

EW India Special Assets Advisors LLC

Financial Statements
together with Auditors' Report
for the year ended 31 March 2016

EW India Special Assets Advisors LLC

Financial statements together with Auditors' Report for the year ended 31 March 2016

Contents

Auditors' Report

Balance Sheet

Statement of Profit and Loss

Cash Flow Statement

Notes to Financial Statements

Independent Auditors' Report

To the Directors of
EW India Special Assets Advisors LLC

Report on the Financial Statements

We have audited the accompanying financial statements of **EW India Special Assets Advisors LLC** ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

B - 46, 3rd Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400 063.

Tel.: +91. 22. 4217 3337 | Email: info@ngsco.in

www.ngsco.in



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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

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



R.P.Soni
Partner
Membership No. 104796
Place: Mumbai
Date: 9 May 2016



EW India Special Assets Advisors LLC

Balance Sheet

(Currency: Indian rupees)


	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	88,204,758	88,204,758
Reserves and surplus	2.2	<u>(83,301,874)</u>	<u>(81,577,083)</u>
		4,902,884	6,627,675
Current liabilities			
Short-term borrowing	2.3	-	6,259,080
Trade payables		<u>897,716</u>	<u>17,525,518</u>
		897,716	23,784,598
TOTAL		<u><u>5,800,600</u></u>	<u><u>30,412,273</u></u>
ASSETS			
Non-current assets			
Non-current investments	2.4	729	689
		<u>729</u>	<u>689</u>
Current assets			
Trade receivables	2.5	28	30,130,759
Cash and cash equivalents	2.6	207,067	10,824
Short-term loans and advances	2.7	<u>5,592,776</u>	<u>270,001</u>
		5,799,871	30,411,584
TOTAL		<u><u>5,800,600</u></u>	<u><u>30,412,273</u></u>

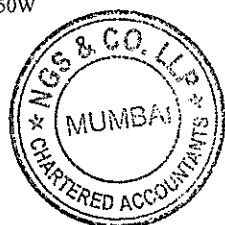
Significant accounting policies and notes to the financial statements. 1 & 2

As per our report of even date attached.

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

For and on behalf of the Board of Directors


R. P. Soni
Partner
Membership No.: 104796




Director


Director

Mumbai
Date: 9 May 2016

EW India Special Assets Advisors LLC

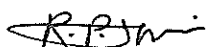
Statement of Profit and Loss

(Currency: Indian rupees)

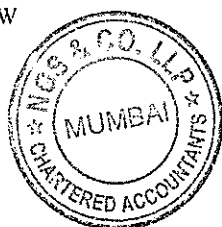
Particulars	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations			
Advisory fee income		-	45,062,955
Total revenue		<u>-</u>	<u>45,062,955</u>
Expenses			
Finance cost	2.8	111,004	109,639
Other expenses	2.9	1,982,156	40,040,907
Total expenses		<u>2,093,160</u>	<u>40,150,546</u>
Profit / (loss) before tax		<u>(2,093,160)</u>	<u>4,912,409</u>
Tax expense:			
Income tax		-	-
Profit / (loss) for the year		<u><u>(2,093,160)</u></u>	<u><u>4,912,409</u></u>
Earnings per Class A shares (par value USD 1 each)			
Basic	2.11	(1.39)	3.67
Diluted		(1.39)	3.67
Significant accounting policies and notes to the financial statements	1 & 2		

As per our report of even date attached.

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




R. P. Soni
Partner
Membership No.: 104796



For and on behalf of the Board of Directors



Director



Director

Mumbai
Date: 9 May 2016

EW India Special Assets Advisors LLC

Cash Flow Statement

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A Cash flow from operating activities		
Profits / (loss) before taxation	(2,093,160)	4,912,409
<i>Adjustments for</i>		
<i>Adjustments for working capital changes</i>		
Decrease in trade receivables	30,130,731	61,594,502
Increase in short term loans and advances	(16,143)	(10,745)
Decrease in trade payables and other current liabilities	(16,627,802)	(143,098,634)
Cash generated from / (used in) operations	<u>11,393,626</u>	<u>(76,602,468)</u>
Income taxes paid	-	-
Net cash generated from / (used in) operating activities - A	<u>11,393,626</u>	<u>(76,602,468)</u>
B Cash flow from investing activities		
Loan given	(5,306,632)	-
Sale of non-current investment	-	913
Net cash (used in) / generated from investing activities - B	<u>(5,306,632)</u>	<u>913</u>
C Cash flow from financing activities		
Proceeds from issue of share capital	-	73,465,625
Repayment of loan taken	(6,259,080)	-
Net cash (used in) / generated from financing activities - C	<u>(6,259,080)</u>	<u>73,465,625</u>
D Change in foreign exchange translation reserve - D	368,329	1,838,783
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	<u>196,243</u>	<u>(1,297,147)</u>
Cash and cash equivalent as at the beginning of the year	10,824	1,307,971
Cash and cash equivalent as at the end of the year (Refer note 1)	207,067	10,824

Notes:

1 Cash and cash equivalents include the following:

Balances with banks:

In current accounts

207,067

10,824

Total of cash and cash equivalents

207,067

10,824

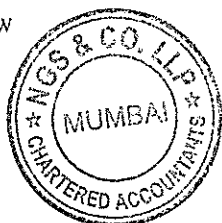
2 Net figures have been reported on account of volume of transactions.

