# INDEPENDENT AUDITOR'S REPORT

To the Members of **Edelweiss Investment Adviser Limited**

## Report on the Audit of the Special Purpose Financial Statements

### Opinion

We have audited the accompanying Special Purpose Financial Statements of **Edelweiss Investment Adviser 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 Special Purpose Financial Statements give the information required by the Companies Act, 2013, as amended ("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 loss 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 Special Purpose 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 Special Purpose 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 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 Special Purpose Financial Statements.

### Emphasis of Matter

We draw your attention to Note 2 to the statement, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics including the Company's estimates of impairment of loans and investment in properties which are highly dependent on future developments.

Our opinion is not modified in respect of this matter.

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the special purpose financial statements and our auditor's report thereon.

Our opinion on the Special Purpose Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

In connection with our audit of the Special Purpose Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such 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.

**Responsibility of Management for the Special Purpose Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Special Purpose 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 Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, management is 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 Special Purpose 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 Special Purpose 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 with reference to financial statements 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.

NGS & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

- 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 Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**Other Matter**

The Company has prepared a separate set of financial statements for the year ended March 31, 2020 which is prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended, on which we issued a separate auditor's report to the members of the Company dated 26, 2020. The separate auditor's report can be used by S.R. Batliboi & Co. LLP (the current statutory auditor of EFSL) in conjunction with the audit of consolidated financial statements.

This report is issued at the request of the Company and is intended solely for the information and use of the Edelweiss Financial Services Limited ('Ultimate Holding Company' or 'EFSL'), for the purpose of presentation of its consolidated audited financial statements for the year ended March 31, 2020 and for the use of S.R. Batliboi & Co. LLP (the current statutory auditor of EFSL) in conjunction with the audit of consolidated financial statements and is not intended to be and should not be used for any other purpose.

**Report on Other Legal and Regulatory Requirements**

1. 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;

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

(d) In our opinion, the aforesaid special purpose 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 special purpose financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;

(g) In our opinion and according to the information and explanation given to us, no remuneration has been paid by the Company to its directors during the current year;

(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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

**R.P. Soni**
**Partner**
**Membership No.: 104796**

UDIN: 20104796AAABCT2663

Place : Mumbai
Date : July 3, 2020

**Annexure A**

**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 Investment Adviser Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the special purpose 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these special purpose financial statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 with reference to these special purpose financial statements 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 over financial reporting with reference to these special purpose financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these special purpose financial statements, 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 judgement, 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 internal financial controls over financial reporting with reference to these special purpose financial statements.

NGS & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these special purpose financial statements 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 with reference to these special purpose financial statements 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 With Reference to these Special purpose Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these special purpose financial statements, 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 with reference to these special purpose financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these special purpose financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these special purpose financial statements and such internal financial controls over financial reporting with reference to these special purpose financial statements 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 NGS & Co. LLP**
**Chartered Accountants**
**ICAI Firm Registration No. 119850W**

R.P.Soni

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

**R.P. Soni**
**Partner**
**Membership No.: 104796**

UDIN: 20104796AAABCT2663

Place : Mumbai
Date : July 3, 2020

**Edelweiss Investment Adviser Limited**

**Balance Sheet as at March 31, 2020**

(Currency:Indian rupees)

| | Note | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Financial assets** | | | |
| (a) Cash and cash equivalents | 2 | **55,81,835** | 24,61,284 |
| (b) Trade receivables | 5 | **14,09,432** | 1,01,25,700 |
| (c) Loans | 6 | **5,62,86,81,399** | 6,10,31,68,695 |
| (d) Other financial assets | 7 | **8,37,942** | 98,15,67,842 |
| | | **5,63,65,10,608** | 7,09,73,23,521 |
| **Non-financial assets** | | | |
| (a) Current tax assets (net) | 8 | **2,98,07,445** | 2,88,87,260 |
| (b) Deferred tax assets (net) | 9 & 28 | **41,75,27,011** | 44,49,43,541 |
| (c) Investment property | 10 | **2,67,70,02,567** | 2,50,87,34,351 |
| (d) Property, Plant and Equipment | 10 | **17,87,345** | 49,35,072 |
| (e) Other Intangible assets | 10 | **61,670** | 1,31,104 |
| (f) Other non- financial assets | 11 | **1,61,918** | 72,44,123 |
| | | **3,12,63,47,956** | 2,99,48,75,451 |
| **TOTAL ASSETS** | | **8,76,28,58,564** | 10,09,21,98,972 |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Financial liabilities** | | | |
| (a) Trade payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | 32 | **-** | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 12 | **74,66,745** | 2,04,46,989 |
| (b) Borrowings other than debt securities | 13 | **11,32,73,89,606** | 10,51,47,18,273 |
| (c) Other financial liabilities | 14 | **61,12,641** | 1,00,95,572 |
| | | **11,34,09,68,992** | 10,54,52,60,834 |
| **Non-financial liabilities** | | | |
| (a) Current tax liabilities (net) | 15 | **1,48,21,474** | 9,25,69,664 |
| (b) Provisions | 16 | **11,81,446** | 62,82,452 |
| (c) Other non-financial liabilities | 17 | **5,82,01,795** | 1,56,38,982 |
| | | **7,42,04,715** | 11,44,91,098 |
| **EQUITY** | | | |
| (a) Equity share capital | 18 | **1,00,55,00,000** | 55,00,000 |
| (b) Other equity | 19 | **(3,65,78,15,143)** | (57,30,52,960) |
| | | **(2,65,23,15,143)** | (56,75,52,960) |
| **TOTAL LIABILITIES AND EQUITY** | | **8,76,28,58,564** | 10,09,21,98,972 |

Significant accounting policies and notes forming part of the financial statements. 1 to 49

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

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

**R.P. Soni**
*Partner*
Membership No: 104796
Mumbai July 03, 2020

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

**Sanjeev Rastogi**
*Director*
DIN: 00254303
Mumbai July 03, 2020

**Prashant Mody**
*Director*
DIN: 03101048

Edelweiss Investment Adviser Ltd. Mumbai

**Edelweiss Investment Adviser Limited**

**Statement of Profit and Loss for the year ended March 31, 2020**
(Currency:Indian rupees)

| | Note | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|---|
| **Revenue from operations** | | | |
| Interest income | 20 | **83,80,627** | 13,55,99,168 |
| Fee and commission income | 21 | **5,87,01,421** | 16,58,70,002 |
| Net gain on fair value changes | 22 | **(1,30,59,44,659)** | 1,34,23,81,953 |
| Sale of commodity | | **38,20,88,080** | - |
| **Other income** | 23 | **14,18,806** | 16,90,738 |
| **Total Revenue** | | **(85,53,55,725)** | 1,64,55,41,861 |
| **Expenses** | | | |
| Finance costs | 24 | **1,33,36,07,996** | 83,34,88,800 |
| Impairment on financial instruments | 25 | **5,67,70,858** | 8,70,25,207 |
| Purchases of commodity | | **38,20,35,317** | - |
| Employee benefits expense | 26 | **97,52,965** | 12,76,03,023 |
| Depreciation, amortisation and impairment | 10 | **32,57,72,606** | 33,15,498 |
| Other expenses | 27 | **9,65,78,270** | 13,13,38,444 |
| **Total expenses** | | **2,20,45,18,012** | 1,18,27,70,972 |
| **(Loss)/profit before tax** | | **(3,05,98,73,737)** | 46,27,70,889 |
| Tax expenses | 28 | | |
| Current tax [net of excess /short provision of earlier years(s) of ₹ 24,48,082 (Previous year : ₹ 2,02,822)] | | **(24,48,082)** | 10,24,15,082 |
| Deferred tax [net of excess provision of earlier years(s) of ₹ 60,64,803 (Previous year : ₹ Nil)] | | **2,73,88,573** | 7,59,26,919 |
| **(Loss)/profit for the year** | | **(3,08,48,14,228)** | 28,44,28,888 |
| **Other Comprehensive Income** | | | |
| **(a) Items that will not be reclassified to profit or loss** | | | |
| Remeasurement gain / loss on defined benefit plans | | **80,000** | 1,59,000 |
| Income Tax effects of above | | **(27,955)** | (46,301) |
| **Total** | | **52,045** | 1,12,699 |
| **Total Comprehensive Income** | | **(3,08,47,62,183)** | 28,45,41,587 |
| **Earnings Per Share (₹) (Face Value of ₹ 10/- each)** | 31 | | |
| **(1) Basic** | | **(2,809.63)** | 517.14 |
| **(2) Diluted** | | **(2,809.63)** | 517.14 |

Significant accounting policies and notes forming part of the financial statements. 1 to 49

This is the Statement of Profit and Loss referred to in our report of even date.

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

**R.P. Soni**
*Partner*
Membership No: 104796
Mumbai July 03, 2020

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

**Sanjeev Rastogi**
*Director*
DIN: 00254303
Mumbai July 03, 2020

**Prashant Mody**
*Director*
DIN: 03101048

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

**Edelweiss Investment Adviser Limited**

**Statement of Cash flows for the year ended March 31, 2020.**

(Currency:Indian rupees)

| | For the year ended March 31, 2020 | For the year ended March 31 2019 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Loss / (profit) before tax | **(3,05,98,73,737)** | 46,27,70,889 |
| ***Adjustments for*** | | |
| Depreciation and amortisation expenses | **32,57,72,606** | 33,15,498 |
| Fair value loss/(gain) on revaluation of real estate | **1,31,39,45,938** | (1,11,54,37,199) |
| Impairment on financial instruments | **5,67,70,858** | 8,70,25,207 |
| Loss on sale of investment property (net) | **1,66,68,430** | - |
| Share of loss/(profit) from partnership firm | **-** | 2,672 |
| Profit on sale of fixed assets (net) | **(2,32,828)** | (15,224) |
| Expense on employee stock option plans | **3,111** | - |
| Finance costs | **1,33,25,51,875** | 81,28,10,047 |
| **Operating cash flow before working capital changes** | **(1,43,93,747)** | 25,04,71,890 |
| *Add / (Less): Adjustments for working capital changes* | | |
| Decrease /(increase) in trade receivables | **87,16,268** | (8,06,74,680) |
| (Decrease)/increase in trade payables | **(1,29,80,244)** | 71,68,582 |
| Increase in loans | **(1,06,52,21,971)** | (1,45,54,01,808) |
| (Decrease)/increase in other financial assets and non financial assets | **98,78,12,105** | (89,40,34,112) |
| Increase/(decrease) in liabilities and provisions | **3,34,78,876** | (2,85,97,463) |
| **Cash used in operations** | **(6,25,88,713)** | (2,20,10,67,591) |
| Income taxes paid (net of refund) | **7,62,20,293** | (1,05,63,797) |
| **Net cash generated/ (used in) operating activities -A** | **1,36,31,580** | (2,21,16,31,388) |
| **B. Cash flow from investing activities** | | |
| Purchase of fixed assets and Intangible Assets | **-** | (1,47,96,976) |
| Sale of fixed assets | **6,65,224** | 86,67,696 |
| (Addition)/disposal of investment property | **(49,12,95,711)** | (1,36,14,18,102) |
| **Net cash used in investing activities - B** | **(49,06,30,487)** | (1,36,75,47,382) |
| **C. Cash flow from financing activities** | | |
| Proceeds from issuance of Share capital (including Securities Premium) | **1,00,00,00,000** | - |
| Proceeds from/repayment of short term borrowing (Refer note 1 below) | **99,06,19,857** | 4,12,99,06,567 |
| Finance costs | **(1,51,05,00,399)** | (55,22,54,004) |
| **Net cash generated from financing activities - C** | **48,01,19,458** | 3,57,76,52,563 |
| **Net increase / (Decrease) in cash and cash equivalents (A+B+C)** | **31,20,551** | (15,26,207) |
| Cash and cash equivalent as at the beginning of the year | **24,61,284** | 39,87,491 |
| Cash and cash equivalent as at the end of the year (Refer note 2) | **55,81,835** | 24,61,284 |

Notes:

1 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 NGS & Co. LLP**
*Chartered Accountants*
Firm's Registration No. 119850W

**R.P. Soni**
*Partner*
Membership No: 104796
Mumbai July 03, 2020

NGS & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

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

**Sanjeev Rastogi**
*Director*
DIN: 00254303
Mumbai July 03, 2020

**Prashant Mody**
*Director*
DIN: 03101048

Edelweiss Investment Adviser Ltd. Mumbai

**Edelweiss Investment Adviser Limited**

**Notes to financial statements**

(Currency:Indian rupees)

**Cash Flow Disclosure**

**Change in Liabilities arising from financing acitivies**

| Particulars | As at April 01, 2019 | Cash Flows | Changes in Fair value | Others* | As at March 31, 2020 |
|---|---|---|---|---|---|
| Borrowings other than debt securities | 10,51,47,18,273 | (51,98,80,542) | - | 1,33,25,51,875 | 11,32,73,89,606 |
| Total liabilities from financing activities | **10,51,47,18,273** | **(51,98,80,542)** | **-** | **1,33,25,51,875** | **11,32,73,89,606** |

| Particulars | As at April 01, 2018 | Cash Flows | Changes in Fair value | Others* | As at March 31, 2019 |
|---|---|---|---|---|---|
| Borrowings other than debt securities | 6,12,42,55,663 | 3,57,76,52,563 | - | 81,28,10,047 | 10,51,47,18,273 |
| Total liabilities from financing activities | **6,12,42,55,663** | **3,57,76,52,563** | **-** | **81,28,10,047** | **10,51,47,18,273** |

*Other column includes the effect of interest accrued during the period.

