

**Independent Auditors' Report****To the Members of Edelweiss Alternative Asset Advisors Limited  
Report on the Audit of the Ind AS Financial Statements****Opinion**

We have audited the accompanying Ind AS financial statements of Edelweiss Alternative Asset Advisors Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2020, its Profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (the 'ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





**Management's Responsibilities for the Ind AS Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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


1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



(h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company does not have any pending litigations which would impact its financial position;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For GMJ & Co.  
Chartered Accountants  
Firm Registration No. 103429W

  
Haridas Bhat  
Partner  
Membership No.:39070



UDIN: 20039070AAAAEW7808

Place: Mumbai  
Date: June 26, 2020



**Annexure A to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Edelweiss Alternative Asset Advisors Limited ('the Company') on the financial statements for the year ended March 31, 2020, we report that:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, 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 nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own immovable properties, accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) Based on our examination of documents and records, the Company does not own any inventory during the year. Therefore, the provisions of clause 3(ii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, services tax, goods and service tax, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, sales tax, value added tax, duty of excise and duty of custom.

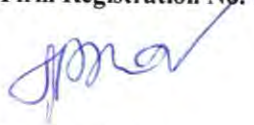
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, services tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, service tax, goods and service tax and cess which have not been deposited on account of any dispute.



- (viii) The Company does not have any loans or borrowings from any financial institution, bank, government and debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no 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 given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (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 by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (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.
- (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 non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For GMJ & Co.**  
**Chartered Accountants**  
**Firm Registration No. 103429W**

  
**Haridas Bhat**  
**Partner**  
**Membership No.:39070**



UDIN: 20039070AAAAEW7808

Place: Mumbai  
Date: June 26, 2020



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

**Annexure B the Independent Auditor's report of even date on the financial statements of Edelweiss Alternative Asset Advisors Limited ("the Company")**

**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 Alternative Asset Advisors Limited ("the Company")** as of March 31, 2020 in conjunction with our audit of 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 issued by the Institute of Chartered Accountants of India ('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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For GMJ & Co.  
Chartered Accountants  
Firm Registration No. 103429W

  
Haridas Bhat  
Partner  
Membership No.: 39070



UDIN: 20039070AAAAEW7808

Place: Mumbai  
Date: June 26, 2020



**Edelweiss Alternative Asset Advisors Limited****Balance Sheet**

(Currency: Indian rupees in lakhs)

		As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	7	40.44	90.27
Other intangible assets	7	276.02	388.46
Financial assets			
(i) Investments	8	235.15	263.20
(ii) Loans	9	9.14	39.01
Current tax assets (net)	10	716.07	315.36
Deferred tax assets (net)	11	56.18	52.65
Other Non current assets	12	3,768.60	2,190.48
		<u>5,101.60</u>	<u>3,339.43</u>
<b>Current assets</b>			
Financial assets			
(i) Cash and cash equivalents	13	90.83	68.80
(ii) Trade receivables	14	2,811.86	7,470.29
(iii) Other financial assets	15	462.50	517.41
Current tax assets (net)	16	566.11	251.54
Other current assets	17	617.82	347.30
		<u>4,549.12</u>	<u>8,655.34</u>
		<u>9,650.72</u>	<u>11,994.77</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	237.47	237.47
Other equity		<u>(3,711.73)</u>	<u>(5,499.39)</u>
		<u>(3,474.26)</u>	<u>(5,261.92)</u>
<b>LIABILITIES</b>			
<b>Non current liability</b>			
Provisions	19	101.04	55.02
Other non current liabilities	20	126.13	-
		<u>227.17</u>	<u>55.02</u>
<b>Current liability</b>			
Financial liabilities			
(i) Borrowings	21	11,255.88	13,497.09
(ii) Trade payables			
(a) total outstanding dues of small enterprises and micro enterprises	43	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		635.75	608.90
(iv) Other financial liabilities	22	245.96	2,124.16
Provisions	23	10.37	37.90
Other current liabilities	24	749.85	933.62
		<u>12,897.81</u>	<u>17,201.67</u>
		<u>9,650.72</u>	<u>11,994.77</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			

Significant accounting policies and notes forming part of the financial statements

1-48

This is the Balance Sheet referred to in our report of even date.

**As per our report of even date attached.**

This is the balance sheet referred to in our report of even date

**For GMJ & Co.**

Chartered Accountants

Firm's Registration No.: 103429W

**Haridas Bhat**

Partner

Membership No: 039070

Mumbai



26 June 2020

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

Director

DIN: 01960539

Mumbai

26 June 2020

**Suresh Soni**

Director

DIN.: 02265993

Mumbai

26 June 2020



# Edelweiss Alternative Asset Advisors Limited

## Statement of Profit and Loss

(Currency: Indian rupees in lakhs)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Revenue from operations</b>			
Interest income	25	1.85	4.62
Revenue from contract with customers	26	13,077.26	10,176.29
Net gain on fair value changes	27	20.41	80.37
<b>Other income</b>	28	645.66	62.32
<b>Total Revenue</b>		<u>13,745.18</u>	<u>10,323.60</u>
<b>Expenses</b>			
Employee benefits expense	29	5,571.94	7,797.36
Finance costs	30	1,255.71	979.75
Depreciation, amortisation and impairment	7	316.38	159.32
Other expenses	31	4,826.70	1,906.20
<b>Total expenses</b>		<u>11,970.73</u>	<u>10,842.63</u>
<b>Profit/ (loss) before tax</b>		1,774.45	(519.03)
<b>Tax expenses</b>	32		
Current tax		(1.88)	2.73
Deferred tax		(3.54)	(16.87)
<b>Profit/ (loss) for the year</b>		<u>1,779.87</u>	<u>(504.89)</u>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement gain / loss on defined benefit plans		7.79	0.06
<b>Total</b>		<u>7.79</u>	<u>0.06</u>
<b>Total Comprehensive Income</b>		<u>1,787.66</u>	<u>(504.83)</u>
<b>Earnings per equity share (face value Rs.10 each):</b>			
Basic and diluted	33	74.95	(21.26)
Significant accounting policies and notes forming part of the financial statements	1-48		

This is the Statement of profit and loss referred to in our report of even date

For GMJ & Co.

Chartered Accountants

Firm's Registration No.: 103429W

Haridas Bhat

Partner

Membership No: 039070

Mumbai

26 June 2020



For and on behalf of the Board of Directors

Anurag Madan

Anurag Madan

Director

DIN.: 01960539

Mumbai

26 June 2020

Suresh Soni

Suresh Soni

Director

DIN.: 02265993

Mumbai

26 June 2020





**Edelweiss Alternative Asset Advisors Limited**

**Cash Flow Statement**

(Currency: Indian rupees in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Cash flow from operating activities</b>		
<b>Loss before taxation</b>	<b>1,774.45</b>	(519.03)
Adjustments for		
Depreciation and amortisation expenses	316.38	159.32
Provision for compensated absences	1.39	17.79
Profit on sale of fixed assets	(17.41)	(6.88)
Net gain on fair value changes	(20.41)	(80.37)
Interest expense on borrowings from fellow subsidiary (includes Interest on inter corporate deposit)	1,254.93	978.70
	<b>3,309.33</b>	549.53
<b>Operating cash flow before working capital changes</b>		
Add / (less): Adjustments for working capital changes		
(Increase)/decrease in trade receivables	4,658.43	(1,424.26)
Decrease in loans and advances	29.87	13.82
Decrease in other financial assets	54.90	180.73
Increase in other non current assets	(1,578.11)	(2,112.21)
Increase in other current assets	(270.51)	(258.98)
Increase in trade payables	26.86	188.98
Increase in provisions	24.89	2.00
Increase/(decrease) in other non current financial liabilities	126.13	-
Increase/(decrease) in other financial liabilities	(1,878.20)	314.68
Increase/(decrease) in other non financial liabilities	(183.77)	277.14
<b>Cash used in/(generated from) operations</b>	<b>4,319.82</b>	(2,268.56)
Income tax paid	(713.40)	(321.86)
<b>Net cash used in/(generated from) operating activity - A</b>	<b>3,606.42</b>	(2,590.42)
<b>Cash flow from investing activities</b>		
Amount received on capital redemption of investments	13.91	123.21
Purchase of Property, plant & equipment	(11.86)	(71.36)
Purchase of intangible assets	(162.06)	(475.96)
Sale of Property, plant & equipment	37.22	21.03
Income received on investments	34.55	94.90
<b>Net cash used in investing activities - B</b>	<b>(88.24)</b>	(308.18)
<b>Cash flow from financing activities</b>		
Proceeds/(repayment) of unsecured short term borrowings (refer note below)	(2,187.30)	3,836.75
Proceeds from inter corporate deposit	5,000	-
Repayment of inter corporate deposit	(5,000)	-
Interest paid (include interest paid on inter corporate deposit)	(1,308.85)	(917.54)
<b>Net cash generated from/(used in) financing activities - C</b>	<b>(3,496.15)</b>	2,919.21
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>22.03</b>	20.61
Cash and cash equivalents as at the beginning of the year	68.80	48.19
Cash and cash equivalents as at the end of the year (refer note 13)	90.83	68.80

**Note :**

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

This is the Cash flow statement referred to in our report of even date.