As per our report of even date attached.

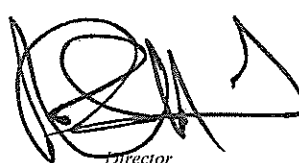
For NGS & Co. LLP
Chartered Accountants
Firm Registration No.: 119850W



R. P. Soni
Partner
Membership No.: 104796



For and on behalf of the Board of Directors



Director



Director

Mumbai
Date: 9 May 2016

EW India Special Assets Advisors LLC

Notes to the financial statements

for the year ended 31 March 2016

(Currency: Indian rupees)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

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

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

1.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Current – non-current classification

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

Assets

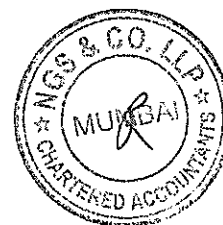
An asset is classified as current when it satisfies any of the following criteria:

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

Current Assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

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



EW India Special Assets Advisors LLC

Notes to the financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees)

1. Significant accounting policies (*continued*)

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

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

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

1.4 Revenue recognition

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

1.5 Impairment of assets

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

1.6 Taxation

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

Income tax

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

Deferred tax

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



EW India Special Assets Advisors LLC

Notes to the financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian rupees)

1. Significant accounting policies (*continued*)

1.7 Earnings per share

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

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

1.8 Provisions and contingencies

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

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

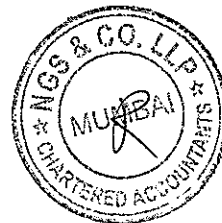
Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

1.9 Investments

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

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

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



EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
2.1 Share capital		
Authorised :		
1,511,000 (Previous year: 1,511,000) Class A shares of USD 1 each	87,757,558	87,757,558
1,000 (Previous year: 1000) Class B shares of USD 10 each	447,200	447,200
	88,204,758	88,204,758
Issued, subscribed and fully paid up:		
1,511,000 (Previous year: 1,511,000) Class A shares of USD 1 each	87,757,558	87,757,558
1,000 (Previous year: 1000) Class B shares of USD 10 each	447,200	447,200
	88,204,758	88,204,758

The movement in share capital during the year :

	As at 31 March 2016		As at 31 March 2015	
	No of shares	Amount	No of shares	Amount
Class A shares				
Outstanding at the beginning of the year	1,511,000	87,757,558	261,000	14,291,933
Issued during the year	-	-	1,250,000	73,465,625
As at the end of the year	1,511,000	87,757,558	1,511,000	87,757,558
Class B shares				
Outstanding at the beginning of the year	1,000	447,200	1,000	447,200
Issued during the year	-	-	-	-
As at the end of the year	1,000	447,200	1,000	447,200

Terms /rights attached to class A shares:

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

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

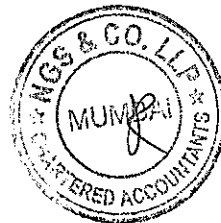
Terms /rights attached to class B shares:

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

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

Details of Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares	Percentage of total number of shares	No. of shares	Percentage of total number of shares
Class A Shares				
EAAA LLC	1,511,000	100	1,511,000	100
Class B Shares				
EAAA LLC	900	90	900	90
Gamla Livforsakringsaktiebolaget SEB Trygg Liv (publ)	100	10	100	10



EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
2.2 Reserves and surplus		
Foreign exchange translation reserve	209,265	(159,104)
Deficit in statement of profit and loss		
Opening balance	(81,417,979)	(86,330,388)
Add: profit / (loss)for the year	<u>(2,093,160)</u>	<u>4,912,409</u>
Closing balance	<u>(83,511,139)</u>	<u>(81,417,979)</u>
	<u>(83,301,874)</u>	<u>(81,577,083)</u>
2.3 Short-term borrowings		
Unsecured, due within one year unless and otherwise stated EAAA LLC, holding company	-	6,259,080
	<u>-</u>	<u>6,259,080</u>



EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.4 Non-current investments - at cost	As at 31 March 2016			As at 31 March 2015		
	Quantity	Face value	Amount	Quantity	Face value	Amount
Other non-current investments						
Management shares						
EW India Special Assets Fund LLC*	999	0.01 USD	663	999	0.01 USD	625
Class B shares						
EW India Special Assets Fund Pte Limited*	1	1	66	1	1	64
	<u>1,000</u>		<u>729</u>	<u>1,000</u>		<u>689</u>
Aggregate of unquoted investment						
- At book value			729			689

