

# B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011  
India

Telephone +91 (22) 4345 5300  
Fax +91 (22) 4345 5399

## Independent Auditor's Report

### To the Members of Edelweiss Web Services Limited

#### *Report on the financial statements*

We have audited the accompanying financial statements of Edelweiss Web Services Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### *Management's responsibility for the financial statements*

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to 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 in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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*

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Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require 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.

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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.



## Independent Auditor's Report (*Continued*)

### Edelweiss Web Services Limited

#### *Auditor's responsibility (Continued)*

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

#### *Report on other legal and regulatory requirements*

As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and



## **Independent Auditor's Report (*Continued*)**

### **Edelweiss Web Services Limited**

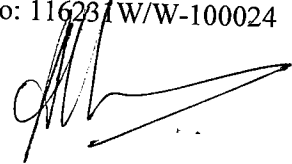
#### ***Report on other legal and regulatory requirements (Continued)***

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position - Refer Note 2.29 to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including long-term derivative contracts - Refer Note 2.30 to the financial statements; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 116231 W/W-100024



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai  
10 May 2016

# Edelweiss Web Services Limited

## Annexure A to the Independent Auditor's Report-31 March 2016

The Annexure A referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- 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 the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held in the name of the Company.
- ii. (a) During the year with regards to stock-in-trade, the Company has conducted at reasonable intervals, physical verification of commodities on the basis of actual verification of physical stock or on the basis of electronic holding stock statements received from Commodity Exchanges, as the case may be, and in respect of equity securities, on basis of electronic securities statement received from depository participants.
- (b) The procedures for physical verification of stock-in-trade followed by management are reasonable and adequate in relation to the size of the Company and the nature of business.
- (c) The Company is maintaining proper records of stock in trade. No material discrepancies have been noticed on physical verification of stock in trade.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loans covered under section 185 nor made any investments covered under section 186 of the Act. Hence, paragraph 3(iv) of the Order is not applicable.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, service tax, value added tax and other material statutory dues have been regularly deposited by the company with the appropriate authorities in all cases during the year . As explained to us, the Company did not have any dues on account of duty of customs, sales tax, excise duty, cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, , employees state insurance, income tax, service tax, value added tax and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.



# Edelweiss Web Services Limited

## Annexure A to the Independent Auditor's Report-31 March 2016 (Continued)

- (b) According to the information and explanations given to us, the following dues of have not been deposited with the appropriate authorities on account of dispute.

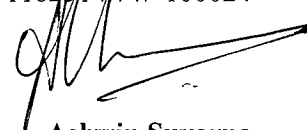
Name of the statute	Nature of dues	Amount (In Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	610	AY 2013-14	Commissioner of Income Tax (Appeals)

- viii. According to the information and explanations given to us, the Company has no loans or borrowings from financial institutions, banks, Government or debenture holders.
- ix. The Company has not raised any money by way of initial public offer or further public offer and term loans during the year.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully paid or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
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- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
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- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For BSR & Associates LLP

Chartered Accountants

Firm's Registration No: 116251 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai  
10 May 2016

# Edelweiss Web Services Limited

## **Annexure - B to the Independent Auditor's Report of even date on the standalone financial statements of Edelweiss Web Services Limited**

### ***Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")***

We have audited the internal financial controls over financial reporting of Edelweiss Web Services Limited (the "Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### ***Management's responsibility for internal financial controls***

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

### ***Auditor's responsibility***

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

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

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



# Edelweiss Web Services Limited

## **Annexure - B to the Independent Auditor's Report of even date on the standalone financial statements of Edelweiss Web Services Limited (Continued)**

### ***Meaning of internal financial controls over financial reporting***

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### ***Inherent limitations of internal financial controls over financial reporting***

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

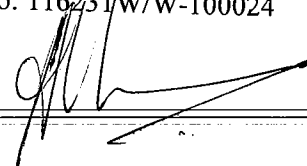
### ***Opinion***

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 116231/W/W-100024



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai

10 May 2016

**Balance Sheet as at 31 March 2016**

(Currency : Indian rupees)

	Note No.	As at 31 March 2016	As at 31 March 2015
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' funds			
(a) Share capital	2.1	72,274,510	72,274,510
(b) Reserves and surplus	2.2	(298,119,283)	30,468,707
		(225,844,773)	102,743,217
(2) Non-current liabilities			
(a) Long-term borrowings	2.3	10,000,000	54,000,000
(b) Deferred tax liabilities (Net)	2.4	2,148,942	-
(c) Long-term provisions	2.5	2,637,023	1,845,023
		14,785,965	55,845,023
(3) Current liabilities			
(a) Short-term borrowings	2.6	362,514,273	4,564,573,690
(b) Trade payables	2.7	17,801,709	14,024,309
(c) Other current liabilities	2.8	34,855,574	50,154,460
(d) Short-term provisions	2.9	5,483,904	5,707,244
		420,655,460	4,634,459,703
<b>TOTAL</b>		<b>209,596,652</b>	<b>4,793,047,943</b>
<b>II. ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets	2.10		
(i) Tangible assets		20,171,115	7,763,151
(ii) Intangible assets		19,141,248	12,023,255
(iii) Intangible assets under development		48,020,042	36,917,060
(b) Long-term loans and advances	2.11	6,068,899	14,879,993
(c) Other non-current assets	2.12	-	88,271
		93,401,304	71,671,730
(2) Current assets			
(a) Inventories	2.13	309,188	521,924,028
(b) Trade receivables	2.14	41,865,428	36,666,491
(c) Cash and bank balances	2.15	3,802,175	11,014,201
(d) Short-term loans and advances	2.16	12,497,060	19,870,946
(e) Other current assets	2.17	57,721,497	4,131,900,547
		116,195,348	4,721,376,213
<b>TOTAL</b>		<b>209,596,652</b>	<b>4,793,047,943</b>

Significant Accounting Policies and notes to accounts

1 and 2

As per our report of even date attached.