Edelweiss Investment Adviser Ltd. Mumbai

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

## Edelweiss Investment Adviser Limited

**Statement of changes in Equity**

(Currency : Indian rupees)

| | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|
| **(A) Equity share capital** | | |
| Balance at the beginning of the year | 55,00,000 | 55,00,000 |
| Changes in equity share capital (refer note 18) | 1,00,00,00,000 | - |
| **Balance at the end of the year** | **1,00,55,00,000** | **55,00,000** |

**(B) Other Equity**

| | Reserves and Surplus | | |
|---|---|---|---|
| | ESOP reserve | Retained earnings | Total |
| **Balance as at 01 April 2018** | **16,85,298** | **(86,75,41,761)** | **(86,58,56,463)** |
| Profit for the year | - | 28,44,28,888 | 28,44,28,888 |
| Other comprehensive income | - | 1,12,699 | 1,12,699 |
| **Total Comprehensive Income for the year** | - | 28,45,41,587 | 28,45,41,587 |
| Transactions with shareholders in their capacity as such | - | 82,61,916 | 82,61,916 |
| **Balance as at 31 March 2019** | **16,85,298** | **(57,47,38,258)** | **(57,30,52,960)** |
| Profit for the year | - | (3,08,48,14,228) | (3,08,48,14,228) |
| Other comprehensive income | - | 52,045 | 52,045 |
| **Balance as at 31 March 2020** | **16,85,298** | **(3,65,95,00,441)** | **(3,65,78,15,143)** |

**ESOP reserve:**

Certain employees of the Company have been granted options to acquire equity shares of the Ultimate Parent Company (Edelweiss Financial Services Limited). This reserve represents the cost of these options based on their fair value at the grant dates as recognised over the vesting period of such options, to the extent that the Ultimate Parent Company has not recovered such cost from the Company.

This is the statement of Changes in Equity referred to in our report of even date.

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

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

**R.P. Soni**
*Partner*
Membership No: 104796

Mumbai
July 03, 2020

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

**Sanjeev Rastogi**
*Director*
DIN: 00254303

**Prashant Mody**
*Director*
DIN: 03101048

Mumbai
July 03, 2020

Edelweiss Investment Adviser Ltd. Mumbai

# Edelweiss Investment Adviser Limited

## Notes to the financial statements

For the year ended 31March 2020

1. **Significant accounting policies.**

**1.1 Background**

Edelweiss Investment Advisors Limited ('the Company') was incorporated in India on 30 May 2008. The Company is a 99.45% subsidiary of Edelweiss Rural and Corporate Services Limited. The Company is undertaking and carrying on the business and activities of real estate and investments in real estate.

**1.2 COVID-19**

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.

**1.3 Basis of preparation of financial statements**

The Company's financial statements 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) and the other relevant provisions of the Companies Act, 2013 ('the Act') and rules thereunder.

The Company's 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 (FVTOCI) instruments, derivative financial instruments, and other financial assets held for trading, which have been measured at fair value through profit and loss (FVTPL). The Company's financial statements are presented in Indian Rupees (INR).

**1.4 Presentation of financial statements**

These financial statements are Special Purpose Indian Accounting Standards (Ind-AS) Financial Statement prepared for the purpose of preparation of consolidated financial statements for the year ended 31 March 2020 for Edelweiss Financial Services Limited Reporting (Ultimate Holding Company) for its reporting of Consolidated audited financial results under Ind-AS Division III of Schedule III of the Companies Act, 2013 ("the Act"). The Company has prepared a separate set of financial statements for the year ended March 31, 2020 which is prepared in accordance with Division II of Schedule III and Ind-AS prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note.44

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

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

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

### 1.5 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).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the amortised cost (net of expected credit loss) of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

### 1.6 Financial Instruments

#### Date of recognition

Financial assets and financial liabilities, with the exception of borrowings are initially recognised 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 reach the Company.

#### 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 recognised immediately in profit or loss.

#### 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

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

### 1.7 Classification of financial instruments

**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]

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.

**Amortized cost and Effective interest method (EIR)**

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,

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

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.

**Financial assets held for trading**

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value.

**Financial liabilities**

All financial liabilities are measured at amortised cost except loan commitments, financial guarantees, and derivative financial liabilities.

**Debt securities and other borrowed funds**

After initial measurement, debt issued and 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.

**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 have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or
- 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
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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.

NGS & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

Edelweiss Investment Adviser Ltd. Mumbai

**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 entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

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

**Derivatives**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss is recognised in profit or loss immediately

## 1.8 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.

## 1.9 Derecognition of financial assets and financial liabilities

**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 recognised 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.

**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 group of similar financial assets) is derecognised 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 difference between the carrying value of the financial asset and the consideration received is recognised in the statement of profit and loss.

NGS & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS *

Edelweiss Investment Adviser Ltd. * Mumbai

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.

**Derecognition of financial liabilities**

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

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 financial liability and the consideration paid is recognised in the statement of profit and loss.

### 1.10 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 and lease 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 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 recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on 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.

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

- 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, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan 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 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 expected credit losses on the loan commitment component from those on the financial asset component, the expected credit losses on the loan commitment have been recognised 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 recognised as a provision. Also, for other loan commitments and all financial guarantee contracts, the loss allowance has been recognised as a provision.

### 1.11 Write off

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

### 1.12 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 groups of 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 measured, the risks that affect the performance of the assets and how these are managed.

### 1.13 Determination of fair value

The Company measures financial instruments, such as, derivatives 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

NGS & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

Edelweiss Investment Adviser Ltd. Mumbai

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 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 recognised 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.

NGS & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

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.

### 1.14 Revenue from contract with customer

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) 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 consider the 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. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

Edelweiss Investment Adviser Ltd.
Mumbai

The Company recognises revenue from the following sources:

a. Fee income including advisory fees, syndication fees is accounted over the period as the customer simultaneously receives and consumes the benefits, as the services are rendered.
b. Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. 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).

### 1.15 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.

### 1.16 Retirement and other employee benefit

**Provident fund and national pension scheme**

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

**Gratuity**

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity 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.

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 recognised 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

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

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.

### 1.17 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 'ESOP reserve'. In cases where the share options granted vest in installments over the vesting period, the Company treats each installment as a separate grant, because each installment has a different vesting period, and hence the fair value of each installment differs..

### 1.18 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 recognised in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is recognised 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 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:

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

Estimated useful lives of the assets are as follows:

| Nature of assets | Estimated useful life |
|---|---|
| Vehicles | 8 years |
| Office Equipment | 5 years |
| Computers - such servers & Networks | 6 years |
| Computers - End user devices, such as desktops, laptops, etc. | 3 years |

### 1.19 Intangible assets

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

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

### 1.20 Investment property

Properties, including those under construction, held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs, less impairment if any.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

### 1.21 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

### 1.22 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand.

### 1.23 Provisions and other contingent liabilities

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. The amount recognised as a

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

### 1.24 Income tax expenses

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

**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.

**Deferred tax**

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 recognised with respect to carry forward 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 recognised to the extent it is probable that:

the entity 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NGS & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

Edelweiss Investment Adviser Ltd. * Mumbai

**Minimum Alternative Tax (MAT) credit**

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

**1.25 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments', estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgments', which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Actuarial assumptions used in calculation of defined benefit plans
(b) Assumptions used in estimating the useful lives of tangible assets reported under property, plant and equipment.

**1.26 Standards issued but not yet effective**

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

**1.27 Operating leases**

The Company has applied Ind AS 116 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under Ind AS 17.

Company as a lessee:

For any new contracts entered into on or after April 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract is or contains lease.

Measurement and recognition

At lease commencement date, the Company recognises a right-of-use (ROU) asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or at the incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-

substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero

Short term lease

The Company has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Company recognises lease payment associated with these leases as an expense on a straight line basis over lease term.

In the comparative period, as a lessee the Company classified leases that transfer substantially all the risk and reward of ownership as finance leases. Assets held under other leases are classified as operating lease and were not recognised in Company Balance sheet. Payments made under operating lease are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred

Company as lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

**Edelweiss Investment Adviser Limited**

**Notes to financial statements**

(Currency:Indian rupees)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **2. Cash and cash equivalents** | | |
| Cash in hand | **28,304** | 28,304 |
| Balances with banks | | |
| - in current accounts | **55,53,531** | 24,32,980 |
| | **55,81,835** | 24,61,284 |

Edelweiss Investment Adviser Ltd. Mumbai

NGS & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

# Edelweiss Investment Adviser Limited

## Notes to financial statements

(Currency:Indian rupees)

### 3. Derivative financial instruments

The Company enters into derivative transactions to hedge its equity risks and index risks. These derivatives are held for risk management purposes i.e. economic hedges but the Company has elected not to apply hedge accounting requirements.

**The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.**

| | March 31, 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Particulars** | **Unit** | **Currency** | **Notional amount*** | **Fair value Asset** | **Unit** | **Currency** | **Notional amount*** | **Fair value liability** |
| **(i) Equity linked derivatives** | | | | | | | | |
| -Stock Futures | Number of shares | | - | - | Number of shares | | - | - |
| Less: Amounts Offset (refer offsetting disclosure) | | | | - | | | | - |
| **Subtotal(i)** | | | | - | | | | - |
| **(ii) Index linked derivatives** | | | | | | | | |
| -Index Futures | Number of index units | | - | - | Number of index units | | - | - |
| Less: Amounts Offset (refer offsetting disclosure) | | | | - | | | | - |
| **Subtotal(ii)** | | | | - | | | | - |
| **Total Derivative Financial Instruments** | | | **Total** | - | | | **Total** | - |

| | March 31, 2019 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Particulars** | **Unit** | **Currency** | **Notional amount*** | **Fair value Asset** | **Unit** | **Currency** | **Notional amount*** | **Fair value liability** |
| **(i) Equity linked derivatives** | | | | | | | | |
| -Stock Futures | Number of shares | | 11,41,600.00 | 36,12,623.00 | Number of shares | | 8,51,800 | 26,05,144.00 |
| Less: Amounts Offset (refer offsetting disclosure) | | | | 36,12,623.00 | | | | 26,05,144.00 |
| **Subtotal(i)** | | | | - | | | | - |
| **(ii) Index linked derivatives** | | | | | | | | |
| -Index Futures | Number of index units | | - | - | Number of index units | | 36,320 | 3,74,917.00 |
| Less: Amounts Offset (refer offsetting disclosure) | | | | - | | | | 3,74,917.00 |
| **Subtotal(ii)** | | | | - | | | | - |
| **Total Derivative Financial Instruments** | | | **Total** | - | | | **Total** | - |

*** Notional amount represents quantity in case of equity linked and index linked derivatives**

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

**Edelweiss Investment Adviser Limited**

**Notes to financial statements**

(Currency:Indian rupees)

## 4. Offsetting

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

**Financial assets subject to offsetting 31-March 2020**

| Mar-20 | Offsetting recognised in the balance sheet | | | Netting potential not recognised in balance sheet | | Assets not subject to netting arrangements | Total assets |
|---|---|---|---|---|---|---|---|
| | Gross asset before offset | Amount offset* | Net asset recognised in balance sheet | Financial liabilities | Assets after consideration of netting potential | Assets recognised on the balance sheet | Recognised in the balance sheet |
| Derivative financial assets | - | - | - | - | - | - | - |

**Financial liabilities subject to offsetting 31- March 2020**

| | Offsetting recognised in the balance sheet | | | Netting potential not recognised in balance sheet | | Liabilities not subject to netting arrangements | Total liabilities |
|---|---|---|---|---|---|---|---|
| | Gross liability before offset | Amount offset* | Net liability recognised in balance sheet | Financial assets | Liabilities after consideration of netting potential | Liabilities recognised on the balance sheet | Recognised in the balance sheet |
| Derivative financial liabilities | - | - | - | - | - | - | - |

* As at the reporting date, the amount of gross derivative assets & liabilities that has been offset against the cash margin is Rs. Nil respectively.

**Edelweiss Investment Adviser Limited**

**Notes to financial statements**

(Currency:Indian rupees)

## 4. Offsetting

**Financial assets subject to offsetting 31-March 2019**

| Mar-19 | Offsetting recognised in the balance sheet | | | Netting potential not recognised in balance sheet | | Assets not subject to netting arrangements | Total assets |
|---|---|---|---|---|---|---|---|
| | Gross asset before offset | Amount offset* | Net asset recognised in balance sheet | Financial liabilities | Assets after consideration of netting potential | Assets recognised on the balance sheet | Recognised in the balance sheet |
| Derivative financial assets | 36,12,623 | 36,12,623 | - | - | - | - | - |

**Financial liabilities subject to offsetting 31- March 2019**

| | Offsetting recognised in the balance sheet | | | Netting potential not recognised in balance sheet | | Liabilities not subject to netting arrangements | Total liabilities |
|---|---|---|---|---|---|---|---|
| | Gross liability before offset | Amount offset* | Net liability recognised in balance sheet | Financial assets | Liabilities after consideration of netting potential | Liabilities recognised on the balance sheet | Recognised in the balance sheet |
| Derivative financial liabilities | 29,80,061.00 | 29,80,061.00 | - | - | - | - | - |

* As at the reporting date, the amount of gross derivative assets & liabilities that has been offset against the cash margin is Rs.36,12,623 and Rs.29,80,061 respectively.

