

Edelweiss Asset Management Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2012

Edelweiss Asset Management Limited

Financial Statements together with Auditors' Report

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Auditors' Report**To the Members of
Edelweiss Asset Management Limited**

We have audited the attached balance sheet of Edelweiss Asset Management Limited ('the Company') as at 31 March 2012, the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1 As required by the Companies (Auditor's Report) Order, 2003 and amendments thereto (together referred to as 'the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2 Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The balance sheet, the statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, the statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - (v) On the basis of the written representations received from the directors of the Company as at 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2012 from being appointed as director in terms of clause (g) of sub section (1) of section 274 to the Act;



Auditors' Report (Continued)

Edelweiss Asset Management Limited

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2012;
 - (b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W



N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
26 April 2012

Edelweiss Asset Management Limited

Annexure to Auditors' Report - 31 March 2012

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the current year ended 31 March 2012.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) The Company is a service company primarily rendering asset management services. Accordingly, paragraph 4(ii) of the Order is not applicable.
- (iii) The Company has neither granted nor taken any loans secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regards to sale of services. The activities of the Company do not involve any purchase or sale of inventories. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Act. Accordingly paragraph 4(v) of the Order is not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Act for any of the services rendered by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Service tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance, Sales-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and Investor Education and Protection fund.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Service tax and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.

Edelweiss Asset Management Limited

Annexure to Auditors' Report - 31 March 2012 (*Continued*)

- (c) According to the information and explanations given to us, there are no dues of Income tax, Service tax and material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company was incorporated on 23 August 2007 and has not completed five years since registration. Consequently, paragraph 4(x) of the order related to accumulated losses is not applicable to the Company.
- (xi) The Company did not have any outstanding dues to any financial institution, bank or debenture holder during the year.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures, and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) In our opinion and according to information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of investments during the year and timely entries have been made therein. Further, such investments have been held by the Company in its own name.
- (xv) According to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W



N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
26 April 2012

Edelweiss Asset Management Limited

Balance Sheet

(Currency : Indian rupees)

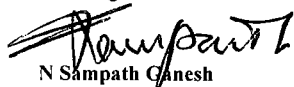
	Note	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	600,000,000	600,000,000
(b) Reserves and surplus	2.2	377,732,925	377,978,465
		977,732,925	977,978,465
Non-current liabilities			
Deferred tax liabilities (Net)	2.3	73,536	179,983
Current liabilities			
(a) Trade payables	2.4	12,663,104	27,407,390
(b) Other current liabilities	2.5	16,278,478	17,179,253
(c) Short-term provisions	2.6	345,000	374,832
TOTAL		1,007,093,043	1,023,119,923
ASSETS			
Non-current assets			
(a) Fixed assets	2.7		
(i) Tangible assets		4,545,456	4,387,031
(ii) Intangible assets		2,106,090	2,925,699
(iii) Intangibles under development		-	141,750
(b) Long-term loans and advances	2.8	22,566,751	12,771,891
		29,218,297	20,226,371
Current assets			
(a) Current investments	2.9	123,916,548	135,151,523
(b) Trade receivables	2.10	1,237,749	1,311,797
(c) Cash and cash equivalents	2.11	509,536,302	850,072,121
(d) Short-term loans and advances	2.12	341,147,680	15,940,225
(e) Other current assets	2.13	2,036,467	417,886
		977,874,746	1,002,893,552
TOTAL		1,007,093,043	1,023,119,923

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

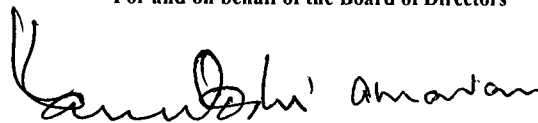
For BSR & Associates
Chartered Accountants
Firm Registration No. 116231W


