

B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of
Edelweiss Business Services Limited
(formerly known as Edelweiss Web Services Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited) (the "Company"), which comprise the Balance Sheet as at 31 March 2017, 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 and presentation 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

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.

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.

Independent Auditor's Report (Continued)

Edelweiss Business Services Limited

(formerly known as Edelweiss Web Services Limited)

Auditor's Responsibility (Continued)

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. 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 2017, and its losses 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 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;



Independent Auditor's Report (Continued)

Edelweiss Business Services Limited

(formerly known as Edelweiss Web Services Limited)

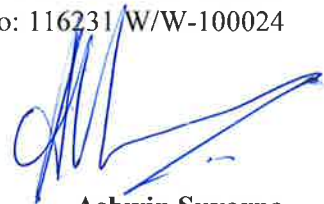
Report on other legal and regulatory requirements (Continued)

- 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
- 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 has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 2.28 to the financial statements;
 - ii. the Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts - refer note 2.29 to the financial statements; and
 - iii. there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by management – refer note 2.34 to the financial statements.

For **B S R & Associates LLP**

Chartered Accountants

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



Ashwin Suvarna

Partner

Membership No: 109503


Mumbai
15 May 2017

Edelweiss Business Services Limited

(formerly known as Edelweiss Web Services Limited)

Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)

The Annexure referred to in Independent Auditors' Report to the members of Edelweiss Business Services Limited *(formerly known as Edelweiss Web Services Limited)* ("the Company") on the financial statements for the year ended 31 March 2017, 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. The Company is a service company primarily engaged in the business of rendering agency services and capital based business services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
 - 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.
 - iv. In our opinion and according to the information and explanations the Company has not granted any loans, made investments or provided guarantees and securities under Section 185 and 186 of the Act. Accordingly, para 3(iv) of the Order is not applicable.
 - v. According to the information and explanation given to us, the Company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed thereunder apply.
 - vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to 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, employee state insurance, income tax, service tax, value added tax and other material statutory dues have generally been 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, customs duty, excise duty and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax, and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
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Edelweiss Business Services Limited

(formerly known as Edelweiss Web Services Limited)

Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited) (Continued)

- (b) According to the information and explanations given to us, there are no dues of provident fund, employee state insurance, income tax, service tax, value added tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following dues have not been deposited by the Company on account of disputes:

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 2012-13	Commissioner of Income Tax (Appeals)

- viii. In our opinion and according to the information and explanations given to us, the Company has no loans or borrowings from financial institutions, banks, and Government or debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and 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 in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 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 or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

Edelweiss Business Services Limited

(formerly known as Edelweiss Web Services Limited)

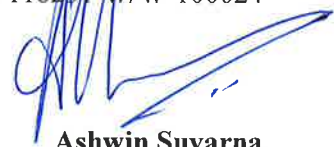
Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Business Services Limited *(formerly known as Edelweiss Web Services Limited) (Continued)*

- 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.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Associates LLP**

Chartered Accountants

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



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai
15 May 2017

Edelweiss Business Services Limited

(formerly known as Edelweiss Web Services Limited)

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Edelweiss Business Services Limited *(formerly known as 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 Business Services Limited *(formerly known as Edelweiss Web Services Limited)* (the "Company") as of 31 March 2017 in conjunction with our audit of the 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 Business Services Limited

(formerly known as Edelweiss Web Services Limited)

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Edelweiss Business Services Limited (formerly known as 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls over Financial Reporting

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 2017, 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
15 May 2017

Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Balance Sheet

(Currency : Indian rupees)

	Note	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	72,274,510	72,274,510
(b) Reserves and surplus	2.2	(437,573,397)	(298,119,283)
		(365,298,887)	(225,844,773)
Non-current liabilities			
(a) Long-term borrowings	2.3	-	10,000,000
(b) Deferred tax liabilities (Net)	2.4	7,690,583	2,148,942
(c) Long-term provisions	2.5	3,554,023	2,637,023
		11,244,606	14,785,965
Current liabilities			
(a) Short-term borrowings	2.6	501,725,505	362,514,273
(b) Trade payables	2.7	-	-
Total outstanding dues of Micro enterprises and Small enterprises		-	-
Total outstanding dues of creditors other than Micro enterprises and Small enterprises		12,821,077	17,801,709
(c) Other current liabilities	2.8	13,639,836	34,855,574
(d) Short-term provisions	2.9	2,115,937	5,483,904
		530,302,355	420,655,460
TOTAL		176,248,074	209,596,652
ASSETS			
Non-current assets			
(a) Fixed assets	2.10		
(i) Property, Plant and Equipments		17,217,244	20,171,115
(ii) Intangible assets		47,833,168	19,141,248
(iii) Intangible assets under development		3,970,300	48,020,042
(b) Long-term loans and advances	2.11	13,887,564	6,068,899
		82,908,276	93,401,304
Current assets			
(a) Inventories	2.12	-	309,188
(b) Trade receivables	2.13	78,625,164	41,865,428
(c) Cash and bank balances	2.14	3,683,494	3,802,175
(d) Short-term loans and advances	2.15	10,515,226	12,497,060
(e) Other current assets	2.16	515,914	57,721,497
		93,339,798	116,195,348
TOTAL		176,248,074	209,596,652