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

(Currency:Indian rupees)

## 5. Trade receivables

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **a) Trade receivables** | | |
| Receivables considered good - Unsecured | **14,09,432** | 1,01,25,700 |
| Receivables which have significant increase in credit risk | **8,82,42,595** | 8,97,13,068 |
| | **8,96,52,027** | 9,98,38,768 |
| Less : Allowance for expected credit losses | **(8,82,42,595)** | (8,97,13,068) |
| | **14,09,432** | 1,01,25,700 |

**b) Reconciliation of impairment allowance on trade receivables:**

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Impairment allowance measured as per simplified approach | | |
| Impairment allowance - Opening Balance | **(8,97,13,068)** | (254) |
| Add/ (less): asset originated or acquired (net) | **14,70,473** | (8,97,12,814) |
| Impairment allowance - Closing Balance | **(8,82,42,595)** | (8,97,13,068) |

**c) Trade receivables days past due**

| As at March 31, 2020 | 0-90 days | 91-180 days | 181-270 days | 270- 360 days | > 360 days | Total |
|---|---|---|---|---|---|---|
| **ECL Rates** | 31.33% | 93.82% | 100.00% | 100.00% | 100.00% | |
| Estimated total gross carrying amount at default | 15,78,898 | 52,59,584 | 4,34,565 | 5,84,725 | 8,17,94,255 | 8,96,52,027 |
| ECL - Simplified approach | 4,94,726 | 49,34,324 | 4,34,565 | 5,84,725 | 8,17,94,255 | 8,82,42,595 |
| **Net carrying amount** | **10,84,172** | **3,25,260** | **-** | **-** | **-** | **14,09,432** |

| As at March 31, 2019 | 0-90 days | 91-180 days | 181-270 days | 270- 360 days | > 360 days | Total |
|---|---|---|---|---|---|---|
| **ECL Rates** | 0.00% | 0.00% | 100.00% | 100.00% | 100.00% | |
| Estimated total gross carrying amount at default | 95,78,965 | 5,46,735 | 48,10,600 | 20,20,168 | 8,28,82,300 | 9,98,38,768 |
| ECL - Simplified approach | - | - | 48,10,600 | 20,20,168 | 8,28,82,300 | 8,97,13,068 |
| **Net carrying amount** | **95,78,965** | **5,46,735** | **-** | **-** | **-** | **1,01,25,700** |

Edelweiss Investment Adviser Ltd. * Mumbai

NGS & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

**Edelweiss Investment Adviser Limited**

**Notes to the financial statements**

(Currency:Indian rupees)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **6. Loans** | | |
| ***(at fair value through profit and loss)*** | | |
| Capital advances | 5,47,92,07,120 | 5,89,68,15,716 |
| ***(at Amortised cost)*** | | |
| Capital advances | 14,94,00,000 | 20,61,75,850 |
| Loans to employees | 74,279 | 1,77,129 |
| **Total Gross** | 5,62,86,81,399 | 6,10,31,68,695 |
| Less: Impairment loss allowance | - | - |
| **Total (Net)** | 5,62,86,81,399 | 6,10,31,68,695 |
| Secured by tangible assets (Property including land & building) | 5,62,86,07,120 | 6,10,29,91,566 |
| Unsecured | 74,279 | 1,77,129 |
| **Total Gross** | 5,62,86,81,399 | 6,10,31,68,695 |
| Less: Impairment loss allowance | - | - |
| **Total (Net)** | 5,62,86,81,399 | 6,10,31,68,695 |
| **Loans outside India** | | |
| Others | - | - |
| **Loans in India** | | |
| Public sector | - | - |
| Others | 5,62,86,81,399 | 6,10,31,68,695 |
| **Total Gross** | 5,62,86,81,399 | 6,10,31,68,695 |
| Less: Impairment loss allowance | - | - |
| **Total (Net)** | 5,62,86,81,399 | 6,10,31,68,695 |

Edelweiss Investment Adviser Ltd. ★ Mumbai

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

## Edelweiss Investment Adviser Limited

**Notes to the financial statements**

(Currency:Indian rupees)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **7. Other financial assets** | | |
| Accrued interest on margin | **8,37,942** | 19,47,897 |
| Margin placed with broker | **-** | 97,96,19,945 |
| | **8,37,942** | 98,15,67,842 |
| **8. Current tax assets (net)** | | |
| Advance income taxes | **2,98,07,445** | 2,88,87,260 |
| (net of provision for tax March 31, 2020, ₹ 9,97,74,667, March 31, 2019 ₹ Nil) | | |
| | **2,98,07,445** | 2,88,87,260 |
| **9. Deferred tax assets (net)** | | |
| **Deferred tax assets** | | |
| **Loans** | | |
| Provision for doubtful advances - ECL provision | **26,25,366** | 26,25,366 |
| **Property, plant and equipment and intangibles** | | |
| Difference between book and tax depreciation (including intangibles) | **5,51,602** | 5,51,602 |
| **Investments and other financial instruments** | | |
| Unrealised loss on derivatives | **10,41,352** | 10,41,352 |
| **Employee benefit obligations** | | |
| Disallowances under section 43B of the Income Tax Act, 1961 | **4,12,844** | 21,95,340 |
| **Unused tax credit** | | |
| MAT credit entitlement | **13,52,40,692** | 13,76,88,774 |
| **Unused tax losses** | | |
| Accumulated Losses | **53,26,75,699** | 55,58,61,651 |
| | **67,25,47,555** | 69,99,64,085 |
| **Deferred tax liabilities** | | |
| Investments and other financial instruments | | |
| Unrealised gain on derivatives | **12,62,395** | 12,62,395 |
| Fair valuation of investments - gain in valuation | **25,37,58,149** | 25,37,58,149 |
| | **25,50,20,544** | 25,50,20,544 |
| | **41,75,27,011** | 44,49,43,541 |

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

**Edelweiss Investment Adviser Limited**

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

(Currency : Indian rupees)

## 10 Property, plant and equipment

| | Gross block | | | | | Accumulated depreciation and impairment | | | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description of assets** | **As at 01 April 2019** | **Additions during the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2020** | **As at 01 April 2019** | **Impairment losses / (reversals)** | **Charge for the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2020** | **As at 31 March 2020** |
| Motor vehicles | 3,58,092 | - | 3,58,092 | - | - | 1,40,730 | - | 74,453 | 2,15,183 | - | - | - |
| Office equipments | 4,50,056 | 5,40,054 | 27,309 | - | **9,62,801** | 1,86,028 | - | 4,96,131 | 26,861 | - | **6,55,298** | **3,07,503** |
| Computers | 81,56,422 | - | 11,48,172 | (5,79,708) | **64,28,542** | 37,02,740 | - | 21,05,093 | 8,59,132 | - | **49,48,700** | **14,79,842** |
| **Total** | **89,64,570** | **5,40,054** | **15,33,573** | **(5,79,708)** | **73,91,344** | **40,29,497** | **-** | **26,75,677** | **11,01,176** | **-** | **56,03,998** | **17,87,345** |

**Other intangible assets**

| | Gross block | | | | | Accumulated depreciation and impairment | | | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description of assets** | **As at 01 April 2019** | **Additions during the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2020** | **As at 01 April 2019** | **Impairment losses / (reversals)** | **Charge for the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2020** | **As at 31 March 2020** |
| Computer software | 55,89,994 | - | - | - | **55,89,994** | 54,58,890 | - | 69,434 | - | - | **55,28,324** | **61,670** |
| **Total** | **55,89,994** | **-** | **-** | **-** | **55,89,994** | **54,58,890** | **-** | **69,434** | **-** | **-** | **55,28,324** | **61,670** |

**Investment property**

| | Gross block | | | | | Accumulated depreciation and impairment | | | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description of assets** | **As at 01 April 2019** | **Additions/ (disposals) during the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2020** | **As at 01 April 2019** | **Impairment losses / (reversals)** | **Charge for the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2020** | **As at 31 March 2020** |
| Property | 2,50,87,34,351 | 49,12,95,711 | - | - | **3,00,00,30,062** | - | 32,30,27,495 | - | - | - | **32,30,27,495** | **2,67,70,02,567** |
| | | | | | - | | | | | | - | - |
| **Total** | **2,50,87,34,351** | **49,12,95,711** | **-** | **-** | **3,00,00,30,062** | **-** | **32,30,27,495** | **-** | **-** | **-** | **32,30,27,495** | **2,67,70,02,567** |

***Note : Fair value of the investment property is amounting to ₹ 2,677,002,567 for March 2020 (previous year : ₹ 2,996,000,000)***

NGS & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

Edelweiss Investment Adviser Ltd. * Mumbai

**Edelweiss Investment Adviser Limited**

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

(Currency : Indian rupees)

**10 Property, plant and equipment** **Previous year- 2018-2019**

| | Gross block | | | | | Accumulated depreciation and impairment | | | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description of assets** | **As at 01 April 2018** | **Additions during the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2019** | **As at 01 April 2018** | **Impairment losses / (reversals)** | **Charge for the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2019** | **As at 31 March 2019** |
| Motor vehicles | 5,45,900 | - | 1,87,808 | - | **3,58,092** | 1,87,808 | - | 1,40,730 | | (1,87,808) | **1,40,730** | **2,17,362** |
| Office equipments | 31,926 | 4,18,130 | - | - | **4,50,056** | 18,452 | - | 1,86,028 | | (18,452) | **1,86,028** | **2,64,028** |
| Computers | 26,63,098 | 58,11,117 | 3,17,793 | - | **81,56,422** | 8,27,233 | - | 29,80,342 | 1,04,835 | - | **37,02,740** | **44,53,682** |
| **Total** | **32,40,924** | **62,29,247** | **5,05,601** | **-** | **89,64,570** | **10,33,493** | **-** | **33,07,100** | **1,04,835** | **(2,06,260)** | **40,29,497** | **49,35,072** |

**Other intangible assets**

| | Gross block | | | | | Accumulated depreciation and impairment | | | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description of assets** | **As at 01 April 2018** | **Additions during the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2019** | **As at 01 April 2018** | **Impairment losses / (reversals)** | **Charge for the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2019** | **As at 31 March 2019** |
| Computer software | 55,49,949 | 40,045 | - | - | **55,89,994** | 54,50,492 | - | 8,398 | - | - | **54,58,890** | **1,31,104** |
| **Total** | **55,49,949** | **40,045** | **-** | **-** | **55,89,994** | **54,50,492** | **-** | **8,398** | **-** | **-** | **54,58,890** | **1,31,104** |

**Investment property**

| | Gross block | | | | | Accumulated depreciation and impairment | | | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description of assets** | **As at 01 April 2018** | **Additions/ (disposals) during the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2019** | **As at 01 April 2018** | **Impairment losses / (reversals)** | **Charge for the year** | **Disposals during the year** | **Other adjustments** | **As at 31 March 2019** | **As at 31 March 2019** |
| Property | 1,14,73,16,249 | 1,31,70,20,802 | - | - | **2,46,43,37,051** | - | (4,43,97,300) | - | - | - | **(4,43,97,300)** | **2,50,87,34,351** |
| **Total** | **1,14,73,16,249** | **1,31,70,20,802** | **-** | **-** | **2,46,43,37,051** | **-** | **(4,43,97,300)** | **-** | **-** | **-** | **(4,43,97,300)** | **2,50,87,34,351** |

***Note : Fair value of the investment property is amounting to ₹ 2,996,000,000 for March 2019 (previous year : ₹ 1,183,000,000)***

Edelweiss Investment Adviser Ltd. Mumbai

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

## Edelweiss Investment Adviser Limited

**Notes to the financial statements**

(Currency:Indian rupees)

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **11.** | **Other non-financial assets** | | |
| | Other deposits | **95,000** | 95,000 |
| | Prepaid expenses | **54,372** | 8,56,569 |
| | Vendor Advances | **12,546** | 62,92,554 |
| | | **1,61,918** | 72,44,123 |
| **12.** | **Trade Payables** | | |
| | Payable to : | | |
| | Trade payables from non-related parties | **26,75,071** | 1,87,39,464 |
| | Trade payables from related parties | **47,91,674** | 17,07,525 |
| | (includes sundry creditors, provision for expenses,customer payables ) | | |
| | | **74,66,745** | 2,04,46,989 |
| **13.** | **Borrowings other than debt securities** | | |
| | ***(at Amortised Cost)*** | | |
| | ***Unsecured*** | | |
| | Loan from related parties (repayable on demand) | **11,21,78,23,373** | 10,22,72,03,516 |
| | Interest accrued and due on borrowings | **10,95,66,233** | 28,75,14,757 |
| | (Repayable on demand, Interest rate payable @ 11.75% for March 31, 2020 and 12.00% for March 31, 2019) | | |
| | | **11,32,73,89,606** | 10,51,47,18,273 |
| | Borrowings in India | **11,32,73,89,606** | 10,51,47,18,273 |
| | Borrowings outside India | **-** | - |
| | Total | **11,32,73,89,606** | 10,51,47,18,273 |

