current maturities of long term debt		
Non-convertible debentures (refer note 2.32)	1,567,000,000	-
Compulsorily convertible debentures (refer note 2.33)	268,873,000	-
Interest accrued and due on borrowings	-	437,910
Interest accrued but not due on borrowings	17,078,157	22,488,536
Income received in advance	5,212,215	6,711,391
Premium payable on exchange traded options (including MTM)	5,627,378	-
Other Payables		
Accrued salaries and benefits	1,739,440	3,721,928
TDS, Service tax and other taxes payable	4,568,560	3,798,919
Book overdraft	6,909,021	933,132
Others	480,685	922,775
	1,877,488,456	39,014,591
<b>2.9 Short-term provisions</b>		
Provision for employee benefits:		
Gratuity (refer note 2.29)	120,000	129,000
Compensated leave absences	19,000	39,000
Others		
Provision for standard assets	24,637,408	11,854,165
Provision for taxation (net of advance tax Rs. 577,278,213; Previous year Rs. 351,112,484)	42,592,423	22,236,513
	67,368,831	34,258,678



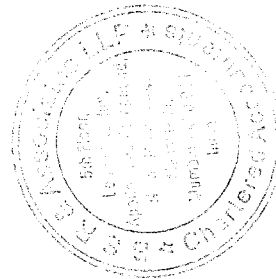
**Edelweiss Finvest Private Limited**  
*(formerly known as Arum Investments Private Limited)*

Notes to the financial statements (continued)

(Currency : Indian rupees)

**2.10 Fixed assets**

Description of assets	Gross Block			Depreciation and amortisation		Net Block	
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	Charge for the year during the year	As at 31 March 2017	As at 31 March 2016
<b>Property, Plant and Equipment</b>							
Building (Flat)	1,359,412	-	-	1,359,412	57,853	1,099,211	1,157,064
Computer	41,765	-	-	41,765	271	-	271
Office equipment	25,450	-	-	25,450	3,664	4,160	7,824
<b>Total</b>	<b>1,426,627</b>	<b>-</b>	<b>-</b>	<b>1,426,627</b>	<b>61,788</b>	<b>1,103,371</b>	<b>1,165,159</b>



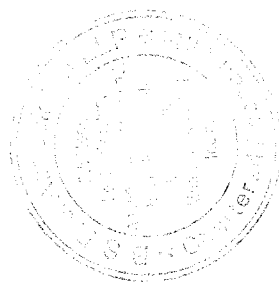
**Edelweiss Finvest Private Limited**  
*(formerly known as Arum Investments Private Limited)*

Notes to the financial statements (continued)

(Currency : Indian rupees)

**2.10 Fixed assets (Continued)**

Description of assets	As at 1 April 2015	Gross Block		As at 31 March 2016	Depreciation and amortisation		Net Block	
		Additions during the year	Deductions during the year		Charge for the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
Property, Plant and Equipment								
Building (Flat)	1,359,412	-	-	1,359,412	60,898	-	1,157,064	1,217,962
Computer	41,765	-	-	41,765	1,468	-	271	1,739
Office equipment	25,450	-	-	25,450	7,091	-	7,824	14,915
<b>Total</b>	<b>1,426,627</b>	<b>-</b>	<b>-</b>	<b>1,426,627</b>	<b>69,457</b>	<b>-</b>	<b>1,165,159</b>	<b>1,234,616</b>



**Edelweiss Finvest Private Limited**  
(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)

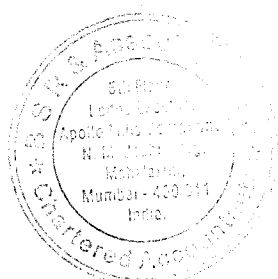
(Currency: Indian rupees)

**2.11 Non-current investments (valued at cost)**

	As at 31 March 2017			As at 31 March 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>I. Trade (quoted)</b>						
Investments in equity instruments of company (fully paid up)						
Gail (India) Limited	10	407,333	164,035,629	-	-	-
<b>II. Others (unquoted)</b>						
<b>(A) Investments in equity instruments of fellow subsidiary companies (fully paid up)</b>						
Edelweiss Retail Finance Limited	10	3,000,000	264,000,000	-	-	-
Edelweiss Asset Reconstruction Company Limited	10	15,254,550	326,142,279	-	-	-
<b>(B) Investments in units of fund of associate company</b>						
Edelweiss Private Equity Tech fund	100,000	291.60	29,160,000	-	-	-
<b>(C) Investments in securitisation trust securities</b>						
EARC Trust SC 6	537.51	218,500	117,544,235	-	-	-
EARC Trust SC 43	1,000.00	54,000	54,000,000	-	-	-
EARC Trust SC 55	1,000.00	46,800	46,800,000	-	-	-
EARC Trust SC 57	705.39	72,250	59,600,000	-	-	-
EARC Trust SC 109	821.54	633,500	520,152,060	-	-	-
EARC Trust SC 112	874.20	340,000	297,275,000	-	-	-
EARC Trust SC 177	942.74	124,750	119,064,700	-	-	-
EARC Trust SC 229	1,000.00	255,000	255,000,000	-	-	-
EARC Trust SC 245	1,000.00	534,650	534,650,000	-	-	-
<b>(D) Investments in other instruments</b>						
Kompass Capital Advisors Private Limited- Warrants	100	50,000	5,000,000	-	-	-
			<u>2,792,423,903</u>			<u>-</u>
Aggregate amount of unquoted investment						
- At carrying value			2,628,388,274			-
Aggregate amount of quoted investment						
- At carrying value			164,035,629			-
- At market value			153,544,174			-
Aggregate amount of provision for diminution			-			-

**2.12 Deferred taxes (net)**

	As at 31 March 2017	As at 31 March 2016
<b>Deferred tax assets</b>		
Disallowances under section 43B of the Income Tax Act, 1961	338,132	445,385
Provision for standard assets and non-performing assets	9,333,524	5,148,192
Unrealised loss on derivative transactions	4,935,997	-
	<u>14,607,653</u>	<u>5,593,577</u>
<b>Deferred tax liabilities</b>		
Unrealised loss on derivative transactions	9,891,871	-
Difference between book and tax depreciation	83,332	33,176
Others	8,499,627	-
	<u>18,474,830</u>	<u>33,176</u>
	<u>(3,867,177)</u>	<u>5,560,401</u>