**For GMJ & Co.**  
Chartered Accountants  
Firm's Registration No.: 103429W

**Haridas Bhat**  
Partner  
Membership No: 039070  
Mumbai  
26 June 2020



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

*Anurag Madan*  
**Anurag Madan**  
Director  
DIN.: 01960539  
Mumbai  
26 June 2020

*Suresh Soni*  
**Suresh Soni**  
Director  
DIN.: 02265993  
Mumbai  
26 June 2020



# Edelweiss Alternative Asset Advisors Limited

(Currency: Indian rupees in lakhs)

## Statement of Changes in Equity

### (A) Equity share capital

Balance at the beginning of the reporting period (1 April 2018)	Changes in equity share capital (refer note 18)	Balance at the end of the reporting period (31 March 2019)	Changes in equity share capital	Balance at the end of the reporting period (31 March 2020)
237.47	-	237.47	-	237.47

### (B) Other Equity

	Reserves and Surplus			Total
	Securities premium	Share Option Reserve	Retained earnings	
<b>Balance at 31 March 2018 (Ind AS)</b>	<b>1,191.12</b>	<b>308.95</b>	<b>(6,494.63)</b>	<b>(4,994.56)</b>
Loss for the year	-	-	(504.89)	(504.89)
Remeasurement gain / loss on defined benefit plans (OCI)	-	-	0.06	0.06
<b>Balance at 31 March 2019 (Ind AS)</b>	<b>1,191.12</b>	<b>308.95</b>	<b>(6,999.46)</b>	<b>(5,499.39)</b>
Profit for the year	-	-	1,779.87	1,779.87
Remeasurement gain / loss on defined benefit plans (OCI)	-	-	7.79	7.79
<b>Balance at 31 March 2020 (Ind AS)</b>	<b>1,191.12</b>	<b>308.95</b>	<b>(5,211.80)</b>	<b>(3,711.73)</b>

#### (i) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

#### (ii) Share Option Reserve

The share option reserve comprises the cumulative value of employee services received for the issue of the options under the share plans of the ultimate holding company.

This is the Statement of changes in equity referred to in our report of even date

For GMJ & Co.

Chartered Accountants

Firm's Registration No.: 103429W

Haridas Bhat

Partner

Membership No: 039070

Mumbai

26 June 2020



For and on behalf of the Board of Directors

Anurag Madan

Director

DIN : 01960539

Mumbai

26 June 2020

Suresh Soni

Director

DIN : 02265993

Mumbai

26 June 2020





# Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

## 1. Background

Edelweiss Alternative Asset Advisors Limited ('the Company') is registered a Company incorporated in India on 14 May 2008. Its is a subsidiary of Edelweiss Financial Services Limited, a Company incorporated in India and listed on Indian Exchanges.

The Company is an Investment Manager to Alternative Investment Funds and also provides non-binding advisory services to certain offshore funds under Edelweiss Group.

## 2. Basis of preparation of financial statements

The financial statements of the Company has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

These financial statements have been prepared on a historical cost basis, except for certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVOCI) instruments which have been measured at fair value. The financial statements are presented in Indian Rupees (INR)

The outbreak of COVID-19 virus continues to spread across the globe including India, resulting in significant volatility in financial markets and a significant decrease in global and India's economic activities. On March 11, 2020, this outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian Government announced a 21 – days lockdown which was further extended till 31st May 2020 across the nation to contain the spread of the virus and still continues to be across many parts of the country in India. The pandemic and its consequent adverse effect on the economy also adversely impacted the financial markets.

In preparing these financial statements, the Company's management has assessed the impact of the pandemic on its operations and its assets including the value of its investments as at March 31, 2020 based on estimate of the future results and various internal and external information available up to the date of approval of these financial statements. The estimates as at the date of approval of these financial results may differ based on the ongoing impact of the pandemic and the timing of the improvement in the economy and the financial markets.



## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

### 3. Presentation of financial statements

The Company presents its balance sheet in compliance with the Division II of the Schedule III to the Companies Act, 2013.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business
- the event of default
- the event of insolvency or bankruptcy of the company and or its counterparties

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

#### Assets

An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 12 months after the reporting date or it is cash or cash equivalent unless it is restricted from being exchanged or expected to be used to settle a liability for at least 12 months after the reporting date. Current assets include the current portion of non-current assets. All other assets are classified as non-current.

#### Liabilities

A liability is classified as current when it is expected to be settled in the company's normal operating cycle or it is held primarily for the purpose of being traded or it is due to be settled within 12 months after the reporting date or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.





# Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

## 4. Significant accounting policies

### 4.1 Financial Instruments

#### 4.1.1 Date of recognition

Financial assets and financial liabilities, with the exception of borrowings are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. The Company recognises borrowings when funds are available for utilisation to the Company.

#### 4.1.2 Initial measurement of financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### 4.1.3 Day 1 profit or loss

When the transaction price of the financial instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

### 4.2 Classification of financial instruments

#### 4.2.1 Financial assets:

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income [FVOCI]
- Fair value through profit or loss [FVTPL]



## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

The Company measures debt financial assets that meet the following conditions at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

### 4.2.1.1 Amortized cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

### 4.2.2 Financial liabilities

All financial liabilities are measured at amortised cost

#### 4.2.2.1 Debt securities and other borrowed funds





## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

After initial measurement, other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

### 4.2.2.2 Financial assets and Financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and are mandatorily required to be measured at fair value under Ind AS 109.

- The liabilities are part of a Company of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or
- Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

### 4.2.3 Financial liabilities and equity instruments

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an Company after deducting all of its liabilities. Equity instruments issued by a Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### 4.3 Reclassification of financial assets and financial liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.



## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

### 4.4 Derecognition of financial assets and financial liabilities

#### 4.4.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

#### 4.4.2 Derecognition of financial assets (other than due to substantial modification)

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

#### 4.4.3 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.





## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognized as new financial liability, would be recognized in profit or loss.

### 4.5 Impairment of financial assets

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitment and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables. However if receivables contain a significant financing component, the Company chooses as its accounting policy to measure the loss allowance by applying general approach to measure ECL.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk (SICR) since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (12m ECL). The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, (EAD) for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan



## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss (ECL) is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

If a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Company cannot separately identify the ECL on the loan commitment component from those on the financial asset component, the ECL on the loan commitment have been recognized together with the loss allowance for the financial asset. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses have been recognized as a provision. Also, for other loan commitments and all financial guarantee contracts, the loss allowance has been recognized as a provision.

#### 4.6 Write off

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery.

#### 4.7 Determination of fair value

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act





## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments—Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments –Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

### 4.8 Revenue from contract with customer

Revenue is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company considers the



## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

terms of the contract and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Company excludes the estimates of variable consideration that are constrained.

- a. Revenue from fund management services is recognized over the tenure in accordance with the terms and conditions of the investment management agreement between the Company and the Fund for which the Company acts as a fund manager.
- b. Fee income including advisory fees is accounted over the period as the customer simultaneously receives and consumes the benefits, as the services are rendered.
- c. The company recognises incremental costs of obtaining a contract with a customer as an asset if it expects to recover those costs. This asset is amortised to profit or loss on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.
- d. Recognition of Interest income
  - Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and debt instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.
  - The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).





## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

### 4.9 Earnings per share

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 for the year.

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

### 4.10 Foreign currency transactions

The Financial Statements are presented in Indian Rupees which is also functional currency of the company. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

### 4.11 Retirement and other employee benefit

Provident fund and national pension scheme

The Company contributes to a recognized provident fund and national pension scheme which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the statement of profit and loss.

Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method. Benefits in respect of gratuity are funded with an Insurance company approved by Insurance Regulatory and Development Authority (IRDA).



## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods

### Compensated Absences

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge in the statement of profit and loss and corresponding liability on such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits is determined using the projected unit credit method.

#### 4.12 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services that are granted by the Ultimate Parent Company are measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the 'Share Option Reserve'. In cases where the share options granted vest in instalments over the vesting period, the Company treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each installment differs.

#### 4.13 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent costs incurred on an item of property, plant and equipment is recognized in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance are recognized in profit or loss as incurred.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives. Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or





## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

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

Estimated useful lives of the assets are as follows:

Nature of assets	Estimated useful life
Motor Vehicle	8 years
Office Equipment	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognized as assets is derecognized at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

#### 4.14 Intangible assets

The Company's intangible assets mainly include the value of computer software and Investment Management Rights.

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

Intangibles such as Investments Management Rights, representing premium paid to acquire Investment Management rights of new funds are amortised over the tenure of the fund.

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any



## Notes to the financial statements (continued)

accumulated amortization and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life.

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.

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

Income tax expense represents the sum of the tax currently payable and deferred tax.





## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

### 4.18.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### 4.18.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are also recognized with respect to carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognized to the extent it is probable that:

- the company will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

### 5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 4, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 5.1 Critical judgements in applying accounting policies

The following are the critical judgements, that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements.

##### 5.1.1 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Company's financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognized prior to their maturity to understand the quantum, the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

##### 5.1.2 Significant increase in credit risk

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Ind AS 109 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.





## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

### 5.1.3 Consolidation of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. In the context of the Company, structured entities comprises alternative investment funds / schemes thereof. The Company consolidates the structured entities that it controls. When making this judgement, the Company also considers voting and similar rights available to itself and other parties, who may limit the Company's ability to control, including rights to appoint, reassign or remove members of the structured entity's key management personnel who have the ability to direct the relevant activities, the exposure to variability of returns and whether the Company has the ability to use its power to affect the amount of the Company's returns i.e. the variability of returns in relation to the total returns of the investee entity. For disclosures of unconsolidated structured entities, refer Note 42.

### 5.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

- Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.



## Edelweiss Alternative Asset Advisors Limited

Notes to the financial statements (continued)

Currency : (Indian Rupees in Lakhs)

Elements of the ECL models that are considered accounting judgements and estimates include:

- Probabilities of defaults (PDs) the calculation of which includes historical data, assumptions and expectations of future conditions.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss model basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, exposure at defaults and loss given defaults (LGDs)
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It is Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary

- Effective interest rate method

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of characteristics of the product life cycle.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes fee income/expense that are integral parts of the instrument.

### 6 Standards issued but not yet effective

There are no new standard or amendment issued but not effective.





**Edelweiss Alternative Asset Advisors Limited**

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

(Currency: Indian rupees in lakhs)

**7 Property, plant and equipment and other intangibles**

Description of assets	Gross block				Depreciation and ammortization				Net block	
	As at 1 April 2019	Additions during the year	Deductions during the year	As at 31 March 2020	As at 1 April 2019	Additions during the year	Deductions during the year	As at 31 March 2020	As at 31 March 2020	
<b>(A) Property, plant and equipment</b>										
Furniture & Fixtures	-	1.09	-	1.09	-	0.06	-	0.06	1.03	
Office equipment	21.33	5.01	0.59	25.75	14.27	5.20	0.54	18.92	6.83	
Motor vehicle	81.86	-	41.28	40.58	40.98	11.28	25.32	26.95	13.63	
Computers	85.14	5.76	15.26	75.64	42.80	25.34	11.45	56.69	18.95	
<b>Total : A</b>	<b>188.33</b>	<b>11.86</b>	<b>57.13</b>	<b>143.06</b>	<b>98.05</b>	<b>41.88</b>	<b>37.31</b>	<b>102.62</b>	<b>40.44</b>	
<b>(B) Intangible assets</b>										
Computer software	25.77	162.06	-	187.83	19.26	37.00	-	56.26	131.57	
Investment Management Rights	475.00	-	-	475.00	93.05	237.50	-	330.55	144.45	
<b>Total : B</b>	<b>500.77</b>	<b>162.06</b>	<b>-</b>	<b>662.83</b>	<b>112.31</b>	<b>274.50</b>	<b>-</b>	<b>386.81</b>	<b>276.02</b>	



**Edelweiss Alternative Asset Advisors Limited**

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

(Currency: Indian rupees in lakhs)

**7 Property, plant and equipment and other intangibles**

Description of assets	Gross block				Depreciation and ammortization				Net block	
	As at 1 April 2018	Additions during the year	Deductions during the year	As at 31 March 2019	As at 1 April 2018	Additions during the year	Deductions during the year	As at 31 March 2019	As at 31 March 2019	
<b>(A) Property, plant and equipment</b>										
Office equipment	19.33	2.04	0.04	21.33	8.61	5.69	0.03	14.27	7.05	
Motor vehicle	84.49	16.05	18.68	81.86	27.26	21.62	7.90	40.98	40.88	
Computers	38.36	53.27	6.49	85.14	14.06	31.87	3.13	42.80	42.34	
<b>Total : A</b>	<b>142.18</b>	<b>71.36</b>	<b>25.21</b>	<b>188.33</b>	<b>49.93</b>	<b>59.18</b>	<b>11.06</b>	<b>98.05</b>	<b>90.27</b>	
<b>(B) Intangible assets</b>										
Computer software	24.81	0.96	-	25.77	12.17	7.09	-	19.26	6.51	
Investment Management Rights	-	475.00	-	475.00	-	93.05	-	93.05	381.95	
<b>Total : B</b>	<b>24.81</b>	<b>475.96</b>	<b>-</b>	<b>500.77</b>	<b>12.17</b>	<b>100.14</b>	<b>-</b>	<b>112.31</b>	<b>388.46</b>	





## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>8 Investments</b>		
<b>Unquoted Investments in units of Alternative Investment Funds (AIF)</b>		
Edelweiss Stressed and Troubled Assets Revival Fund (5,000 units of Face value 10,000 each)	235.15	263.20
	<u>235.15</u>	<u>263.20</u>
The above investments are held in India and are designated as Investments at Fair Value Through Profit or loss.		
<b>9 Loans</b>		
Unsecured at amortised cost		
Loans to employees	9.14	39.01
	<u>9.14</u>	<u>39.01</u>
<b>10 Current tax assets (net)</b>		
Advance tax and tax deducted at source	716.07	315.36
	<u>716.07</u>	<u>315.36</u>
<b>11 Deferred tax assets (net)</b>		
<b>Deferred tax assets (refer note 32)</b>		
Disallowances under section 43B of the Income Tax Act, 1961	4.65	26.86
MAT credit entitlement	-	8.67
Difference between book and tax depreciation (including intangibles)	51.53	17.12
	<u>56.18</u>	<u>52.65</u>
<b>12 Other non current assets</b>		
Prepaid expenses	3,768.60	2,190.48
	<u>3,768.60</u>	<u>2,190.48</u>



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>13 Cash and cash equivalents</b>		
Cash in hand	-	0.49
Balances with banks		
- in current accounts	90.83	29.38
Funds in Transit	-	38.93
	<u>90.83</u>	<u>68.80</u>

<b>14 Trade receivables</b>		
<b>Unsecured</b>		
Receivables considered good	2,811.86	7,470.29
Less : Allowance for expected credit losses	-	-
	<u>2,811.86</u>	<u>7,470.29</u>