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

## Edelweiss Investment Adviser Limited

**Notes to the financial statements**

(Currency:Indian rupees)

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **14.** | **Other financial liabilities** | | |
| | Other payables | **59,22,466** | - |
| | Book overdraft | **-** | 19,71,327 |
| | Accrued salaries and benefits | **1,90,175** | 81,24,245 |
| | | **61,12,641** | 1,00,95,572 |
| **15.** | **Current tax liabilities (net)** | | |
| | Provision for taxation (net of advance tax for March 31, 2020 ₹ 60,34,959, March 31, 2019 ₹ 1,65,44,580) | **1,48,21,474** | 9,25,69,664 |
| | | **1,48,21,474** | 9,25,69,664 |
| **16.** | **Provisions** | | |
| | Provision for employee benefits | | |
| | Gratuity | **9,90,381** | 54,94,770 |
| | Compensated leave absences | **1,91,065** | 7,87,682 |
| | | **11,81,446** | 62,82,452 |
| **17.** | **Other non-financial liabilities** | | |
| | Withholding taxes, GST and other taxes payable | **5,12,94,566** | 1,11,16,500 |
| | Income received in advance | **68,70,870** | 43,72,482 |
| | Others | **36,359** | 1,50,000 |
| | | **5,82,01,795** | 1,56,38,982 |

Edelweiss Investment Adviser Ltd. ★ Mumbai

NGS & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

**Edelweiss Investment Adviser Limited**

**Notes to the financial statements**

(Currency:Indian rupees)

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No of shares | Amount | No of shares | Amount |
| **18. Equity share capital** | | | | |
| **Authorised :** | | | | |
| Equity Shares of ₹ 10 each | 25,05,50,000 | 2,50,55,00,000 | 5,50,000 | 55,00,000 |
| Preference shares of ₹ 10 each | 47,00,000 | 4,70,00,000 | 47,00,000 | 4,70,00,000 |
| | 25,52,50,000 | 2,55,25,00,000 | 52,50,000 | 5,25,00,000 |
| **Issued, Subscribed and Paid up:** | | | | |
| Equity Shares of ₹ 10 each | 10,05,50,000 | 1,00,55,00,000 | 5,50,000 | 55,00,000 |
| | 10,05,50,000 | 1,00,55,00,000 | 5,50,000 | 55,00,000 |

**A. Movement in share capital**

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No of shares | Amount | No of shares | Amount |
| Outstanding at the beginning of the year | 5,50,000 | 55,00,000 | 5,50,000 | 55,00,000 |
| Shares issued during the year | 10,00,00,000 | 1,00,00,00,000 | - | - |
| Outstanding at the end of the year | 10,05,50,000 | 1,00,55,00,000 | 5,50,000 | 55,00,000 |

***B. Terms/rights attached to equity shares :***

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

**C. Details of shares held by shareholders**

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No of shares | % holding | No of shares | % holding |
| Edelweiss Financial Serices Limited | 5,50,000 | 0.55% | 5,50,000 | 100.00% |
| Edelweiss Rural & Corporate Serices Limited | 10,00,00,000 | 99.45% | - | 0.00% |
| | 10,05,50,000 | 100.00% | 5,50,000 | 100.00% |

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

(Currency:Indian rupees)

## 19. Other Equity

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Deemed capital contribution - ESOP | 16,85,298 | 16,85,298 |
| Retained Earnings | (3,65,95,00,441) | (57,47,38,258) |
| | (3,65,78,15,143) | (57,30,52,960) |

**Movement in Other Equity**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **I. Deemed capital contribution - ESOP** | | |
| **Opening Balance** | 16,85,298 | 16,85,298 |
| Add : Additions during the year | - | - |
| | 16,85,298 | 16,85,298 |
| **II. Retained Earnings** | | |
| **Opening Balance** | (57,47,38,258) | (86,75,41,761) |
| Add: Profit for the year | (3,08,48,14,228) | 28,44,28,888 |
| Add: Other Comprehensive Income | 52,045 | 1,12,699 |
| Add/(less): Transactions with shareholders in their capacity as such | - | (82,61,916) |
| | (3,65,95,00,441) | (57,47,38,258) |
| | (3,65,78,15,143) | (57,30,52,960) |

**Edelweiss Investment Adviser Limited**

**Notes to the financial statements**

(Currency:Indian rupees)

| | For the year ended March 31, 2020 | for the year ended March 31, 2019 |
|---|---|---|
| **20. Interest Income** | | |
| **On Financial assets measured at Amortised Cost** | | |
| Interest income on loan | - | 9,36,62,088 |
| Interest income on margin with brokers | 83,80,627 | 4,14,88,313 |
| On intercorporate deposits | - | 4,48,767 |
| | 83,80,627 | 13,55,99,168 |
| **21. Fee income** | | |
| Advisory and other fees (refer note.45) | 5,87,01,421 | 16,58,70,002 |
| | 5,87,01,421 | 16,58,70,002 |
| **22. Net gain on fair value changes** | | |
| Profit / (loss) on trading of securities (net) (realised) | 1,63,129 | 1,83,87,750 |
| Profit / (loss) on equity derivative instruments (net) (realised) | 2,45,06,580 | 5,62,34,478 |
| (Loss) / profit on sale of real estate (realised) | (1,66,68,430) | 15,18,42,942 |
| Fair value (loss) /gain on revaluation of real estate (unrealised) | (1,31,39,45,938) | 1,11,54,37,199 |
| Share of Loss in partnership firm | - | (2,672) |
| | (1,30,59,44,659) | 1,34,23,81,953 |
| | (1,23,88,62,611) | 1,64,38,51,123 |
| **23. Other income** | | |
| Interest Income - Others | 8,52,206 | 13,99,038 |
| Miscellaneous income | 5,66,600 | 2,91,700 |
| | 14,18,806 | 16,90,738 |

NGS & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

Edelweiss Investment Adviser Ltd. Mumbai

## Edelweiss Investment Adviser Limited

### Notes to the financial statements

| (Currency:Indian rupees) | For the year ended March 31, 2020 | for the year ended 31 March 2019 |
|---|---|---|
| **24. Finance costs** | | |
| **On Financial Liabilities measured at Amortised Cost** | | |
| **Interest on borrowings** | | |
| Interest expense on group company loan-Short Term | 1,33,25,51,875 | 81,28,10,047 |
| **Other interest expense** | | |
| Financial and bank charges | 2,500.00 | 100 |
| Interest - others | 10,53,621 | 2,06,78,653 |
| | 1,33,36,07,996 | 83,34,88,800 |
| **25. Impairment on financial instruments** | | |
| Bad- debts written off | 18,49,765 | 32,64,373 |
| Provision for non performing assets | 5,63,91,566 | - |
| Reversal of ECL provision on trade receivables | (14,70,473) | 8,37,60,834 |
| | 5,67,70,858 | 8,70,25,207 |
| **26. Employee benefit expenses** | | |
| Salaries and wages | 73,19,508 | 11,96,95,182 |
| Contribution to provident and other funds | 11,40,012 | 51,92,813 |
| Expense on Employee Stock Option Scheme (ESOP) - (Refer note.37) | 3,111 | (3,99,733) |
| Staff welfare expenses | 12,90,334 | 31,14,761 |
| | 97,52,965 | 12,76,03,023 |

NGS & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

Edelweiss Investment Adviser Ltd. * Mumbai

**Edelweiss Investment Adviser Limited**

**Notes to the financial statements**

(Currency:Indian rupees)

## 27. Other expenses

| | For the year ended March 31, 2020 | for the year ended 31 March 2019 |
|---|---|---|
| Advertisement and business promotion | 1,64,072 | 23,64,941 |
| Auditors' remuneration (Refer Note 27.A) | 7,50,000 | 4,50,000 |
| Commission and brokerage | 3,57,79,045 | 5,71,18,936 |
| Communication | 4,69,676 | 19,87,416 |
| Directors' sitting fees | - | 20,000 |
| Legal and professional fees | 23,73,718 | 25,65,646 |
| Printing and stationery | 35,024 | 4,50,274 |
| Rates and taxes | 32,068 | 42,224 |
| Rent (Refer Note 38) | 53,08,900 | 92,22,463 |
| Repairs and maintenance | - | 9,23,586 |
| Electricity charges (Refer Note 38) | - | 13,21,103 |
| Computer expenses | 1,79,171 | 1,58,663 |
| Computer software | 88,567 | 8,17,012 |
| Clearing & custodian charges | 1,43,97,794 | 1,71,100 |
| Dematerialisation charges | 9,810 | - |
| Membership and subscription | 6,926.00 | - |
| Office expenses (Refer Note 38) | 2,59,237 | 1,00,18,373 |
| Postage and courier | - | 9,998 |
| ROC Expenses | 1,87,50,000 | - |
| Securities transaction tax | 94,80,259 | 2,39,31,610 |
| Seminar & Conference | - | 44,61,531 |
| Goods & Service tax expenses | 71,36,704 | 55,15,500 |
| Stamp duty | 5,16,872 | 39,331 |
| Stock exchange expenses | - | 23,600 |
| Transportation Charges | 11,369 | 500 |
| Travelling and conveyance | 6,73,995 | 90,36,522 |
| Miscellaneous expenses | 22,041 | 5,594 |
| Housekeeping and security charges | 1,33,022 | 6,82,521 |
| | 9,65,78,270 | 13,13,38,444 |

## 27.A Auditors' remuneration:

| | For the year ended March 31, 2020 | for the year ended 31 March 2019 |
|---|---|---|
| **As a Auditor** | | |
| Statutory Audit | 5,25,000 | 4,50,000 |
| Limited Review | 2,25,000 | - |
| | 7,50,000 | 4,50,000 |

NGS & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

Edelweiss Investment Adviser Ltd. Mumbai

## Edelweiss Investment Adviser Limited

**Notes to the financial statements**

(Currency:Indian rupees)

### 28. Income Tax

### 28.A Component of Income Tax Expenses

| | For the year ended March 31, 2020 | for the year ended 31 March 2019 |
|---|---|---|
| Current Tax | - | 10,22,12,260 |
| Adjustment in respect of current income tax of Prior years | (24,48,082) | 2,02,822 |
| Deferred tax relating to origination and reversal of temporary differences | 5,30,22,607 | (23,62,69,441) |
| Deferred tax recognised on unused tax credit or unused tax losses | (2,56,34,034) | 31,21,96,360 |
| Total Tax Charge for the year | 2,49,40,491 | 17,83,42,001 |
| **Current Tax** | (24,48,082) | 10,24,15,082 |
| **Deferred Tax (Refer Note 28.C)** | 2,73,88,573 | 7,59,26,919 |

### 28.B The income tax expenses for the year can be reconciled to the accounting profit as follows:

| | For the year ended March 31, 2020 | for the year ended 31 March 2019 |
|---|---|---|
| **Profit before Taxes** | (3,05,98,73,737) | 46,27,70,889 |
| Statutory Income Tax rate | 34.94% | 34.94% |
| **Tax Charge at Statutory Rate** | (1,06,92,42,279) | 16,17,10,659 |
| **Tax effect of :** | | |
| **Adjustment in respect of current income tax of prior year** | (24,48,082) | 2,02,822 |
| **Effect of non–deductible expenses:** | | |
| Others | - | 24,09,825 |
| Effect of utilisation of tax losses or deferred tax assets on losses earlier recognised now considered not recoverable | 1,09,90,78,934 | (8,81,93,565) |
| Recognition of available tax credits ( Minimum Alternate Tax credit) | (24,48,082) | 10,22,12,260 |
| **Income Tax Expenses Reported in Statement of Profit and Loss** | 2,49,40,491 | 17,83,42,001 |
| **Effective Income Tax Rate** | -0.82% | 38.54% |

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

**Edelweiss Investment Adviser Limited**

**Notes to the financial statements**

(Currency:Indian rupees)