Significant accounting policies and notes to accounts

1 and 2

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

Kalpna Maniar

Director

DIN : 00719180

Phanindranath Kakarla

Director

DIN : 02076676

Brijmohan Bohra

Company Secretary

Mumbai

15 May 2017

Mumbai

15 May 2017

Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Statement of Profit and Loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations			
Fee income	2.17	69,559,803	37,214,262
Income from treasury operations and investments	2.18	(4,921,005)	(197,605,037)
Sale of commodities		-	5,546,352,879
Other operating revenue	2.19	306,661	33,853,515
Other income	2.20	191,105	1,216,248
Total Revenue		65,136,564	5,421,031,867
Expenses			
Purchases of commodities		-	5,419,909,567
Employee benefit expenses	2.21	27,819,441	37,875,671
Finance costs	2.22	59,097,152	146,182,308
Depreciation and amortization expenses	2.10	33,114,409	20,195,340
Other expenses	2.23	79,018,035	123,286,635
Total expenses		199,049,037	5,747,449,521
Loss before tax		(133,912,473)	(326,417,654)
(Loss)/ profit before tax from continuing operations		(54,337,643)	14,269,292
Tax expense:			
(1) Current tax (includes short provision for earlier year Nil; Previous year Rs. 21,393)		-	21,393
(2) Deferred tax		5,541,641	2,148,941
(Loss)/ profit after tax from continuing operations		(59,879,284)	12,098,958
Loss from discontinuing operations		(79,574,830)	(340,686,946)
Tax expense of discontinuing operations		-	-
Loss from discontinuing operations (after tax)		(79,574,830)	(340,686,946)
Loss for the year		(139,454,114)	(328,587,988)
Earnings per equity share: (face value Rs.10 each)			
Basic (in Rupees)	2.26	(32.99)	(77.73)
Diluted (in Rupees)	2.26	(32.99)	(77.73)

Significant Accounting Policies & Notes to Accounts

1 and 2

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firms' Registration No. 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors



Kalpana Maniar

Director

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Brijmohan Bohra

Company Secretary

Mumbai

15 May 2017

Mumbai

15 May 2017

Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Cash Flow Statement

(Currency : Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
A Cash flow from operating activities		
Loss before taxation	(133,912,473)	(326,417,654)
Adjustments for		
Depreciation and amortization	33,114,409	20,195,340
Provision for compensated absences	43,000	117,000
Provision for gratuity	1,030,000	1,037,250
Loss on sale/ write-off of fixed assets (net)	30,481	-
Interest income	(306,661)	(33,853,515)
Interest expense	59,033,255	146,177,199
Operating cash flow before working capital changes	(40,967,989)	(192,744,380)
Add / (Less): Adjustments for working capital changes		
Increase in trade receivables	(36,759,736)	(5,198,937)
(Decrease)/ increase in trade payables	(4,980,632)	3,777,400
Decrease in stock in trade	309,188	521,614,840
(Increase)/ Decrease in long term and short term loans and advances	(4,558,620)	20,546,788
Decrease in other current and non current assets	57,179,496	4,058,325,049
Decrease in liabilities and provisions	(26,309,518)	(16,133,076)
Cash (used in)/ generated from operations	(56,087,811)	4,390,187,684
Income taxes paid	(1,278,211)	(4,383,202)
Net cash (used in)/ generated from operating activities - A	(57,366,022)	4,385,804,482
B Cash flow from investing activities		
Purchase of fixed assets	(15,142,947)	(50,824,279)
Sale of fixed assets	309,750	-
Interest received	332,748	49,795,787
Net cash used in investing activities - B	(14,500,449)	(1,028,492)
C Cash flow from financing activities		
Proceeds/ (Repayment) from unsecured loan	129,211,232	(4,246,059,417)
Interest paid	(57,463,442)	(145,928,599)
Net cash generated from/ (used in) financing activities - C	71,747,790	(4,391,988,016)
Net decrease in cash and cash equivalents (A+B+C)	(118,681)	(7,212,026)
Cash and cash equivalent as at the beginning of the year	3,802,175	11,014,201
Cash and cash equivalent as at the end of the year (Refer note 2.14)	3,683,494	3,802,175

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



Kalpana Maniar

Director

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Brijmohan Bohra

Company Secretary

Mumbai

15 May 2017

Mumbai

15 May 2017

Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)
Notes to the financial statements for the year ended 31 March 2017
(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 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 web based services and business support services are 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 and investments 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 Business Services Limited

(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements for the year ended 31 March 2017 (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:

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

Current Assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

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

- a. It is expected to be settled in the Company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within 12 months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, results 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 Inventories

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



Edelweiss Business Services Limited

(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian rupees)

1.6 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.

1.7 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.



Edelweiss Business Services Limited

(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian rupees)

1.7 Taxation (Continued)

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 substantively 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.

1.8 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.

1.9 Fixed assets and depreciation/ amortization

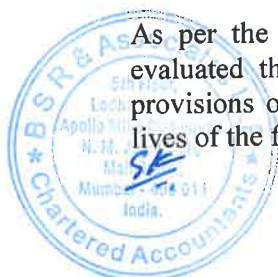
The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Property, Plant and Equipments

Property, plant and equipments acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

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:



Edelweiss Business Services Limited

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Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian rupees)

1.9 Fixed assets and depreciation/ amortization (Continued)

Nature of assets	Estimated Useful Life
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 assets and Intangible assets under development

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

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

1.10 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.