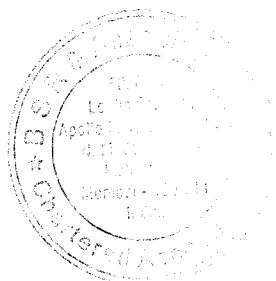


**Edelweiss Finvest Private Limited**  
**(formerly known as Arum Investments Private Limited)**

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

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.13 Long-term loans and advances</b>		
<u><b>Secured</b></u> (considered good unless otherwise stated)		
Receivable from financing business - considered good	482,596,000	1,006,901,107
<u><b>Unsecured</b></u> (considered good unless otherwise stated)		
Receivable from financing business	183,204,000	-
Other loans and advances		
Advance income taxes (net of provision for taxation Rs.251,915,839; (Previous year Rs.218,204,456)	106,046,301	3,599,546
	<u><u>771,846,301</u></u>	<u><u>1,010,500,653</u></u>
<b>2.14 Other non-current assets</b>		
Interest accrued but not due on loans given	96,005,916	46,869,335
	<u><u>96,005,916</u></u>	<u><u>46,869,335</u></u>

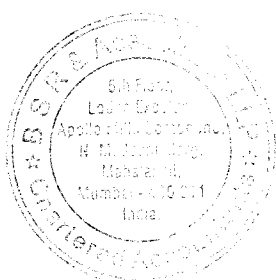


**Edelweiss Finvest Private Limited**  
(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)

(Currency : Indian rupees)

	As at 31 March 2017			As at 31 March 2016		
	Face value	Quantity	Amount	Face value	Quantity	Amount
<b>2.15 Current investments - at lower of cost and fair value</b>						
<i>Investments in mutual funds - unquoted</i>						
Reliance Money Manager Fund - Direct - Growth	1,000	34,730	79,000,000	1,000	34,927	70,000,000
			<u>79,000,000</u>			<u>70,000,000</u>
Aggregate of unquoted investments in mutual funds						
At carrying value			79,000,000			70,000,000
At net asset value			79,062,537			73,335,948
<b>2.16 Stock-in-trade</b>						
	Face value	Quantity	Amount	Face value	Quantity	Amount
<b>Equity shares (quoted)</b>						
Hindustan Petroleum Corporation Limited	10	1,260,000	662,319,000	-	-	-
<b>Debentures and bonds (quoted)</b>						
<b>Credit Substitute</b>						
15.00% Pantaloon Industries Limited 03.04.2017 NCD	10,000,000	35	350,000,000	10,000,000	55	550,000,000
5.00% New Media Broadcasting Private Limited 18.02.2021 NCD	1,000,000	600	600,000,000	1,000,000	600	600,000,000
10.00% Abellon Energy Limited 02.06.2020 NCD	1,000,000	214	214,000,000	-	-	-
15.00% Future Corporate Resources Limited 03.04.2017 NCD	10,000,000	65	650,000,000	-	-	-
14.00% Parinee Realty Private Limited 15.01.2021 NCD	500,000	1,300	650,000,000	-	-	-
14.00% Shree Sukhakarta Developers Private Limited 30.06.2020 NCD	1,000,000	550	550,000,000	-	-	-
<b>Debentures and bonds (unquoted)</b>						
<b>Credit Substitute</b>						
18.50% Manyata Developers Private Limited 30.06.2020 NCD	1,000,000	300	300,000,000	1,000,000	500	500,000,000
13.00% Parsvnath Developers Limited 15.04.2019 NCD	500,000	1,250	625,000,000	-	-	-
16.85% Rohan Developers Private Limited 31.03.2020 NCD	1,000,000	700	700,000,000	-	-	-
13.00% Aniline Construction Company Private Ltd 30.09.2022 NCD	100,000	7,000	700,000,000	-	-	-
14.00% Empee Distilleries Limited 26.04.2021 NCD Tranche 1	1,000,000	92	92,000,000	-	-	-
12.00% Dom Bell Electronics India Private Limited 28.03.2019 NCD	1,000,000	493	488,964,194	-	-	-
			<u>6,582,283,194</u>			<u>1,650,000,000</u>
Aggregate of stock-in-trade in quoted Equity shares						
At Carrying value			662,319,000			-
At Market value			677,115,150			-
Aggregate of stock-in-trade in debentures and bonds - quoted						
At Carrying value			3,014,000,000			1,150,000,000
At Market value			3,014,000,000			1,150,000,000
Aggregate of stock-in-trade in debentures and bonds - unquoted						
At Carrying value			2,905,964,194			2,905,964,194
At Market value			2,905,964,194			2,905,964,194

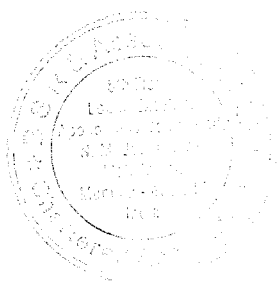


**Edelweiss Finvest Private Limited**  
**(formerly known as Arum Investments Private Limited)**

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

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.17 Cash and cash equivalents</b>		
<b>Cash and Cash equivalents</b>		
Cash in hand	5,280	-
Balances with Banks		
- in current accounts	20,181,071	32,807,033
	<u>20,186,351</u>	<u>32,807,033</u>
<b>Other bank balances</b>		
Short term deposits with banks (refer note 2.30)	50,000,000	50,000,000
(Other bank deposits with maturity less than 12 months)	70,186,351	82,807,033
	<u>70,186,351</u>	<u>82,807,033</u>
<b>2.18 Short-term loans and advances</b>		
<b><u>Secured</u></b>		
(considered good unless stated otherwise)		
Receivable from financing business		
- considered good	701,300,000	1,927,500,000
	<u>701,300,000</u>	<u>1,927,500,000</u>
<b><u>Unsecured - Considered good</u></b>		
(considered good unless stated otherwise)		
Loans and advances to related parties (refer note 2.27)	415,269,500	364,500,000
Receivable from financing business	2,725,731	-
Other loans and advances		
Prepaid expenses	28,819	40,225
Vendor Advances	1,040,271	137,522
Cenvat and VAT Assets	7,969,427	6,149,987
Advance tax (net of provision for taxation Rs.Nil) (Previous year Rs.33,711,383)	-	102,446,756
	<u>1,128,333,748</u>	<u>2,400,774,490</u>
<b>2.19 Other Current Assets</b>		
Accrued interest on fixed deposits	8,816	10,233
Accrued interest on investment in debt instrument	334,448,160	33,484,822
Interest accrued but not due on loans given	48,632,591	8,410,758
Interest accrued and due on loans given	14,884,944	9,432,869
Other receivables	16,461,165	90,718,843
Margin placed with broker	282,179,830	-
	<u>696,615,506</u>	<u>142,057,525</u>