N Sampath Ganesh

Partner
Membership No: 042554

Mumbai
26 April 2012

For and on behalf of the Board of Directors



Director

Director

Mumbai
26 April 2012

Edelweiss Asset Management Limited

Statement of Profit and Loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2012	For the year ended 31 March 2011
Revenue from operations	2.14	17,445,557	13,390,231
Other income	2.15	84,798,886	74,297,380
Total Revenue		102,244,443	87,687,611
Expenses			
Employee benefit expenses	2.16	56,530,193	45,454,636
Finance costs	2.17	12,506	1,899
Depreciation and amortization expenses	2.7	2,517,532	494,781
Other expenses	2.18	45,102,006	53,038,200
Total expenses		104,162,237	98,989,516
Loss before tax		(1,917,794)	(11,301,905)
Tax expense:			
(1) Income tax (including adjustment for earlier years Rs. 1,565,808)		(1,565,808)	-
(2) Deferred tax (benefit) / charge		(106,446)	958,576
Loss for the year		(245,540)	(12,260,481)

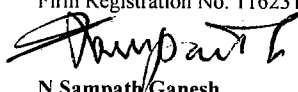
Earnings per equity share (face value of Rs. 10 each)	2.21		
Basic and diluted		(0.00)*	(0.20)

* The calculation is less than (0.01)

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

As per our report of even date attached.

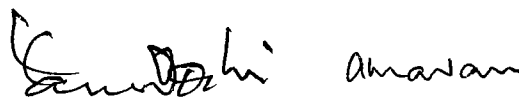
For **B S R & Associates**
Chartered Accountants
Firm Registration No. 116231W



N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
26 April 2012

For and on behalf of the Board of Directors



Director

Director

Mumbai
26 April 2012

Edelweiss Asset Management Limited

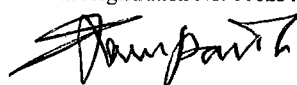
Cash Flow Statement

(Currency : Indian rupees)

	For the year ended 31 March 2012	For the year ended 31 March 2011
A Cash flow from operating activities		
Loss before tax	(1,917,794)	(11,301,905)
<i>Adjustments for</i>		
Depreciation	2,517,532	494,781
Profit on sale of mutual fund units	(5,536,967)	(6,596,601)
Compensated absences	(29,832)	374,832
Interest income	(79,097,399)	(67,652,056)
Operating cash flow before working capital changes	(84,064,460)	(84,680,949)
<i>Add / (Less): Adjustments for working capital changes</i>		
Decrease/ (increase) in trade receivables	74,048	(414,145)
Increase in loans and advances	(2,819,716)	(5,782,270)
(Decrease)/ increase in liabilities and provisions	(15,645,061)	26,801,116
Cash used in operations	(102,455,189)	(64,076,248)
Income taxes paid	(8,246,057)	(7,308,993)
Net cash used in operating activities - A	(110,701,246)	(71,385,241)
B Cash flow from investing activities		
Inter corporate deposits placed	(850,000,000)	(850,000,000)
Inter corporate deposits redeemed	527,500,000	850,000,000
Purchase of fixed assets	(1,714,598)	(6,344,049)
Purchase of current investments	(107,737,744)	(140,054,411)
Sale/redemption of current investments	124,509,685	149,833,357
Interest received	77,608,084	67,584,864
Net cash (used in) / generated from investing activities - B	(229,834,573)	71,019,761
C Cash flow from financing activities	-	-
Net cash generated from (used in) financing activities - C	-	-
Net decrease in cash and cash equivalents (A+B+C)	(340,535,819)	(365,480)
Cash and cash equivalent as at the beginning of the year	850,072,121	850,437,601
Cash and cash equivalent as at the end of the year (Refer note 2.11)	509,536,302	850,072,121

As per our report of even date attached.