**For BSR & Associates LLP**

Chartered Accountants

Firm's Registration No. 116231W/W-100024

**Ashwin Suvarna**

Partner

Membership No: 109503

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

Director

DIN : 00209264

**Siby Anthony**

Director

DIN : 00075909

**Brijmohan Bohra**  
Company SecretaryMumbai  
10 May 2016Mumbai  
10 May 2016Mumbai  
10 May 2016



# Edelweiss Web Services Limited

## Profit and Loss Statement for the year ended 31 March 2016

(Currency : Indian rupees)

	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue from operations</b>			
Fee income	2.18	37,214,262	34,882,550
Income from treasury operations and investments	2.19	(197,605,037)	275,242,192
Sale of commodities		5,546,352,879	1,121,871,569
Other operating revenue	2.20	33,853,515	107,769,323
<b>Other income</b>	2.21	1,216,248	17,742
<b>Total Revenue</b>		<b>5,421,031,867</b>	<b>1,539,783,376</b>
<b>Expenses</b>			
Purchase of commodities		5,419,909,567	992,841,358
Employee benefits expenses	2.22	37,875,671	40,573,723
Finance costs	2.23	146,182,308	197,210,047
Depreciation and amortization expenses	2.10	20,195,340	19,938,284
Other expenses	2.24	123,286,635	237,377,867
<b>Total expenses</b>		<b>5,747,449,521</b>	<b>1,487,941,279</b>
<b>(Loss) / Profit before tax</b>		<b>(326,417,654)</b>	<b>51,842,097</b>
<b>Tax expense:</b>			
(1) Current tax ( includes short provision for earlier year Rs. 21,393/- previous year Rs. Nil )		21,393	783,000
(2) Deferred tax		2,148,941	-
<b>(Loss) / Profit after tax</b>		<b>(328,587,988)</b>	<b>51,059,097</b>
<b>Earnings per equity share: (face value Rs.10 each)</b>			
(1) Basic (in Rupees)		(77.73)	12.08
(2) Diluted (in Rupees)		(77.73)	12.08

Significant Accounting Policies and Notes to Accounts

1 and 2

As per our report of even date attached.

**For BSR & Associates LLP**

*Chartered Accountants*

Firm's Registration No. 116231W/W-100024

**Ashwin Suvarna**

*Partner*

Membership No: 109503

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

**Riyaz Ladiwala**

*Director*

DIN : 00209264

**Siby Anthony**

*Director*

DIN : 00075909

**Brijmohan Bohra**

*Company Secretary*

Mumbai  
10 May 2016

Mumbai  
10 May 2016

Mumbai  
10 May 2016

# Edelweiss Web Services Limited

## Cash Flow Statement for the year ended 31 March 2016

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A Cash flow from operating activities</b>		
(Loss)/Profit before taxation	(326,417,654)	51,842,097
<i>Adjustments for</i>		
Depreciation	20,195,340	19,938,284
Interest on inter corporate deposits/ Loans	(33,853,515)	-
Interest expenses	146,177,199	197,206,155
<b>Operating cash flow before working capital changes</b>	<b>(193,898,630)</b>	<b>268,986,536</b>
Add / (Less): Adjustments for working capital changes		
Increase in trade receivables	(5,198,937)	1,031,835
Increase in trade payables	3,777,400	-
Decrease in stock in trade	521,614,840	(521,915,210)
Decrease/ (Increase) in long term loans and advances	8,789,700	(60,000)
Decrease/ (Increase) in short term loans and advances	11,757,088	(2,317,610)
Decrease in other non current assets	88,271	(8,625)
Decrease/ (Increase) in other current assets	4,058,236,778	(4,131,866,236)
Increase in liabilities	(15,547,486)	28,428,903
Increase in provisions	568,660	584,000
<b>Cash used in operations</b>	<b>4,390,187,684</b>	<b>(4,357,136,407)</b>
Income taxes paid	4,383,202	4,431,113
<b>Net cash generated from operating activities - A</b>	<b>4,385,804,482</b>	<b>(4,361,567,520)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(50,824,279)	(28,289,429)
Interest received	49,795,787	-
<b>Net cash (used in)/ generated from investing activities - B</b>	<b>(1,028,492)</b>	<b>(28,289,429)</b>
<b>C Cash flow from financing activities</b>		
Redemption of preference share capital including premium		30,000,000
9% Non-cumulative Redeemable Preference Shares issued		120,000,000
Securities Premium on Redeemable Pref Shares		4,429,999,877
(Repayment)/Proceeds from unsecured loan	(4,246,059,417)	(179,951,404)
Interest paid	(145,928,599)	4,400,048,473
<b>Net cash used in financing activities - C</b>	<b>(4,391,988,016)</b>	<b>10,191,524</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(7,212,026)</b>	<b>10,191,524</b>
Cash and cash equivalent as at the beginning of the year	11,014,201	822,677
Cash and cash equivalent as at the end of the year (Refer note 2.15)	3,802,175	11,014,201

As per our report of even date attached.

**For B S R. & Associates LLP**

Chartered Accountants

Firm's Registration No. 116231W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

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



Riyaz Ladiwala

Director

DIN : 00209264



Siby Anthony

Director

DIN : 00075909



Brijmohan Bohra

Company Secretary

Mumbai  
10 May 2016

Mumbai  
10 May 2016

Mumbai  
10 May 2016

# Edelweiss Web Services Limited

## Notes to the financial statements

(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 provision 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.

#### 1.2 Use of estimates

The preparation of the financial statements in conformity with the GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from the estimates. Any revisions to accounting estimates are recognised prospectively in current or future periods.

#### 1.3 Revenue recognition

- a) Fee income including advisory fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty. Interest income is recognised on accrual basis of accounting.
- b) Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on equity, commodity, interest rate and currency derivative instruments.
- c) Profit/loss on sale of securities and commodities is determined based on the weighted average cost of the securities/commodities sold.
- d) Realised profit/ loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
- e) Dividend income is recognised when the right to receive payment is established.
- f) Commodities sales are accounted when all obligations connected with the transfer of risk and rewards to the buyer have been fulfilled after the price has been determined and collection of the receivable is reasonably certain.



# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 1.4 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:

- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- 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 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:

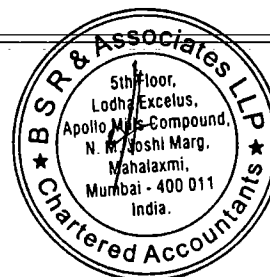
- It is expected to be settled in the company's normal operating cycle.
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The company does not have an unconditional right to defer settlement of the liability for at least 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 financial liabilities.

All other liabilities are classified as non-current

### 1.5 Stock-in-trade

- The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- The securities, including from error trades, held as stock-in-trade are valued at lower of weighted average cost or market value. In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- Inventories in the form of commodities are valued at cost or net realisable value, whichever is lower.



# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 1.6 Investments

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

Non-current 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 category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual fund is considered as the fair value.

### 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 recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the profit and loss account.

#### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefits 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. This benefit is discounted to determine its present value and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognizes each period of service that give 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.

#### *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 Profit & Loss account and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.



# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 1.7 Employee benefits (continued)

#### *Deferred Bonus:*

The Company has adopted a Deferred Bonus Plan under its Deferred Variable Compensation Plan. A pool of identified senior employees of the Company is entitled for benefits under this plan. Such deferred compensation will be paid in a phased manner over a future period of time. The measurement for the same has been based on actuarial assumptions and principles. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

### 1.8 Taxation

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

#### *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 Income Tax Act, 1961.

#### *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 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 reasonable/virtually certain (as the case may be) to be realised.

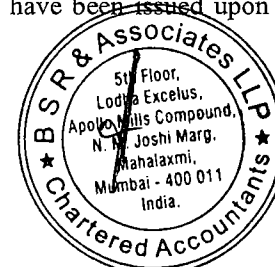
#### *Minimum Alternative Tax (MAT)*

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

### 1.9 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share”. Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

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



# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 1.10 Fixed assets and depreciation

#### Tangible fixed assets and capital work in progress

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises the cost of fixed assets that are not ready for its intended use at the reporting date.

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

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

Nature of assets	Estimated Useful Life
Motor Vehicles	8 years
Office Equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years

#### Intangible fixed assets

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

### 1.11 Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

Non monetary assets and liabilities are carried at historical cost using exchange rate on the date of the transaction.



# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 1.12 Impairment of assets

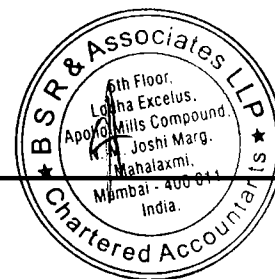
The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. 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.

### 1.13 Provisions and contingencies

The Company creates a provision when there is a 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 Web Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 2.1 SHARE CAPITAL

#### AUTHORISED :

6,000,000 (Previous year: 6,000,000) Equity Shares of Rs. 10 each  
4,000,000 (Previous year: 4,000,000) Preference Shares of Rs. 10 each

As at  
31 March 2016

As at  
31 March 2015

60,000,000	60,000,000
40,000,000	40,000,000
<b>100,000,000</b>	<b>100,000,000</b>

#### ISSUED, SUBSCRIBED AND PAID UP:

42,27,451 (Previous year 42,27,451) Equity Shares of Rs. 10 each fully paid  
30,00,000 (Previous year: 3,000,000) 9% Non-cumulative Redeemable Preference Shares

42,274,510	42,274,510
30,000,000	30,000,000
<b>72,274,510</b>	<b>72,274,510</b>

#### a. Movement in share capital :

	31 March 2016		31 March 2015	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	4,227,451	42,274,510	4,227,451	42,274,510
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	<b>4,227,451</b>	<b>42,274,510</b>	<b>4,227,451</b>	<b>42,274,510</b>
<b>9% Non - cumulative Redeemable Preference Shares of Rs. 10 each fully paid</b>				
Outstanding at the beginning of the year	3,000,000	30,000,000	-	-
Issued during the year	-	-	3,000,000	30,000,000
Outstanding at the end of the year	<b>3,000,000</b>	<b>30,000,000</b>	<b>3,000,000</b>	<b>30,000,000</b>

#### b. Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

	31 March 2016		31 March 2015	
	No. of shares	%	No. of shares	%
Edelweiss Broking Limited, the holding company	4,227,451	100%	4,227,451	100%
	<b>4,227,451</b>	<b>100%</b>	<b>4,227,451</b>	<b>100%</b>

#### c. Details of Equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	31 March 2016		31 March 2015	
	No. of shares	%	No. of shares	%
Edelweiss Broking Limited, the holding company	4,227,451	100%	4,227,451	100%
	<b>4,227,451</b>	<b>100%</b>	<b>4,227,451</b>	<b>100%</b>

#### d. Details of Redeemable Preference shares held by shareholders holding more than 5% of the aggregate shares in the Company

	31 March 2016		31 March 2015	
	No. of shares	%	No. of shares	%
Edelweiss Broking Limited, the holding company	3,000,000	100%	3,000,000	100%
	<b>3,000,000</b>	<b>100%</b>	<b>3,000,000</b>	<b>100%</b>

#### e. Terms/rights attached to Equity Shares :

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

#### f. Terms/rights attached to Preference Shares :

3,000,000 Preference Shares of Rs.10 each were allotted for cash at a premium of Rs. 40 per share on July 15, 2014. The Preference shares will be redeemed after a period of 3 years from the date of allotment. The shares will be redeemed at a premium of Rs. 40 per share.



# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.2 RESERVES AND SURPLUS</b>		
Securities Premium Account		
Opening balance	120,000,000	-
Add : Additions during the year	-	120,000,000
Closing Balance	(A) 120,000,000	120,000,000
Deficit in statement of profit and loss		
Opening balance in the Statement of Profit and Loss	(89,531,295)	(140,590,390)
Add: (Loss) / Profit for the year	(328,587,988)	51,059,097
Closing Balance	(B) (418,119,283)	(89,531,293)
(A+B)	(298,119,283)	30,468,707

### 2.3 LONG-TERM BORROWINGS

#### Unsecured

Loans and advances from related parties (Refer note.2.34)

10,000,000	54,000,000
10,000,000	54,000,000

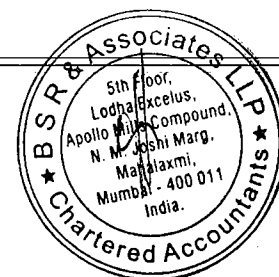


# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.4 DEFERRED TAX LIABILITIES</b>		
Deferred tax liabilities on account of :-		
Difference between book and tax depreciation	3,422,598	-
<b>Total (A)</b>	<b>3,422,598</b>	<b>-</b>
Deferred tax assets on account of :-		
Disallowances under section 43B of the Income Tax Act, 1961	1,273,656	-
<b>Total (B)</b>	<b>1,273,656</b>	<b>-</b>
Net Deferred tax liabilities (A-B)	<b>2,148,942</b>	<b>-</b>
<b>2.5 LONG-TERM PROVISIONS</b>		
Provision for employee benefits (Refer note.2.28)		
Gratuity	2,273,023	1,573,023
Compensated leave absences	364,000	272,000
	<b>2,637,023</b>	<b>1,845,023</b>
<b>2.6 SHORT-TERM BORROWINGS</b>		
<u>Unsecured</u>		
(Due within one year, unless otherwise stated)		
Loans from related parties	362,514,273	4,564,573,690
	<b>362,514,273</b>	<b>4,564,573,690</b>
<b>2.7 TRADE PAYABLES</b>		
from others	10,375,842	4,667,092
from related parties	7,425,867	9,357,217
	<b>17,801,709</b>	<b>14,024,309</b>
<b>2.8 OTHER CURRENT LIABILITIES</b>		
Interest accrued but not due on borrowings	248,600	-
Interest accrued and due on borrowings	2,006,031	18,068,649
Other Payables		
Accrued salaries and benefits	15,492,369	16,590,369
Withholding tax, service tax and other taxes payable	16,750,098	15,228,832
Others	358,476	266,610
	<b>34,855,574</b>	<b>50,154,460</b>
<b>2.9 SHORT-TERM PROVISIONS</b>		
Provision for employee benefits (Refer note.2.28)		
Gratuity	947,000	681,000
Compensated leave absences	96,000	71,000
Provision for taxation (net of advance tax and tax deducted at source Rs. Nil; previous year Rs.1,154,247)	-	3,652,245
Provision for capex	4,440,904	1,302,999
	<b>5,483,904</b>	<b>5,707,244</b>