**Edelweiss Finvest Private Limited**  
**(formerly known as Arum Investments Private Limited)**

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

(Currency : Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>2.20 Income from treasury</b>		
Profit / (loss) on trading of securities (net)	(13,514,130)	6,762,980
Cost of benchmark linked debentures	(69,625,017)	-
Profit / (loss) on sale of current investment (net)	(12,313,436)	34,399,627
Dividend	71,148,000	-
Profit on trading in Equity Derivative Instruments (net)	18,352,216	-
	<u>(5,952,367)</u>	<u>41,162,607</u>
<b>2.21 Interest income</b>		
On loans and credit substitutes	1,100,913,915	646,981,583
On Intercompany deposits	-	1,249,315
On fixed deposits	4,135,009	432,773
On margin with brokers	413,313	-
On others	1,171	-
	<u>1,105,463,408</u>	<u>648,663,671</u>
<b>2.22 Other income</b>		
Miscellaneous income	20,225	25,659
	<u>20,225</u>	<u>25,659</u>



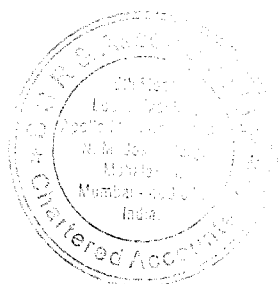


**Edelweiss Finvest Private Limited**  
**(formerly known as Arum Investments Private Limited)**

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

(Currency : Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>2.23 Employee benefit expenses</b>		
Salaries and wages (refer note 2.54)	5,144,414	14,395,577
Contribution to provident and other funds (refer note 2.29)	193,474	286,325
Staff welfare expenses	80,020	141,585
	<b>5,417,908</b>	<b>14,823,487</b>
<b>2.24 Finance costs</b>		
Interest on debentures (refer note 2.27)	45,709,166	45,708,411
Interest on loan from ultimate holding company (refer note 2.27)	318,722	41,144,557
Interest on loan from fellow subsidiaries (refer note 2.27)	266,167,021	9,610,466
Interest on late payment of taxes	5,028,021	225
Interest - others	-	2,185,379
Bank charges	46,708,712	114
	<b>363,931,642</b>	<b>98,649,152</b>



**Edelweiss Finvest Private Limited**  
**(formerly known as Arum Investments Private Limited)**

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

(Currency : Indian rupees)

**For the year ended  
31 March 2017**

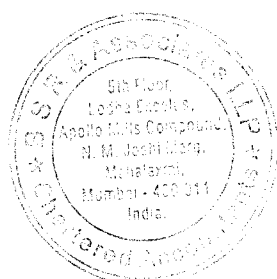
**For the year ended  
31 March 2016**

**2.25 Other expenses**

Advertisement and business promotion	4,807	54,978
Auditors' remuneration (refer note below)	1,067,110	550,730
Communication	111,687	103,670
Clearing & custodian charges	64,019	91,513
Directors' sitting fees	150,000	135,000
Electricity charges (refer note 2.54)	61,697	95,657
Insurance	674	276
Legal and professional fees	25,052,074	1,083,926
Membership & Subscription	13,326	84,352
Office expenses	-	8,309
Printing and stationery	18,419	6,165
Provision for standard assets	12,092,839	5,251,091
Rates and taxes	4,156,268	2,500
Rating Support Fees	2,900,000	-
Rent (refer note 2.54)	320,749	507,256
Repairs and maintenance - others	5,000	-
Service tax expenses	2,065,618	238,949
Stamp duty	1,602,141	115,627
Travelling and conveyance	89,790	67,065
Miscellaneous expenses	38,150	10,960
	<b>49,814,368</b>	<b>8,408,024</b>

**Auditors' Remuneration:**

For statutory audit and limited review	895,000	400,000
For other services (certification)	101,180	131,250
For reimbursement of expenses	70,930	19,480
	<b>1,067,110</b>	<b>550,730</b>



# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

## Notes to the financial statements (continued)

(Currency: Indian rupees)

### 2.26 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, income from investments and dividend income
Financing business	Wholesale and Retail 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	As at/ For the year ended 31 March 2017	As at/ For the year ended 31 March 2016
<b>I Segment Revenue</b>		
a) Capital based business	63,672,650	41,595,379
b) Financing business	1,035,858,616	648,230,899
c) Unallocated	-	25,659
<b>Total Income</b>	<b>1,099,531,266</b>	<b>689,851,938</b>
<b>II Segment Results</b>		
a) Capital based business	62,537,572	39,575,691
b) Financing business	622,796,009	528,392,866
c) Unallocated	(5,028,021)	(66,740)
<b>Profit before taxation</b>	<b>680,305,560</b>	<b>567,901,817</b>
Less : Provision for taxation	217,209,872	155,889,069
<b>Profit after taxation</b>	<b>463,095,688</b>	<b>412,012,748</b>
<b>III Segment Assets</b>		
a) Capital based business	3,533,742,903	120,058,258
b) Financing business	8,578,009,087	5,048,157,766
c) Unallocated	106,046,300	241,518,572
<b>Total</b>	<b>12,217,798,290</b>	<b>5,409,734,596</b>
<b>IV Segment Liabilities</b>		
a) Capital based business	715,318	4,872,566
b) Financing business	6,773,657,569	333,532,773
c) Unallocated	46,459,600	137,459,141
<b>Total</b>	<b>6,820,832,487</b>	<b>475,864,481</b>
<b>V Capital expenditure</b>		
a) Capital based business	-	-
b) Financing business	-	-
c) Unallocated	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>VI Depreciation and amortisation</b>		
a) Capital based business	-	3,473
b) Financing business	61,788	62,511
c) Unallocated	-	3,473
<b>Total</b>	<b>61,788</b>	<b>69,457</b>
<b>VII Significant non-cash expenses other than depreciation and amortisation</b>		
a) Capital based business	18,961	6,073
b) Financing business	12,044,852	5,360,404
c) Unallocated	-	6,073
<b>Total</b>	<b>12,063,813</b>	<b>5,372,550</b>

# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

## Notes to the financial statements (continued)

(Currency: Indian rupees)