### Ageing of Trade receivables

Trade receivables days past due	0-90 days	91-180 days	More than 180 days	Total
<b>As at March 31, 2020</b>				
Estimated total gross carrying amount	2,489.24	124.38	198.24	2,811.86
ECL provision	-	-	-	-
Net carrying amount	2,489.24	124.38	198.24	2,811.86
<b>As at March 31, 2019</b>				
Estimated total gross carrying amount	7,321.77	65.92	82.60	7,470.29
ECL provision	-	-	-	-
Net carrying amount	7,321.77	65.92	82.60	7,470.29

<b>15 Other financial assets</b>		
Advances recoverable in cash or in kind or for value to be received	462.50	517.41
	<u>462.50</u>	<u>517.41</u>

<b>16 Current tax assets (net)</b>		
Advance tax and tax deducted at source	566.11	251.54
	<u>566.11</u>	<u>251.54</u>

<b>17 Other current assets</b>		
Input tax credit	-	19.77
Prepaid expenses	533.23	305.00
Vendor Advances	51.21	5.93
Advances to employees	32.68	15.91
Advances recoverable in cash or in kind or for value to be received	0.70	0.69
	<u>617.82</u>	<u>347.30</u>





# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

### 18 Equity share capital

#### a. Authorised :

3,000,000 (Previous year: 3,000,000) equity shares of Rs. 10/- each

As at  
March 31, 2020

As at  
March 31, 2019

300

300

#### b. Issued, subscribed and paid up:

2,374,737 (Previous year: 2,374,737) equity shares of Rs. 10/- each, fully paid-up

237.47

237.47

237.47

237.47

#### c. The movement in share capital during the year :

	As at March 31, 2020		As at March 31, 2019	
	No of shares	Amount	No of shares	Amount
<i>Equity shares</i>				
Number of shares outstanding at the beginning of the year	23,74,737	237.47	23,74,737	237.47
Shares issued during the year	-	-	-	-
Number of shares at the end of the year	-	-	-	-
	23,74,737	237.47	23,74,737	237.47

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

	As at March 31, 2020		As at March 31, 2019	
	No of shares	Percentage of share holding	No of shares	Percentage of share holding
Edelweiss Financial Services Limited and its nominees	22,56,000	95%	22,56,000	95%
	22,56,000	95%	22,56,000	95%

#### e. Terms/rights attached to equity shares

The Company has only one class of shares, referred to as equity shares, having a par value of Rs 10. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>19 Provisions</b>		
Provision for employee benefits		
Gratuity	44.20	-
Compensated leave absences	56.84	55.02
	<u>101.04</u>	<u>55.02</u>
<b>20 Other non current liabilities</b>		
Income received in advance	116.05	-
Others	10.08	-
	<u>126.13</u>	<u>-</u>
<b>21 Borrowings (other than debt securities)</b>		
<i><u>Unsecured at amortised cost, within India</u></i>		
Loan from fellow subsidiary	11,255.88	13,497.09
(Variable interest rate loan, at prevailing market rate ranging from 11.60% to 11.75 % (previous year: 9.30% to 9.50 %) repayable on demand)		
	<u>11,255.88</u>	<u>13,497.09</u>
<b>22 Other Financial Liabilities</b>		
Book overdraft	-	74.72
Accrued salaries and benefits	4.14	1,440.41
Others	241.82	609.03
	<u>245.96</u>	<u>2,124.16</u>
<b>23 Provisions</b>		
Provision for employee benefits		
Compensated leave absences	10.37	10.80
Gratuity		27.10
	<u>10.37</u>	<u>37.90</u>
<b>24 Other current liabilities</b>		
Income received in advance	20.95	145.10
Withholding taxes, Goods & service tax and other taxes payable	599.48	765.99
Others	129.42	22.53
	<u>749.85</u>	<u>933.62</u>





## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>25 Interest Income</b>		
Interest Income - Others measured at amortised cost	1.85	4.62
	<u>1.85</u>	<u>4.62</u>
<b>26 Revenue from contract with customers</b>		
Advisory and other fees	13,077.26	10,176.29
	<u>13,077.26</u>	<u>10,176.29</u>
Disaggregation of the revenue from contracts with customers and its reconciliation to amounts reported in statement of profit and loss:		
Service transferred at a point in time	-	-
Service transferred over time	13,077.26	10,176.29
<b>Total revenue from contract with customers</b>	<u>13,077.26</u>	<u>10,176.29</u>
<b>27 Net gain on fair value changes</b>		
Fair value gain on financial instruments at fair value through profit or loss (realised)	32.44	86.14
Fair value gain on financial instruments at fair value through profit or loss (unrealised)	(12.03)	(5.77)
	<u>20.41</u>	<u>80.37</u>
<b>28 Other income</b>		
Profit on sale of fixed assets (net)	17.41	6.88
Foreign exchange gain (net)	37.53	50.48
Miscellaneous income and other reimbursements	590.72	4.96
	<u>645.66</u>	<u>62.32</u>



**Edelweiss Alternative Asset Advisors Limited**

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

(Currency: Indian rupees in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>29 Employee benefit expenses</b>		
Salaries, wages and Bonus	5,010.30	7,370.24
Contribution to provident and other funds (refer note 35)	280.84	252.97
Expense on Employee Stock Option Scheme (refer note 47)	135.88	90.74
Staff welfare expenses	54.60	83.41
Expense on Employee Stock Appreciation Rights	90.32	
	<b>5,571.94</b>	<b>7,797.36</b>
<b>30 Finance costs</b>		
Interest on deposits		
Interest on Inter-corporate deposits	108.40	-
On financial liabilities measured at amortised cost		
Interest on loan from fellow subsidiary	1,146.53	976.12
Other interest expense measured at amortised cost		
Interest - others	0.01	2.58
Financial and bank charges	0.77	1.05
	<b>1,255.71</b>	<b>979.75</b>
<b>31 Other expenses</b>		
Advertisement and business promotion	22.10	46.81
Auditors' remuneration (refer note below)	4.00	4.72
Communication	41.67	39.52
Computer expenses	20.59	5.21
Computer software	30.63	1.45
Electricity charges	-	35.56
Insurance	0.40	0.13
Legal and professional fees	51.98	374.38
Membership and subscription	54.57	33.28
Office expenses	582.23	389.68
Printing and stationery	7.71	30.95
Rates and taxes	0.20	1.55
Rent	571.77	438.25
Repairs and maintenance	2.07	1.01
ROC expenses	8.82	0.05
Seminar and conference	4.47	9.45
Goods & Service tax expenses	11.87	7.37
Stamp paper charges	0.77	-
Travelling and conveyance	337.88	307.31
Miscellaneous expenses	0.52	0.01
Site related expenses	0.41	-
Advisory Fees Expenses	596.59	-
Usage of Assets	2.64	-
Selling and Distribution expenses	2,472.84	179.51
	<b>4,826.70</b>	<b>1,906.20</b>
<b>Note:</b>		
<b>Auditors' remuneration:</b>		
As auditor	4.00	4.37
Taxation matters	-	0.35
	<b>4.00</b>	<b>4.72</b>





## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

#### 32 Deferred Tax assets

The components of income tax expense for the years ended 31 March 2020 and 2019 are:

Particulars	March 31, 2020	March 31, 2019
Current tax		
Adjustment in respect of current income tax of prior years	(1.88)	2.73
Mat credit entitlement	8.67	-
Deferred tax relating to origination and reversal of temporary differences	(12.21)	(16.87)
<b>Total tax charge</b>	<b>(5.42)</b>	<b>(14.14)</b>
Current tax	(1.88)	2.73
Deferred tax	(3.54)	(16.87)

#### 32.1 Reconciliation of total tax charge

Particulars	March 31, 2020	March 31, 2019
Accounting profit before tax as per financial statements	1,774.45	(519.03)
Tax rate (in percentage)	25.17%	26.00%
Income tax expense calculated based on this tax rate	446.63	(134.95)
Adjustment in respect of current income tax of prior years	(1.88)	2.73
Others	(9.52)	(20.15)
Effect of non-recognition of deferred tax asset on current-period losses	-	138.22
Impact of tax rate changes (between two accounting periods)	(1.40)	-
Write-down of available tax credits which are not considered recoverable (for example, Minimum Alternate Tax credit)	8.67	-
Effect of utilisation of tax losses on which deferred tax asset earlier not recognised	(447.91)	-
<b>Tax charge for the year recorded in P&amp;L</b>	<b>(5.42)</b>	<b>(14.14)</b>

