

# **Edelcap Securities Limited**

**Financial Statements  
together with Auditors' Report  
for the year ended 31 March 2017**

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together with Auditors' Report  
for the year ended 31 March 2017**

# **Edelcap Securities Limited**

## **Financial statements together with Auditors' Report for the year ended 31 March 2017**

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**Independent Auditors' Report**

**To**  
**The Members of Edelcap Securities Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Edelcap Securities 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 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

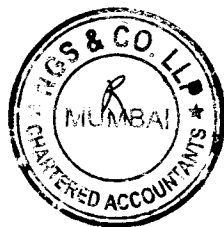
Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 there under.

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.

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.



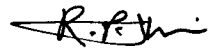
## Opinion

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 profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. 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 Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 statement 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 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;
  - 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 does not have any pending litigations which would impact its financial position;
    - 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 derivative contracts;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 – Refer Note 2.38.

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



R. P. Soni  
Partner  
Membership No.:104796

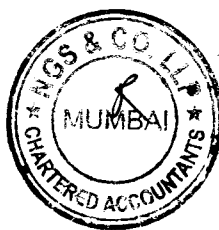


Place: Mumbai  
Date: 16 May 2017

**Annexure A to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Edelcap Securities 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) As explained to us, 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 nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own immovable properties, accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities and warehouse receipts in respect of commodities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) As informed, during the year the Company has not granted any fresh loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In respect of unsecured interest bearing loan granted in earlier year to one company covered in the register maintained under Section 189 of the Companies Act, 2013 which have been repaid during the year:
  - (a) In our opinion and according to the information and explanation given to us, the terms and conditions of above loan are prima facie not prejudicial to the interest of the Company.
  - (b) The borrower has been regular in repayment of the principal and payment of interest as stipulated.
  - (c) There is no overdue amount in respect of above loan granted to a company listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given and investments made.
- (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 Companies Act, 2013 for any activities conducted and 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, income-tax, services tax, sales tax, value added tax, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, duty of excise and duty of custom.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales tax, value added tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues of sales tax, service tax, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax on account of dispute, is as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	111,293	A.Y. 2014-15	CIT (A)
Income Tax Act, 1961	Income Tax	61,153,649	A.Y. 2013-14	CIT (A)

- (viii) In our opinion, and according to information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution. Further, the Company does not have any loans or borrowings from any bank, government and debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no 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 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 Companies Act, 2013 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.
- (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 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 NGS & Co. LLP  
Chartered Accountants  
Firm Registration No. 119850W

  
R. P. Soni  
Partner  
Membership No.:104796



Place: Mumbai  
Date: 16 May 2017



**Annexure B to the Auditors' Report**

**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 **Edelcap Securities Limited ("the Company")** as of 31 March 2017 in conjunction with our audit of 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 issued by the Institute of Chartered Accountants of India ('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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' 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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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.



### 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.

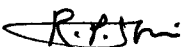
### Inherent Limitations of Internal Financial Controls Over Financial Reporting

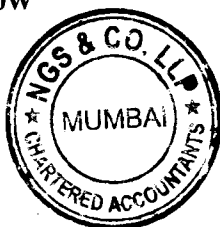
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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, to the best of our information and according to the explanations given to us, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

  
R. P. Soni  
Partner  
Membership No.: 104796



Place: Mumbai  
Date: 16 May 2017

# Edelcap Securities Limited

## Balance Sheet

(Currency: Indian Rupees)

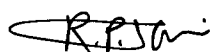
	Note	As at 31 March 2017	As at 31 March 2016
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	2.1	489,200,000	489,200,000
Reserves and surplus	2.2	<u>2,639,888,872</u>	<u>2,068,894,218</u>
		3,129,088,872	2,558,094,218
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	-	500,000
Long-term provisions	2.4	5,063,000	1,792,208
<b>Current liabilities</b>			
Short-term borrowings	2.5	1,053,777,000	426,477,621
Trade payables			
Total outstanding due of micro enterprises and small enterprises	2.36	-	-
Total outstanding due of creditors other than micro enterprises and small enterprises	2.6	472,474,024	54,548,590
Other current liabilities	2.7	491,097,468	37,051,559
Short-term provisions	2.8	<u>181,610,276</u>	<u>6,836,845</u>
		2,198,958,768	524,914,615
<b>TOTAL</b>		<u><u>5,333,110,640</u></u>	<u><u>3,085,301,041</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.9		
Tangible assets		5,921,443	45,356
Intangible asset		178,546	268,811
Non-current investments	2.10	2,670,482,843	2,353,958,423
Deferred tax assets (net)	2.11	2,013,686	3,161,531
Long-term loans and advances	2.12	<u>35,565,730</u>	<u>28,514,263</u>
		2,714,162,248	2,385,948,384
<b>Current assets</b>			
Stock-in-trade	2.13	1,379,276,400	162,314,681
Trade receivables	2.14	9,381,983	38,497,171
Cash and bank balances	2.15	43,199,351	5,860,297
Short-term loans and advances	2.16	7,050,353	12,029,390
Other current assets	2.17	<u>1,180,040,305</u>	<u>480,651,118</u>
		2,618,948,392	699,352,657
<b>TOTAL</b>		<u><u>5,333,110,640</u></u>	<u><u>3,085,301,041</u></u>

Significant accounting policies and notes to the financial statements.