### 2.27 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”

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

Names of related parties by whom control is exercised	Edelweiss Financial Services Limited (Ultimate Holding company)
Holding Company	ECap Equities Limited
Enterprises which exercise significant influence over the Company	Edelweiss Securities Limited
Fellow subsidiaries with whom the transactions have taken place	Edelweiss Alternative Asset Advisors Limited Edelweiss Asset Reconstruction Company Ltd. Edelweiss Finance and Investments Limited Edelweiss Commodities Services Limited Edelweiss Custodial Services Limited Edelweiss Private Equity Tech fund Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)  Edelweiss Retail Finance Limited Olive Business Centre Limited Edelweiss Broking Limited Edelcap Securities Limited Edel Commodities Limited ECL Finance Limited EW Clover Scheme1
Key Management Personnel (KMP) (with whom transactions have taken place)	Bhavin N Mehta

#### ii Transactions with related parties:

Sr. No.	Nature of Transaction	Related Party Name	2016-17	2015-16
<b>(I) Capital account transactions</b>				
1	Investments in equity shares of	Edelweiss Retail Finance Limited	264,000,000	-
		Edelweiss Asset Reconstruction Company Ltd.	326,142,279	-
2	Investments in units of	Edelweiss Private Equity Tech fund	29,160,000	-
3	Purchase of investment from	Edelweiss Finance and Investments Limited	181,605,000	-
4	Sale of investment to	ECap Equities Limited	181,605,000	-
<b>(II) Current account transactions</b>				
1	Short term loans taken from (Refer note 1)	Edelweiss Financial Services Limited	-	20,191,512,972
		Edelweiss Commodities Services Limited	24,865,494,777	11,185,200,000
2	Short term loans repaid to (Refer note 1)	Edelweiss Financial Services Limited	13,400,000	20,179,600,000
		Edelweiss Commodities Services Limited	24,866,640,735	11,184,054,042
3	Short term loans given to (Refer note 1)	ECL Finance Limited	60,342,429	147,700,000
		Edelweiss Commodities Services Limited	2,840,400,000	96,405,145
		Edelcap Securities Limited	529,788,000	30,900,000
		EW Clover Scheme1	490,000,000	-
		Edel Commodities Limited	1,024,400,000	-

# Edelweiss Finvest Private Limited

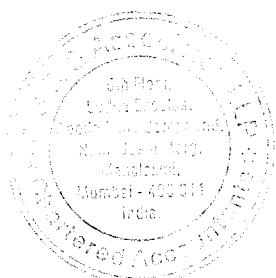
(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

## 2.27 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” (Continued)

### (II) Current account transactions (Continued)

4	Short term loans given repaid by (Refer note 1)	Edelweiss Commodities Services Limited	2,436,118,500	626,405,145
		Edelcap Securities Limited	740,000,000	314,100,000
		ECL Finance Limited	208,042,429	-
		EW Clover Scheme1	490,000,000	-
		Edel Commodities Limited	1,020,000,000	-
5	Interest expense on loans taken from	Edelweiss Financial Services Limited	318,722	41,144,556
		Edelweiss Commodities Services Limited	266,167,021	9,610,467
6	Interest expense on debentures	Ecap Equities Limited	45,708,409	45,708,411
7	Interest income on short term loan from	Edelcap Securities Limited	48,364,959	42,066,705
		Edelweiss Commodities Services Limited	38,570,620	40,095,491
		ECL Finance Limited	6,992,013	44,391
		Edel Commodities Limited	8,460,030	-
8	Interest income on margin from	Edelweiss Securities Limited	52,533	-
		Edelweiss Custodial Services Limited	360,780	-
9	Margin placed with broker	Edelweiss Custodial Services Limited	335,251,545	-
		Edelcap Securities Limited	52,309,489	-
10	Margin withdrawn from broker	Edelweiss Custodial Services Limited	53,324,681	-
		Edelcap Securities Limited	52,056,525	-
11	Reimbursements paid to	Edelweiss Financial Services Limited	8,907,111	64,145,952
		Edelweiss Alternative Asset Advisors Limited	-	38,607,121
		Edelweiss Web Services Limited	4,803,710	11,970,628
		Edelweiss Commodities Services Limited	920,814	94,917
		ECL Finance Limited	22,110,366	-
		Edelweiss Broking Limited	112,115	-
12	Rent paid to	Edelweiss Commodities Services Limited	238,087	507,256
		Edelweiss Broking Limited	82,662	-
13	Rating Support fees paid to	Edelweiss Financial Services Limited	2,900,000	-
14	Commission and Sub-brokerage paid to	Edelweiss Securities Limited	251,513	13,042
15	Clearing charges paid to	Edelweiss Securities Limited	10,000	-
		Edelweiss Custodial Services Limited	20,000	-
16	Remuneration to Key Management Personnel (Refer note 2)	Bhavin N Mehta	1,431,688	1,715,905
17	Purchase of securities receipts from	ECL Finance Limited	2,004,085,995	-



# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

## 2.27 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” (Continued)

2.27 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” (Continued)

<b>(II) Secondary market transactions</b>				
1	Sale of securities (Stock in trade) to	ECL Finance Limited	414,408,219	627,871,233
		Edelweiss Finance and Investments Limited	-	304,349,508
		Edelweiss Commodities Services Limited	-	1,119,271,675
2	Purchase of securities (Stock in trade) from	ECL Finance Limited	689,280,822	-
		Edelweiss Commodities Services Limited	1,276,758,698	156,440,437
<b>(III) Balances with related parties</b>				
1	Investments in equity shares	Edelweiss Retail Finance Limited	264,000,000	-
		Edelweiss Asset Reconstruction Company Ltd.	326,142,279	-
2	Investments in units of	Edelweiss Private Equity Tech fund	29,160,000	-
3	Compulsorily Convertible Debentures	Ecap Equities Limited	268,873,000	268,873,000
4	Short term loans taken from	Edelweiss Financial Services Limited	-	13,400,000
		Edelweiss Commodities Services Limited	-	1,145,958
5	Short term loans given to	Edelcap Securities Limited	6,588,000	216,800,000
		ECL Finance Limited	-	147,700,000
		Edelweiss Commodities Services Limited	404,281,500	-
		Edel Commodities Limited	4,400,000	-
6	Trade Payables to	Edelweiss Financial Services Limited	-	485,000
		Edelweiss Web Services Limited	130,116	5,685
		Edelweiss Securities Limited	-	-
		ECL Finance Limited	22,106,683	-
7	Other receivables from	ECL Finance Limited	-	113,000
		Edelweiss Securities Limited	16,348,762	-
8	Interest accrued but not due on borrowings	Ecap Equities Limited	22,791,590	22,488,538
9	Interest accrued and due on short term loans taken from	Edelweiss Commodities Services Limited	-	243,801
		Edelweiss Financial Services Limited	-	194,109
10	Interest accrued and due on short term loans given to	Edelcap Securities Limited	-	2,132,044
		ECL Finance Limited	-	44,391
11	Margin placed with broker	Edelweiss Custodial Services Limited	281,926,864	-
		Edelcap Securities Limited	252,965	-
12	Corporate Guarantee taken from	Edelweiss Financial Services Limited	6,223	-



# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

## 2.27 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” (Continued)

### (III) Balances with related parties (Continued)

13	Remuneration to Key Management Personnel payable (Refer note 2)	Bhavin N Mehta	850,000	600,000
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### Note

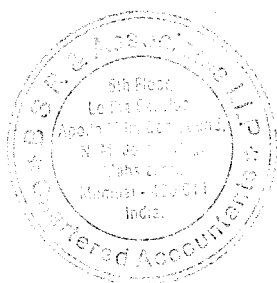
- The intra group Company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.
- Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis.
- Previous year's figures have been recast/restated where necessary.
- Loan given to fellow subsidiaries are for general corporate business.
- Remuneration to KMP's shall be within the limit as prescribed by the Companies act.
- The above list contain name of only those related parties with whom the Company has undertaken transactions during the year ended 31 March 2017.

## 2.28 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:

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
<b>Basic</b>		
Weighted average number of equity shares outstanding during the year	2,805,998	2,805,998
Shareholder's earnings (as per statement of profit and loss)	463,095,688	412,012,749
Net profit for the year attributable to equity shareholders	463,095,688	412,012,749
Basic earnings per share (Rs.)	165.04	146.83
<b>Diluted</b>		
Weighted average no. of diluted equity shares	27,663,884	27,663,884
Adjusted net profit for diluted EPS	493,267,809	442,184,869
Diluted earnings per share (Rs.)	17.83	15.98
Nominal value per share (Rs.)	10.00	10.00

Dilution in Earnings per share is on account of Compulsorily convertible non- cumulative preference shares and Compulsorily convertible debentures



# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

## Notes to the financial statements (continued)

(Currency: Indian rupees)

### 2.29 Disclosure pursuant to Accounting Standard 15 (Revised)-Employee benefits

#### A) Defined contribution plan (Provident fund and National Pension Scheme):

Amount of Rs. 272,364 (previous year: Rs.183,866) is recognised as expenses and included in "Employee benefit expenses"

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

The following tables summarize the components of the net benefit expenses recognised in the profit and loss account and the fund status and amount recognised in the balance sheet for the gratuity benefit plan

##### Statement of profit and loss

##### Expenses recognised in the Statement of Profit and Loss

	2017	2016
Current service cost	86,000	172,000
Interest on defined benefit obligation	68,110	74,409
Actuarial (gain) or losses	(233,000)	(144,000)
<b>Employer expense</b>	<b>(78,890)</b>	<b>102,409</b>

##### Balance Sheet

##### Reconciliation of Defined Benefit Obligation (DBO)

	2017	2016
Present value of DBO at start of year	1,045,868	1,315,409
Interest cost	68,110	74,459
Current service cost	86,000	172,000
Transfer in / (out)	(116,000)	(372,000)
Actuarial (Gain) / Loss	(233,000)	(144,000)
<b>Present value of DBO at end of year</b>	<b>850,978</b>	<b>1,045,868</b>

##### Amount Recognised in the Balance Sheet:

Particulars	2017	2016	2015	2014	2013
Present value of DBO at the end of year	850,978	1,045,868	1,315,409	360,000	240,584

##### Experience Adjustment:

Particulars	2017	2016	2015	2014	2013
On Plan Liabilities: (Gain)/ Loss	(265,000)	(1,169,000)	327,000	39,000	104,000

##### Principle actuarial assumptions at the balance sheet date:

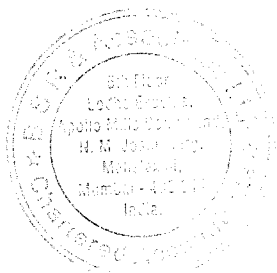
	2017	2016
Discount rate	6.80%	7.40%
Salary growth rate	7.00%	7.00%
Employee attrition rate (based on categories)	13%-25%	13%-25%
Mortality rate	IALM 2006-08 (Utl.)	
Expected average remaining working lives of employee	6 years	6 years

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

- i) RBL Bank Limited: Rs. 50,000,000 (Previous year: Rs. 50,000,000) against Overdraft facility.

### 2.31 Open interest in equity index/ stock futures

S.no.	Name of future	2017		2016	
		No of contracts	Number of units involved	No of contracts	Number of units involved
1	Long position	1,045	78,375	Nil	Nil
2	Short position	804	1,668,000	Nil	Nil





**Edelweiss Finvest Private Limited**  
(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

**2.32 Details of Secured Debentures**

**Details of the Secured Debentures as at 31 March 2017**

- The Company has an asset cover in excess of 100% in accordance with the terms of the trust deed in respect of listed Secured Redeemable Non-convertible Debentures aggregating to Rs. 5,799,497,860 (previous year Rs Nil) by way of charge on immovable property, floating charge on movable properties in the form of stock-in-trade and receivables and corporate guarantee from holding company.
- In case of market linked debentures the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.
- Certain benchmark linked debentures have a clause for an early redemption event which is automatically triggered on the achievement of pre determined benchmark index level(s).
- Debt Equity and Asset cover Ratio:

<b>Debt Equity Ratio</b>	<b>2017</b>	<b>2016</b>
<b>Shareholder's fund</b>		
Paid up capital	255,129,000	255,129,000
Add: Reserve and surplus	5,141,836,803	4,678,741,115
Less: Deferred tax asset	-	-
<b>Equity (A)</b>	<b>5,396,965,803</b>	<b>4,933,870,115</b>
<b>Debt</b>		
Long-term borrowings	4,740,997,860	268,873,000
Short-term borrowings	-	14,545,958
Current maturities of long term debt	1,835,873,000	-
<b>Total Debt (B)</b>	<b>6,576,870,860</b>	<b>283,418,958</b>
<b>Debt equity Ratio (B/A)</b>	<b>1.22</b>	<b>0.06</b>