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

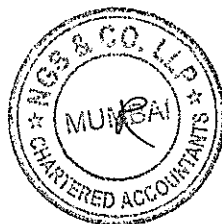


EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
2.5 Trade receivables		
Unsecured, considered good		
Debtors outstanding for a period exceeding six months	28	18,570,876
Other debts	-	11,559,883
	<u>28</u>	<u>30,130,759</u>
2.6 Cash and cash equivalents		
Balances with banks		
- in current accounts	207,067	10,824
	<u>207,067</u>	<u>10,824</u>
2.7 Short-term loans and advances		
Unsecured, considered good		
Loan and advances to EAAA LLC, holding company	5,306,632	-
Other loans and advances		
Prepaid expenses	286,144	270,001
	<u>5,592,776</u>	<u>270,001</u>



EW India Special Assets Advisors LLC

Notes to the financial statements (continued)

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
2.8 Finance cost		
Bank charges	111,004	109,639
	<u>111,004</u>	<u>109,639</u>
2.9 Other expenses		
Auditors' remuneration (refer note 2.13)	493,085	460,590
Communication	10,893	9,881
Directors fees	540,054	550,324
Legal and professional fees	538,057	38,659,145
License fees	247,770	231,442
Registered address charges	35,129	31,867
Secretarial service	52,830	47,925
Miscellaneous expenses	64,338	49,733
	<u>1,982,156</u>	<u>40,040,907</u>



EW India Special Assets Advisors LLC

Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Currency: Indian rupees)

2.10 Segment reporting

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

2.11 Earnings per share

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

	For the year ended 31 March 2016	For the year ended 31 March 2015
a) Shareholders earnings (statement of profit and loss)	(2,093,160)	4,912,409
b) Calculation of weighted average number of Class A Shares of USD 1 each:		
– Number of shares at the beginning of the year	1,511,000	261,000
– Shares issued during the year (number of shares issued)	-	1,250,000
Total number of Class A shares outstanding at the end of the year	1,511,000	1,511,000
Weighted average number of Class A shares outstanding during the year (based on the date of issue of shares)	1,511,000	1,339,767
Nominal value per share in USD	1	1
c) Basic and diluted earnings per share (in rupees) (a/b)	(1.39)	3.67

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

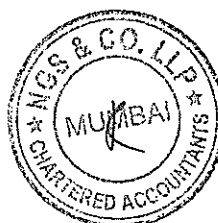
2.12 Disclosure as required by the Accounting Standard 18 – “Related party transactions” as prescribed under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014:

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

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

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

Edelweiss Alternative Asset Advisors Limited	Fellow subsidiary
--	-------------------



EW India Special Assets Advisors LLC
Notes to the financial statements (continued)
for the year ended 31 March 2016

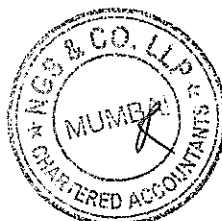
(Currency: Indian rupees)

2.12 Related parties (continued)

(C) Transactions and balances with related party:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
<i>Capital account transactions</i>		
<i>Class A Share capital issued</i>		
EAAA LLC	-	73,465,625
<i>Current account transactions</i>		
<i>Sub advisory fee expense</i>		
Edelweiss Alternative Asset Advisors Limited	-	16,509,713
<i>Unsecured loan taken</i>		
EAAA LLC*	-	6,114,709
<i>Unsecured loan repaid</i>		
EAAA LLC*	6,546,107	34,242,369
<i>Unsecured loan given</i>		
EAAA LLC*	13,419,519	-
<i>Proceeds from unsecured loan given</i>		
EAAA LLC	8,182,633	-
<i>Unsecured loan converted to equity shares</i>		
EAAA LLC	-	73,465,625
<i>Balances with related parties</i>		
<i>Trade payables</i>		
Edelweiss Alternative Asset Advisors Limited	-	16,899,516
<i>Unsecured loan taken</i>		
EAAA LLC	-	6,259,080
<i>Non-current investments</i>		
Management shares - EW India Special Assets Fund LLC	663	625
Class B shares - EW India Special Assets Fund Pte Limited	66	64
<i>Unsecured loan given</i>		
EAAA LLC	5,306,632	-

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



EW India Special Assets Advisors LLC

Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Currency: Indian rupees)

2.13 Auditors' remuneration

	For the year ended 31 March 2016	For the year ended 31 March 2015
As Auditors	493,085	460,590
Total	493,085	460,590

2.14 Capital commitments and contingent liabilities

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

2.15 Disclosure under Schedule III of the Companies Act

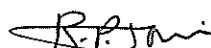
Disclosure under Schedule III of the Companies Act, 2013 has been made to the extent applicable to the Company.

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W



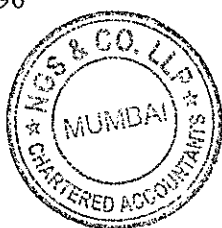
R. P. Soni

Partner

Membership No.: 104796

Mumbai

Date: 9 May 2016



For and on behalf of the Board of Directors



Director



Director