1 & 2

As per our report of even date attached.

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

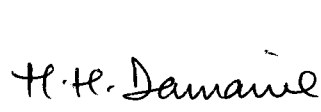
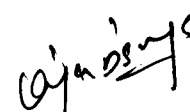


R. P. Soni  
Partner  
Membership No.: 104796



Mumbai  
16 May 2017

For and on behalf of the Board of Directors

Hemendra Damania  
Director  
DIN: 03010005

Puja D'souza  
Director  
DIN: 05136515

  
Bhavesh Singh  
Company Secretary

  
Tarang Mehta  
Manager

# Edelcap Securities Limited

## Statement of Profit and Loss

(Currency: Indian Rupees)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Revenue from operations</b>			
Fee and commission income	2.18	97,631,666	11,062,725
Income from treasury operations	2.19	1,141,775,818	(23,195,691)
Interest income	2.20	17,060,174	29,050,669
Sale of commodities		44,081,906	11,476,683,088
Other income	2.21	233,523	6,287,602
<b>Total revenue</b>		<b>1,300,783,087</b>	<b>11,499,888,393</b>
<b>Expenses</b>			
Purchases of commodities		-	11,412,713,840
Changes in stock-in-trade of commodities		43,449,765	(43,449,765)
Employee benefit expenses	2.22	113,223,604	36,859,832
Finance costs	2.23	261,716,987	162,630,606
Depreciation and amortisation expenses	2.9	1,176,247	138,694
Other expenses	2.24	138,093,167	30,683,390
<b>Total expenses</b>		<b>557,659,770</b>	<b>11,599,576,597</b>
<b>Profit / (loss) before tax</b>		<b>743,123,317</b>	<b>(99,688,204)</b>
<b>Tax expense:</b>			
Income tax (Includes adjustment of short provision for earlier years Rs. Nil (Previous year: Rs. 85,846))		170,980,818	85,846
Deferred tax charge		1,147,845	1,558,561
<b>Profit / (loss) after tax</b>		<b>570,994,654</b>	<b>(101,332,611)</b>
<b>Earnings per equity share:</b>			
Basic and diluted (Face value of Rs. 10 each)	2.29	1,903.32	(337.78)

Significant accounting policies and notes to the financial statements.

1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W



R. P. Soni

Partner

Membership No.: 104796



Mumbai

16 May 2017


For and on behalf of the Board of Directors



Hemendra Damania

Director

DIN: 03010005



Puja D'souza

Director

DIN: 05136515



Bhavesh Singh

Company Secretary



Tarang Mehta

Manager

# Edelcap Securities Limited

## Cash flow statement

(Currency: Indian Rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>A Cash flow from operating activities</b>		
Profit / (loss) before taxation	743,123,317	(99,688,204)
Adjustments for		
Depreciation and amortisation expenses	1,176,247	138,694
Provision for doubtful debts/bad debts written-off	45,622	(2,099,365)
Provision for gratuity and compensated absences	3,421,792	1,291,999
Profit on sale of investments	-	(88,000)
Loss on sale of fixed assets	1,410	(111,805)
Interest income	(14,020)	(26,172,073)
Interest expense	236,525,795	148,161,910
Operating cash flow before working capital changes	984,280,163	21,433,156
Adjustments for working capital changes		
(Increase)/decrease in trade receivables	29,069,568	(35,427,705)
Increase in stock-in-trade	(1,216,961,720)	(162,314,680)
(Increase)/decrease in loans and advances	3,690,548	(2,378,997)
Increase in other assets	(699,407,725)	(480,632,580)
Increase in liabilities and provisions	850,617,174	64,968,585
Cash used in operations	(48,711,992)	(594,352,221)
Income tax paid	(2,621,365)	(1,877,494)
Net cash used in operating activities - A	(51,333,357)	(596,229,715)
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(6,963,479)	(356,800)
Sale of fixed assets	-	335,717
Purchase of investment	(316,524,420)	(969,962,500)
Sale of investment	-	9,814,397
Repayment of loans given (net) (refer note 2)	500,000	622,725,232
Fixed deposit placed	(5,000,000)	(1,300,000)
Interest received	32,558	29,847,598
Net cash used in investing activities - B	(327,955,341)	(308,896,356)
<b>C Cash flow from financing activities</b>		
Proceeds from issue of preference share capital including securities premium	-	1,120,000,000
Proceeds from borrowings (net) (refer note 2)	626,799,379	(74,225,305)
Interest paid	(215,171,627)	(140,810,250)
Net cash generated from financing activities - C	411,627,752	904,964,445
Net increase / (decrease) in cash and cash equivalents (A+B+C)	32,339,054	(161,626)
Cash and cash equivalents as at the beginning of the year	4,560,297	4,721,923
Cash and cash equivalents as at the end of the year (refer note 1)	36,899,351	4,560,297
<b>Notes:</b>		
1 Cash and cash equivalents include the following:		
Balances with banks:		
In current accounts	36,899,351	4,560,297
	36,899,351	4,560,297
2 Net figures have been reported on account of volume of transactions.		