1.11 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.



Edelweiss Business Services Limited

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Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian rupees)

1.12 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 Business Services Limited
(Formerly known as 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 2017

As at
31 March 2016

60,000,000

40,000,000

100,000,000

60,000,000

40,000,000

100,000,000

ISSUED, SUBSCRIBED AND PAID UP:

4,227,451 (Previous year 4,227,451) Equity Shares of Rs. 10 each fully paid
3,000,000 (Previous year 3,000,000) 9% Non-cumulative Redeemable Preference Shares of Rs. 10 each fully paid up

42,274,510

30,000,000

72,274,510

42,274,510

30,000,000

72,274,510

(the entire paid up share capital is held by Edelweiss Broking Limited, the holding company and its nominees).

a. Movement in share capital :

	31 March 2017		31 March 2016	
	No. of shares	Amount	No. of shares	Amount
Equity Shares				
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	4,227,451	42,274,510	4,227,451	42,274,510
9% Non - cumulative Redeemable Preference Shares of Rs. 10 each fully paid				
Outstanding at the beginning of the year	3,000,000	3,000,000	3,000,000	3,000,000
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	3,000,000	3,000,000	3,000,000	3,000,000
Provision for employee benefits (refer note 2.27)				

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

	31 March 2017		31 March 2016	
	No. of shares	%	No. of shares	%
Edelweiss Broking Limited, the holding company and it's nominees	4,227,451	100%	4,227,451	100%
	4,227,451	100%	4,227,451	100%

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

	31 March 2017		31 March 2016	
	No. of shares	%	No. of shares	%
Edelweiss Broking Limited, the holding company and it's nominees	4,227,451	100%	4,227,451	100%
	4,227,451	100%	4,227,451	100%

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

	31 March 2017		31 March 2016	
	No. of shares	%	No. of shares	%
Edelweiss Broking Limited, the holding company	3,000,000	100%	3,000,000	100%
	3,000,000	100%	3,000,000	100%

d 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.

e Terms/rights attached to Preference Shares :

The Preference Shares carry a non-cumulative dividend of 9%. 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 Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.2 RESERVES AND SURPLUS

	As at 31 March 2017	As at 31 March 2016
Securities Premium Account	120,000,000	120,000,000
Add : Additions during the year	-	-
Closing Balance	120,000,000	120,000,000
Deficit in statement of profit and loss		
Opening balance in Statement of profit and loss	(418,119,283)	(89,531,295)
Add: Loss for the year	(139,454,114)	(328,587,988)
Net deficit in statement of profit and loss	(557,573,397)	(418,119,283)
	(437,573,397)	(298,119,283)

2.3 LONG-TERM BORROWINGS

Unsecured

Loan from related parties (refer note 2.33)

- 10,000,000

- 10,000,000



Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.4 DEFERRED TAX LIABILITIES (Net)		
Deferred tax liabilities on account of :-		
Difference between book and tax depreciation	9,420,053	3,422,598
Total (A)	9,420,053	3,422,598
Deferred tax assets on account of :-		
Disallowances under section 43B of the Income Tax Act, 1961	1,729,470	1,273,656
Total (B)	1,729,470	1,273,656
Net Deferred tax liabilities (A-B)	7,690,583	2,148,942
2.5 LONG-TERM PROVISIONS		
Provision for employee benefits (refer note 2.27)		
Gratuity	3,168,023	2,273,023
Compensated leave absences	386,000	364,000
	3,554,023	2,637,023
2.6 SHORT-TERM BORROWINGS		
<u>Unsecured</u>		
(Due within one year, unless otherwise stated)		
Loans from related parties	501,725,505	362,514,273
	501,725,505	362,514,273
2.7 TRADE PAYABLES		
From others	12,821,077	17,801,709
(includes sundry creditors and provision for expenses)		
	12,821,077	17,801,709
2.8 OTHER CURRENT LIABILITIES		
Interest accrued but not due on borrowings	-	248,600
Interest accrued and due on borrowings	3,824,444	2,006,031
Other Payables		
Accrued salaries and benefits	5,599,014	15,492,369
Withholding tax, service tax and other taxes payable	2,181,954	16,750,098
Book overdraft	584,908	-
Others	1,449,516	358,476
	13,639,836	34,855,574
2.9 SHORT-TERM PROVISIONS		
Provision for employee benefits (refer note 2.27)		
Gratuity	1,326,000	947,000
Compensated leave absences	117,000	96,000
Others		
Provision for capex	672,937	4,440,904
	2,115,937	5,483,904



Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.10 FIXED ASSETS

Description of Assets	Gross Block			Depreciation and amortization			Net Block	
	As at 1 April 2016	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2017	As at 1 April 2016	Additions during the year	As at 31 March 2017	As at 31 March 2016
Property, Plant and Equipment								
Vehicles	3,949,411	1,273,721	-	5,223,132	2,251,690	868,957	2,102,485	1,697,721
Office equipment	367,916	275,292	-	643,208	234,209	74,721	334,278	133,707
Computers	37,609,033	4,442,264	2,276,436	39,774,861	19,269,346	7,661,240	14,780,481	18,339,687
Total : A	41,926,360	5,991,277	2,276,436	45,641,201	21,755,245	8,604,918	17,217,244	20,171,115
Intangible assets								
Computer software	97,325,883	53,201,411	-	150,527,294	78,184,635	24,509,491	47,833,168	19,141,248
Total : B	97,325,883	53,201,411	-	150,527,294	78,184,635	24,509,491	47,833,168	19,141,248
Grand Total [A+B]	139,252,243	59,192,688	2,276,436	196,168,495	99,939,880	33,114,409	65,050,412	39,312,363



Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.10 FIXED ASSETS - Previous year (Continued)

	Gross Block			Depreciation and amortization			Net Block		
Description of Assets	As at 1 April 2015	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2016	As at 1 April 2015	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2016	As at 31 March 2015
Property, Plant and Equipment									
Vehicles	3,046,403	903,008	-	3,949,411	1,587,646	664,044	-	2,251,690	1,458,757
Office equipments	311,029	56,887	-	367,916	130,036	104,173	-	234,209	180,993
Computers	16,598,619	21,010,414	-	37,609,033	10,475,218	8,794,128	-	19,269,346	6,123,401
Total : A	19,956,051	21,970,309	-	41,926,360	12,192,900	9,562,345	-	21,755,245	7,763,151
Intangible assets									
Computer software	79,574,895	17,750,988	-	97,325,883	67,551,640	10,632,995	-	78,184,635	12,023,255
Total : B	79,574,895	17,750,988	-	97,325,883	67,551,640	10,632,995	-	78,184,635	12,023,255
Grand Total [A+B]	99,530,946	39,721,297	-	139,252,243	79,744,540	20,195,340	-	99,939,880	19,786,406



Edelweiss Business Services Limited*(Formerly known as Edelweiss Web Services Limited)***Notes to the financial statements (Continued)**

(Currency : Indian rupees)

2.11 LONG-TERM LOANS AND ADVANCES**Security Deposits**

Other deposits

**As at
31 March 2017****As at
31 March 2016****325,000****325,000****Other loans and advances**

Prepaid expenses

485,226**-**

Advance income tax (Net of provision for taxation Rs. 783,000;

Previous year Nil)

12,976,251**5,642,812**

MAT credit entitlement

101,087**101,087****13,887,564****6,068,899**

Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.12 INVENTORIES

	As at 31 March 2017			As at 31 March 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Securities						
Equity shares (quoted)						
ABB India Limited	-	-	-	2	1	664
ACC Limited	-	-	-	10	214	295,727
Alok Industries Limited	-	-	-	10	1	5
Asian Paints Limited	-	-	-	1	10	548
Bharat Heavy Electricals Limited	-	-	-	2	2	228
Bharti Infratel Limited	-	-	-	10	1	179
Capital First Limited	-	-	-	10	1	162
DCB Bank Limited	-	-	-	10	2	86
ICICI Bank Limited	-	-	-	2	10	2,366
ITC Limited	-	-	-	1	1	1,641
Margo Finance Limited	-	-	-	10	1	5
Prime Focus Limited	-	-	-	1	1	27
REI Agro Limited	-	-	-	1	12	5
State Bank of India	-	-	-	1	20	3,885
Suzlon Energy Limited	-	-	-	2	1	11
Texmaco Infrastructure & Holdings Limited	-	-	-	1	1	26
Future Retail Limited	-	-	-	2	1	99
Jaiprakash Associates Limited	-	-	-	2	5	38
Va Tech Wabag Limited	-	-	-	2	2	1,037
Cholamandalam Investment and Finance Company Limited	-	-	-	10	1	385
Dredging Corporation India	-	-	-	10	1	330
Aegis Logistics Limited	-	-	-	10	5	1,160
Tata Power Company Limited	-	-	-	1	1	59
Unitech Limited	-	-	-	2	3	15
Reliance Communication Limited	-	-	-	5	10	500
			-			309,188
Aggregate of stock in trade of Equity shares (Quoted)			-			309,188
			-			322,638



Edelweiss Business Services Limited
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Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.13 TRADE RECEIVABLES		
Unsecured, considered good (refer note 2.24)	78,625,164	41,865,428
	<u>78,625,164</u>	<u>41,865,428</u>
2.14 CASH AND BANK BALANCES		
Cash and Cash equivalents		
Cash in hand	418	2,270
Balances with banks - in current accounts	3,683,076	3,799,905
	<u>3,683,494</u>	<u>3,802,175</u>
2.15 SHORT-TERM LOANS AND ADVANCES		
Other loans and advances		
Prepaid expenses	1,960,203	1,290,934
Loans and advances to employees	2,941,389	53,509
Vendor advances	3,428,022	3,847,627
Advance income tax (Net of provision for taxation Rs. Nil; Previous year Nil)	1,249,762	7,304,990
Advances recoverable in cash or in kind or for value to be received	935,850	-
	<u>10,515,226</u>	<u>12,497,060</u>
2.16 OTHER CURRENT ASSETS		
Accrued interest on margin	-	26,087
Margin placed with broker	515,914	57,695,410
	<u>515,914</u>	<u>57,721,497</u>



Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.17 FEE INCOME		
Web-based service income	57,920,110	32,691,422
Business support service income	11,639,693	4,522,840
	69,559,803	37,214,262
2.18 INCOME FROM TREASURY OPERATIONS AND INVESTMENTS		
Profit/ (loss) on trading of securities (net)	16,519,457	(17,016,618)
Profit/ (loss) on trading in Equity Derivative Instruments (net)	11,469	(177,059,614)
Profit on trading in Commodity derivative instruments (net)	-	11,332,940
Loss on trading in currency derivative instruments (net)	(21,455,858)	(14,864,535)
Dividend on stock in trade	3,927	2,790
	(4,921,005)	(197,605,037)
2.19 OTHER OPERATING REVENUE		
Interest income on debt instrument	-	24,045,000
Interest income on margin	306,661	9,230,309
Interest income on loan	-	577,199
Interest income on fixed deposits	-	1,007
	306,661	33,853,515
2.20 OTHER INCOME		
Interest Income - Others	191,105	1,216,248
	191,105	1,216,248
2.21 EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	26,364,299	36,423,777
Contribution to provident and other funds	815,873	735,495
Staff welfare expenses (refer note 2.30)	639,269	716,399
	27,819,441	37,875,671
2.22 FINANCE COSTS		
Interest on loan from ultimate holding company	1,224,846	142,568,019
Interest on loan from fellow subsidiaries	57,808,409	3,609,180
Interest - others	38,941	-
Finance and bank charges	24,956	5,109
	59,097,152	146,182,308



Edelweiss Business Services Limited
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Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.23 OTHER EXPENSES

	For the year ended 31 March 2017	For the year ended 31 March 2016
Auditor's remuneration (refer note below)	717,000	359,600
Communication expenses	3,340,915	2,724,317
Computer expenses	602,334	2,372,141
Computer software	33,074,338	17,438,542
Clearing & custodian charges	57,375	206,375
Electricity charges (refer note 2.30)	1,429,058	282,231
Foreign exchange loss (net)	2,677	-
Legal and professional fees	14,651,705	23,215,979
Loss on sale/ write-off of fixed assets (net)	30,481	-
Membership & subscription	11,752	8,348
Office expenses	510,768	-
Printing and stationery	30,421	-
Rates and taxes	15,245	-
Rent (refer note 2.30)	9,553,852	4,649,137
Security transaction tax	69,482	36,511,546
Service tax expenses	10,697,267	15,512,797
Site related expenses	1,972,123	2,125,000
Stamp duty	458,391	15,777,239
Stock exchange expenses	250,000	250,525
Travelling and conveyance	1,228,621	1,655,841
Miscellaneous expenses	314,230	197,017
	79,018,035	123,286,635
Auditors' remuneration:		
For statutory audit and limited review	667,000	350,000
For reimbursement of expenses	50,000	9,600
	717,000	359,600



Edelweiss Business Services Limited
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Notes to the financial statements (Continued)
for the year ended 31 March 2017
(Currency : Indian rupees)

2.24 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”:

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
Edelweiss Alternative Asset Advisors Limited
Ecap Equities Limited
ECL Finance Limited
Edel Commodities Limited
Edel Commodities Trading Limited (upto November 17, 2016)
Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)
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 (upto June 30, 2016)
EFSL Trading Limited (formerly EFSL Commodities Limited)
EFSL Comtrade Limited
Edel Land Limited
Edelweiss Capital Markets Limited
Edelweiss Retail Finance Limited (formerly known as Affluent Dealcom Private Limited)
Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited)
Edelweiss Agri Value Chain Limited (formerly known as Edelweiss Integrated Commodity Management Limited)
Edel Investments Limited
Eternity Business Centre Limited
Olive Business Centre Limited
Serenity Business Park Limited
Auris Corporate Centre Limited
Burlington Business Solutions Limited
Edelweiss Tokio Life Insurance Company Limited
Edelweiss Trustee Services Limited
Edelweiss Trusteeship Company Limited
Edelweiss Asset Reconstruction Company Limited (with effect from September 16, 2016)
Edelweiss General Insurance Company Limited
Edelweiss Holdings Limited
Edelweiss Multi Strategy Fund Advisors LLP (formerly known as Forefront Alternate Investment Advisors LLP)
Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP)