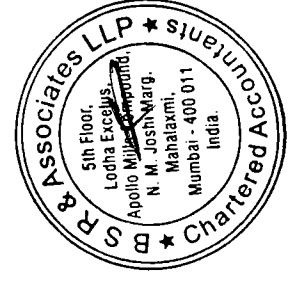
# **Edelweiss Web Services Limited** **Notes to the financial statements (Continued)**

(Currency : Indian rupees)

## **2.10 FIXED ASSETS**

FIXED ASSETS		Gross Block			Depreciation			Net Block	
	As at 1 April 2015	Additions during the year	Deductions / Adjustment during the year	As at 31 March 2016	As at 1 April 2015	Additions during the year	Deductions / Adjustment during the year	As at 31 March 2016	As at 31 March 2015
Description of Assets									
Tangible assets									
Vehicles	3,046,403		903,008	-	1,587,646	664,044	-	2,251,690	1,697,721
Office equipments	311,029		56,887	-	130,036	104,173	-	234,209	133,707
Computers	16,598,619		21,010,414	-	10,475,218	8,794,128	-	19,269,346	18,339,687
Total : A	19,956,051	21,970,309	-	41,926,360	12,192,900	9,562,345	-	21,755,245	20,171,115
Intangible assets									
Computer software	79,574,895	17,750,988		-	67,551,640	10,632,995	-	78,184,635	19,141,248
Total : B	79,574,895	17,750,988		-	67,551,640	10,632,995	-	78,184,635	12,023,255
Grand Total [A+B]	99,530,946	39,721,297		-	79,744,540	20,195,340	-	99,939,880	39,312,363
Previous year	92,217,637	7,313,309		-	59,806,256	19,938,284	-	79,744,540	19,786,406

**Note**  
As per the requirement of the Companies Act, 2013, the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the statement of profit and loss of the company, the depreciation change for the year ended 31 March 2015 was higher by Rs. 365,316



# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.11 LONG-TERM LOANS AND ADVANCES</b>		
Security deposits		
Other deposits	325,000	1,500,000
Other loans and advances		
Advance income taxes [net of provision for taxation Nil; previous year Rs.4,599,695]]	5,642,812	13,278,906
MAT credit entitlement	101,087	101,087
	<u>6,068,899</u>	<u>14,879,993</u>
<b>2.12 OTHER NON-CURRENT ASSETS</b>		
Accrued interest on fixed deposits	-	13,839
Long term deposits with banks	-	74,432
	<u>-</u>	<u>88,271</u>
<b>2.13 INVENTORIES / STOCK IN TRADE</b>		
Equity shares (quoted) (Refer note 2.13A)	309,188	324,028
Others (specify nature)		
8.40% GOVERNMENT STOCK 28.07.2024 BONDS	-	521,600,000
	<u>309,188</u>	<u>521,924,028</u>



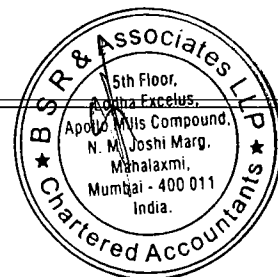
# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 2.13A INVENTORIES / STOCK IN TRADE

	As at 31 March 2016			As at 31 March 2015		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<i>Securities</i>						
Equity shares (quoted)						
ABB India Limited	2	1	664	2	1	664
ACC Ltd	10	214	295,727	10	214	311,682
Alok Textiles	10	1	5	10	1	7
Asian Paints Limited	1	10	548	1	10	548
Bharat Heavy Electricals Limited	2	2	228	2	2	380
Bharti Infratel Limited	10	1	179	10	1	179
Capital First Limited	10	1	162	10	1	162
DCB Bank Limited	10	2	86	10	2	86
ICICI Bank Limited	2	10	2,366	2	10	2,079
ITC Limited	1	1	1,641	1	1	326
Margo Finance Limited	10	1	5	10	1	5
Prime Focus Limited	1	1	27	1	1	27
REI Agro Limited	1	12	5	1	12	8
Shriram Transport Finance Company Limited	-	-	-	10	1	601
State Bank of India	1	20	3,885	1	20	3,835
Suzlon Energy Limited	2	1	11	2	1	11
Texmaco Infrastructure & Holdings Limited	1	1	26	1	1	26
Future retail	2	1	99	2	1	99
Jaiprakash Associates Limited	2	5	38	2	4	99
Va Tech Wabag	2	2	1,037	2	2	1,330
Cholamandalam Investment and Finance Company	10	1	385	10	1	385
Dredging Corporation India	10	1	330	10	1	330
Aegis Logistics Ltd	10	5	1,160	10	5	1,160
Tata Power	1	1	59	-	-	-
Unitech Ltd	2	3	15	-	-	-
Reliance Communication Ltd	5	10	500	-	-	-
Total			<u>309,188</u>			<u>324,028</u>
Bond (Quoted)						
8.40% Government Stock 28.07.2024	-	-	-	100	5,000,000	521,600,000
			<u>309,188</u>			<u>521,924,028</u>
Aggregate of stock in trade of Equity shares (Quoted)	At carrying value		309,188			324,028
	At market value		322,638			361,159
Aggregate of stock in trade of bonds (Quoted)						
	At carrying value		-			524,250,000
	At market value		-			521,600,000



# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.14 TRADE RECEIVABLES</b>		
From related parties	41,865,428	36,666,491
	<u>41,865,428</u>	<u>36,666,491</u>
<b>2.15 CASH AND BANK BALANCES</b>		
Cash and Cash equivalents		
Cash in hand	2,270	-
Balances with banks - in current accounts	3,799,905	11,014,201
	<u>3,802,175</u>	<u>11,014,201</u>
<b>2.16 SHORT-TERM LOANS AND ADVANCES</b>		
<u>Unsecured</u>		
<i>Considered good unless stated otherwise</i>		
Loans and advances to related parties	-	11,000,000
<b>Other loans and advances</b>		
Prepaid expenses	1,290,934	4,303,186
Loans and advances to employees	53,509	301,668
Vendor advances	3,847,627	1,344,304
Advance income tax (net of provision for taxation Nil, previous year Nil)	7,304,990	2,921,788
	<u>12,497,060</u>	<u>19,870,946</u>
<b>2.17 OTHER CURRENT ASSETS</b>		
Accrued interest on debt instruments	-	7,350,000
Accrued interest on loans given	-	72,381
Accrued interest on margin	26,087	8,532,139
Currency options premium paid	-	1,674,250
Margin placed with broker	57,695,410	4,114,271,777
	<u>57,721,497</u>	<u>4,131,900,547</u>

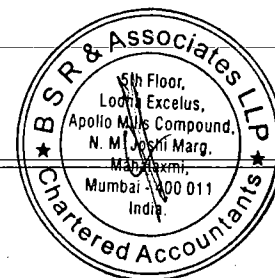


# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.18 FEE INCOME</b>	<b>37,214,262</b>	<b>34,882,550</b>
	<u>37,214,262</u>	<u>34,882,550</u>
<b>2.19 INCOME FROM TREASURY OPERATIONS AND INVESTMENTS</b>		
Loss on trading of securities (net)	(17,016,618)	(5,010,675)
(Loss) / Profit on trading in Equity Derivative Instruments (net)	(177,059,614)	313,587,844
Profit on trading in Commodity derivative instruments (net)	11,332,940	-
Loss on trading in currency derivative instruments (net)	(14,864,535)	(33,340,693)
Dividend on stock in trade	2,790	5,716
	<u>(197,605,037)</u>	<u>275,242,192</u>
<b>2.20 OTHER OPERATING REVENUE</b>		
Interest income on debt instrument	24,045,000	3,150,000
Interest income on margin	9,230,309	67,723,058
Interest income on loan	577,199	1,265,000
Interest income on fixed deposits	1,007	8,046
Interest income on overdue accounts	-	30,931,219
Warehouse charges	-	4,692,000
	<u>33,853,515</u>	<u>107,769,323</u>
<b>2.21 OTHER INCOME</b>		
Interest Income - Others	1,216,248	17,742
	<u>1,216,248</u>	<u>17,742</u>
<b>2.22 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and wages (Refer note.2.28)	36,423,777	39,237,489
Contribution to provident and other funds	735,495	573,550
Staff welfare expenses	716,399	762,684
	<u>37,875,671</u>	<u>40,573,723</u>
<b>2.23 FINANCE COSTS</b>		
Interest on loan from ultimate holding company	142,568,019	169,572,632
Interest on loan from fellow subsidiaries	3,609,180	10,558,028
Interest - others	-	17,075,495
Finance and bank charges	5,109	3,892
	<u>146,182,308</u>	<u>197,210,047</u>





# Edelweiss Web Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.24 OTHER EXPENSES</b>		
Communication	2,724,317	2,508,442
Computer expenses	2,372,141	423,305
Computer software	17,438,542	8,440,288
Clearing and custodian charges	206,375	185,000
Electricity charges (refer note 2.31)	282,231	409,361
Legal and professional fees	23,215,979	20,885,101
Membership and Subscription	8,348	335,343
Rent (refer note 2.31)	4,649,137	3,714,250
Security transaction tax	36,511,546	130,743,829
Auditor's remuneration (refer note below)	359,600	174,400
Service tax expenses	15,512,797	10,955,079
Site related expenses	2,125,000	449,953
Stamp duty	15,777,239	53,317,108
Stock exchange expenses	250,525	250,000
Travelling and conveyance	1,655,841	1,296,272
Warehousing charges	35,000	3,069,473
Miscellaneous expenses	162,017	220,663
	<b>123,286,635</b>	<b>237,377,867</b>
<b>Auditor's Remuneration:</b>		
As auditor	350,000	160,000
For reimbursement of expenses	9,600	14,400
	<b>359,600</b>	<b>174,400</b>



**Edelweiss Web Services Limited**

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

(Currency : Indian rupees)

**2.25 Disclosure as required by Accounting Standard 18- "Related Party Disclosure":**

**i. List of related parties and relationship:**

**Name of related parties by whom control**

**is exercised :**

Holding Company

Edelweiss Broking Limited

Ultimate Holding Company

Edelweiss Financial Services Limited

**Fellow Subsidiaries :**

**(with whom transactions have taken place)**

EC Commodity Limited

Edelweiss Securities Limited

Edelweiss Commodities Services Limited

Ecap Equities Limited

ECL Finance Limited

Edel Commodities Limited

Edel Commodities Trading Limited

Arum Investments Private Limited (from March 30, 2016)

Edel Finance Company Limited

Edelweiss Comtrade Limited

Edelcap Securities Limited

Edelweiss Asset Management Limited

Edelweiss Custodial Services Limited

Edelweiss Finance & Investments Limited

Edelweiss Global Wealth Management Limited

Edelweiss Housing Finance Limited

Edelweiss Insurance Brokers Limited

Edelweiss Investment Adviser Limited

Edelweiss Metals Limited

EFSL Commodities Limited

EFSL Comtrade Limited

Edel Land Limited

Edelweiss Capital Markets Limited

Edelweiss Retail Finance Limited

Forefront Capital Management Private Limited (from April 30, 2014)

Edelweiss Integrated Commodity Management Limited (from July 24, 2014)

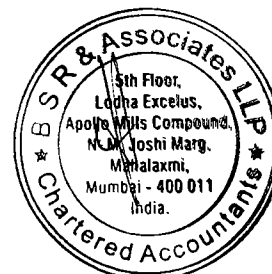
Edel Investments Limited

Edelweiss Advisors Limited

Key Management Personnel

Nil

(with whom transactions have taken place)



**Edelweiss Web Services Limited**
**Notes to the financial statements (Continued)**

(Currency : Indian rupees)