## 28. Income Tax

### 28.C Table below shows deferred tax recorded in the balance sheet and changes recorded in Income tax expenses:

| For the Year Ended March 2020 | As at March 31, 2019 | Recognised in profit or loss | Recognised in OCI | Recognised directly in equity | As at March 31, 2020 |
|---|---|---|---|---|---|
| **Deferred Tax Assets** | | | | | |
| Difference between book and tax depreciation (including intangibles) | 5,51,602 | - | - | - | 5,51,602 |
| Provision for doubtful advances - ECL provision | 26,25,366 | - | - | - | 26,25,366 |
| Unrealised loss on derivatives | 10,41,352 | - | - | - | 10,41,352 |
| Unused tax losses (including but not limited to business losses, unabsorbed depreciation) | 55,58,61,651 | (2,31,85,952) | - | - | 53,26,75,699 |
| Unused tax credits (including but not limited to Minimum Alternate Tax credit) | 13,76,88,774 | (24,48,082) | - | - | 13,52,40,692 |
| Disallowances under section 43B of the Income Tax Act, 1961 | 21,95,340 | (17,54,541) | (27,955) | - | 4,12,844 |
| **Deferred Tax Liabilities** | | | | | |
| Unrealised gain on derivatives | (12,62,395) | - | - | - | (12,62,395) |
| Fair valuation of financial instruments | (25,37,58,149) | - | - | - | (25,37,58,149) |
| **Deferred Tax Asset (net)** | **44,49,43,541** | **(2,73,88,575)** | **(27,955)** | **-** | **41,75,27,011** |

| For the Year Ended March 2019 | As at April 01, 2018 | Recognised in profit or loss | Recognised in OCI | Recognised directly in equity | As at March 31, 2019 |
|---|---|---|---|---|---|
| **Deferred Tax Assets** | | | | | |
| Difference between book and tax depreciation (including intangibles) | 15,47,690 | (9,96,088) | - | - | 5,51,602 |
| Provision for doubtful advances - ECL provision | (2,86,713) | 29,12,079 | - | - | 26,25,366 |
| Unrealised loss on derivatives | - | 10,41,352 | - | - | 10,41,352 |
| Unused tax losses (including but not limited to business losses, unabsorbed depreciation) | 34,58,77,551 | 20,99,84,100 | - | - | 55,58,61,651 |
| Unused tax credits (including but not limited to Minimum Alternate Tax credit) | 3,54,76,514 | 10,22,12,260 | - | - | 13,76,88,774 |
| Disallowances under section 43B of the Income Tax Act, 1961 | 22,81,494 | (39,853) | (46,301) | - | 21,95,340 |
| **Deferred Tax Liabilities** | | | | | |
| Unrealised gain on derivatives | - | (12,62,395) | - | - | (12,62,395) |
| Fair valuation of financial instruments | 13,60,20,226 | (38,97,78,375) | - | - | (25,37,58,149) |
| **Deferred Tax Asset (net)** | **52,09,16,762** | **(7,59,26,920)** | **(46,301)** | **-** | **44,49,43,541** |

# Edelweiss Investment Adviser Limited

(Currency: Indian Rupees)

## *29.* Segment reporting

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

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

Income for each segment has been specifically identified. Expenditures, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.
Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information as required under the Indian Accounting Standard 108 - Operating Segment:

| | Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| I | **Segment revenue** | | |
| | a) Capital based business | **(91,40,57,146)** | 1,47,96,71,859 |
| | b) Agency business | **5,87,01,421** | 16,58,70,002 |
| | c) Unallocated | **-** | - |
| | Total | **(85,53,55,725)** | 1,64,55,41,861 |
| | Less : Inter segment revenue | **-** | - |
| | **Total income** | **(85,53,55,725)** | 1,64,55,41,861 |
| II | **Segment results** | | |
| | a) Capital based business | **(3,07,02,01,951)** | 45,65,10,124 |
| | b) Agency business | **1,03,28,214** | 62,60,765 |
| | c) Unallocated | **-** | - |
| | **Total** | **(3,05,98,73,737)** | 46,27,70,889 |
| | **Profit before taxation** | **(3,05,98,73,737)** | 46,27,70,889 |
| | Less : Provision for taxation | **2,49,40,491** | 17,83,42,001 |
| | **Profit after taxation** | **(3,08,48,14,228)** | 28,44,28,888 |

# Edelweiss Investment Adviser Limited

(Currency: Indian Rupees)

**Segment reporting *(continued)***

| | Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **III** | **Segment assets** | | |
| | a) Capital based business | **8,30,76,03,006** | 9,68,17,85,321 |
| | b) Agency business | **23,39,267** | 9,72,597 |
| | c) Unallocated | **45,29,16,291** | 40,94,41,054 |
| | **Total** | **8,76,28,58,564** | 10,09,21,98,972 |
| **IV** | **Segment liabilities** | | |
| | a) Capital based business | **11,33,77,83,247** | 10,65,89,77,499 |
| | b) Agency business | **1,12,74,420** | 7,74,433 |
| | c) Unallocated | **6,61,16,040** | - |
| | **Total** | **11,41,51,73,707** | 10,65,97,51,932 |
| **V** | **Capital expenditure (Including capital work-in-progress)** | | |
| | a) Capital based business | **2,79,789** | 56,42,360 |
| | b) Agency business | **2,60,265** | 6,26,929 |
| | **Total** | **5,40,054** | 62,69,288 |
| **VI** | **Depreciation, amortisation and impairment** | | |
| | a) Capital based business | **32,44,49,670** | 29,80,953 |
| | b) Agency business | **13,22,936** | 3,34,545 |
| | **Total** | **32,57,72,606** | 33,15,498 |
| **VII** | **Significant non-cash expenses other than depreciation and amortisation** | | |
| | a) Capital based business | **1,37,03,40,615** | 1,19,87,98,300 |
| | b) Agency business | **3,79,291** | 32,64,373 |
| | **Total** | **1,37,07,19,906** | 1,20,20,62,673 |

NGS & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

Edelweiss Investment Adviser Ltd. * Mumbai

# Edelweiss Investment Advisors Limited
## Notes to the financial statements *(Continued)*
For the year ended 31 March 2020

(Currency: Indian rupees)

**30.** ***Disclosure of Related parties as required under IND AS-24 – "Related party Disclosure"***

In accordance with Indian Accounting Standard 24 on "Related Party Disclosures" as prescribed under Section 133 of the companies Act 2013, read with Rule 7 of the companies (Accounts) Rules, 2014.

**(A)** **Name of related party by whom control is exercised**

| | |
|---|---|
| Edelweiss Financial Services Limited | Ultimate Holding Company |
| Edelweiss Rural & Corporate Services Limited | Holding Company |

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

Edelweiss Multi Strategy Fund Advisors LLP
Edelweiss Custodial Services Limited
Edelweiss Securities Limited
ECap Equities Limited
Edelweiss Asset Management Limited
Edelweiss Broking Limited
Edelweiss Global Wealth Management Limited
Edelweiss Housing Finance Limited
ECL Finance Limited
Edelweiss Retail Finance Limited
Edelweiss Galleghar Insurance Brokers Limited
(Formerly Edelweiss Insurance Brokers Limited)
Edel Land Limited
Edel Investments Limited
Edelweiss Alternative Asset Advisors Limited
Edelweiss Asset Reconstruction Company Limited

Edelweiss Investment Adviser Ltd. Mumbai

NGS & Co. LLP Mumbai Chartered Accountants

Edelweiss Investment Adviser Limited

**Notes to the financial statements** ***(Continued)***
*for the year ended 31 March 2020*

(Currency : Indian rupees)

***30. Disclosure of Related parties as required under Indian accounting standards-18 - "Related Party Disclosure" (Continued)***

**Transactions with related parties :**

| Sr. No. | Nature of Transaction | Name of Related Parties | 31 March 2020 | 31 March 2019 |
|---|---|---|---|---|
| | **Current account transactions during the year** | | | |
| 1 | Short term loans taken from *(refer note below)* | Edelweiss Rural & Corporate Services Limited | **4,99,99,16,930** | 14,68,33,26,428 |
| | | ECap Equities Limited | **1,50,57,63,861** | 4,69,34,74,087 |
| 2 | Short term loans repaid to *(refer note below)* | Edelweiss Rural & Corporate Services Limited | **1,00,00,00,000** | 9,40,51,44,573 |
| | | ECap Equities Limited | **4,51,42,74,509** | 18,08,70,162 |
| 3 | Interest expenses on loan from | Edelweiss Rural & Corporate Services Limited | **76,39,01,835** | 43,76,90,268 |
| | | ECap Equities Limited | **56,86,50,040** | 12,42,45,062 |
| 4 | Share of loss / profit in partnership firm | Edelweiss Multi Strategy Fund Advisors LLP | **-** | 2,672 |
| 4 | Interest income on margin from | Edelweiss Custodial Services Limited | **83,80,627** | 3,81,85,963 |
| | | Edelweiss Securities Limited | **-** | 33,02,350 |
| 5 | Advisory fees for syndication earned from(Commission) | ECL Finance Limited | **31,06,505** | - |
| | | Edelweiss Housing Finance Limited | **9,39,646** | - |
| 6 | Cost reimbursement paid to | Edelweiss Rural & Corporate Services Limited | **4,29,442** | - |
| | | Edelweiss Securities Limited | **20,88,860** | 15,10,674 |
| | | Edelweiss Financial Services Limited(Formerly ECL) | **1,58,404** | - |
| | | ECap Equities Limited | **1,633** | - |
| | | Edelweiss Asset Management Limited | **20,032** | 44,94,132 |
| | | Edelweiss Broking Limited | **32,05,557** | 52,19,664 |
| | | Edelweiss Retail Finance Limited | **-** | 7,93,978 |
| | | Edelweiss Housing Finance Limited | **-** | 65,259 |
| | | Edelweiss Global Wealth Management Limited | **-** | 88,994 |
| 7 | Cost reimbursements recovered from | Edelweiss Asset Management Limited | **2,05,001** | - |
| | | Edelweiss Securities Limited | **491** | - |
| | | Edelweiss Financial Services Limited(Formerly ECL) | **279** | - |
| | | ECap Equities Limited | **540** | - |
| | | Edelweiss Rural & Corporate Services Limited | **9,765** | - |
| 8 | Tax reimbursement paid to | Edelweiss Rural & Corporate Services Limited | **1,500** | 1,46,45,851 |
| 9 | Tax reimbursement received from | Edelweiss Financial Services Limited(Formerly ECL) | **5,441** | 5,29,884 |
| 10 | Advisory and Brokerage other fees earned from | Edelweiss Housing Finance Limited | **9,83,309** | 32,26,521 |
| | | ECL Finance Limited | **15,21,017** | 27,02,198 |
| 11 | Office Exps | Edelweiss Rural & Corporate Services Limited | **2,46,772** | 99,61,237 |
| | | Edelweiss Financial Services Limited(Formerly ECL) | **15,998** | - |
| 11 | Clearing charges paid to | Edelweiss Custodial Services Limited | **1,43,97,794** | 1,71,100 |
| 12 | Insurance expenses paid to | Edelweiss Financial Services Limited(Formerly ECL) | **12,49,407** | 36,02,171 |
| | | Edelweiss Rural & Corporate Services Limited | **2,391** | - |
| 13 | Sale of Fixed Assets to | Edelweiss Financial Services Limited(Formerly ECL) | **20,691** | 25,280 |
| | | Edelweiss Rural & Corporate Services Limited | **46,687** | 749 |
| | | Edelweiss Securities Limited | **56,113** | 30,220 |
| | | Edelweiss Housing Finance Limited | **16,691** | 34,510 |
| | | ECL Finance Limited | **40,659** | 37,166 |
| | | Edelweiss Alternative Asset Advisors Limited | **15,491** | 31,769 |
| | | Edelweiss Asset Management Limited | **3,61,139** | - |
| | | Edelweiss Broking Limited | **94,617** | 401 |
| | | Edelweiss Custodial Services Limited | **-** | 64,250 |
| | | Edelweiss Asset Reconstruction Company Limited | **-** | 552 |
| 14 | Commission & Brokerage Expense paid to | Edelweiss Securities Limited | **35,60,626** | |

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

**Edelweiss Investment Adviser Limited**

**Notes to the financial statements *(Continued)***
*for the year ended 31 March 2020*

(Currency : Indian rupees)

***30. Disclosure of Related parties as required under Indian accounting standards-18 - "Related Party Disclosure" (Continued)***

**Transactions with related parties :**

| Sr. No. | Nature of Transaction | Name of Related Parties | 31 March 2020 | 31 March 2019 |
|---|---|---|---|---|
| 15 | Sale of Property to | Edel Land Limited | - | 2,85,00,000 |
| 16 | Transfer of gratuity liability on account of employee transfer to | ECL Finance Limited | - | 3,31,000 |
| | | Edelweiss Asset Management Limited | **48,43,000** | - |
| 17 | Purchase of Fixed Assets from | Edelweiss Securities Limited | **11,358** | 28,175 |
| | | Edelweiss Financial Services Limited(Formerly ECL) | **12,981** | - |
| | | Edelweiss Broking Limited | **55,842** | 39,710 |
| | | Edelweiss Housing Finance Limited | **13,865** | 99,482 |
| | | Edelweiss Asset Management Limited | - | 8,568 |
| | | Edelweiss Insurance Brokers Limited | - | 26,248 |
| 18 | Margins placed with *(refer note below)* | Edelweiss Securities Limited | **84,989** | 69,97,55,743 |
| | | Edelweiss Custodial Services Limited | **19,65,51,007** | 3,24,38,77,834 |
| 17 | Margins withdrawn by *(refer note below)* | Edelweiss Custodial Services Limited | **1,17,73,35,407** | 2,35,62,74,598 |
| | | Edelweiss Securities Limited | - | 70,07,86,546 |
| 18 | Amount paid to broker for cash segment | Edelweiss Securities Limited | **17,59,53,074** | 3,88,03,48,591 |
| 19 | Amount received from broker for cash segment | Edelweiss Securities Limited | **17,61,16,203** | 3,89,94,77,588 |
| | **Balances with related parties** | | | |
| 20 | Short term loan taken from | Edelweiss Rural & Corporate Services Limited | **9,71,45,16,521** | 5,71,45,99,591 |
| | | ECap Equities Limited | **1,50,33,06,852** | 4,51,26,03,925 |
| 21 | Trade payables to | Edelweiss Rural & Corporate Services Limited | **1,14,248** | 3,693 |
| | | Edelweiss Custodial Services Limited | - | - |
| | | Edelweiss Asset Management Limited | - | 10,36,342 |
| | | ECL Finance Limited | **787** | - |
| | | Edelweiss Financial Services Limited(Formerly ECL) | **1,51,207** | - |
| | | Edelweiss Broking Limited | **3,18,578** | - |
| | | Edelweiss Global Wealth Management Limited | - | 30,009 |
| | | Edelweiss Securities Limited | **43,78,916** | 6,18,649 |
| | | Edelweiss Retail Finance Limited | - | 18,832 |
| | | ECap Equities Limited | **13** | - |
| 22 | Other payables to | Edelweiss Asset Management Limited | **48,43,000** | - |
| | | Edelweiss Custodial Services Limited | **10,79,466** | - |
| | **Other liabilities** | | | |
| 23 | Accrued interest expenses on loan taken from | Edelweiss Rural & Corporate Services Limited | **7,83,98,313** | 24,14,76,659 |
| | | ECap Equities Limited | **3,11,67,920** | 4,60,34,534 |
| 24 | Trade receivables from | Edelweiss Housing Finance Limited | **3,26,567** | 8,15,045 |
| | | Edelweiss Rural & Corporate Services Limited | **14,175** | - |
| | | Edelweiss Financial Services Limited(Formerly ECL) | **1,90,816** | 4,96,303 |
| | | Edelweiss Asset Management Limited | **36,626** | - |
| | | ECL Finance Limited | - | 7,22,515 |
| | | Edel Investments Limited | **381** | - |
| 24 | Interest receivable on margins | Edelweiss Custodial Services Limited | **8,37,942** | 19,47,897 |
| 25 | Interest payable on margins | Edelweiss Securities Limited | **3,693** | 3,693 |
| | **Short-term loans and advances** | | | |
| 26 | Advances with | Edelweiss Financial Services Limited | - | 7,64,116 |
| | **Other current assets** | | | |
| 27 | Margin placed with | Edelweiss Custodial Services Limited | - | 97,97,04,934 |
| 28 | Margin payable to | Edelweiss Securities Limited | - | 84,989 |