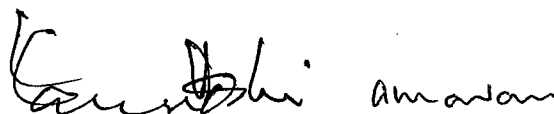
For **B S R & Associates**
Chartered Accountants
Firm Registration No. 116231W



N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
26 April 2012

For and on behalf of the Board of Directors



Director

Director

Mumbai
26 April 2012

Edelweiss Asset Management Limited

Notes to the financial statements

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the Revised Schedule VI to the Act, which has become effective from the current year. Figures of the previous year have been redrawn to conform to the Revised Schedule VI classification. The financial statements are presented in Indian rupees.

1.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is prospectively made in current or future periods.

1.3 Revenue recognition

- Investment management fees are recognised, net of service tax on an accrual basis in accordance with the Investment Management Agreement with the Edelweiss Mutual Fund ('the Fund') based on average assets under management (AUM) confirmed by the Fund and complies with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
- Interest income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.
- Profit/loss on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investment sold.

1.4 Fixed assets and depreciation

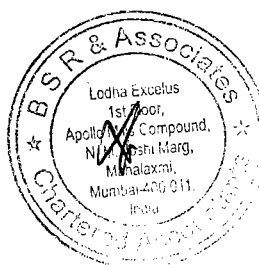
Tangible fixed assets

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 written down value basis from the date the asset is put to use or ready for its intended use whichever is earlier. In respect of asset sold, depreciation is provided upto the date of disposal.

Depreciation is charged at the rates prescribed in the Schedule XIV to the Act as given below:

Class of asset	Rate of depreciation
Computers	40.00%
Vehicles	25.89%
Office equipments	13.91%
Furniture and fixtures	18.10%



Edelweiss Asset Management Limited

Notes to the financial statements (*continued*)

1.4 *Fixed assets and depreciation (continued)*

Intangible fixed assets

Intangibles such as software is amortised over a period of 3 years or its estimated useful life whichever is shorter.

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of installation.

1.5 *Investments*

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

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

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

1.6 *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset maybe 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.

1.7 *Employee benefits*

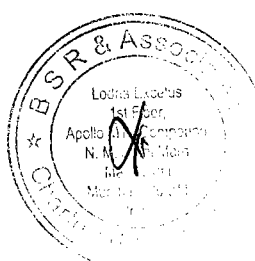
The accounting policy followed by the company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (revised 2005), is set out below:

Provident fund

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

Gratuity

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



Edelweiss Asset Management Limited

Notes to the financial statements (*continued*)

1.7 *Employee benefits (continued)*

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

Benefits in respect of gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

Compensated absences

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

1.8 *Taxation*

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

Current tax

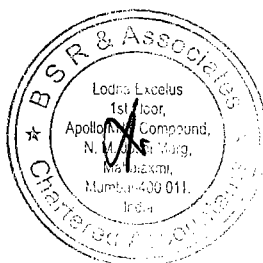
Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.

Deferred tax

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of 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 reasonably/virtually certain, as the case may be, to be realised.

1.9 *Mutual fund expenses*

Expenses incurred on behalf of schemes of Edelweiss Mutual Fund ('the Fund') are recognised in the statement of profit and loss unless considered recoverable from schemes of the Fund in accordance with provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.



Edelweiss Asset Management Limited

Notes to the financial statements (*continued*)

1.10 *Earnings per share*

The Company reports basic and diluted earning per share in accordance with Accounting Standard 20 – Earnings per share prescribed by Companies (Accounting Standards) Rules, 2006. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the reporting period.

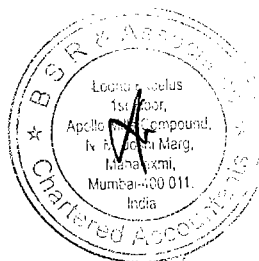
Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

1.11 *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 Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	As at 31 March 2012	As at 31 March 2011
2.1 Share capital		
Authorised :		
70,000,000 (Previous year: 70,000,000) equity shares of Rs. 10 each	<u>700,000,000</u>	<u>700,000,000</u>
Issued, Subscribed and Paid up:		
60,000,000 (Previous year: 60,000,000) equity shares of Rs. 10 each, fully paid-up	<u>600,000,000</u>	<u>600,000,000</u>
	<u><u>600,000,000</u></u>	<u><u>600,000,000</u></u>

(The entire paid up capital is held by Edelweiss Financial Services Limited (formerly Edelweiss Capital Limited), the holding company and its nominees).