**2.25 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”:(Continued)**

<b>ii. Transactions with related parties :</b>				
<b>Sr. No.</b>	<b>Nature of Transaction</b>	<b>Related Party Name</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b><u>Capital Account Transaction during the year</u></b>			
1	Short Term Loans taken from	Edelweiss Financial Services Limited (Note c)	468,194,269	6,073,680,849
		Edelweiss Commodities Services Limited	200,000,000	-
2	Long Term Loans taken from	Edelweiss Investment Advisors Limited	10,000,000	-
3	Short Term Loans repaid to	Edelweiss Financial Services Limited (Note c)	4,870,253,686	1,526,680,972
4	Long Term Loans repaid to	Edelweiss Alternative Asset Advisors Limited (Note c)	44,000,000	37,000,000
		Edelweiss Investment Adviser Limited (Note c)	-	80,000,000
5	Margin placed with	Edelweiss Securities Limited (Note c)	65,596,022	5,851,582,866
		Edelweiss Broking Limited (Note c & d)	2,552	1,549
6	Margin withdrawn from	Edelweiss Securities Limited (Note c)	4,122,163,083	1,737,280,170
		Edelweiss Broking Limited (Note c & d)	2,552	537
	<b><u>Current Account Transaction during the year</u></b>			
7	Interest Expenses on loan from	Edelweiss Financial Services Limited	142,442,336	169,572,632
		Edelweiss Investment Adviser Limited (Note c)	1,200,000	3,961,644
		Edelweiss Alternative Asset Advisors Limited	2,409,180	6,596,384
		Edelweiss Commodities Services Limited	125,683	-
8	Interest income on margin placed with	Edelweiss Securities Limited	9,230,309	67,723,058
9	Interest received on loans given to	Edelweiss Commodities Services Limited (Note a)	577,199	1,265,000
10	Reimbursement paid to	Edelweiss Financial Services Limited	160,973	152,436
		Edelweiss Commodities Services Limited (Note a)	4,931,368	4,123,611
11	Reimbursement Received from	Edelweiss Retail Finance Limited	-	4,200
12	Fee income from	Edelweiss Broking Limited (Note d)	33,881,641	30,555,770
		Arum Investments Private Limited	5,440	-
		Edelweiss Securities Limited	755,651	906,730
		EC Commodity Limited	13,520	10,650
		Ecap Equities Limited	62,520	20,610
		ECL Finance Limited	542,090	380,840
		Edel Commodities Limited (Note a)	18,510	22,370
		Edel Commodities Trading Limited	3,630	4,830
		Edel Finance Company Limited	8,710	7,430
		Edelcap Securities Limited	24,500	15,780
		Edelweiss Alternative Asset Advisors Limited	55,170	40,600
		Edelweiss Asset Management Limited	66,330	58,840
		Edelweiss Commodities Services Limited (Note a)	168,870	128,930

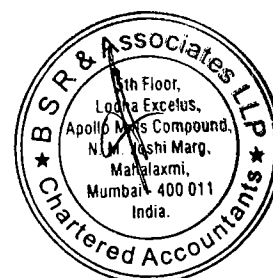


**Edelweiss Web Services Limited**
**Notes to the financial statements (Continued)**

(Currency : Indian rupees)

**2.25 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”:(Continued)**

ii. Transactions with related parties :				
Sr. No.	Nature of Transaction	Related Party Name	31 March 2016	31 March 2015
		Edelweiss Comtrade Limited	144,370	131,770
		Edelweiss Custodial Services Limited	19,060	10,270
		Edelweiss Finance & Investments Limited	57,440	42,600
		Edelweiss Financial Services Limited	154,170	129,850
		Edelweiss Global Wealth Management Limited	84,840	55,080
		Edelweiss Housing Finance Limited	298,810	174,670
		Edelweiss Insurance Brokers Limited	111,430	70,790
		Edelweiss Investment Adviser Limited (Note c)	38,470	71,710
		Edelweiss Metals Limited	60,890	25,210
		EFSL Commodities Limited	26,950	4,520
		EFSL Comtrade Limited	5,260	3,290
		Edel Land Limited	17,790	1,460
		Edelweiss Capital Markets Limited	2,720	380
		Edelweiss Retail Finance Limited	62,340	11,800
		Forefront Capital Management Private Limited	18,780	6,440
		Edelweiss Integrated Commodity Management Limited	443,730	123,960
		Edel Investments Limited	2,000	-
13	Clearing charges paid to	Edelweiss Securities Limited	180,000	185,000
14	Warehouse Charges Paid	ECAP Equities Limited	-	1,876,800
		Edelweiss Capital Markets Limited	-	1,047,200
		Edelweiss Integrated Commodity Management Limited	-	88,772
15	Interest on Delayed Payment charges paid to	ECAP Equities Limited	-	13,492,500
		Edelweiss Capital Markets Limited	-	3,582,995
16	Purchase of Physical commodities	Edelweiss Commodities Services Limited	5,419,909,568	-
17	Sale of Physical commodities	Edel Commodities Trading Limited	747,034,645	-
18	Trading in Commodity forward contracts	Edel Commodities Limited	7,020,000	-
		ECAP Equities Limited	5,085,000	-
	<b><u>Balances with related parties</u></b>			
19	Short term loans taken from	Edelweiss Financial Services Limited	162,514,273	4,564,573,690
		Edelweiss Commodities Services Limited (Note a)	200,000,000	11,000,000
20	Long term loans taken from	Edelweiss Investment Adviser Limited (Note c)	10,000,000	10,000,000
		Edelweiss Alternative Asset Advisors Limited	-	44,000,000

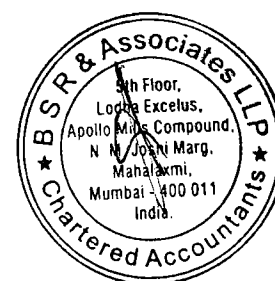


**Edelweiss Web Services Limited**
**Notes to the financial statements (Continued)**

(Currency : Indian rupees)

**2.25 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”:(Continued)**

<b>ii. Transactions with related parties :</b>				
<b>Sr. No.</b>	<b>Nature of Transaction</b>	<b>Related Party Name</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
21	<i>Trade Payables</i>	Edelweiss Broking Limited(Note d)	1,908,207	1,347,404
		Edelweiss Commodities Services Limited (Note a)	191,297	4,699,576
		ECAP Equities Limited	22,975	94,298
		ECL Finance Limited	581,543	998,954
		Edelweiss Securities Limited	329,786	680,932
		Edelweiss Finance & Investments Limited	372,775	149,326
		Edelweiss Financial Services Limited	458,368	436,065
		Edelweiss Alternative Asset Advisors Limited	-	124,009
		Edelweiss Asset Management Limited	15,625	70,000
		Edelweiss Investment Adviser Limited (Note c)	79,997	90,529
		Edelweiss Housing Finance Limited	136,115	48,097
		Edelweiss Insurance Brokers Limited	134,852	33,684
		Edelweiss Global Wealth Management Limited	747,731	11,612
		EC Commodity Limited	-	48,533
		Edel Commodities Limited (Note a)	-	20,362
		Edelweiss Comtrade Limited	-	266,980
		Edelweiss Metals Limited	5,585	15,595
		Edelweiss Integrated Commodity Management Limited	240,480	185,996
		Olive Business Centre Limited	2,143,839	-
		Edelcap Securities Ltd	56,692	-
22	<i>Margin Payable to</i>	Edelweiss Broking Limited (Note d)	40,227	30,921
23	<i>Margin Receivable from</i>	Edelweiss Securities Limited	57,735,637	4,114,302,698
24	<i>Interest accrued and due on borrowings</i>	Edelweiss Financial Services Limited	1,839,803	17,654,131
		Edelweiss Commodities Services Limited (Note a)	113,115	48,600
		Edelweiss Alternative Asset Advisors Limited	-	303,781
		Edelweiss Investment Adviser Limited (Note c)	53,113	62,138
25	<i>Gratuity payable to</i>	Edelweiss Broking Limited (Note d)	-	89,000
26	<i>Prepaid Expenses to</i>	Edelweiss Financial Services Limited	-	75,593
27	<i>Trade receivables from</i>	Edelweiss Broking Limited (Note d)	38,110,278	34,147,124
		Edelweiss Securities Limited	797,579	928,129
		EC Commodity Limited	14,129	10,902
		Edel Finance Company Limited	9,102	7,606

