

Edelweiss Financial Services Inc.

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

Edelweiss Financial Services Inc

Notes to the financial statements

for the year ended 31 March 2016

(Currency: Indian Rupees)

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Independent Auditors' Report

To the Directors of
Edelweiss Financial Services Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Edelweiss Financial Services Inc.** ('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

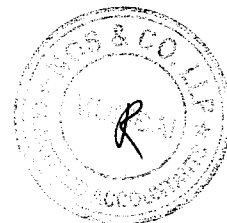
The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company. This responsibility also includes maintenance of adequate accounting records for safeguarding 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.



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



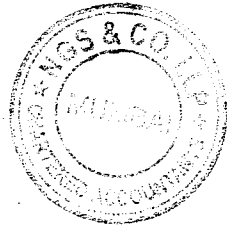
R.P.Soni

Partner

Membership No. 104796

Place: Mumbai

Date: 11 May 2016



Edelweiss Financial Services Inc.

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	63,331,000	63,331,000
Reserves and surplus	2.2	(26,018,001)	(16,092,059)
		<u>37,312,999</u>	<u>47,238,941</u>
Current liabilities			
Trade Payables		1,000,008	571,574
Other current liabilities	2.3	9,419,272	-
		<u>10,419,280</u>	<u>571,574</u>
TOTAL		<u><u>47,732,279</u></u>	<u><u>47,810,515</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.4	173,555	44,231
Long-term loans and advances	2.5	865,645	100,145
		<u>1,039,200</u>	<u>144,376</u>
Current assets			
Trade receivables	2.6	10,930,111	-
Cash and cash equivalents	2.7	35,628,378	47,666,139
Short-term loans and advances	2.8	134,590	-
		<u>46,693,079</u>	<u>47,666,139</u>
TOTAL		<u><u>47,732,279</u></u>	<u><u>47,810,515</u></u>

Significant accounting policies and notes to the financial statements.

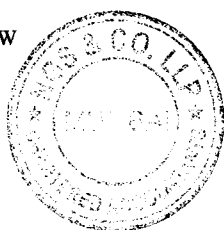
1 & 2

As per our report of even date attached.

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



R. P. Soni
Partner
Membership No.: 104796
11 May 2016



For and on behalf of the Board of Directors



Ranganathan Purushothaman
Director

11 May 2016

Edelweiss Financial Services Inc.

Statement of Profit and Loss

(Currency: Indian rupees)

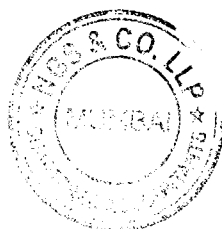
	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations			
Fee Income	2.9	63,488,347	-
Total revenue		<u>63,488,347</u>	<u>-</u>
Expenses			
Employee benefit expenses	2.10	60,877,958	1,589,297
Finance costs	2.11	15,055	9,108
Depreciation and amortization expenses	2.4	207,599	28,604
Other expenses	2.12	14,867,323	7,490,551
Total expenses		<u>75,967,935</u>	<u>9,117,560</u>
Loss before tax		(12,479,588)	(9,117,560)
Tax expense			
Current tax		103,036	-
Loss for the year		<u>(12,582,624)</u>	<u>(9,117,560)</u>
Basic and diluted (of face value of USD 1 million each)	2.15	(12,582,624)	(9,117,560)
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



11 May 2016

For and on behalf of the Board of Directors



Ranganathan Purushothaman
Director

11 May 2016

Edelweiss Financial Services Inc.

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		
Loss before taxation	(12,479,588)	(9,117,560)
<i>Adjustments for:</i>		
Depreciation	207,599	28,604
Loss on Sale / write-off of fixed assets	46,259	-
Operating cash flow before working capital changes	(12,225,730)	(9,088,956)
<i>Add / (Less): Adjustments for working capital changes</i>		
Increase in trade receivables	(10,930,111)	-
Increase in loans and advances	(900,090)	(4,532)
Increase in Other current liabilities	9,419,272	-
Increase in trade payables	428,434	571,574
Cash used in operations	(14,208,225)	(8,521,914)
Income taxes paid	103,036	-
Net cash used in operating activities - A	(14,311,261)	(8,521,914)
B Cash flow from investing activities		
Purchase of fixed assets	(378,830)	-
Net cash used in investing activities - B	(378,830)	-
C Cash flow from financing activities - C	-	-
D Change in foreign exchange translation reserve - D	2,652,330	2,279,663
Net decrease in cash and cash equivalents (A+B+C+D)	(12,037,761)	(6,242,251)
Cash and cash equivalents as at the beginning of the year	47,666,139	53,908,390
Cash and cash equivalents as at the end of the year (refer note 2.7)	35,628,378	47,666,139

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



11 May 2016

For and on behalf of the Board of Directors



Ranganathan Purushothaman
Director

11 May 2016

Edelweiss Financial Services Inc.