Break-up of recognition of current tax	March 31, 2020	March 31, 2019
In P&L	(1.88)	2.73
In OCI	-	-
Directly in equity	-	-
<b>Total</b>	<b>(1.88)</b>	<b>2.73</b>



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

### 32 Deferred Tax assets (continued)

#### 32.2 Details of temporary differences where deferred tax assets have not been recognised in the balance sheet

As at 31 March 2020	Unused tax losses				
Financial Year to which the loss relates to	Unused business losses		Unabsorbed depreciation		Total
	Amount	Expiry year - financial year	Amount	Expiry year - financial year	Amount
A.Y 2015-2016	-	2022-2023	17.88	N.A	17.88
A.Y 2016-2017	1,210.12	2023-2024	42.83	N.A	1,252.95
A.Y 2017-2018	2,812.01	2024-2025	39.13	N.A	2,851.14
A.Y 2018-2019	1,191.98	2025-2026	39.36	N.A	1,231.34
A.Y 2019-2020	324.85	2026-2027	109.09	N.A	433.94
<b>Total</b>	<b>5,538.96</b>		<b>248.29</b>		<b>5,787.25</b>

As at 31 March 2019	Unused tax losses				
Financial Year to which the loss relates to	Unused business losses		Unabsorbed depreciation		Total
	Amount	Expiry year - financial year	Amount	Expiry year - financial year	Amount
A.Y 2015-2016	788.43	2022-2023	17.88	N.A	806.31
A.Y 2016-2017	2,303.93	2023-2024	42.83	N.A	2,346.76
A.Y 2017-2018	2,669.30	2024-2025	39.13	N.A	2,708.43
A.Y 2018-2019	1,191.98	2025-2026	39.36	N.A	1,231.34
A.Y 2019-2020	423.38	2026-2027	108.24	N.A	531.62
<b>Total</b>	<b>7,377.02</b>		<b>247.44</b>		<b>7,624.46</b>





**Edelweiss Alternative Asset Advisors Limited**

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

(Currency: Indian rupees in lakhs)

**32.3 The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:**

Movement for the year ended 31 March 20			
	Opening deferred tax asset / (liability) as per Ind AS	Recognised in profit or loss	Closing deferred tax asset / (liability) as per Ind AS
Deferred taxes in relation to:			
Property, Plant and Equipment	17.12	34.42	51.54
Employee benefits obligations	26.85	(22.21)	4.64
Unused tax credits (Minimum Alternate Tax credit)	8.67	(8.67)	-
<b>Total</b>	<b>52.64</b>	<b>3.54</b>	<b>56.18</b>

Movement for the year ended 31 March 19			
	Opening deferred tax asset / (liability) as per Ind AS	Recognised in profit or loss	Closing deferred tax asset / (liability) as per Ind AS
Deferred taxes in relation to:			
Property, Plant and Equipment	12.49	4.63	17.12
Employee benefits obligations	14.61	12.24	26.85
Unused tax credits (Minimum Alternate Tax credit)	8.67	-	8.67
<b>Total</b>	<b>35.77</b>	<b>16.87</b>	<b>52.64</b>

**33 Earnings per share**

	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Net amount attributable to the equity shareholders (as per statement of profit and loss)	1,779.87	(504.89)
b) Calculation of weighted average number of equity Shares of Rs 10 each:		
- Number of shares at the beginning of the year	23,74,737.00	23,74,737.00
- Shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	23,74,737.00	23,74,737.00
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	23,74,737.00	23,74,737.00
c) Basic and diluted earnings per share (in rupees) (a/b)	74.95	(21.26)



**34 Segment reporting.**

Company has two operating segments. Capital based business and Agency business

Capital based business comprises of Income from income from investments and treasury operations.

Agency business generates Fee income

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.

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

The following table gives information as required under the AS- 108 - Operating Segment Reporting:

	Segment Results	For the year ended 31 March 2020	For the year ended 31 March 2019
I	Particulars		
	Segment revenue		
	a) Capital based business	20.41	80.37
	b) Agency business	13,724.77	10,243.23
	c) Unallocated	-	-
	Total	13,745.18	10,323.60
	Less : Inter segment revenue	-	-
	Total Income	13,745.18	10,323.60
II	Segment results		
	a) Capital based business	20.41	80.37
	b) Agency business	1,754.04	(599.40)
	c) Unallocated	-	-
	Total	1,774.45	(519.03)
	Profit before taxation	1,774.45	(519.03)
	Less : Provision for taxation	(5.42)	(14.14)
	Profit after taxation	1,779.87	(504.89)
III	Segment assets		
	a) Capital based business	235.15	263.20
	b) Agency business	9,415.57	11,731.57
	c) Unallocated	-	-
	Total	9,650.72	11,994.77
IV	Segment liabilities		
	a) Capital based business	-	-
	b) Agency business	13,124.98	17,256.69
	c) Unallocated	-	-
	Total	13,124.98	17,256.69
V	Capital expenditure (Including capital work-in-progress)		
	a) Capital based business	-	-
	b) Agency business	173.92	547.32
	c) Unallocated	-	-
	Total	173.92	547.32
VI	Depreciation and amortisation		
	a) Capital based business	-	-
	b) Agency business	316.38	159.32
	c) Unallocated	-	-
	Total	316.38	159.32
VII	Significant non-cash expenses other than depreciation and amortisation		
	a) Capital based business	-	-
	b) Agency business	1.39	17.79
	c) Unallocated	-	-
	Total	1.39	17.79





## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

#### 35. Retirement Benefit Plan

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

Amount of 191.84 lakhs (Previous year: 201.57) is recognised as expenses and included in "Employee benefit expense" – Note 29 in the statement of Profit and loss.

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

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

#### Statement of profit and loss

##### a) Expenses recognised in the Statement of Profit and Loss:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	61.59	49.83
Net Interest on net defined benefit liability/(asset)	6.46	1.55
Past service cost	20.93	-
<b>Total included in 'Employee benefits expense'</b>	<b>88.98</b>	<b>51.38</b>

##### b) Present value of defined benefit obligation

	As at 31 March 2020	As at 31 March 2019
Present value of DBO at the beginning of the year	328.70	227.37
Transfer (out)/in	36.16	0.66
Interest cost	25.54	16.65
Current service cost	61.59	49.83
Benefits paid	(58.12)	-
Past service cost	20.93	-
Effect of Acquisition/(divestiture)	-	32.81
Actuarial (gain)/loss	(26.36)	1.38
<b>Present value of DBO at the end of the year</b>	<b>388.44</b>	<b>328.70</b>



## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

#### c) Reconciliation of fair value of plan assets

Particulars	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets at the beginning of the year	301.60	202.20
Interest income on plan asset	19.08	15.10
Contributions by Employer	100.25	50.05
Benefits paid	(58.12)	-
Effect of acquisition	-	32.81
Return on plan assets excluding amount included in interest on the net defined benefit liability/(asset)	(18.57)	1.44
Fair value of plan assets at the end of the year	344.24	301.60

#### d) Net asset / (liability) recognised in the balance sheet

	As at 31 March 2020	As at 31 March 2019
Present value of defined benefit obligation	388.44	328.70
Fair value of plan assets at the end of the year	344.24	301.60
Amount recognized in Balance sheet (assets)/liabilities	44.20	27.10
Experience Adjustment on Plan Liabilities (gain)/loss	(52.15)	(3.61)

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

	As at 31 March 2020	As at 31 March 2019
Discount rate	5.90%	7.00%
Salary escalation rate	7.00%	7.00%
Employees attrition rate	13%-25%	13%-25%
Expected weighted average remaining work life (years)	5 years	5 years
Mortality	IALM 2012-14 (Ultimate)	IALM 2012-14 (Ultimate)





## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

#### f) Movement in other comprehensive income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at end of year (Loss)/Gain	0.06	-
Re- measurements on DBO		
Actuarial (Loss)/gain from change in financial assumptions	(25.79)	(4.99)
Actuarial (Loss)/gain from experience over the past year	52.15	3.61
Re- measurements on Plan assets		
Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset)	(18.57)	1.44
Balance at end of year (Loss)/Gain	7.85	0.06



## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in lakhs)

#### 36 Change in liabilities arising from financing activities

Particulars	01-Apr-19	Cash flows	Changes in fair values	Exchange differences	Others*	31-Mar-20
Borrowings other than debt securities	13,497.09	(3,496.15)	-	-	1,254.94	11,255.88
Total liabilities from financing activities	13,497.09	(3,496.15)	-	-	1,254.94	11,255.88

Particulars	01-Apr-18	Cash flows	Changes in fair values	Exchange differences	Others*	31-Mar-19
Borrowings other than debt securities	9,599.18	2,919.21	-	-	978.70	13,497.09
Total liabilities from financing activities	9,599.18	2,919.21	-	-	978.70	13,497.09

\* Represents Interest expense for the year.