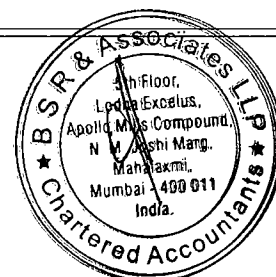


**Edelweiss Web Services Limited**
**Notes to the financial statements (Continued)**

(Currency : Indian rupees)

**2.25 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”:(Continued)**

ii. Transactions with related parties :				
Sr. No.	Nature of Transaction	Related Party Name	31 March 2016	31 March 2015
		Edelweiss Financial Services Limited	214,108	132,915
		Ecap Equities Limited	65,334	-
		ECL Finance Limited	566,484	389,828
		Edel Commodities Limited (Note a)	19,343	2,536
		Edel Commodities Trading Limited	3,793	4,945
		Edelcap Securities Limited	25,603	16,153
		Edelweiss Alternative Asset Advisors Limited	154,412	41,558
		Edelweiss Asset Management Limited	69,315	60,229
		Edelweiss Comtrade Limited	180,517	134,879
		Edelweiss Custodial Services Limited	19,917	10,512
		Edelweiss Finance & Investments Limited	60,025	43,605
		Edelweiss Global Wealth Management Limited	88,658	56,380
		Edelweiss Housing Finance Limited	312,256	178,792
		Edelweiss Insurance Brokers Limited	116,444	72,461
		Edelweiss Investment Adviser Limited (Note c)	40,201	73,402
		Edelweiss Metals Limited	-	25,805
		EFSL Commodities Limited	28,163	4,626
		EFSL Comtrade Limited	5,496	3,368
		Edel Land Limited	123,591	1,495
		Edelweiss Capital Markets Limited	2,844	389
		Edelweiss Retail Finance Limited	57,325	12,078
		Forefront Capital Management Private Limited	19,625	6,592
		Edelweiss Integrated Commodity Management Limited	451,744	126,886
		Edelweiss Commodities Services Limited	176,469	131,973
		Arum Investments Private Limited	5,685	-
		Edel Investments Limited	2,090	-
		Edelweiss Advisors Limited	63,630	-
28	Accrued interest income on loans given to	Edelweiss Commodities Services Limited (Note a)	-	72,381
29	Accrued interest income on margin with	Edelweiss Securities Limited	26,087	8,532,139



## Edelweiss Web Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees)

#### 2.25 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”:(Continued)

##### Note :

With effect from 1 April 2013 (being the appointed date):

a) The Derivatives Business of Edel Commodities Limited (“Demerging Company”) has been merged with Edelweiss Commodities Services Limited (“Resulting Company”) vide an order of the Hon. High Court of Andhra Pradesh. The effective date of the order is 11 May 2014;

All related party outstanding balances as at the end of the year relating to these demerged businesses have been disclosed as being outstanding to / from the respective Resulting Companies. All related party transactions other than that of revenue nature from the Appointed Date in relation to the demerged business accounted in the Balance Sheet have been disclosed to have been transacted with the respective Demerging Companies.

b) The Demerged Business of Edelcap Securities Limited has been merged with ECap Equities Limited (Ecap) vide an order of the Hon. High Court of Andhra Pradesh. The effective date of the order is 11 May 2014. All related party transactions transacted during the year and the outstanding balances thereof as at the end of the year relating to the Demerged Business have accordingly been disclosed to have been transacted by the Ecap.

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

d) Edelweiss Financial Advisors Limited(“Transferor Company”),has been amalgamated with Edelweiss Broking Limited(“Transferee Company”) with effect from 1 October 2013(“The Appointed Date”) vide a court order.All related party transactions transacted during the year and the outstanding balances thereof as at the end of the current year relating to the Transferor Company are considered to be transacted with the Transferee Company and accordingly included in the related party transactions disclosure of the company.

e) The Intra group company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed/refund received with/from related parties are disclosed based on the maximum incremental amount given/taken and placed/refund received during the reporting period.



## Notes to the financial statements (Continued)

(Currency: Indian rupees)

## 2.26 Segment reporting

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

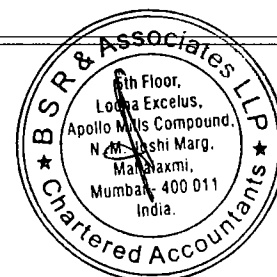
Segment	Activities Covered
Capital based business	Income from treasury operations, income from investments and dividend income
Agency Business	Web based Services

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

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

The following table gives information as required under the Accounting Standard -17 on Segment Reporting:

	Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
<b>I</b>	<b>Segment Revenue</b>		
	a) Capital based business	5,383,817,605	1,504,900,826
	b) Agency business	37,214,262	34,882,550
	c) Unallocated	-	-
	<b>Total</b>	<b>5,421,031,867</b>	<b>1,539,783,376</b>
	Less : Inter Segment Revenue	-	-
	<b>Total Income</b>	<b>5,421,031,867</b>	<b>1,539,783,376</b>
<b>II</b>	<b>Segment Results</b>		
	a) Capital based business	(340,686,946)	43,668,483
	b) Agency business	14,269,292	8,173,613
	c) Unallocated	-	-
	<b>Total</b>	<b>(326,417,654)</b>	<b>51,842,097</b>
	<b>(Loss) / Profit before taxation</b>	<b>(326,417,654)</b>	<b>51,842,097</b>
	Less : Provision for taxation	(21393)	(783,000)
	Less: Deferred Tax Liability	(2,148,941)	-
	<b>(Loss) / Profit after taxation</b>	<b>(328,587,988)</b>	<b>51,059,097</b>