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, revenue and expense are translated into Indian Rupees at the average exchange rate prevailing during the year and the resulting net translation adjustment has been disclosed as Foreign Exchange Translation Reserve in Reserves and Surplus. The same is in compliance with Accounting Standard 11 issued by the Institute of Chartered Accountants of India on "The Effects of Changes in Foreign Exchange Rates".

1.2 Use of estimates

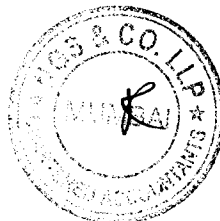
The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent liabilities on date of the financial statements 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 and Non-current classification

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

Assets

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



Edelweiss Financial Services Inc.

Notes to the financial statements for the year ended 31 March 2016 (*Continued*)

(Currency: Indian Rupees)

1. Significant accounting policies (*Continued*)

1.3 Current and Non-current classification (*Continued*)

Liabilities

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

1.4 Fixed assets and depreciation

Tangible fixed assets

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

Depreciation is provided on 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.

The company has evaluated the useful lives of the respective fixed assets which are as follows:

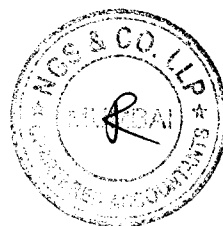
Class of asset	Useful Life
Computers	3 years

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 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

1.6 Revenue recognition

Advisory fee income is recognised on accrual basis.



Edelweiss Financial Services Inc.

Notes to the financial statements for the year ended 31 March 2016 (*Continued*)

(Currency: Indian Rupees)

1. Significant accounting policies (*Continued*)

1.7 Taxation

Tax expense comprises income tax (i.e. amount of tax for the year determined in accordance with the applicable Income Tax Act) and deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

Income tax

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

Deferred taxation

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 carry forward losses under taxation laws, a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable / probable (as the case may be) to be realised.

1.8 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

1.9 Operating leases

Lease payments for assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.



Edelweiss Financial Services Inc.

Notes to the financial statements for the year ended 31 March 2016 (*Continued*)

(Currency: Indian Rupees)

1. Significant accounting policies (*Continued*)

1.10 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.



Edelweiss Financial Services Inc.

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
2.1 Share capital		
(a) Issued, subscribed and paid up:		
1 share of the Common Stock , with no par value, purchased at \$ 1,000,000 (USD 1 million)	63,331,000	63,331,000
	<u>63,331,000</u>	<u>63,331,000</u>

The entire capital is held by Edelweiss Securities Limited, the holding company, which in turn is a wholly owned subsidiary of Edelweiss Financial Services Limited.

	As at 31 March 2016		As at 31 March 2015	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	1	63,331,000	-	-
shares issued during the year	-	-	1	63,331,000
As at the end of the year	<u>1</u>	<u>63,331,000</u>	<u>1</u>	<u>63,331,000</u>

- (c) **Terms/rights attached to ordinary shares:**
 The Company has only one class of Common Stock. Each holder of Common Stock is entitled to one vote per share held.
 In the event of liquidation of the Company, the holders of Common Stock will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

2.2 Reserves and surplus			
Foreign exchange translation reserve		1,415,380	(1,241,302)
Deficit in the statement of Profit and Loss			
Opening balance		(14,850,757)	(5,733,197)
Add: Loss for the year		<u>(12,582,624)</u>	<u>(9,117,560)</u>
Closing balance		<u>(27,433,381)</u>	<u>(14,850,757)</u>
		<u>(26,018,001)</u>	<u>(16,092,059)</u>

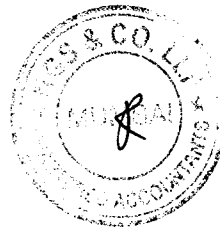


Edelweiss Financial Services Inc.

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
2.3 Other current liabilities		
Accrued salaries and benefits	9,419,272	-
	<u>9,419,272</u>	<u>-</u>



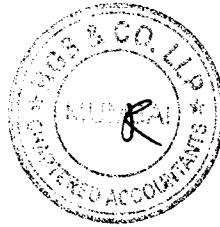
Edelweiss Financial Services Inc.

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.4 Fixed assets

Description of Assets	Gross Block			Depreciation			Net Block			
	As at 1 April 2015	Additions	Deductions/ Adjustments	As at 31 March 2016	As at 1 April 2015	For the year	Deductions/ Adjustments	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible assets										
Computers	100,543	378,830	95,454	383,919	56,312	207,599	53,547	210,364	173,555	44,231
Total :	100,543	378,830	95,454	383,919	56,312	207,599	53,547	210,364	173,555	44,231
Grand Total	100,543	378,830	95,454	383,919	56,312	207,599	53,547	210,364	173,555	44,231
Previous Year	100,543	-	-	100,543	30,163	28,604	2,455	56,312	44,231	70,380



Edelweiss Financial Services Inc.