There is no change in Share Capital and in the number of shares outstanding during the year

Terms/rights attached to Equity Shares:

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

2.2 Reserves and surplus

Securities premium account	400,000,000	400,000,000
Deficit in statement of profit and loss		
Opening balance	(22,021,535)	(9,761,054)
Add: Loss for the year	(245,540)	(12,260,481)
	<u>(22,267,075)</u>	<u>(22,021,535)</u>
	<u><u>377,732,925</u></u>	<u><u>377,978,465</u></u>



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	As at 31 March 2012	As at 31 March 2011
2.3 Deferred tax liability (net)		
Deferred tax assets		
Disallowances under section 43B of the Income Tax Act, 1961	-	77,625
Provision for compensated absences	111,935	124,510
Unrealised loss on current investments	260,463	-
	<hr/> 372,398	<hr/> 202,135
Deferred tax liabilities		
Difference between book and tax depreciation	445,934	382,118
	<hr/> 445,934	<hr/> 382,118
	<hr/> (73,536)	<hr/> (179,983)

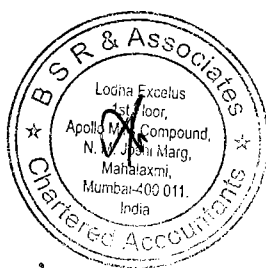


Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	As at 31 March 2012	As at 31 March 2011
2.4 Trade payables		
Trade payables (includes sundry creditors and provision for expenses)	12,663,104	27,407,390
	12,663,104	27,407,390

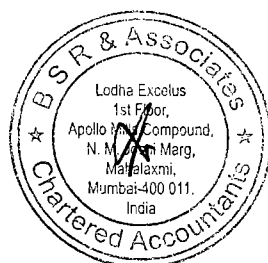


Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	As at 31 March 2012	As at 31 March 2011
2.5 Other current liabilities		
Other payables		
Accrued salaries and benefits	8,348,978	9,737,262
Withholding tax, service tax and other taxes payable	2,694,668	2,426,034
Vendor payables	4,957,198	4,745,468
Others	277,634	270,489
	<u>16,278,478</u>	<u>17,179,253</u>
2.6 Short-term provisions		
Provision for employee benefits		
Compensated absences	345,000	374,832
	<u>345,000</u>	<u>374,832</u>



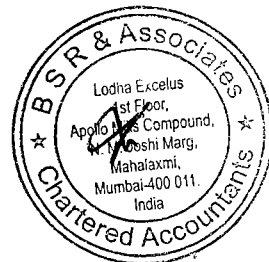
Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

2.7 Fixed assets

Description of Assets	Gross Block			Depreciation				Net Block		
	As at 1 April 2011	Additions during the year	Deductions during the year	As at 31 March 2012	As at 1 April 2011	Charge for the year	Deductions during the year	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
Tangible assets										
Furniture and Fixtures	70,085	-	-	70,085	28,762	7,485	-	36,247	33,838	41,323
Vehicles	2,597,228	883,992	-	3,481,220	27,634	847,688	-	875,322	2,605,898	2,569,594
Office equipment	1,436,936	122,775	114,630	1,445,081	438,129	215,415	114,630	538,914	906,167	998,807
Computers	2,109,713	628,759	2,250	2,736,222	1,332,406	406,513	2,250	1,736,669	999,553	777,307
Total : A	6,213,962	1,635,526	116,880	7,732,608	1,826,931	1,477,101	116,880	3,187,152	4,545,456	4,387,031
Intangible assets										
Computer software	2,963,100	220,822	-	3,183,922	37,401	1,040,431	-	1,077,832	2,106,090	2,925,699
Total : B	2,963,100	220,822	-	3,183,922	37,401	1,040,431	-	1,077,832	2,106,090	2,925,699
Grand Total [A+B]	9,177,062	1,856,348	116,880	10,916,530	1,864,332	2,517,532	116,880	4,264,984	6,651,546	7,312,730
Previous Year	2,974,762	6,202,300	-	9,177,062	1,369,551	494,781	-	1,864,332	7,312,730	