Edelweiss Business Services Limited
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Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.24 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 2017	31 March 2016
	Current Account Transaction during the year			
1	Short Term Loans taken from	Edelweiss Financial Services Limited (Note a) Edelweiss Commodities Services Limited (Note a)	36,102,313 7,256,354,980	468,194,269 200,000,000
2	Long Term Loans taken from	Edelweiss Investment Adviser Limited (Note a)	-	10,000,000
3	Short Term Loans repaid to	Edelweiss Financial Services Limited (Note a) Edelweiss Commodities Services Limited (Note a)	198,616,586 6,954,629,475	4,870,253,686 -
4	Long Term Loans repaid to	Edelweiss Alternative Asset Advisors Limited (Note a) Edelweiss Investment Adviser Limited (Note a)	- 10,000,000	44,000,000 -
5	Margin placed with	Edelweiss Securities Limited (Note a) Others (Note a)	44,075,556 315,879	65,596,022 2,552
6	Margin withdrawn from	Edelweiss Securities Limited (Note a) Others (Note a)	101,601,283 12,749	4,122,163,083 2,552
7	Interest Expenses on loan from	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited Others	1,224,846 56,680,738 1,127,671	142,442,336 125,683 3,609,180
8	Interest income on margin placed with	Edelweiss Securities Limited Others	306,005 656	9,230,309 -
9	Interest received on loans given to	Edelweiss Commodities Services Limited	-	577,199
10	Web-based Service charges from	Edelweiss Broking Limited Others	54,093,920 6,025,710	33,881,641 3,268,551
11	Business support service charges from	Edelweiss Broking Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss Agri Value Chain Limited Others	2,273,648 1,886,135 1,111,110 4,012,602	- - - -
12	Brokerage paid to	Edelweiss Broking Limited	600	-
13	Clearing charges paid to	Edelweiss Securities Limited	57,375	180,000
14	Rent paid	Edelweiss Commodities Services Limited Eternity Business Centre Limited Olive Business Centre Limited	4,061,490 5,492,362 -	2,597,617 - 2,051,520
15	Reimbursement paid to	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited (Note a)	17,268,084 4,987,281	- -
16	Employee loan transferred from	Edelweiss Broking Limited Others	1,010,921 127,013	- -
17	Electricity expenses paid	Edelweiss Commodities Services Limited Eternity Business Centre Limited	1,070,563 358,495	282,231 -
18	Insurance expenses paid	Edelweiss Financial Services Limited	545,841	160,973
19	Reimbursement Received from	ECL Finance Limited Edelweiss Securities Limited Edelweiss Financial Services Limited Edelweiss Broking Limited Others	1,371,067,992 834,676,552 613,225,316 540,059,068 1,665,111,091	- - - - -



Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.24 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 2017	31 March 2016
20	Sale of assets	Edelweiss Commodities Services Limited Edelweiss Broking Limited	75,748 149,331	- -
21	Purchase of Physical commodities	Edelweiss Commodities Services Limited	-	5,419,909,568
22	Sale of Physical commodities	Edel Commodities Trading Limited	-	747,034,645
23	Trading in Commodity forward contracts	Edel Commodities Limited ECAP Equities Limited	- -	7,020,000 5,085,000
Balances with related parties				
24	Short term loans taken from	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	- 501,725,505	162,514,273 200,000,000
25	Long term loans taken from	Edelweiss Investment Adviser Limited	-	10,000,000
26	Trade Payables	Edelweiss Broking Limited Edelweiss Global Wealth Management Limited Olive Business Centre Limited Others	- - - -	1,908,207 747,731 2,143,839 2,626,090
27	Interest accrued and due on borrowings	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited Others	- 3,824,445 -	1,839,803 113,115 53,113
28	Gratuity payable to	Edelweiss Custodial Services Limited	682,000	-
29	Trade receivables from	Edelweiss Broking Limited Others	63,794,573 14,656,114	38,110,278 3,693,882
30	Gratuity receivable from	Edelweiss Finvest Private Limited ECL Finance Limited Edelweiss Commodities Services Limited Edelweiss Comtrade Limited Edelweiss Securities Limited Others	116,000 277,000 105,000 109,000 117,000 111,000	- - - - - -
31	Prepaid Expenses to	Edelweiss Financial Services Limited	212,634	-
32	Margin Payable to	Edelweiss Broking Limited	-	40,227
33	Margin Receivable from	Edelweiss Securities Limited Edelweiss Custodial Services Limited	209,904 303,130	57,735,637 -
34	Accrued interest income on margin with	Edelweiss Securities Limited	-	26,087

Note :

a) 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.



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Notes to the financial statements for the year ended 31 March 2017 (Continued)
(Currency: Indian rupees)

2.25 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 (refer note 2.36)
Agency Business	Web based services, Business support 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 2017	For the Year Ended 31 March 2016
I	Segment Revenue		
	a) Capital based business	(4,614,344)	5,383,817,605
	b) Agency business	69,750,908	37,214,262
	c) Unallocated	-	-
	Total	65,136,564	5,421,031,867
	Less : Inter Segment Revenue	-	-
	Total Income	65,136,564	5,421,031,867
II	Segment Results		
	a) Capital based business	(79,574,830)	(340,686,946)
	b) Agency business	(54,337,643)	14,269,292
	c) Unallocated	-	-
	Total	(133,912,473)	(326,417,654)
	Loss before taxation	(133,912,473)	(326,417,654)
	Less : Provision for taxation	-	(21393)
	Less: Deferred Tax Liability	(5,541,641)	(2,148,941)
	Loss after taxation	(139,454,114)	(328,587,988)
	Particulars	As at 31 March 2017	As at 31 March 2016
III	Segment Assets		
	a) Capital based business	515,914	63,331,760
	b) Agency Business	161,405,060	133,162,494
	c) Unallocated	14,327,100	13,102,398
	Total	176,248,074	209,596,652
IV	Segment Liabilities		
	a) Capital based business	381,266,144	416,966,198
	b) Agency Business	152,590,234	45,106,643
	c) Unallocated	7,690,583	13,368,584
	Total	541,546,961	435,441,425