#### 37 Contingent liabilities, commitments and lease arrangements

##### 37.1 Legal claims

There are no legal claims outstanding against the Company as at 31 March 2020 (previous year Nil)

##### 37.2 Operating lease commitments

The company has not taken any premises or equipment on lease as at 31 March 2020 (previous year Nil)

##### 37.3 Contingent liabilities and assets

The company doesn't have contingent liabilities as at 31 March 2020 (previous year Nil)

##### 37.4 Uncalled liabilities

There are no uncalled liabilities on non-current investments as on 31 March 2020 and 31 March 2019

##### 37.5 Estimated amounts of contracts

Estimated amounts of contracts remaining to be executed on capital account and not provided for Nil (Previous year Rs .1.95)





## Edelweiss Alternative Asset Advisors Limited

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

**38** Disclosure as required by Ind AS 24– “Related Party Disclosure”:

**A Name of related party by whom control is exercised:**

Edelweiss Financial Services Limited - Holding company

**B** Fellow subsidiaries with whom transactions have taken place:

Edelweiss Rural & Corporate Services Limited  
Edelweiss Alternative Asset Advisors Pte Limited  
Edelweiss Broking Limited  
Edelweiss Asset Management limited  
ECL Finance Limited  
Edelweiss Asset Reconstruction Company Limited  
Edelcap Securities Limited  
Edelweiss Finvest Private Limited  
ECap Equities Limited  
Edelweiss Finance & Investments Limited  
Edelweiss Securities Limited  
Edelweiss Global Wealth Management Limited  
Edelweiss Housing Finance Limited  
Edelweiss Investment Advisors Limited  
EdelGive Foundation  
Edel Investments Limited  
Edelweiss Value Growth Fund  
Edelweiss Private Tech Equity Fund  
Edelweiss Custodial Services Limited  
Edelweiss Multi Strategy Fund Advisors LLP



# Edelweiss Alternative Asset Advisors Limited

(Currency: Indian rupees)

38 Disclosure as required by Ind AS 24- "Related Party Disclosure"

Transactions and balances with related parties for the year ended 31 March 2020

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2020	For the year ended 31 March 2019
(I)	<b>Current account transactions during the year</b>			
	<b>Short term loans taken from (refer note below)</b>			
		Edelweiss Rural & Corporate Services Limited	657.20	5044.36
		ECap Equities Limited	301.21	-
	<b>Short term deposits taken from</b>	Edelweiss Custodial Services Limited	5000.00	-
	<b>Repayment of short term loans to (refer note below)</b>			
		Edelweiss Rural & Corporate Services Limited	2844.50	1207.61
		ECap Equities Limited	301.21	-
	<b>Short term deposits repayed to</b>	Edelweiss Custodial Services Limited	5000.00	-
	<b>Interest expense on loans taken from</b>			
		Edelweiss Rural & Corporate Services Limited	1143.30	976.12
		ECap Equities Limited	3.23	-
	<b>Interest expense on deposits taken from</b>	Edelweiss Custodial Services Limited	108.40	0.00
	<b>Purchase of Fixed Assets</b>			
		Edelweiss Housing Finance Limited	0.41	0.12
		Edelweiss Broking Limited	0.93	1.09
		Edelweiss Asset Reconstruction Company Limited	0.48	9.76
		Edelweiss Financial Services Limited	0.21	0.43
		EdelGive Foundation	0.28	0.00
		Edelweiss Asset Management Limited	1.07	0.00
		Edelweiss Investment Advisors Limited	0.15	0.32
		ECL Finance Limited	0.30	0.44
		Edelweiss Financial Services Limited	-	0.43
		Edelweiss Rural & Corporate Services Limited	-	7.05
		Edelweiss Finance and Investments Limited	-	0.19
	<b>Proceeds from sale of fixed assets</b>			
		Edelweiss Asset Reconstruction Company Limited	1.43	1.44
		ECL Finance Limited	0.14	0.00
		Edelweiss Broking Limited	0.72	1.46
		Edelcap Securities Ltd	0.00	-
		Edelweiss Asset Management Limited	0.62	-
		Edelweiss Financial Services Limited	0.15	-
		Edelweiss Finvest Private Limited	0.41	-
		Edelweiss Custodial Services Limited	0.02	-
		Edelweiss Housing Finance Limited	0.33	0.08
		Edelweiss Securities Limited	0.19	-
		Edelweiss Rural & Corporate Services Limited	-	0.31
		EdelGive Foundation	-	0.30
	<b>Fund raising Distributor's expenses</b>			
		Edelweiss Global Wealth Management Limited	141.85	15.16
		Edelweiss Global Wealth Management Limited (As appearing under prepaid expenses)	291.87	239.62
		Edelweiss Broking Limited	2154.01	94.31
		Edelweiss Broking Limited (As appearing under prepaid expenses)	3244.31	1417.83
	<b>Reimbursements paid to</b>			
		Edelweiss Rural & Corporate Services Limited	0.03	80.15
		Edelweiss Financial Services Limited	0.00	72.46
	<b>Reimbursements received from</b>			
		Edelweiss Alternative Asset Advisors Pte Limited	191.08	827.76
		Edelweiss Rural & Corporate Services Limited	10.19	70.05
		ECL Finance Limited	39.69	99.02
		Edelcap Securities Ltd	0.71	0.00
		Edelweiss Asset Reconstruction Company Limited	9.46	19.26
		Edelweiss Finvest Private Limited	8.23	58.64
		ECap Equities Limited	14.24	36.09
		Edelweiss Financial Services Limited	-	558.25
		Edelweiss Value Growth Fund	7.50	-
	<b>Advisory fee expense</b>	ECL Finance Limited	583.34	-
	<b>Office expenses</b>			
		Edelweiss Financial Services Limited	141.44	-
		Edelweiss Rural & Corporate Services Limited	435.71	384.92





# Edelweiss Alternative Asset Advisors Limited

(Currency: Indian rupees)