Note:

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

(ii) Disclosure under section 186(4) of the Companies Act, 2013 for loans: Loans have been given for general business purpose.

NGS & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

Edelweiss Investment Adviser Ltd. Mumbai

***31. Earnings per share***

In accordance with Indian Accounting Standard 33 on "Earnings Per Share" as prescribed under Section 133 of the companies Act 2013, read with Rule 7 of the companies (Accounts) Rules, 2014. The computation of earnings per share is set out below:

| | | 2020 | 2019 |
|---|---|---|---|
| a) | **Shareholders earnings** (as per statement of profit and loss) | **(3,084,814,228)** | 284,428,888 |
| b) | **Calculation of weighted average number of Equity Shares of Rs 10 each:** | | |
| | – Number of equity shares at the beginning of the year | **550,000** | 550,000 |
| | – Number of equity shares issued during the year | **100,000,000** | - |
| | Total number of equity shares outstanding at the end of the year | **100,550,000** | 550,000 |
| | Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) | **1,097,945** | 550,000 |
| c) | Basic and diluted earnings per share (in rupees) (a/b) | **(2,809.63)** | 517.14 |

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

***32. Details of dues to micro and small enterprises***

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

***33. Capital commitments***

The Company has Rs.2,32,500,000 (Previous year: Rs 1,558,388,155) capital commitments as at the balance sheet date.

***34. Contingent liabilities***

Taxation matters in respect of which appeal is pending is Nil (Previous year: Rs.Nil).

***35. Earnings and expenditure in foreign currency***

The Company did not have any earnings or expenditure in foreign currency during the year (previous year: Rs. Nil).

NGS & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

Edelweiss Investment Adviser Ltd. * Mumbai

(Currency:Indian rupees)

## 36 Employee Benefits

### a) Defined contribution plan - Provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate.These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Company contributes an equal amount.

The Company recognised ₹ 11,38,823 (Previous year: ₹ 51,89,762) for provident fund and other contributions in the statement of profit and loss.

### b) Defined benefit plan - Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment in accordance with the rules laid down in the Payment of Gratuity Act, 1972. The gratuity benefit is partially provided through funded plan and annual expense is charged to the statement of profit and loss on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020.The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

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

| | March 31 ,2020 | March 31 ,2019 |
|---|---|---|
| **Present Value of DBO at Start of the year** | **54,95,000** | **59,14,000** |
| *Service Cost* | | |
| a. Current Service Cost | 2,15,000 | 9,14,000 |
| b.Past Service Cost | - | - |
| c.Loss/(Gain) from Settlement | - | - |
| Interest Cost | 44,000 | 3,91,000 |
| Benefits Paid | - | (12,34,000) |
| Re-measurements | - | - |
| a.Actuarial Loss/(Gain) from changes in demographic assumptions | 1,59,000 | - |
| b.Actuarial Loss/(Gain) from changed in financials assumptions | 23,000 | 50,000 |
| c.Actuarial Loss/(Gain) from experience over last past year | (1,03,000) | (2,09,000) |
| Effect of acquisition / (divestiture) | - | - |
| Changes in foreign exchange rate | - | - |
| Transfer In / (Out) | (48,43,000) | (3,31,000) |
| **Present Value of DBO at end of the year** | **9,90,000** | **54,95,000** |

**Reconciliation of Fair Value of Plan Assets**

| | March 31 ,2020 | March 31 ,2019 |
|---|---|---|
| **Fair Value of Plan Assets at start of the year** | - | - |
| *Contributions by Employer* | - | 12,34,000 |
| Benefits Paid | - | (12,34,000) |
| Interest Income Plan Assets | - | - |
| *Re-measurements* | - | - |
| Return on plan assets excluding amount including in net interest on the net defind benefit liability / (asset) | - | - |
| Effect of acquisition / (divestiture) | - | - |
| Changes in foreign exchange rate | - | - |
| **Fair Value of Plan Assets at end of the year** | - | - |
| *Actual Return on Plan Assets* | - | - |
| *Expected Employer Contributions for the coming year* | - | - |

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

**Edelweiss Investment Adviser Limited**

**Notes to financial statements**

(Currency:Indian rupees)

## 36 Employee Benefits

**Expenses recongnised in the Profit or Loss**

| | March 31 ,2020 | March 31 ,2019 |
|---|---|---|
| *Service Cost* | | |
| a.Current Service Cost | 2,15,000 | 9,14,000 |
| b.Past Service Cost | - | - |
| c.Loss/(Gain) from Settlement | - | - |
| Net Interest on net defind benefit liability / (asset) | 44,000 | 3,91,000 |
| Changes in foreign exchange rate | - | - |
| **Employer Expenses** | **2,59,000** | **13,05,000** |

**Net Liability / (Asset) recognised in the Balance sheet**

| | March 31 ,2020 | March 31 ,2019 |
|---|---|---|
| Present Value of DBO | 9,90,000 | 54,95,000 |
| Fair Value of Plan Assets | - | - |
| Liability / (Asset) recongised in the Balance Sheet | 9,90,000 | 54,95,000 |
| Funded Status [Surplus/ (Deficit)] | (9,90,000) | (54,95,000) |
| Of which,Short term Liability | 1,26,000 | 10,64,000 |
| Experience Adjustment on Plan Liabilities:(Gain)/Loss | (1,03,000) | (2,09,000) |

**Percentage Break-down of Total Plan Assets**

| | March 31 ,2020 | March 31 ,2019 |
|---|---|---|
| Equity instruments | 0.0% | 0.0% |
| Debt instruments | 0.0% | 0.0% |
| Real estate | 0.0% | 0.0% |
| Derivatives | 0.0% | 0.0% |
| Investment Funds with Insurance Company | 0.0% | 0.0% |
| Of which, Unit Linked | 0.0% | 0.0% |
| Of which, Traditional/ Non-Unit Linked | 0.0% | 0.0% |
| Asset-backed securities | 0.0% | 0.0% |
| Structured debt | 0.0% | 0.0% |
| Cash and cash equivalents | 0.0% | 0.0% |
| **Total** | **0.0%** | **0.0%** |

**Actuarial assumptions:**

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| | | |
| Salary Growth Rate (% p.a) | 7% p.a | 7% p.a |
| Discount Rate (% p.a) | 5.90% | 6.70% |
| Interest Rate on Net DBO/ (Asset) (% p.a.) | 6.70% | 6.70% |
| Withdrawal Rate (% p.a) | | |
| *Senior* | 13% p.a | 13% p.a |
| *Middle* | 18% p.a | 30% p.a |
| *Junior* | 25% p.a | 60% p.a |
| Mortality Rate | IALM 2012-14(Ultimate) | IALM 2012-14(Ultimate) |
| Expected weighted average remaining working life (years) | 4 Years | 3 Years |

MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

**Edelweiss Investment Adviser Limited**

**Notes to financial statements**

(Currency:Indian rupees)

## 36 Employee Benefits

**Movement in Other Comprehensive Income**

| | March 31 ,2020 | March 31 ,2019 |
|---|---|---|
| **Balance at start of year (Loss)/ Gain** | **1,59,000** | **NIL** |
| *Re-measurements on DBO* | | |
| a.Actuarial Loss/(Gain) from changes in demographic assumptions | (1,59,000) | - |
| b.Actuarial Loss/(Gain) from changed in financials assumptions | (23,000) | (50,000) |
| c.Actuarial Loss/(Gain) from experience over last past year | 1,03,000 | 2,09,000 |
| *Re-measurements on Plan Assets* | - | - |
| Return on plan assets excluding amount including in net interest on the net defind benefit liability / (asset) | - | - |
| **Balance at end of year (Loss)/ Gain** | **80,000** | **1,59,000** |

**Senitivity Analysis**

| DBO increases / (decreases ) by | March 31 ,2020 | March 31 ,2019 |
|---|---|---|
| 1 % Increase in Salary Growth Rate | 54,000 | 2,71,000 |
| 1 % Decrease in Salary Growth Rate | (51,000) | (2,53,000) |
| 1 % Increase in Discount Rate | (51,000) | (2,51,000) |
| 1 % Decrease in Discount Rate | 55,000 | 2,74,000 |
| 1 % Increase in Withdrawal Rate | (3,000) | (24,000) |
| 1 % Decrease in Withdrawal Rate | 3,000 | 25,000 |
| Mortality (Increase in expected lifetime by 1 year) | Negligible Change | Negligible Change |
| Mortality (Increase in expected lifetime by 3 year) | Negligible Change | Negligible Change |

Note: The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant there are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses.

**Movement in Surplus / (Deficit)**

| | March 31 ,2020 | March 31 ,2019 |
|---|---|---|
| **Surplus / (Deficit) at start of year** | (54,95,000) | (59,14,000) |
| Net (Acquisition) / Divestiture | - | - |
| Net Tranfer (In)/ Out | 48,43,000 | 3,31,000 |
| *Movement during the year* | - | - |
| Current Service Cost | (2,15,000) | (9,14,000) |
| Past Service Cost | - | - |
| Net Interest on net DBO | (44,000) | (3,91,000) |
| Changes in foreign exchange rate | - | - |
| Re-measurements | (79,000) | 1,59,000 |
| Contributions / Benefits | - | 12,34,000 |
| **Surplus / (Deficit) at end of year** | **(9,90,000)** | **(54,95,000)** |

### c) Compensated absences :

The Company provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation. The leave encashment on separation is paid on basic salary.

Edelweiss Investment Adviser Ltd. Mumbai

MUMBAI CHARTERED ACCOUNTANTS

### 37. *Employee Stock Option Plans*

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 company policy / arrangement, EFSL has charged the fair value of such stock options, Company has accepted such cross charge and recognized the same under the employee cost.

### 38. *Cost sharing*

Edelweiss Financial Services and it's group companies provide necessary business and management oversights to its various subsidiaries inter-alia in the form of business and strategy planning , stake holder relation , marketing & publication, technology support , HR Policies including leadership & development of employees , governance and regulatory policies , policy advocacy , legal & litigation handling framework etc. ( here in after collectively referred to as "Business and Management oversight"). Subsidiaries of Edelweiss group thus get benefitted from the oversight of expenses incurred by group companies. It is therefore imperative that expenses if incurred on providing such oversight, to be shared by its subsidiaries.

The group companies provide business and support services to each other basis of the signed agreed terms. The services provided are with the intent to create synergies at group level for e.g. sharing of empty spaces with the group companies, having common HR and admin teams, using one's available resource for the benefit of the group.

In consideration of the business and management oversight by Edelweiss group, the beneficiaries shall share and pay towards the costs, as agreed. It is expressly agreed between the parties that sharing of these cost shall be on the total cost over the financial year (April to march) adequate to compensate the function performed , assets employed and risks assumed by group companies and will be determined by the beneficiaries and edelweiss group companies. The amount payable by the beneficiaries will be reviewed intermittently and any amendment to the same will be mutually agreed upon in writing by the parties. For the purpose of total cost means all operating expense including but not limited to, normal recurring cost such as office rent, communication charges, salaries, employee benefits, cost of approved third party vendor, deprecation on assets used and amortization.

### 39. *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.

**Risk management structure**

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has appointed the Risk Committee which is responsible for monitoring the overall risk process within the Company and reports to the Audit Committee. The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Global Risk Company is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Company works closely with and reports to the Risk Committee, to ensure that procedures are compliant with the overall framework.