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
2.5 Long-term loans and advances		
<i>Unsecured, considered good</i>		
Rental deposits	865,645	100,145
	<u>865,645</u>	<u>100,145</u>
2.6 Trade receivables		
Trade receivables from related party		
-Unsecured, considered good	10,930,111	-
	<u>10,930,111</u>	<u>-</u>
2.7 Cash and cash equivalents		
Balances with banks		
- in current accounts	35,628,378	47,666,139
	<u>35,628,378</u>	<u>47,666,139</u>
2.8 Short-term loans and advances		
<i>Unsecured, considered good</i>		
Other loans and advances		
Prepaid expenses	134,590	-
	<u>134,590</u>	<u>-</u>

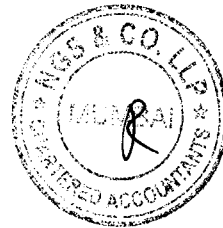


Edelweiss Financial Services Inc.

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
2.9 Fee income		
Advisory fee income	63,488,347	-
	<u>63,488,347</u>	<u>-</u>



Edelweiss Financial Services Inc.

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
2.10 Employee benefit expenses		
Salaries and wages	52,160,003	-
Contribution to other funds	4,939,274	-
Staff welfare expenses	3,778,681	1,589,297
	<u>60,877,958</u>	<u>1,589,297</u>
2.11 Finance costs		
Bank charges	15,055	9,108
	<u>15,055</u>	<u>9,108</u>
2.12 Other expenses		
Advertisement and business promotion expenses	1,558,731	933,848
Auditors' remuneration (refer below)	448,408	-
Communication expenses	456,748	130,611
Computer expenses	8,308	14,976
Legal and professional fees	1,464,220	1,764,870
Loss on Sale / write-off of fixed assets	46,259	-
Membership & subscription	321,214	118,400
Office expenses	40,500	-
Postage and courier	50,313	5,353
Printing and stationery	26,345	42,096
Rates and taxes	34,825	1,986,509
Rent	6,000,242	1,208,186
License fees	172,425	571,871
Travelling and conveyance	4,009,671	709,873
Miscellaneous expenses	229,114	3,958
	<u>14,867,323</u>	<u>7,490,551</u>
Note:		
Auditors' remuneration:		
As auditors	448,408	-
	<u>448,408</u>	<u>-</u>



Edelweiss Financial Services Inc.

Notes to the financial statements for the year ended 31 March 2016 (Continued)

(Currency: Indian Rupees)

2.13 Segment reporting

The Company operates in only one business segment during the year. Therefore, the Company has only one reportable business segment, the results of which are disclosed in the financial statements. Further, there are no geographical segments. Hence, no disclosures are required under Accounting Standard 17 on Segment Reporting

2.14 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”, 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 Securities Limited	Holding company
Edelweiss Financial Services Limited	Ultimate holding company

(B) Names of fellow subsidiaries with whom transactions have taken place during the year

Edelweiss Alternative Asset Advisors Pte. Limited



Edelweiss Financial Services Inc.

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

2.14 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (continued)

(D) Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	2015-16	2014-15
(I)	Current account transactions during the year			
	Fee Income received from	Edelweiss Securities Limited	6,677,029	-
		Edelweiss Alternative Asset Advisors Pte. Ltd	29,937,905	-
(II)	Balances with related parties			
	Trade Receivable from	Edelweiss Securities Limited	1,691,489	-
		Edelweiss Alternative Asset Advisors Pte. Ltd	9,238,622	-



Edelweiss Financial Services Inc.

Notes to the financial statements for the year ended 31 March 2016 (Continued)

(Currency: Indian Rupees)

2.15 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:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
(a) Net loss attributable to Shareholders (as per statement of profit and loss)	(12,582,624)	(9,117,560)
(b) Calculation of weighted average number of common stock of USD 1,000,000 each:		
– Number of common stock at the beginning of the year	1	1
– Number of common stock issued during the year	-	-
Total number of common stock outstanding at the end of the year	1	1
Weighted average number of common stock outstanding during the year (based on the date of issue of common stock)	1	1
(c) Basic and diluted earnings per share (in Rupees) (a/b)	(12,582,624)	(9,117,560)

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



Edelweiss Financial Services Inc.

Notes to the financial statements for the year ended 31 March 2016 (*Continued*)

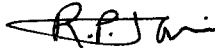
(Currency: Indian Rupees)

2.16 Capital commitments and contingent liabilities

The Company has Rs. Nil capital commitments and contingent liabilities as at the balance sheet date.


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
11 May 2016

For and on behalf of the Board of Directors



Ranganathan Purushothaman
Director

11 May 2016