<b>Asset cover Ratio</b>	<b>2017</b>	<b>2016</b>
<b>Assets available</b>		
Loans and advances	1,785,095,231	3,298,901,107
Stock in trade @	6,582,283,194	1,650,000,000
<b>Total (A)</b>	<b>8,367,378,425</b>	<b>4,948,901,107</b>
<b>Secured debt</b>		
Long-term Secured borrowings	4,232,497,860	268,873,000
Short-term Secured borrowings	-	14,545,958
Current maturities of secured long term debt	1,567,000,000	-
<b>Total (B)</b>	<b>5,799,497,860</b>	<b>283,418,958</b>
<b>Asset cover (A/B)</b>	<b>1.44</b>	<b>17.46</b>

@ Includes debentures in the nature of loan and advances, hereinafter referred to as loans and advances

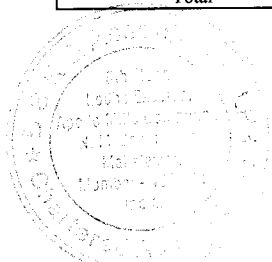
- Maturity profile and rate of interest of Long term NCDs are as set out below

**As at 31 March 2017**

<b>Interest rate range</b>	<b>Maturity</b>						
	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
Benchmark linked Debentures	1,567,000,000	1,642,500,000	1,115,172,104	1,097,325,756	77,500,000	-	300,000,000
<b>Total</b>	<b>1,567,000,000</b>	<b>1,642,500,000</b>	<b>1,115,172,104</b>	<b>1,097,325,756</b>	<b>77,500,000</b>	<b>-</b>	<b>300,000,000</b>

**As at 31 March 2016**

<b>Interest rate range</b>	<b>Maturity</b>						
	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
Benchmark linked Debentures	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

## 2.33 Details of the unsecured debentures

Details of the unsecured debentures as at 31 March 2017

Interest rate range	Maturity					
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2026-2027
17% Compulsorily convertible debentures	268,873,000	-	-	-	-	-
Benchmark linked Debentures	-	-	50,000,000	380,000,000	38,500,000	40,000,000
<b>Total</b>	<b>268,873,000</b>	<b>-</b>	<b>50,000,000</b>	<b>380,000,000</b>	<b>38,500,000</b>	<b>40,000,000</b>

Details of the unsecured debentures as at 31 March 2016

Interest rate range	Maturity					
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
17% Compulsorily convertible debentures	-	268,873,000	-	-	-	-
<b>Total</b>	<b>-</b>	<b>268,873,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2.34 Details of purchase, sale and change in stock in trade

	2017	2016
<b>Opening stock</b>		
Equity shares	-	-
Debt instruments	1,650,000,000	-
<b>Total</b>	<b>1,650,000,000</b>	<b>-</b>
<b>Purchase</b>		
Equity shares	1,480,191,820	-
Debt instruments	4,669,974,209	4,722,000,793
<b>Total</b>	<b>6,150,166,029</b>	<b>4,722,000,793</b>
<b>Sales</b>		
Equity shares	804,358,690	-
Debt instruments	400,010,015	3,078,763,773
<b>Total</b>	<b>1,204,368,705</b>	<b>3,078,763,773</b>
<b>Closing stock</b>		
Equity shares	662,319,000	-
Debt instruments	5,919,964,194	1,650,000,000
<b>Total</b>	<b>6,582,283,194</b>	<b>1,650,000,000</b>
<b>Profit/(loss) on sale of securities</b>	<b>(13,514,130)</b>	<b>6,762,980</b>

## 2.35 Key Ratios

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

	2017	2016
Gross NPAs as a percentage of Total Loans and Advance	0.00%	0.00%
Net NPAs as a percentage of Total Advance	0.00%	0.00%
Book Value per share (Rs.) <sup>1</sup>	195.09	178.35
Current Ratio <sup>2</sup>	4.28	21.42
Debt to Equity Ratio (refer note 2.32)	1.22	0.06
Return on average Equity <sup>3</sup> (%)	8.97%	8.71%
Return on average assets <sup>4</sup> (%)	5.25%	8.01%

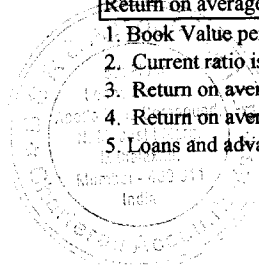
1. Book Value per share = Net-worth / Number of equity shares including dilutive equity shares.

2. Current ratio is the ratio of current assets to current liabilities.

3. Return on average equity is the ratio of the profit for the year to the average net-worth.

4. Return on average assets is the ratio of the profit for the year to the annual average total assets.

5. Loans and advances include debentures in the nature of loan.



# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

## 2.36 Investments

	2017	2016
1) Value of Investments		
i) Gross Value of Investments		
a) In India	2,871,423,903	70,000,000
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	2,871,423,903	70,000,000
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments.		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-

## 2.37 Capital to Risk Assets Ratio (CRAR)

	2017	2016
i) CRAR (%)	42.26%	99.30%
ii) CRAR - Tier I capital (%)	42.03%	93.89%
iii) CRAR - Tier II Capital (%)	0.23%	5.41%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

## 2.38 Exposure to real estate sector, both direct and indirect

	2017	2016
A Direct Exposure		
(i) Residential Mortgages -		
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 lakhs may be shown separately)	-	-
(ii) Commercial Real Estate -		
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 includes non-fund based (NFB) limits.	4,517,100,000	631,901,107
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
- Residential	-	-
- Commercial Real Estate	-	-
B Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
C Others (not covered above)	-	-

**Edelweiss Finvest Private Limited**  
(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

**2.39 Exposure to Capital Market**

	2017	2016
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	1,416,496,908	-
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	225,731	-
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	2,677,964,194	875,000,000
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)	-	-
ix) others (not covered above)	-	-