## Transactions and balances with related parties for the year ended 31 March 2020

	Nature of transaction	Related party name	For the year ended 31 March 2020	For the year ended 31 March 2019
	<b>Cost reimbursements paid to</b>	Edelweiss Financial Services Limited	51.74	55.75
		Edelweiss Rural & Corporate Services Limited	414.74	367.06
		ECap Equities Limited	26.06	25.77
		Edelweiss Securities Limited	13.84	0.40
		Edel Land Limited - Fountain Head	2.10	-
		Edelweiss Custodial Services Limited	0.11	-
		Edelweiss Broking Limited	1.63	1.16
		ECL Finance Limited	39.94	34.07
		Edelweiss Asset Management Limited	36.88	9.52
	<b>Fee income earned from</b>	Edelweiss Alternative Asset Advisors Pte Limited	2137.25	2559.68
		Edelweiss Rural & Corporate Services Limited	386.69	511.87
		ECL Finance Limited	1362.69	1750.74
		Edelcap Securities Ltd	17.82	1.14
		ECap Equities Limited	1672.67	337.38
		Edelweiss Finvest Private Limited	1155.37	290.81
		Edelweiss Asset Management Limited	(20.60)	-
		Edelweiss Value Growth Fund	22.09	-
		Edelweiss Private Tech Equity Fund	6.41	-
		Edelweiss Asset Reconstruction Company Limited	-	848.22
	<b>Reimbursement income earned from</b>	Edelweiss Alternative Asset Advisors Pte Limited	398.18	-
(II)	<b>Balances with related parties</b>			
	<b>Short-term borrowings</b>	Edelweiss Rural & Corporate Services Limited	11,211.18	13,398.48
	<b>Trade payable to</b>	Edelweiss Financial Services Limited	19.71	3.30
		Edelweiss Asset Management Limited	4.16	1.87
		Edelweiss Securities Limited	0.09	0.05
		Edelweiss Rural & Corporate Services Limited	81.03	268.91
		ECL Finance Limited	369.76	9.29
		Edelweiss Multi Strategy Fund Advisors LLP	12.98	-
		Edelweiss Global Wealth Management Limited	-	119.69
		ECap Equities Limited	-	7.38
		Edelweiss Broking Limited	-	0.35
		Edelweiss Asset Reconstruction Company Limited	-	0.10
	<b>Nomination deposit payable to</b>	Edelweiss Financial Services Limited	1.00	1.00
	<b>Interest accrued and due on borrowings from</b>	Edelweiss Rural & Corporate Services Limited	44.70	98.61
	<b>Other financial liabilities</b>			
	<b>Other payables</b>	Edelweiss Financial Services Limited	232.69	90.74
		Edelweiss Asset Reconstruction Company Limited	1.36	5.71
		Edelweiss Asset Management Limited	3.99	-
		Edelweiss Global Wealth Management Limited	0.04	-
		Edelweiss Securities Limited	1.53	-
		Edel Investments Limited	-	5.54
		Edelweiss Broking Limited	-	1.46
		Edelweiss Finvest Private Limited	-	0.27
		EdelGive Foundation	-	0.30
		Edelweiss Rural & Corporate Services Limited	-	0.31
		Edelweiss Housing Finance Limited	-	0.08
	<b>Trade receivables</b>	Edelweiss Alternative Asset Advisors Pte Limited	228.75	1496.76
		ECap Equities Limited	140.97	268.66
		Edelcap Securities Ltd	1.62	1.33
		Edelweiss Broking Ltd	1.77	0.13
		Edelweiss Asset Reconstruction Company Limited	10.97	998.56
		Edelweiss Finvest Private Limited	186.95	349.17
		Edelweiss Global Wealth Management Limited	13.69	-
		ECL Finance Ltd	-	2045.89
		Edelweiss Rural & Corporate Services Limited	-	609.28
		Edelweiss Value Growth Fund	26.06	6.41
		Edelweiss Private Tech Equity Fund	7.57	1.88
		Edelweiss Housing Finance Limited	-	0.09
	<b>Other financial assets</b>			
	<b>Advances recoverable from</b>	ECL Finance Ltd	17.56	-
		Edelweiss Broking Ltd	11.36	-
		Edelweiss Finvest Private Limited	12.98	-
		Edelweiss Rural & Corporate Services Limited	7.68	-
		Edelweiss Securities Limited	-	7.29
		Edelweiss Financial Services Limited	-	0.39
		Edelweiss Asset Management Limited	-	0.89
		Edelcap Securities Ltd	-	0.72
		Edelweiss Value Growth Fund	-	7.50

Note :

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



## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

#### 39 Capital management :

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The Company is not subject to any regulatory capital requirements.

#### 40 Fair Values of Financial Instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 40.4

##### 40.1 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

Particulars	31 March 2020			
	Level 1	Level 2	Level 3	Total
Investments in Units of AIF	-	-	235.15	235.15
Total financial assets measured at fair value on a recurring basis	-	-	235.15	235.15

Particulars	31 March 2019			
	Level 1	Level 2	Level 3	Total
Investments in Units of AIF	-	-	263.20	263.20
Total financial assets measured at fair value on a recurring basis	-	-	263.20	263.20

##### 40.2 Movement in level 3 financial instrument measured at fair value

The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

Particulars	Financial assets	
	March 31, 2020	March 31, 2019
Investments in units of AIF		
At 1 April	263.20	400.94
Purchase	-	-
Redemption	(48.46)	(218.11)
Gains / (losses) for the period recognised in profit or loss	20.41	80.37
Gains / (losses) for the period recognised in other comprehensive income	-	-
At 31 March	235.15	263.20
Unrealised gains / (losses) related to balances held at the end of the period	(12.03)	(5.77)

##### 40.3 Financial instruments not measured at fair value

Fair value information of financial assets and financial liabilities not measured at fair value has not been presented as the carrying amount is a reasonable approximation of the fair value due to their short term nature.



40.4 Fair values of financial instruments (continued)

Unobservable inputs used in measuring fair value categorised within Level 3 :

Following tables set out information about significant unobservable inputs used at respective balance sheet dates in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instruments	Fair value of asset as on 31 March 2020	Fair value of liability as on 31 March 2020	Valuation techniques	Significant unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in units of AIF	235.15	-	Net assets approach	Fair value of underlying investments	NAV per unit Rs. 4,698.72	5%	11.75	5%	(11.75)
<b>Total</b>	<b>235.15</b>	<b>-</b>					<b>11.75</b>		<b>(11.75)</b>
Type of financial instruments	Fair value of asset as on 31 March 2019	Fair value of liability as on 31 March 2019	Valuation techniques	Significant unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in units of AIF	263.20	-	Net assets approach	Fair value of underlying investments	NAV per unit Rs. 5,226.96	5%	13.04	5%	(13.04)
<b>Total</b>	<b>263.20</b>	<b>-</b>					<b>13.04</b>		<b>(13.04)</b>





## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

#### 41 Risk Management

The company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

##### A Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

##### B Analysis of risk concentration

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The carrying amounts of financial assets in the statement of financial position represent the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of their financial assets.

At the reporting date, there was no significant concentration of credit risk. The maximum credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company's cash and cash equivalents are held with regulated financial institutions. Trade receivables largely comprise of receivables from Group Companies.

##### C Industry analysis - Risk concentration

The company operates in financial services industry. Following table shows the risk concentration by the industry for the components of the balance sheet

Particulars	Financial services	
	March 31, 2020	March 31, 2019
<b>Financial assets</b>		
Cash and cash equivalent and other bank balances	90.83	68.80
Investments	235.15	263.20
Other financial assets	462.50	517.41
Trade and other receivables	2,811.86	6,737.48
<b>Total</b>	<b>3,600.34</b>	<b>7,586.89</b>

Particulars	Other services	
	March 31, 2020	March 31, 2019
<b>Financial assets</b>		
Trade and other receivables	-	732.81
Loans	9.14	39.01
<b>Total</b>	<b>9.14</b>	<b>771.82</b>



# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (Continued)

(Currency Indian rupees in lakhs)

### 41 Risk Management (Continued)

#### D Liquidity risk and funding management

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

#### (i) Analysis of non-derivative financial liabilities by remaining contractual maturities

	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	1 year to 3 years	Total
As at 31 March 2020								
Trade payables	-	-	-	-	635.75	-	-	635.75
Other financial liabilities	-	-	-	-	245.96	-	-	245.96
Borrowings (other than debt securities)	11,255.88	-	-	-	-	-	-	11,255.88
Total undiscounted non-derivative financial liabilities	11,255.88	-	-	-	881.71	-	-	12,137.59
As at 31 March 2019								
Trade payables	-	-	-	-	608.90	-	-	608.90
Other financial liabilities	-	-	74.72	-	2,049.44	-	-	2,124.16
Borrowings (other than debt securities)	13,497.09	-	-	-	-	-	-	13,497.09
Total undiscounted non-derivative financial liabilities	13,497.09	-	74.72	-	2,658.34	-	-	16,230.15



**Edelweiss Alternative Asset Advisors Limited**

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

(Currency Indian rupees in lakhs)

**41 Risk Management (Continued)**

**D Liquidity risk and funding management (Continued)**

**(ii) Analysis of non-derivative financial assets by remaining contractual maturities**

As at 31 March 2020	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	1 year to 3 years	Total
Cash and cash equivalent and other bank balances	90.83	-	-	2,340.13	174.37	297.36	-	90.83
Trade receivables	-	-	-	-	-	-	-	2,811.86
Loans	-	-	-	-	-	-	9.14	9.14
Investments at fair value through profit or loss	-	-	-	-	-	-	235.15	235.15
Other financial assets	-	-	-	-	462.50	-	-	462.50
<b>Total</b>	<b>90.83</b>	<b>-</b>	<b>-</b>	<b>2,340.13</b>	<b>636.87</b>	<b>297.36</b>	<b>244.29</b>	<b>3,609.48</b>