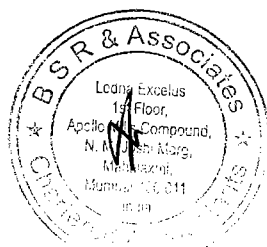


Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	As at 31 March 2012	As at 31 March 2011
2.8 Long-term loans and advances (Unsecured, considered good)		
Other loans and advances		
Advance income tax (net of provision for taxation Rs. 495,000; previous year Rs. 1,955,000)	22,477,948	12,771,891
Loans and advances to employees	88,803	-
	<u>22,566,751</u>	<u>12,771,891</u>



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

2.9 Current investments

Others investments (quoted)	As at 31 March 2012			As at 31 March 2011		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Edelweiss Ultra Short Term Bond Fund - Institutional - Growth Plan	10	7,991,809	95,084,174	10	9,334,847	105,375,152
Edelweiss Short Term Bond Fund - Institutional - Growth Plan	10	38,956	389,746	10	100,796	1,008,437
Edelweiss GILT Fund - Growth Plan	10	51,098	540,980	10	51,098	528,508
Edelweiss EDGE Top 100 - Plan B - Dividend Plan	10	1,958,010	27,901,648	10	-	-
Edelweiss EDGE Top 100 Fund - Plan B - Growth	10	-	-	10	1,988,692	28,239,426
		10,039,874	123,916,548		11,475,433	135,151,523

Aggregate value of quoted investments

At carrying value

123,916,548

135,151,523

At net asset value (For mutual funds net asset value is considered as market value)

132,153,079

140,149,994

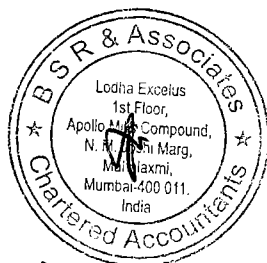


Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	As at 31 March 2012	As at 31 March 2011
2.10 Trade receivables		
Other debts		
Unsecured, considered good	1,237,749	1,311,797
	<u>1,237,749</u>	<u>1,311,797</u>
2.11 Cash and cash equivalents		
Balances with banks		
- in current accounts	9,536,302	72,121
- in fixed deposits with original maturity less than 3 months	500,000,000	850,000,000
	<u>509,536,302</u>	<u>850,072,121</u>

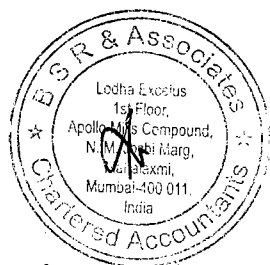


Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	As at 31 March 2012	As at 31 March 2011
2.12 Short-term loans and advances (Unsecured, considered good)		
Other loans and advances		
Intercorporate deposits placed with related parties	322,500,000	-
Prepaid expenses	581,251	782,861
Loans and advances to employees	1,018,429	-
Input tax credit	5,562,825	5,139,682
Advance income tax (net of provision for taxation Rs. 5,194,192; previous year Rs. 5,300,000)	6,314,127	6,208,319
Advances recoverable in cash or in kind or for value to be received	5,171,048	3,809,363
	<u>341,147,680</u>	<u>15,940,225</u>
2.13 Other current assets		
Accrued interest on fixed deposits	1,824,658	335,343
Contribution to gratuity fund (net) (refer note 2.22)	211,809	82,543
	<u>2,036,467</u>	<u>417,886</u>