**2.40 Asset Liability Management -Maturity pattern of certain items of assets and liabilities**  
As at 31 March 2017

Particulars	Liabilities		Assets		
	Borrowings from Banks	Market borrowings	Loans and Advances	Investments	Stock in Trade
1 day to 30/31 days (One month)	-	-	23,225,731	35,000,000	-
Over One months to 2 months	-	-	-	-	-
Over 2 months up to 3 months	-	-	-	-	-
Over 3 months to 6 months	-	-	703,800,000	25,000,000	-
Over 6 months to 1 year	-	1,835,873,000	392,269,500	19,000,000	6,582,283,194
Over 1 year to 3 years	-	2,807,672,104	290,800,000	-	-
Over 3 years to 5 years	-	1,593,325,756	375,000,000	-	-
Over 5 years	-	340,000,000	-	2,792,423,903	-
<b>Total</b>	-	<b>6,576,870,860</b>	<b>1,785,095,230</b>	<b>2,871,423,903</b>	<b>6,582,283,194</b>

As at 31 March 2016

Particulars	Liabilities		Assets		
	Borrowings from Banks	Market Borrowings	Loans and Advances	Investments	Stock in Trade
1 day to 30/31 days (One month)	-	-	-	-	-
Over One months to 2 months	-	-	-	-	-
Over 2 months up to 3 months	-	-	-	-	-
Over 3 months to 6 months	-	14,545,958	-	-	-
Over 6 months to 1 year	-	-	2,292,000,000	70,000,000	1,650,000,000
Over 1 year to 3 years	-	268,873,000	-	-	-
Over 3 years to 5 years	-	-	1,006,901,107	-	-
Over 5 years	-	-	-	-	-
<b>Total</b>	-	<b>283,418,958</b>	<b>3,298,901,107</b>	<b>70,000,000</b>	<b>1,650,000,000</b>



# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

## 2.41 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 provision

	2017	2016
i) Net NPAs to Net advances (%)	0.00%	0.00%
ii) Movement of NPAs (Gross)		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions / written off during the year	-	-
d) Closing balance	-	-
iii) d) Closing balance		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions / written off during the year	-	-
d) Closing balance	-	-
iv) Movement of Provisions for NPAs (excluding provision on Standard assets)		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions / written off during the year	-	-
d) Closing balance	-	-

## 2.42 Details of 'Provisions and Contingencies'

Breakup of provisions and contingencies shown under the head other expenses in the Statement of Profit and loss	2017	2016
i) Provisions for depreciation on Investment	-	-
ii) Provision towards NPA	-	-
iii) Provision made towards Income tax	207,782,294	157,632,250
iv) Provision for Standard Assets	12,092,839	5,251,091
v) Other Provision and Contingencies		
a) Provision for gratuity	(78,890)	102,409
b) Provision for compensated absences	(115,000)	(19,000)

## 2.43 Concentration of Deposits, Advances, Exposures and NPAs

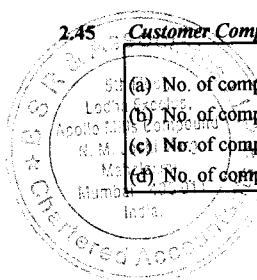
	2017	2016
A) Concentration of Advances		
Total Advances to twenty largest borrowers	7,719,936,264	4,948,901,107
% of Advances to twenty largest borrowers to Total Advances	99.96%	100.00%
B) Concentration of Exposures		
Total Exposures to twenty largest borrowers / Customers	7,719,936,264	4,948,901,107
% of Exposures to twenty largest borrowers / Customers to Total Advances	99.96%	100.00%
C) Concentration of NPAs		
Total Exposures to top Four NPAs	-	-
D) Sector-wise NPAs		
Sectors/Particulars	% of NPAs to Total Advances in that sector	
1 Agriculture & allied activities	-	-
2 MSME	-	-
3 Corporate borrowers	-	-
4 Services	-	-
5 Unsecured personal loans	-	-
6 Auto loans	-	-
7 Other personal loans	-	-

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

During the year ended 31 March 2017 and 31 March 2016, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

## 2.45 Customer Complaints

	2017	2016
(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 Finvest Private Limited**  
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Notes to the financial statements (continued)  
(Currency: Indian rupees)

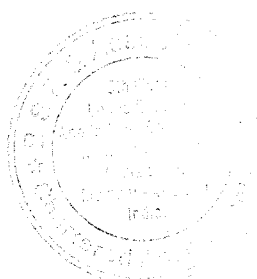
2.46 Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

**Liabilities Side:**

Particulars	Amount Outstanding		Amount Overdue	
	2017	2016	2017	2016
<b>1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid</b>				
a) Debentures:				
(other than those falling within the meaning of Public deposit)				
(i) Secured	5,799,497,860	-	-	-
(ii) Unsecured	777,373,000	291,361,536	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	-	-	-	-
d) Inter-corporate loans and borrowing	-	14,983,868	-	-
e) Commercial Paper	-	-	-	-
f) Other loans	-	-	-	-
(i) Loan from Bank	-	-	-	-
- Working Capital Demand Loan	-	-	-	-
- Overdraft	-	-	-	-

**Assets side:**

	Amount Outstanding	
	2017	2016
<b>2) Break up of Loans and Advances including bills receivables</b>		
(other than those included in (3) below)		
a) Secured	7,112,272,190	4,584,401,107
b) Unsecured	607,664,074	364,500,000
<b>3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	NA	NA
a) Lease assets including lease rentals under sundry debtors:		
(i) Financial Lease	-	-
(ii) Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
(i) Assets on hire	-	-
(ii) Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
(i) Loans where assets have been repossessed	-	-
(ii) Other loans	-	-
<b>4) Break up of Investments</b>		
Current Investments:		
a) Quoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
b) Unquoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	79,000,000	70,000,000
(iv) Government Securities	-	-
(v) Others (Pass through certificates)	-	-



# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

## Notes to the financial statements (continued)

(Currency: Indian rupees)

2.46 Note 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.(Continued)

4) Break up of Investments (Continued)	Amount Outstanding	
	2017	2016
Long-Term Investments ( Net of Provision )		
a) Quoted:		
(i) Shares: Equity	164,035,629	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
b) Unquoted:		
(i) Shares: Equity	590,142,279	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others		
- Investments in security receipts of trusts	2,004,085,995	-
- Investments in units of fund of associate company	29,160,000	-
- Investments in warrants	5,000,000	-

## 5) Borrower group-wise classification of assets financed as in (2) and (3) above

As at 31 March 2017

Particulars	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	415,269,500	415,269,500
2. Other than related parties	7,112,272,190	192,394,574	7,304,666,764
<b>TOTAL</b>	<b>7,112,272,190</b>	<b>607,664,074</b>	<b>7,719,936,264</b>