**Notes to the financial statements (Continued)**  
(Currency: Indian rupees)

**2.26 Segment reporting (Continued)**

	Particulars	As at 31 March 2016	As at 31 March 2015
<b>III</b>	<b>Segment Assets</b>		
	a) Capital based business	63,331,760	4,678,377,530
	b) Agency Business	133,162,494	98,066,965
	c) Unallocated	13,102,398	16,603,448
	<b>Total</b>	<b>209,596,652</b>	<b>4,793,047,943</b>
<b>IV</b>	<b>Segment Liabilities</b>		
	a) Capital based business	416,966,198	4,593,740,712
	b) Agency Business	45,106,643	72,663,747
	c) Unallocated	13,368,584	23,900,267
	<b>Total</b>	<b>435,441,425</b>	<b>4,690,304,726</b>
<b>V</b>	<b>Capital Expenditure (Including Capital Work-In-Progress )</b>		
	a) Capital based business	-	-
	b) Agency Business	50,824,279	7,313,309
	c) Unallocated	-	-
	<b>Total</b>	<b>50,824,279</b>	<b>7,313,309</b>
<b>VI</b>	<b>Depreciation and Amortisation</b>		
	a) Capital based business	-	-
	b) Agency Business	20,195,340	19,938,284
	c) Unallocated	-	-
	<b>Total</b>	<b>20,195,340</b>	<b>19,938,284</b>
<b>VII</b>	<b>Significant Non-Cash Expenses Other than Depreciation and Amortisation</b>		
	a) Capital based business	1,146,326	577,611
	b) Agency Business	7,924	13,389
	c) Unallocated	-	-
	<b>Total</b>	<b>1,154,250</b>	<b>591,000</b>



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

(Currency: Indian rupees)

**2.27 Earnings per share**

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) Shareholders earnings (as per the statement of profit and loss)	(328,587,988)	51,059,097
b) Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	4,227,451	4,227,451
Basic and diluted earnings per share (in Rupees) (a/b)	(77.73)	12.08

The basic and diluted earnings per share are the same as there are no dilutive/ potential equity shares issued or outstanding as at 31 March 2016.

**2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits****A) Defined contribution plan (Provident fund):**

Amount of Rs. 734,755/- (Previous year: Rs. 572,722/-) is recognised as expenses and included in "Employee benefits expenses" – note 2.22 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 and the unfunded status and amounts recognized in the balance sheet for the Gratuity benefit plan.

**Statement of Profit and Loss****Net employee benefits expenses:**

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Current service cost	461,000	360,000
Interest cost	176,000	145,000
Actuarial losses	400,000	86,000
<b>Total included in 'Employee Benefit Expense'</b>	<b>1,037,000</b>	<b>591,000</b>



## Notes to the financial statements (Continued)

(Currency: Indian rupees)

## 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

## Balance Sheet

## Details of provision for gratuity:

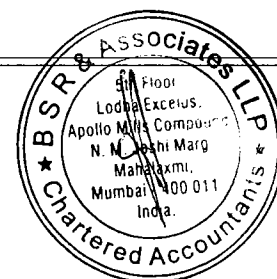
Particulars	As at 31 March 2016	As at 31 March 2015
Liability at the end of the year	3,220,000	2,254,000
Fair value of plan assets at the end of the year	-	-
Difference	3,220,000	2,254,000
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
<b>Amount recognized in the Balance Sheet</b>	<b>3,220,000</b>	<b>2,254,000</b>

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

Particulars	As at 31 March 2016	As at 31 March 2015
Liability at the beginning of the year	2,254,000	1,752,023
Transfer In / (Out)	-	(89,000)
Interest cost	176,000	360,000
Current service cost	461,000	145,000
Past service cost (non vested benefit)	-	-
Past service cost (vested benefit)	-	-
Benefit paid	(71,000)	-
Actuarial loss on obligations	400,000	86,000
<b>Liability at the end of the year</b>	<b>3,220,000</b>	<b>2,254,000</b>

## Experience Adjustment:

	As at 31 March				
	2016	2015	2014	2013	2012
On Plan Liabilities: (Gain)/ Loss	350,000	(65,000)	248,000	734,097	(107,800)
On Plan Assets: Gain/ (Loss)	-	-	-	-	-
<b>Estimated Contribution for next year</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



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

(Currency: Indian rupees)

**2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)****Principle actuarial assumptions at the balance sheet date:**

Particulars	As at 31 March 2016	As at 31 March 2015
Discount rate current	7.4%	7.8%
Salary escalation current	7%	7%
Employees attrition rate (based on categories)		
Senior	13%p.a	13%p.a
Mid	30%p.a	30%p.a
Junior	60%p.a	60%p.a
Expected Average Remaining Working lives of employees	3 years	2 years

**2.29 Contingent liabilities and commitments****Contingent liabilities**

The Company has Rs. 610/- contingent liabilities as at the balance sheet date (previous year Nil).

The Company's pending litigations comprise of proceedings pending with Income Tax, customs, sales tax/VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

**Commitments**

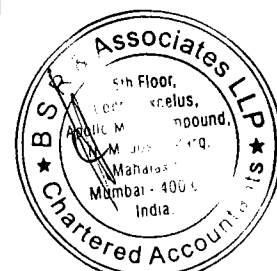
The Company has a capital commitment of Rs.2,974,000/-(Previous year Rs.23,968,000) towards software development charges.

**2.30** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

**2.31 Cost Sharing**

During the year the Company carried out its operations from premises leased by Edelweiss Commodities Services Limited, the fellow subsidiary. The Company has entered a Memorandum of Understanding with this entity 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 management, the expenditure heads in note 2.24 are gross of the reimbursements made.





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

(Currency: Indian rupees)

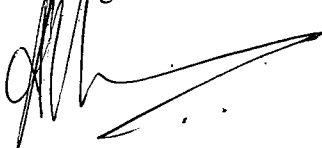
- 2.36 The Company has received demand notice from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act, 1961 read with Rule 8D of the Income Tax Rules, 1962. The Company has filed appeal and is defending its position. Due to lack of clarity on legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the company, if any, at this stage cannot be estimated. The Company has been advised by its tax counsel that it has a good chance in sustaining its position.

As per our report date attached

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 116231W/W-100024



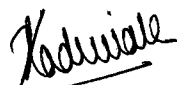
**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai

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



**Riyaz Ladiwala**

*Director*

DIN : 00209264



**Siby Antony**

*Director*

DIN : 00075909



**Brijmohan Bohra**

*Company Secretary*

Mumbai

10 May 16

Mumbai

10 May 16