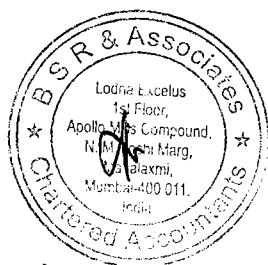


Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	For the year ended 31 March 2012	For the year ended 31 March 2011
2.14 Revenue from operations		
Management fees	17,445,557	13,390,231
	<u>17,445,557</u>	<u>13,390,231</u>
2.15 Other income		
Profit on sale of current investment (net)	5,536,967	6,596,601
Interest income on intercorporate deposits	76,341,234	66,882,192
Interest income on fixed deposits	2,756,165	769,864
Foreign exchange gain	3,680	-
Miscellaneous income	160,840	48,723
	<u>84,798,886</u>	<u>74,297,380</u>

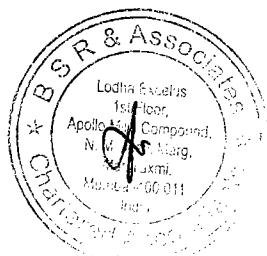


Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	For the year ended 31 March 2012	For the year ended 31 March 2011
2.16 Employee benefit expenses		
Salaries and wages	55,589,696	45,050,350
Contribution to provident and other funds	684,099	316,174
Staff welfare expenses	256,398	88,112
	<u>56,530,193</u>	<u>45,454,636</u>
2.17 Finance costs		
Interest - others	3,374	-
Financial and bank charges	9,132	1,899
	<u>12,506</u>	<u>1,899</u>

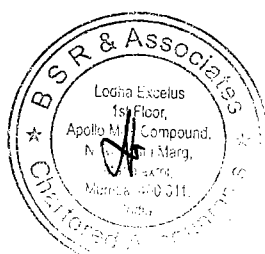


Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

	For the year ended 31 March 2012	For the year ended 31 March 2011
2.18 Other expenses		
Advertisement and business promotion	1,392,571	27,710,390
Auditors' remuneration (refer below)	177,091	179,520
Communication	1,263,059	932,013
Computer expenses	36,608	5,350
Directors' sitting fees	220,000	240,000
Donation	100,000	-
Electricity charges (refer note 2.25)	1,086,590	608,249
Mutual fund - NFO expenses	2,147,171	200,000
Insurance	933,514	1,005,347
Legal and professional fees	3,272,849	3,103,428
Membership and subscription	650,472	1,097,316
Mutual fund expenses	17,020,237	12,084,384
Office expenses	140,573	201,390
Postage and courier	32,121	8,281
Printing and stationery	474,948	136,216
Rates and taxes	42,767	10,500
Rent (refer note 2.25)	12,416,336	3,882,676
Repairs and maintenance - others	1,419,987	274,652
Security transaction tax	71,941	204,932
Service tax expenses	-	358,632
Travelling and conveyance	2,156,497	750,863
Miscellaneous expenses	46,674	44,061
	45,102,006	53,038,200
Auditors' remuneration:		
As auditor	175,000	175,000
For reimbursement of expenses	2,091	4,520
	177,091	179,520



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.19 Segment reporting

The Company is in the business of providing asset management services to the fund. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

As the Company's business activity falls within a primary business segment, the financial statements are reflective of the information required under Accounting Standard 17 on Segment Reporting prescribed by Companies (Accounting Standards) Rules, 2006.

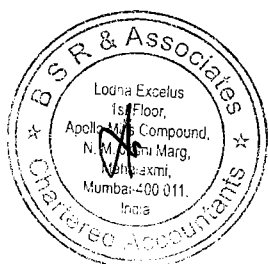
2.20 Related parties

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

Edelweiss Financial Services Limited - Holding company
(formerly Edelweiss Capital Limited)

(B) Fellow subsidiaries with whom transactions have taken place

Edelweiss Securities Limited
Edelweiss Trading & Holdings Limited
Edelweiss Stock Broking Limited
Edelweiss Trusteeship Company Limited
Comfort Projects Limited
Edelweiss Global Wealth Management Limited
Edelweiss Broking Limited