Edelweiss Business Services Limited
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Notes to the financial statements for the year ended 31 March 2017 (Continued)
(Currency: Indian rupees)

2.25 Segment reporting (Continued)

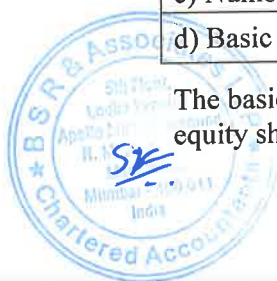
	Particulars	As at 31 March 2017	As at 31 March 2016
V	Capital Expenditure (Including Intangible Assets under development)		
	a) Capital based business	-	-
	b) Agency Business	15,192,688	50,824,279
	c) Unallocated	-	-
	Total	15,192,688	50,824,279
VI	Depreciation and Amortisation		
	a) Capital based business	8,970,842	-
	b) Agency Business	24,143,567	20,195,340
	c) Unallocated	-	-
	Total	33,114,409	20,195,340
VII	Significant Non-Cash Expenses Other than Depreciation and Amortisation		
	a) Capital based business	290,680	1,146,326
	b) Agency Business	782,320	7,924
	c) Unallocated	-	-
	Total	1,073,000	1,154,250

2.26 Earnings per share

In accordance with Accounting Standard 20 – "Earnings Per Share" prescribed by Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
a) Loss for the year as per statement of profit and loss	(139,454,114)	(328,587,988)
b) Calculation of weighted average number of equity shares of Rs. 10 each:		
- Number of shares outstanding at the beginning of the year	4,227,451	4,227,451
- Number of shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	4,227,451	4,227,451
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	4,227,451	4,227,451
c) Number of dilutive potential equity shares	-	-
d) Basic and Diluted earnings per share (in Rs.)	(32.99)	(77.73)

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 2017.



Edelweiss Business Services Limited
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Notes to the financial statements for the year ended 31 March 2017 (Continued)
(Currency: Indian rupees)

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

A) Defined contribution plan (Provident fund):

Amount of Rs. 789,085/- (Previous year: Rs. 734,755/-) is recognised as expenses and included in "Employee benefits expenses" – note 2.21 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.

Expenses recognised in the Statement of Profit and Loss:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	576,000	461,000
Interest cost	256,000	176,000
Actuarial loss/ (gain)	198,000	400,000
Employer Expense	1,030,000	1,037,000

Balance Sheet

Reconciliation of defined benefit obligation (DBO):

Particulars	As at 31 March 2017	As at 31 March 2016
Present value of DBO at the start of the year	3,220,000	2,254,000
Transfer In/ (Out)	244,000	-
Interest cost	256,000	176,000
Current service cost	576,000	461,000
Benefit paid	-	(71,000)
Actuarial loss/ (gain)	198,000	400,000
Present value of DBO at the end of the year	4,494,000	3,220,000

Net Liability/ (Asset) recognised in the Balance Sheet:

Particulars	As at 31 March 2017	As at 31 March 2016
Present value of DBO	4,494,000	3,220,000
Fair value of plan assets	-	-
Net Liability	4,494,000	3,220,000
Unrecognized past service cost	-	-
Liability recognized in the Balance Sheet	4,494,000	3,220,000
Less: Unrecognised past service cost	-	-
Liability / (Asset) recognised in the Balance Sheet	4,494,000	3,220,000
Of which, Short term provision	1,326,000	947,000



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Notes to the financial statements for the year ended 31 March 2017 (Continued)
(Currency: Indian rupees)

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

Experience Adjustments:

Particulars	As at 31 March				
	2017	2016	2015	2014	2013
Defined Benefit Obligation	4,494,000	3,220,000	2,254,000	1,752,000	1,215,000
Fair value of Plan Assets	-	-	-	-	-
(Deficit)/ Surplus	(4,494,000)	(3,220,000)	(2,254,000)	(1,752,000)	(1,215,000)
Experience Adjustment on Plan Liabilities: (Gain)/Loss	62,000	350,000	(65,000)	248,000	734,097
Experience Adjustment on Plan Assets: Gain/ (Loss)	N.A.	N.A.	N.A.	N.A.	N.A.

Actuarial assumptions at the balance sheet date:

Particulars	31 March 2017	31 March 2016
Discount rate	6.6%	7.4%
Salary growth rate	7%	7%
Withdrawal / 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
Mortality Rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)
Expected Average Remaining Working lives of employees	3 years	3 years

2.28 Contingent liabilities and commitments (to the extent not provided for):

Contingent liabilities

Taxation matters in respect of which appeal is pending Rs. 610 (previous year Rs. 610).

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

Estimated amount of contracts remaining to be executed on capital account (net of advances) towards software development charges is Rs. 339,000 (Previous year Rs. 2,974,000).



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Notes to the financial statements for the year ended 31 March 2017 (Continued)
(Currency: Indian rupees)

2.29 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.

2.30 Cost Sharing

Edelweiss Financial Services Limited, being the holding company along with subsidiaries and fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 2.21 and 2.23 include reimbursements paid and are net of reimbursements received based on the management's best estimate.