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

(Currency: Indian rupees)

***39. Risk Management (Continued)***

**Credit risk**

Credit risk is the risk of financial loss the Company may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial /contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. The Company has adopted a policy of dealing with creditworthy counterparties and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**Liquidity risk**

Liquidity risk emanates from the possible mismatches due to differences in maturity and repayment profile of assets and liabilities. To avoid such a scenario, the Company has maintained cash reserves in the form of Fixed Deposits, Cash, Loans which are callable any time at the Company's discretion, etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. These would be to take care of immediate obligations while continuing to honour commitments as a going concern.

**Analysis of financial assets and liabilities by remaining contractual maturities**

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March. All OTC derivatives used for hedging are shown by maturity, based on their contractual undiscounted payment obligations. All exchange traded derivatives held for trading are analyzed based on expected maturity.

Equity and Index Price Risk:

Equity 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 individual investment in equity share prices.

Index 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 equity indices.

There are no open derivative position as at 31 March 2020.

| | 2018-19 | | | |
|---|---|---|---|---|
| **Impact on** | **Increase in currency rate (%)** | **Effect on profit before tax** | **Decrease in currency rate (%)** | **Effect on profit before tax** |
| Derivatives | 5 | (1,864,323) | 5 | 1,864,323 |

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.

| | 2019-20 | | | |
|---|---|---|---|---|
| **Impact on** | **Increase in price (%)** | **Effect on profit before tax** | **Decrease in price (%)** | **Effect on profit before tax** |
| Loans classified at FVTPL | 5 | 273,960,356 | 5 | (273,960,356) |

| | 2018-19 | | | |
|---|---|---|---|---|
| **Impact on** | **Increase in price (%)** | **Effect on profit before tax** | **Decrease in price (%)** | **Effect on profit before tax** |
| Loans classified at FVTPL | 5 | 294,840,786 | 5 | (294,840,786) |

NGS & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

Edelweiss Investment Adviser Ltd. Mumbai

(Currency : Indian rupees)

## 40 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 and manages each of those portfolios separately. Such risks the market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non–trading positions are managed and monitored using other sensitivity analyses.

| | As at 31 March 2020 | | | As at 31 March 2019 | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Carrying amount** | **Traded risk** | **Non-traded risk** | **Carrying amount** | **Traded risk** | **Non-traded risk** |
| **Assets** | | | | | | |
| Cash and cash equivalent and other bank balances | 55,81,835 | - | 55,81,835 | 24,61,284 | - | 24,61,284 |
| Loans at FVTPL | 5,47,92,07,120 | - | 5,47,92,07,120 | 5,89,68,15,716 | - | 5,89,68,15,716 |
| Loans at amortised cost | 14,94,74,279 | - | 14,94,74,279 | 20,63,52,979 | - | 20,63,52,979 |
| Trade receivables | 14,09,432 | - | 14,09,432 | 1,01,25,700 | - | 1,01,25,700 |
| Other Financial assets : | | | | | | |
| Accrued interest on margin | 8,37,942 | 8,37,942 | - | 19,47,897 | 19,47,897 | - |
| Margin placed with brokers | - | - | - | 97,96,19,945 | 97,96,19,945 | - |
| **Total** | **5,63,65,10,608** | **8,37,942** | **5,63,56,72,666** | **7,09,73,23,521** | **98,15,67,842** | **6,11,57,55,679** |
| | | | | | | |
| **Liability** | | | | | | |
| Borrowings (other than debt securities) | 11,32,73,89,606 | - | 11,32,73,89,606 | 10,51,47,18,273 | - | 10,51,47,18,273 |
| Trade payables | 74,66,745 | - | 74,66,745 | 2,04,46,989 | - | 2,04,46,989 |
| Other financial liabilities | 61,12,641 | 10,79,466 | 50,33,175 | 1,00,95,572 | - | 1,00,95,572 |
| **Total** | **11,34,09,68,992** | **10,79,466** | **11,33,98,89,526** | **10,54,52,60,834** | **-** | **10,54,52,60,834** |

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

(Currency : Indian rupees)

**41 Fair values of financial instruments**

A. **Valuation goverance framework**

Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, Company sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable.

B. **Fair value hierarchy**

Level 1 – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that company can access at the measurement date.
Level 2 – valuation technique using observable inputs: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 – valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

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

| | **As at 31 March 2020** | | | |
|---|---|---|---|---|
| **Particulars** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets measured at fair value on a recurring basis** | | | | |
| Loans : | | | | |
| Loans classified as FVTPL | - | - | 5,47,92,07,120 | 5,47,92,07,120 |
| **Total loans measured at fair value** | **-** | **-** | **5,47,92,07,120** | **5,47,92,07,120** |
| **Total financial assets measured at fair value on a recurring basis** | **-** | **-** | **5,47,92,07,120** | **5,47,92,07,120** |

| | **As at 31 March 2019** | | | |
|---|---|---|---|---|
| **Particulars** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets measured at fair value on a recurring basis** | | | | |
| Derivative financial instruments (assets): | | | | |
| Exchange-traded derivatives | 6,32,563 | | | 6,32,563 |
| **Total derivative financial instruments (assets)** | **6,32,563** | **-** | **-** | **6,32,563** |
| **Assets measured at fair value on a recurring basis** | | | | |
| Loans: | | | | |
| Loans classified as FVTPL | - | - | 5,89,68,15,716 | 5,89,68,15,716 |
| **Total loans measured at fair value** | **-** | **-** | **5,89,68,15,716** | **5,89,68,15,716** |
| **Total financial assets measured at fair value on a recurring basis** | **6,32,563** | **-** | **5,89,68,15,716** | **5,89,74,48,279** |

Edelweiss Investment Adviser Ltd. Mumbai

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees)

## 41 Fair Values of Financial Instruments (Continued)

### D. Movement in level 3 financial instruments 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.

| | Financial assets | Financial liabilities | |
|---|---|---|---|
| **Particulars** | **Loans at FVTPL** | **Other financial liabilities** | **Total** |
| **At 01 April 2019** | 5,89,68,15,717 | - | **5,89,68,15,717** |
| Purchase | 1,02,68,52,713 | - | **1,02,68,52,713** |
| Sales / repayment received | (11,38,46,942) | - | **(11,38,46,942)** |
| Gains / (losses) for the period (2019-20) recognised in profit or loss -Unrealised | (1,31,39,45,938) | - | **(1,31,39,45,938)** |
| Gains / (losses) for the period (2019-20) recognised in profit or loss -Realised | (1,66,68,430) | - | **(1,66,68,430)** |
| **At 31 March 2020** | **5,47,92,07,120** | **-** | **5,47,92,07,120** |

| | Financial assets | Financial liabilities | |
|---|---|---|---|
| **Particulars** | **Loans at FVTPL** | **Other financial liabilities** | **Total** |
| **At 01 April 2018** | 3,36,64,15,717 | - | **3,36,64,15,717** |
| Purchase | 1,51,09,40,267 | - | **1,51,09,40,267** |
| Sales | - | - | **-** |
| Gains / (losses) for the period (2018-19) recognised in profit or loss -Unrealised | 1,01,94,59,733 | - | **1,01,94,59,733** |
| **At 31 March 2019** | **5,89,68,15,717** | **-** | **5,89,68,15,717** |

Edelweiss Investment Adviser Ltd. ★ Mumbai

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

**Edelweiss Investment Adviser Limited**
**Notes to the financial statements (Continued)**
(Currency : Indian rupees)

**41 Fair values of financial instruments (Continued)**

**E. 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 |
|---|---|---|---|---|---|---|---|---|---|
| Loans classified as FVTPL | 5,47,92,07,120 | - | Comparable transaction value | Discounting rate | 15%-20% | 1% | A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value | 1% | A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value |

| Type of financial instruments | Fair value of asset as on 31 March 2019 | Fair value of liability as on 31 March 2018 | 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 |
|---|---|---|---|---|---|---|---|---|---|
| Loans classified as FVTPL | 5,89,68,15,717 | - | Comparable transaction value | Discounting rate | 15%-20% | 1% | A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value | 1% | A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value |

NGS & CO LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

**Edelweiss Investment Adviser Limited**
**Notes to the financial statements (Continued)**
(Currency : Indian rupees)

## 42 Disclosure related to collateral

**Following table sets out availability of Company's financial and non financial assets to support funding**

| As at 31 March 2020 | Pledge as collateral | Others 1 | Available as collateral | Others 2 | Total carrying amount |
|---|---|---|---|---|---|
| Cash and cash equivalent including bank balance | - | - | - | 55,81,835 | 55,81,835 |
| Trade receivables | - | - | 14,09,432 | - | 14,09,432 |
| Loans | - | - | 5,62,86,81,399 | - | 5,62,86,81,399 |
| Other financial assets | 8,37,942 | - | - | - | 8,37,942 |
| Investment property | - | - | 2,67,70,02,567 | - | 2,67,70,02,567 |
| Property, plant and equipment | - | - | 17,87,345 | - | 17,87,345 |
| Other non financial assets | - | - | - | 95,000 | 95,000 |
| **Total assets** | **8,37,942** | **-** | **8,30,88,80,743** | **56,76,835** | **8,31,53,95,520** |

| As at 31 March 2019 | Pledge as collateral | Others 1 | Available as collateral | Others 2 | Total carrying amount |
|---|---|---|---|---|---|
| Cash and cash equivalent including bank balance | - | - | - | 24,61,284 | 24,61,284 |
| Trade receivables | - | - | 1,01,25,700 | - | 1,01,25,700 |
| Loans | - | - | 6,10,31,68,695 | - | 6,10,31,68,695 |
| Other financial assets | 98,15,67,842 | - | - | - | 98,15,67,842 |
| Investment property | - | - | 2,50,87,34,351 | - | 2,50,87,34,351 |
| Property, plant and equipment | | | 49,35,072 | | 49,35,072 |
| Other non financial assets | - | - | - | 95,000 | 95,000 |
| **Total assets** | **98,15,67,842** | **-** | **8,62,69,63,818** | **25,56,284** | **9,61,10,87,944** |

1 Represents assets which are not pledged and Group believes it is restricted from using to secure funding for legal or other reason.

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

MUMBAI
CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd.
Mumbai

Edelweiss Investment Adviser Limited
**Notes to the financial statements (Continued)**
(Currency : Indian rupees)

## 43 Remaining contractual maturities

### A. Analysis of non-derivative financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's non-derivative financial liabilities as at 31 March. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that the counterparties will not request repayment on the earliest date it could be required to pay.

| As at 31 March 2020 | On demand | Less than 3 months | > 3 years | Total |
|---|---|---|---|---|
| Trade payables from non-related parties | - | 26,75,071 | - | 26,75,071 |
| Trade payables from related parties | - | 47,91,674 | - | 47,91,674 |
| Borrowings (other than debt securities) group | 11,32,73,89,606 | - | - | 11,32,73,89,606 |
| Other financial liabilities | - | 61,12,641 | - | 61,12,641 |
| **Total undiscounted non-derivative financial liabilities** | 11,32,73,89,606 | 1,35,79,386 | - | 11,34,09,68,992 |

| As at 31 March 2019 | On demand | Less than 3 months | > 3 years | Total |
|---|---|---|---|---|
| Trade payables from non-related parties | - | 1,87,39,464 | - | 1,87,39,464 |
| Trade payables from related parties | - | 17,07,525 | - | 17,07,525 |
| Borrowings (other than debt securities) group | 10,51,47,18,273 | - | - | 10,51,47,18,273 |
| Other financial liabilities | - | 1,00,95,572 | - | 1,00,95,572 |
| **Total undiscounted non-derivative financial liabilities** | 10,51,47,18,273 | 3,05,42,561 | - | 10,54,52,60,834 |

### B. Analysis of non-derivative financial assets by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's non-derivative financial assets as at 31 March.

| As at 31 March 2020 | On demand | Less than 3 months | > 3 years | Total |
|---|---|---|---|---|
| Cash and cash equivalent and other bank balances | 55,81,835 | - | - | 55,81,835 |
| Trade receivable from non-related parties | - | 10,09,249 | - | 10,09,249 |
| Trade receivable from related parties | - | 4,00,183 | - | 4,00,183 |
| Loans | - | - | 5,62,86,81,399 | 5,62,86,81,399 |
| Other financial assets | - | 8,37,942 | - | 8,37,942 |
| **Total** | 55,81,835 | 22,47,374 | 5,62,86,81,399 | 5,63,65,10,608 |

| As at 31 March 2019 | On demand | Less than 3 months | > 3 years | Total |
|---|---|---|---|---|
| Cash and cash equivalent and other bank balances | 24,61,284 | - | - | 24,61,284 |
| Trade receivable from non-related parties | - | 80,91,836 | - | 80,91,836 |
| Trade receivable from related parties | - | 20,33,864 | - | 20,33,864 |
| Loans | - | - | 6,10,31,68,695 | 6,10,31,68,695 |
| Other financial assets | - | 98,09,35,279 | - | 98,09,35,279 |
| **Total** | 24,61,284 | 99,10,60,979 | 6,10,31,68,695 | 7,09,66,90,958 |

NGS & Co. LLP
Chartered Accountants
Mumbai

Edelweiss Investment Adviser Ltd.
Mumbai

(Currency : Indian rupees)