As at 31 March 2019	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	1 year to 3 years	Total
Cash and cash equivalent and other bank balances	68.80	-	-	-	-	-	-	68.80
Trade receivables	-	-	-	7,470.29	-	-	-	7,470.29
Loans	-	-	-	-	-	-	39.01	39.01
Investments at fair value through profit or loss	-	-	-	-	-	-	263.20	263.20
Other financial assets	-	-	-	-	517.41	-	-	517.41
<b>Total</b>	<b>68.80</b>	<b>-</b>	<b>-</b>	<b>7,470.29</b>	<b>517.41</b>	<b>-</b>	<b>302.21</b>	<b>8,358.71</b>





# Edelweiss Alternative Asset Advisors Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

### D Liquidity risk and funding management (Continued)

#### (iii) Financial assets available to support future lending

March 31, 2020			
Particulars	Unencumbered		Total carrying amount
	Available as collateral	others <sup>1</sup>	
Cash and cash equivalent including bank balance	-	90.83	90.83
Trade receivables	2,811.86	-	2,811.86
Other financial assets	-	462.50	462.50
Loan	-	9.14	9.14
Investments	235.15	-	235.15
Property, Plant and Equipment	-	40.44	40.44
<b>Total assets</b>	<b>3,047.01</b>	<b>602.91</b>	<b>3,649.92</b>

March 31, 2019			
Particulars	Unencumbered		Total carrying amount
	Available as collateral	others <sup>1</sup>	
Cash and cash equivalent including bank balance	-	68.80	68.80
Trade receivables	7,470.29	-	7,470.29
Other financial assets	-	517.41	517.41
Loan	-	39.01	39.01
Investments	263.20	-	263.20
Property, Plant and Equipment	-	90.27	90.27
<b>Total assets</b>	<b>7,733.49</b>	<b>715.49</b>	<b>8,448.98</b>

1. Represents assets which are not restricted for use as collateral, but that the company would not consider readily available to secure funding in the normal course of business.



## Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

**41 Risk Management (Continued)****E Market Risk (Continued)****(i) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Currency of borrowing / advances	March 31, 2020					
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
INR	25	(28.14)	-	25	28.14	-

Currency of borrowing / advances	March 31, 2019					
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
INR	25	(33.74)	-	25	33.74	-

**(ii) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings.

The table below indicates the currencies to which the Company had significant exposure at the end of the reported periods. The analysis calculates the effect of a reasonably possible movement of the currency rate against the INR (all other variables being constant) on the statement of profit and loss (due to the fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges).

Currency	March 31, 2020					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
USD	5	11.44	-	5	(11.44)	-

Currency	March 31, 2019					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
USD	5	74.84	-	5	(74.84)	-

**(iii) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of market prices other than equity and index prices.

Impact on	March 31, 2020					
	Increase in price (%)	Effect on profit before tax	Effect on Equity	Decrease in price (%)	Effect on profit before tax	Effect on Equity
Units of AIFs and Trusts	5	11.75	-	5	(11.75)	-

Impact on	March 31, 2019					
	Increase in price (%)	Effect on profit before tax	Effect on Equity	Decrease in price (%)	Effect on profit before tax	Effect on Equity
Units of AIFs and Trusts	5	13.04	-	5	(13.04)	-



**41 Risk Management (Continued)****E Market Risk (Continued)****(iv) Total market risk exposure**

Fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios.

Particulars	March 31, 2020			March 31, 2019		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
<b>Assets</b>						
Cash and cash equivalent and other bank balances	90.83	-	90.83	68.80	-	68.80
Loans	9.14	-	9.14	39.01	-	39.01
Trade receivables	2,811.86	-	2,811.86	7,470.29	-	7,470.29
Investments in units of AIF	235.15	-	235.15	263.20	-	263.20
Other financial Assets	462.50	-	462.50	517.41	-	517.41
<b>Total</b>	<b>3,609.48</b>	<b>-</b>	<b>3,609.48</b>	<b>8,358.71</b>	<b>-</b>	<b>8,358.71</b>

Liability	March 31, 2020			March 31, 2019		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Borrowings (other than Debt Securities)	11,255.88	-	11,255.88	13,497.09	-	13,497.09
Trade payables	635.75	-	635.75	608.90	-	608.90
Other financial liabilities	245.96	-	245.96	2,124.16	-	2,124.16
<b>Total</b>	<b>12,773.34</b>	<b>-</b>	<b>12,137.59</b>	<b>16,230.15</b>	<b>-</b>	<b>16,230.15</b>





## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

#### 42 Unconsolidated structured entities

These are entities that do not meet consolidation criteria explained Note 5.1.3 of the Summary of significant accounting policies.

An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

- A. The following tables show the carrying amount of the Group's recorded interest in its consolidated balance sheet as well as the maximum exposure to risk (as defined in below) due to these exposures in the unconsolidated structured entities and asset management activities:

Particulars	Alternative Investment Funds	
	31-Mar-20	31-Mar-19
Investments in AIF	235.15	263.20
Trade Receivables	2,626.49	1,700.42
<b>Total Assets</b>	<b>2,861.64</b>	<b>1,963.62</b>
Size of the structured entities	5,88,830.39	4,31,690.46
Income from the structured entities	8,956.03	3,440.90

- B. The following tables show the details of the unconsolidated structured entities, which are not disclosed in the above table

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Income from those structure entities	8,956.03	3,440.90
Type of income	Investment Management Fees	Investment Management Fees
Carrying amount of assets transferred to those structured entities during the period	-	-



## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

#### 43. Details of dues to micro, small and medium enterprises

Trade Payables includes Rs. Nil (Previous year: Rs. Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said act.

#### 44. Cost Sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like group mediclaim, insurance, rent, electricity charges, etc. which is for the common benefit of itself and its certain subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, area occupied, actual identifications etc. Accordingly, and as identified appropriately, the expenditure heads in **Note 31** are gross of the reimbursements

#### 45. Earnings and expenditure in foreign currency

The Company has undertaken the following transactions in foreign currency:

##### (a) Expenditure incurred in foreign currency (on accrual basis)

	For the year ended March 2020	For the year ended March 2019
Travelling and conveyance	5.27	12.81
Advertisement and business promotion	3.58	24.28
Membership and subscription charges	-	6.43
Market data services	-	27.52
<b>Total</b>	<b>8.85</b>	<b>71.04</b>

##### (b) Income earned in foreign currency (on accrual basis)

	For the year ended March 2020	For the year ended March 2019
Advisory and other fees	2,137.25	2,559.68
Reimbursement income	398.18	-
<b>Total</b>	<b>2,535.43</b>	<b>2,559.68</b>



## Edelweiss Alternative Asset Advisors Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in lakhs)

46. The beneficial owner of the Company has confirmed its intention to provide continuing financial support to the Company so as to enable the Company to continue operating in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

**47. Expense on Employee Stock Option Schemes**

The Holding Company (Edelweiss Financial Services Limited ("EFSL")) has Employee Stock Option Plans in force. Based on such ESOP schemes, parent entity has granted an ESOP option to acquire equity shares of EFSL that would vest in a graded manner to company's employees. Based on group policy / arrangement, EFSL has charged the fair value of such stock options, Company has accepted such cross charge and recognised the same under the employee cost.

**48. Previous year comparatives**

Previous year figures have been regrouped and rearranged wherever necessary.

**As per our report of even date attached.**

**For GMJ & Co.**

Chartered Accountants

Firm's Registration No.: 103429W



**Haridas Bhat**

Partner

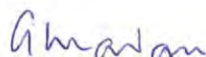
Membership No: 039070

Mumbai

**26 June 2020**



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



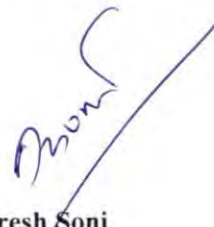
**Anurag Madan**

Director

DIN.: 01960539

Mumbai

**26 June 2020**



**Suresh Soni**

Director

DIN.: 02265993

Mumbai

**26 June 2020**