2.31 Details of dues to Micro enterprises and Small enterprises

Trade Payables includes Nil (Previous year: Nil) payable to Suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to Suppliers registered under this act.

2.32 Foreign currency transactions

The Company has undertaken the following transactions in foreign currency:

Expenditure incurred in foreign currency	For the year ended 31 March 2017	For the year ended 31 March 2016
Legal & Professional fees	443,414	-
Software license expenses	949,483	136,984
Total	1,392,897	136,984

2.33 Details of repayment of long term borrowings:

As at 31 March 2017

Interest Rate Range	Repayment tenure (The outstanding loan has been repaid during the year.)				
	> 3 yrs	2-3 yrs	1-2 yrs	< 1 yr	Total
11-12%	-	-	-	-	-

As at 31 March 2016

Interest Rate Range	Repayment tenure				
	> 3 yrs	2-3 yrs	1-2 yrs	< 1 yr	Total
11-12%	-	10,000,000	-	-	10,000,000



Edelweiss Business Services Limited
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Notes to the financial statements for the year ended 31 March 2017 (Continued)
(Currency: Indian rupees)

2.34 Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to Notification No. G.S.R. 308(E) dated 30th March, 2017 :

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2,000	418	2,418
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	2,000	-	2,000
Closing cash in hand as on 30.12.2016	-	418	418
Note: (i) For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.			

2.35 Details of Inventories

	For the year ended 31 March 2017	For the year ended 31 March 2016
Opening Stock		
Equity shares	309,188	324,028
Debt Instruments	-	521,600,000
Subtotal (a)	309,188	521,924,028
Purchase		
Equity shares	50,975,144	272,058,793
Debt Instruments	-	623,880,000
Subtotal (b)	50,975,144	895,938,793
Sales		
Equity shares	67,803,789	270,837,015
Debt Instruments	-	1,129,700,000
Subtotal (c)	67,803,789	1,400,537,015
Closing Stock		
Equity shares	-	309,188
Debt Instruments	-	-
Subtotal (d)	-	309,188
Profit/(Loss) on sale of Securities (c+d-a-b)	16,519,457	(17,016,618)



Edelweiss Business Services Limited
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Notes to the financial statements for the year ended 31 March 2017 (Continued)
(Currency: Indian rupees)

2.36 Discontinuing operations

The Board of Directors of Edelweiss Business Services Limited (formerly known as 'Edelweiss Web Services Limited') ('the Company') in their meeting held on 27 March 2017 have approved the Scheme of Arrangement between the Company and Edelcap Securities Limited and their respective shareholders for demerger of the Company's Capital Based Business and transfer of all the assets and liabilities pertaining to the demerged company with an appointed date as April 1, 2016. The Company has subsequently filed the draft scheme to National Company Law Tribunal ('NCLT') on 12 April 2017 under the provisions of sections 230 to 232 and all other applicable provisions, if any, of the Companies Act, 2013. The Scheme is subject to necessary approvals and sanctions as may be applicable under the applicable laws/ regulations and guidelines issued by the regulatory authorities. The Scheme will become effective from the date of approval of the scheme. In lieu of this scheme, the Capital Based Business of the Company has been disclosed as discontinuing operations.

The operating activities of the Company's discontinuing operations are summarised below:

- a. The revenue and expense in respect of the ordinary activities attributable to the discontinuing operation:

Particulars	2016-17	2015-16
Revenue	(4,614,344)	5,383,817,605
Expense	74,960,486	5,724,504,551
Profit before tax	(79,574,830)	(340,686,946)
Tax expense	-	-
Profit after tax	(79,574,830)	(340,686,946)

- b. The Net Cash Flows attributable to the discontinuing operations are as follows:

Particulars	2016-17	2015-16
Operating Activities	(20,190,446)	4,394,978,802
Investing Activities	306,661	33,853,515
Financing Activities	(27,380,487)	(4,338,236,616)
Net Cash (outflows)/ inflows	(47,264,272)	90,595,701

- c. The carrying amounts as at March 31, 2017 of the total assets and liabilities to be transferred are as follows:

Particulars	2016-17
Total Assets	515,914
Total Liabilities	381,266,144
Net Assets	(380,750,230)



Edelweiss Business Services Limited
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Notes to the financial statements for the year ended 31 March 2017 (Continued)
(Currency: Indian rupees)

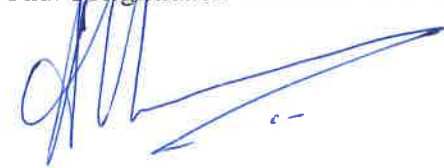
- 2.37 The Company has received demand notice from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act, 1961 read with Rule 8D of the Income Tax Rules, 1962. The Company has filed appeal and is defending its position. Due to lack of 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: 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

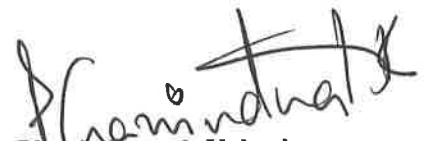
For and on behalf of the Board of Directors



Kalpana Maniar

Director

DIN : 00719180



Phanindranath Kakarla

Director

DIN : 02076676



Brijmohan Bohra

Company Secretary

Mumbai
15 May 2017

Mumbai
15 May 2017