## 43 Remaining contractual maturities

### C. Maturity analysis for derivatives:

All derivatives which are entered into for trading purposes are shown in the earliest time band. With respect to other derivatives, the remaining contractual maturity information has been given based on undiscounted cash flows.

| As at 31 March 2020 | On demand | Less than 3 months | > 3 years | Total |
|---|---|---|---|---|
| Net settled derivatives entered into for trading purposes | - | - | - | - |
| **Total** | - | - | - | - |

| As at 31 March 2019 | On demand | Less than 3 months | > 3 years | Total |
|---|---|---|---|---|
| Net settled derivatives entered into for trading purposes | - | 6,32,563 | - | 6,32,563 |
| **Total** | - | 6,32,563 | - | 6,32,563 |

### D. The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

| As at 31 March 2020 | On demand | Less than 3 months | > 3 years | Total |
|---|---|---|---|---|
| Other commitments | | | 23,25,00,000 | 23,25,00,000 |
| **Total** | - | - | 23,25,00,000 | 23,25,00,000 |

| As at 31 March 2019 | On demand | Less than 3 months | > 3 years | Total |
|---|---|---|---|---|
| Other commitments | | | 1,55,83,88,155 | 1,55,83,88,155 |
| **Total** | - | - | 1,55,83,88,155 | 1,55,83,88,155 |

Edelweiss Investment Adviser Ltd. ★ Mumbai

NGS & Co LLP ★ Chartered Accountants ★ Mumbai

**Edelweiss Investment Adviser Limited**
**Notes to the financial statements (Continued)**
(Currency : Indian rupees)

## 44 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

| | As at 31 March 2020 | | | As at 31 March 2019 | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Within 12 months** | **After 12 months** | **Total** | **Within 12 months** | **After 12 months** | **Total** |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 55,81,835 | - | 55,81,835 | 24,61,284 | - | 24,61,284 |
| Trade receivables | 14,09,432 | - | 14,09,432 | 1,01,25,700 | - | 1,01,25,700 |
| Loans at FVTPL | - | 5,47,92,07,120 | 5,47,92,07,120 | - | 5,89,68,15,716 | 5,89,68,15,716 |
| Loans at amortised cost | - | 14,94,74,279 | 14,94,74,279 | - | 20,63,52,979 | 20,63,52,979 |
| Investments | | | - | - | - | - |
| Accrued interest on margin | 8,37,942 | - | 8,37,942 | 19,47,897 | - | 19,47,897 |
| Margin placed with brokers | - | | - | 97,96,19,945 | - | 97,96,19,945 |
| **Total** | **78,29,209** | **5,62,86,81,399** | **5,63,65,10,608** | **99,41,54,826** | **6,10,31,68,695** | **7,09,73,23,521** |
| | | | | | | |
| **Non-financial assets** | | | | | | |
| Current tax assets (net) | 67,36,021 | 2,30,71,424 | 2,98,07,445 | 60,32,518 | 2,28,54,742 | 2,88,87,260 |
| Deferred tax assets (net) | - | 41,75,27,011 | 41,75,27,011 | - | 44,49,43,541 | 44,49,43,541 |
| Investment property | - | 2,67,70,02,567 | 2,67,70,02,567 | - | 2,50,87,34,351 | 2,50,87,34,351 |
| Property, plant and equipment | - | 17,87,345 | 17,87,345 | - | 49,35,072 | 49,35,072 |
| Other intangible assets | - | 61,670 | 61,670 | - | 1,31,104 | 1,31,104 |
| Other non-financial assets | 66,918 | 95,000 | 1,61,918 | - | 72,44,123 | 72,44,123 |
| **Total** | **68,02,939** | **3,11,95,45,017** | **3,12,63,47,956** | **60,32,518** | **2,98,88,42,933** | **2,99,48,75,451** |
| | | | | | | |
| **Total assets** | **1,46,32,148** | **8,74,82,26,416** | **8,76,28,58,564** | **1,00,01,87,344** | **9,09,20,11,628** | **10,09,21,98,972** |

| | As at 31 March 2020 | | | As at 31 March 2019 | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Within 12 months** | **After 12 months** | **Total** | **Within 12 months** | **After 12 months** | **Total** |
| **Financial liabilities** | | | | | | |
| Trade payables | 74,66,745 | - | 74,66,745 | 2,04,46,989 | - | 2,04,46,989 |
| Borrowing (other than debt securities) | 11,32,73,89,606 | - | 11,32,73,89,606 | 10,51,47,18,273 | - | 10,51,47,18,273 |
| Other financial liabilities | 61,12,641 | - | 61,12,641 | 1,00,95,572 | - | 1,00,95,572 |
| **Total** | **11,34,09,68,992** | **-** | **11,34,09,68,992** | **10,54,52,60,834** | **-** | **10,54,52,60,834** |
| | | | | | | |
| **Non-financial liabilities** | | | | | | |
| Current tax liabilities (net) | - | 1,48,21,474 | 1,48,21,474 | - | 9,25,69,664 | 9,25,69,664 |
| Provisions | 1,66,000 | 10,15,446 | 11,81,446 | 12,55,000 | 50,27,452 | 62,82,452 |
| Other non-financial liabilities | 5,82,01,795 | - | 5,82,01,795 | 1,56,38,982 | - | 1,56,38,982 |
| **Total** | **5,83,67,795** | **1,58,36,920** | **7,42,04,715** | **1,68,93,982** | **9,75,97,116** | **11,44,91,098** |
| | | | | | | |
| **Total liabilities** | **11,39,93,36,787** | **1,58,36,920** | **11,41,51,73,707** | **10,56,21,54,816** | **9,75,97,116** | **10,65,97,51,932** |

NGS & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. ★ Mumbai

**Edelweiss Investment Adviser Limited**
**Notes to the financial statements (Continued)**
(Currency : Indian rupees)

## 45 Revenue from contract with customers

Below is the disaggregation of the revenue from contracts with customers and its reconciliation to amounts reported in statement of profit and loss:

**For the year ended 31 March 2020**

| Particulars | Fees and commission income |
|---|---|
| Service transferred at a point in time | 5,87,01,421 |
| Service transferred over time | - |
| **Total revenue from contract with customers** | 5,87,01,421 |

**For the year ended 31 March 2019**

| Particulars | Fees and commission income |
|---|---|
| Service transferred at a point in time | 16,58,70,002 |
| Service transferred over time | - |
| **Total revenue from contract with customers** | 16,58,70,002 |

MUMBAI CHARTERED ACCOUNTANTS

Edelweiss Investment Adviser Ltd. Mumbai

**Edelweiss Investment Adviser Limited**
**Notes to the financial statements (Continued)**
(Currency : Indian rupees)

**Analysis of risk concentration**

## 46. Industry analysis - risk concentration for 31 March 2020

| Particulars | Financial services | Construction | Others | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalent and other bank balances | 55,81,835 | - | - | 55,81,835 |
| Other financial assets | 8,37,942 | - | - | 8,37,942 |
| Trade and other receivables | 14,09,432 | - | - | 14,09,432 |
| Loans-FVTPL | - | 5,47,92,07,120 | - | 5,47,92,07,120 |
| Loans-amortised cost | - | 14,94,00,000 | 74,279 | 14,94,74,279 |
| **Total** | **78,29,209** | **5,62,86,07,120** | **74,279** | **5,63,65,10,608** |

**Industry analysis - risk concentration for 31 March 2019**

| Particulars | Financial services | Construction | Others | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalent and other bank balances | 24,61,284 | - | - | 24,61,284 |
| Other financial assets | 98,15,67,842 | - | - | 98,15,67,842 |
| Trade and other receivables | 20,11,250 | 81,14,450 | - | 1,01,25,700 |
| Loans-FVTPL | - | 5,89,68,15,717 | - | 5,89,68,15,717 |
| Loans-amortised cost | - | 20,61,75,849 | 1,77,129 | 20,63,52,978 |
| **Total** | **98,60,40,376** | **6,11,11,06,016** | **1,77,129** | **7,09,73,23,521** |

Edelweiss Investment Adviser Ltd. Mumbai

NGS & CO LLP MUMBAI CHARTERED ACCOUNTANTS

**Edelweiss Investment Adviser Limited**

**Notes to the financial statement for the year ended March 31, 2020**

(Currency : Indian rupees)

## 47. Loans at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances.

### a Credit quality of assets

| | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage I | Stage II | Stage III | Total | Stage I | Stage II | Stage III | Total |
| **Performing** | | | | | | | | |
| Standard grade | - | 14,94,74,279 | - | 14,94,74,279 | 20,63,52,978 | - | - | 20,63,52,978 |
| | **-** | **14,94,74,279** | **-** | **14,94,74,279** | **20,63,52,978** | **-** | **-** | **20,63,52,978** |

### b Reconciliation of changes in gross carrying amount and corresponding ECL allowances for loans and advances to corporate and retail customers:

The following disclosure provides stage wise reconciliation of the Company's gross carrying amount and ECL allowances for loans and advances to corporates and retail customers. The transfers of financial assets represents the impact of stage transfers upon the gross carrying amount and associated allowance for ECL. The net remeasurement of ECL arising from stage transfers represents the increase or decrease due to these transfers.

The 'New assets originated /repayments received (net)' represent the gross carrying amount and associated allowance ECL impact from transactions within the Company's lending portfolio.

**Reconciliation / movement for the year ended March 31, 2020**

| | Non credit impaired | | | | Credit impaired | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Stage I | | Stage II | | Stage III | | | |
| **Particulars** | **Gross Carrying Amount** | **Allowance for ECL** | **Gross carrying Amount** | **Allowance for ECL** | **Gross carrying Amount** | **Allowance for ECL** | **Gross carrying Amount** | **Allowance for ECL** |
| **Opening balance** | 20,63,52,978 | - | - | - | - | - | 20,63,52,978 | - |
| Transfer of financial assets | | | | | | | | |
| Stage I to Stage II | (20,63,52,978) | - | 20,63,52,978 | - | - | - | - | - |
| Stage I to Stage III | - | - | - | - | - | - | - | - |
| Stage II to Stage III | - | - | - | - | - | - | - | - |
| Stage II to Stage I | - | - | - | - | - | - | - | - |
| Stage III to Stage II | - | - | - | - | - | - | - | - |
| Remeasurement of ECL arising from transfer of stage (net) | - | - | - | 5,68,78,699 | - | - | - | 5,68,78,699 |
| New assets originated /repayments received (net) | - | - | - | - | - | - | - | - |
| Loans sold to ARC | - | - | - | - | - | - | - | - |
| Amounts written off | - | - | - | - | - | - | - | - |
| **Closing balance** | **-** | **-** | **20,63,52,978** | **5,68,78,699** | **-** | **-** | **20,63,52,978** | **5,68,78,699** |

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

**47. Credit quality of assets (contd.)**

**Reconciliation / movement for the year Ended March 31, 2019**

| Particulars | Non credit impaired | | | | Credit impaired | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Stage I | | Stage II | | Stage III | | | |
| | Gross Carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL |
| **Opening balance** | 15,74,23,716 | - | - | - | - | - | 15,74,23,716 | - |
| **Transfer of financial assets:** | | | | | | | | |
| Stage I to Stage II | - | - | - | - | - | - | - | - |
| Stage I to Stage III | - | - | - | - | - | - | - | - |
| Stage II to Stage III | - | - | - | - | - | - | - | - |
| Stage II to Stage I | - | - | - | - | - | - | - | - |
| Stage III to Stage II | - | - | - | - | - | - | - | - |
| Remeasurement of ECL arising from transfer of stage (net) | - | - | - | - | - | - | - | - |
| New assets originated /repayments received (net) | 4,89,29,262 | - | - | - | - | - | 4,89,29,262 | - |
| Loans sold to ARC | - | - | - | - | - | - | - | - |
| Amounts written off | - | - | - | - | - | - | - | - |
| **Closing balance** | **20,63,52,978** | - | - | - | - | - | **20,63,52,978** | - |

NGS & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Edelweiss Investment Adviser Ltd. ★ Mumbai

# Edelweiss Investment Advisors Limited
## Notes to the financial statements *(Continued)*

(Currency: Indian rupees)

For the year ended 31 March 2020

**48.** The management has prepared cash flow forecast which inter alia includes the key assumptions viz. (i) cash inflows generated by the lending segment, based on reasonable expectations of generating operating cash inflows; (ii) proceeds from recovery of receivables, the sale of assets & investment properties and (iii) Financial support and additional capital infusion from the parent Company / Companies under the group. Based on the cash flow forecast the management believes that the Company has sufficient working capital and financial resources for ongoing operations and business activities to meet their obligations as and when they fall due and are of the view that the going concern assumption is appropriate for the preparation of these financial statements.

**49.** Previous year figures have been reclassified to conform to this year's classification

**For NGS & Co. LLP**
*Chartered Accountants*
Firm's Registration No.: 119850W

NGS & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

**R.P. Soni**
Partner
Membership No: 104796

Mumbai
Date : July 03, 2020

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

**Sanjeev Rastogi**
Director
DIN No.:00254303

**Prashant Mody**
Director
DIN.:03101048

Mumbai
Date: July 03,2020

Edelweiss Investment Adviser Ltd.
Mumbai