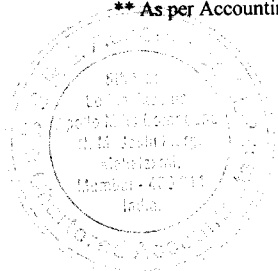
As at 31 March 2016

Particulars	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	364,500,000	364,500,000
(c) Other related parties	-	-	-
2. Other than related parties	4,584,401,107	-	4,584,401,107
<b>TOTAL</b>	<b>4,584,401,107</b>	<b>364,500,000</b>	<b>4,948,901,107</b>

## 6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

Particulars	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
	2017	2016	2017	2016
1) Related parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	619,302,279	-	619,302,279	-
(c) Other related parties	-	-	-	-
2) Other than related parties	2,241,692,707	73,335,948	2,252,121,624	70,000,000
<b>TOTAL</b>	<b>2,860,994,986</b>	<b>73,335,948</b>	<b>2,871,423,903</b>	<b>70,000,000</b>

\*\* As per Accounting Standard 18 - Related Party Disclosures



# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

## Notes to the financial statements (continued)

(Currency: Indian rupees)

### 2.46 Note 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.(Continued)

#### 7) Other Information

Particulars	2017	2016
a) Gross Non-Performing Assets	-	-
1) Related parties	-	-
2) Other than related parties	-	-
b) Net Non-Performing Assets	-	-
1) Related parties	-	-
2) Other than related parties	-	-
c) Assets acquired in satisfaction of debt	-	-

#### Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- Market value/Breakup Value or Fair Value or NAV is taken as same as book value in case if unquoted shares in absence of market value / breakup value or fair value or NAV.

### 2.47 Details of transaction with non executive directors

The Company has not undertaken any transaction with its non-executive directors during the year ended 31 March 2017 (Previous year: Rs Nil).

### 2.48 Contingent liabilities and commitments

#### Contingent liabilities

The Company does not have any contingent liability as at balance sheet date (Previous year: Nil).

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income tax, service tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

#### Commitments

- Undrawn committed credit lines of **Rs. Nil** (Previous year : Rs. 168,098,893).
- Uncalled liabilities on non-current investments of **Rs. 132,840,000** (previous year Rs. Nil).

### 2.49 Foreign currency transactions

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2017 (Previous year: Rs Nil).

### 2.50 Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of Companies Act 2013,

- Gross Amount required to be spent by the Company during the year was **Rs Nil** (previous year : Rs Nil).
- Amount spent during the year on :

S.no.	Particulars	2017			2016		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
1	Construction/ Acquisition of any assets	-	-	-	-	-	-
2	on purpose other than (i) above	-	-	-	-	-	-

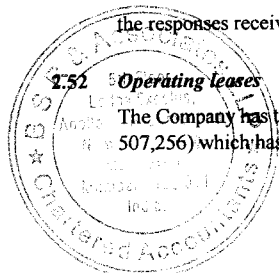
The Company is a subsidiary of Ecap Equities Limited which is wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of **Rs. 115,684,300/-** (representing more than 2% of the consolidated profit of the group) was spent towards CSR activities during the year ended March 31, 2017, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2017.

### 2.51 Details of dues to micro and small 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.

### 2.52 Operating leases

The Company has taken premises on operating lease. Rental expenses for the year ended 31 March 2017 aggregated to **Rs. 320,749** (Previous year: Rs. 507,256) which has been included under the head other expenses – Rent in the Statement of profit and loss.





# Edelweiss Finvest Private Limited

(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

## 2.53 Details of ratings assigned by credit rating agencies

As at 31 March 2017

Instrument category	CRISIL	ICRA
i) Long Term Instruments	AA/Stable	AA
Rating		
Amount	12,000,000,000	11,000,000,000
ii) Short term instruments	A1+	A1+
Rating		
Amount	10,000,000,000	10,000,000,000
iii) Market linked debentures		
a Short Term	PP- MLD A1+R	PP-MLD [ICRA]A1+
Rating	5,000,000,000	1,500,000,000
Amount		
b Long Term	PP MLD AA r/Stable	PP-MLD [ICRA]AA
Rating	6,500,000,000	6,000,000,000
Amount		

As at 31 March 2016 - Nil

## 2.54 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 2015-16), Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 2.23 and 2.25 include reimbursements paid and are net of reimbursements received based on the management's best estimate.

## 2.55 Registration obtained from other financial sector regulators - None

## 2.56 The Company has not restructured any loans and advances during the year ended 31 March 2017 and 31 March 2016.

## 2.57 Disclosure of Penalties imposed by RBI and other regulators- None

## 2.58 Overseas Assets - Nil (Previous year - Nil)

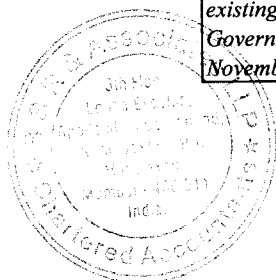
## 2.59 Details of financing of parent company products - None (Previous year - none)

## 2.60 Off-Balance sheet SPV sponsored - None (Previous year - none)

## 2.61 Disclosure on Specified Bank notes (SBN's) pursuant to notification as per amended Schedule III of the Companies Act, 2013:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	24,000	-	24,000
(+) Permitted receipts	-	280	280
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	24,000	-	24,000
Closing cash in hand as on 30.12.2016	-	280	280

\*For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.



**Edelweiss Finvest Private Limited**  
(formerly known as Arum Investments Private Limited)

Notes to the financial statements (continued)  
(Currency: Indian rupees)

- 2.62 The Company has received demand notice 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.
- 2.63 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

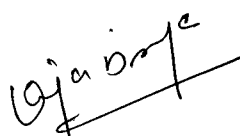
As per our report of even date attached.

**For B S R & Associates LLP**  
Chartered Accountants  
Firms' Registration No. 116231W /W-100024

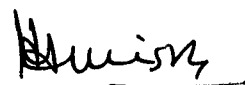


**Ashwin Suvarna**  
Partner  
Membership No: 109503

**For and on behalf of the Board of Directors**



**Puja D'souza**  
Director  
DIN : 05136515



**Hari Ram Misra**  
Director  
DIN : 07599248



**Sheetal Gandhi**  
Chief Financial Officer



**Bhavesh Singh**  
Company Secretary

Mumbai  
16 May 2017

Mumbai  
16 May 2017