Edelweiss Asset Management Limited

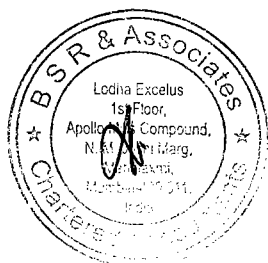
Notes to the financial statements (continued)

(Currency : Indian rupees)

2.20 Related parties (continued)

(C) Transactions with related parties

Particulars	Holding Company	Fellow Subsidiaries
Loans given		
Inter-corporate deposit placed		
Edelweiss Securities Limited	-	350,000,000 (350,000,000)
Edelweiss Trading & Holdings Limited	-	500,000,000 (500,000,000)
Inter-corporate deposit redeemed		
Edelweiss Securities Limited	-	27,500,000 (350,000,000)
Edelweiss Trading & Holdings Limited	-	500,000,000 (500,000,000)
Current account transactions		
Amounts given		
Edelweiss Financial Services Limited	13,059,973 (9,063,771)	-
Interest income		
Interest income on inter-corporate deposit		
Edelweiss Securities Limited	-	30,889,178 (27,539,726)
Edelweiss Trading & Holdings Limited	-	45,452,056 (39,342,466)



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

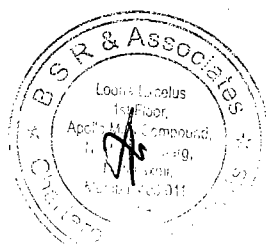
(Currency : Indian rupees)

2.20 Related parties (continued)

(C) Transactions with related parties

Particulars	Holding Company	Fellow Subsidiaries
Reimbursements paid		
Cost reimbursement paid		
Edelweiss Trading & Holdings Limited	-	1,502,826 (4,768,820)
Comfort Projects Limited	-	12,000,100 -
Edelweiss Financial Services Limited	(27,600,000)	-
Others	-	7,336 -
Business promotion & marketing expenses paid		
Edelweiss Stock Broking Limited	-	- (488,000)
Trusteeship fees paid		
Edelweiss Trusteeship Company Limited	-	1,000,000 (1,000,000)
Reimbursements recovered		
Cost reimbursement recovered		
Edelweiss Trusteeship Company Limited	-	- (72,355)
Balances with related parties		
Trade payables		
Edelweiss Financial Services Limited	(21,943,082)	-
Edelweiss Trading & Holdings Limited	-	1,493,481 (4,910,830)
Comfort Projects Limited	-	11,169,624 -
Others	-	82,728 (553,478)

Note: Figures in brackets represents previous year numbers.



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.21 Earnings per share

In accordance with Accounting Standard 20 on Earnings per Share prescribed by Companies (Accounting Standards) Rules, 2006, the computation of earnings per share is set out below:

	2012	2011
a) Shareholders' earnings (as per statement of profit and loss)	(245,540)	(12,260,481)
b) Weighted average number of equity shares outstanding during the period (based on the date of issue of shares)	60,000,000	60,000,000
c) Basic and diluted earnings per share (in rupees) (a/b)	(0.00)*	(0.20)
* The calculation is less than (0.01)		

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

2.22 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

A) Defined contribution plan (Provident fund):

Amount of Rs. 798,365 (Previous year: Rs. 372,933) is recognised as expense and included in "Employee benefit expenses" – note 2.16 in the statement of profit and loss.

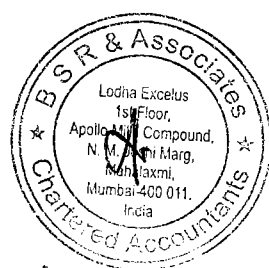
B) Defined benefit plan (Gratuity):

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

Statement of Profit and loss

Net employee benefit expenses

	2012	2011
Current service cost	438,191	585,958
Interest cost	78,925	87,343
Expected return on plan asset	(91,375)	-
Actuarial (gain) or loss recognized in the year	(515,390)	(754,677)
Expense recognized in statement of profit and loss	(89,649)	(81,376)



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.22 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (continued)

Balance Sheet

Details of provision for gratuity

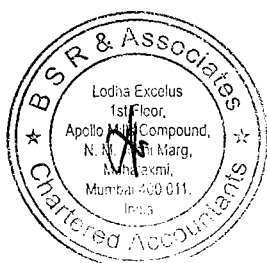
	2012	2011
Present value of obligation at the end of the year	890,618	1,035,029
Fair value of plan assets at the end of the year	1,102,427	1,142,189
Funded status	211,809	107,160
Net asset recognized in Balance Sheet	211,809	107,160

Changes in the present value of the defined benefit obligation are as follows:

	2012	2011
Present value of obligation at the beginning of the year	1,035,029	1,091,789
Interest cost	78,925	87,343
Current service cost	438,191	585,958
Benefits paid	(96,923)	-
Actuarial (gain)/loss on obligation		
Experience adjustment	(628,200)	(730,061)
Assumption change	63,596	-
Liability at the end of the year	890,618	1,035,029

Fair Value of Plan Assets

	2012	2011
Fair value of Plan asset at the beginning of the year	1,142,189	-
Expected return on plan asset	91,375	-
Contributions	15,000	1,117,573
Benefits Paid	(96,923)	-
Actuarial (gain)/loss on Plan Assets		
Experience adjustment	23,759	24,616
Assumption change	(72,973)	-
Fair value of Plan Assets at the end of the year	1,102,427	1,142,189



Edelweiss Asset Management Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.22 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (continued)

Balance Sheet Reconciliations

	2012	2011
Opening Net Liability	(107,160)	1,091,789
Expense as above	(89,649)	(81,376)
Employers Contribution	15,000	1,117,573
Closing Net Liability	(211,809)	(107,160)
Closing Fund at the end of the year	890,618	1,035,029

Principal actuarial assumptions at the balance sheet date:

	2012	2011
Discount rate	8%	8%
Salary escalation	6%	10%
Employee attrition rate	13% - 35%	2% - 15%

2.23 Foreign currency transactions

The Company has undertaken the following transactions in foreign currency:

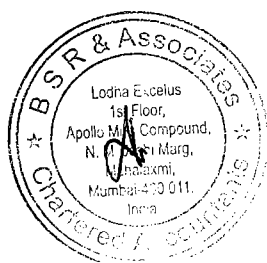
	2012	2011
Expenditure incurred in foreign currency (on accrual basis)		
Subscription charges	-	59,830
Travelling expenses	32,721	-
Total	32,721	59,830

2.24 Contingent liabilities and commitments

The Company has no capital commitment and contingent liabilities as at balance sheet date (Previous year NIL).

2.25 Cost sharing

During the year the Company carried out its operations from premises leased by Edelweiss Trading & Holdings Limited for part of the year and premises owned by Comfort Projects Limited, both being fellow subsidiaries. The Company has entered into an MOU with these entities for reimbursement of costs on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads in note 2.18 are gross of the reimbursements made.



Edelweiss Asset Management Limited

Notes to the financial statements (*continued*)

(Currency: Indian Rupees)

2.26 *Details of dues to micro small and medium enterprises*

The Company has requested its creditors to confirm the applicability to them under the Micro Small and Medium Enterprises Development Act, 2006. Based on the responses received by the Company, the details of dues to macro enterprises and small enterprises:

Sr. No.	Particulars	2012	2011
1.	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting period	Nil	Nil
2.	the amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during accounting period	Nil	Nil
3.	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4.	the amount of interest accrued and remaining unpaid at the end of accounting period	Nil	Nil
5.	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

2.27 *Prior year comparatives*

Previous year figures have been regrouped and rearranged wherever necessary.

As per our report of even date attached.

For **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W



N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
26 April 2012

For and on behalf of the Board of Directors



Director

Mumbai
26 April 2012



Director