As per our report of even date attached.

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

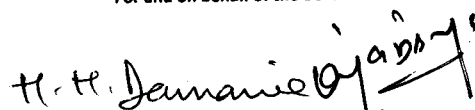
  
R. P. Soni  
Partner

Membership No.: 104796

Mumbai  
16 May 2017



For and on behalf of the Board of Directors

  
Hemendra Damania  
Director  
DIN: 03010005

  
Puja D'souza  
Director  
DIN: 05136515

  
Bhavesh Singh  
Company Secretary

  
Tarang Mehta  
Manager

# Edelcap Securities Limited

## Notes to the financial statements

### 1. *Significant accounting policies*

#### 1.1 *Basis of preparation of financial statements*

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

#### 1.2 *Use of estimates*

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

#### 1.3 *Current-non-current classification*

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

##### **Assets**

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

##### **Liabilities**

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



# Edelcap Securities Limited

## Notes to the financial statements (*continued*)

### 1. *Significant accounting policies (continued)*

#### 1.4 *Revenue recognition*

- Fee income is accounted on accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Brokerage income is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date.
- Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on derivative instruments.
  - i) Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold.
  - ii) 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, market intermediary quotes, valuation techniques are 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.
- Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- Interest income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.
- Profit / loss from share in partnership firm is accounted for once the amount of the share of profit / loss is ascertained and credited / debited to the Company's account in the books of the partnership firm.
- Commodities sales are accounted when all obligations connected with the transfer of risks and rewards to the buyer have been fulfilled after the price has been determined and collection of the receivable is reasonably certain.

#### 1.5 *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.



# Edelcap Securities Limited

## Notes to the financial statements (continued)

### 1. Significant accounting policies (continued)

#### 1.6 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 statement of profit and loss of 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.

#### 1.7 Fixed assets and depreciation

##### *Tangible Assets*

Tangible fixed assets are stated at cost less accumulated depreciation and impairment, 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 II of the Act for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

Class of assets	Useful Life
Furniture and fittings	10 years
Motor vehicles	8 years
Office equipments	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

Leasehold improvements are amortized on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is shorter.

##### *Intangible fixed assets*

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





# Edelcap Securities Limited

## Notes to the financial statements (*continued*)

### 1. *Significant accounting policies (continued)*

#### 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 equity shareholders 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 the weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

#### 1.9 *Stock-in-trade*

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

#### 1.10 *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 and 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 funds is considered as the fair value.



# Edelcap Securities Limited

## Notes to the financial statements (*continued*)

### 1. *Significant accounting policies (continued)*

#### 1.11 *Provisions and contingencies*

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

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

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

#### 1.12 *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 statement of profit and loss.

##### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

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

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

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



# Edelcap Securities Limited

## Notes to the financial statements (*continued*)

### 1. *Significant accounting policies (continued)*

#### 1.12 *Employee benefits (continued)*

##### *Compensated leave absences*

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

##### *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).

#### 1.13 *Taxation*

Income-tax expense comprises of 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*

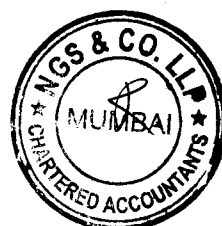
Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

##### *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 these 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) Credit*

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



## Edelcap Securities Limited

### Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.1 Share capital</b>		
<b>Authorised:</b>		
500,000 (Previous year: 500,000) equity shares of Rs. 10 each	5,000,000	5,000,000
49,500,000 (Previous year: 49,500,000) preference shares of Rs. 10 each	495,000,000	495,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, subscribed and paid up:</b>		
300,000 (Previous year: 300,000) equity shares of Rs. 10 each	3,000,000	3,000,000
48,620,000 (Previous year: 48,620,000) 7% Non-cumulative non-convertible redeemable preference shares of Rs. 10 each	486,200,000	486,200,000
	<u>489,200,000</u>	<u>489,200,000</u>

**a. Movement in share capital:**

	As at 31 March 2017		As at 31 March 2016	
	No. of shares	Amount	No. of shares	Amount
<b>Reconciliation of number of equity shares outstanding:</b>				
Number of shares outstanding at the beginning of the year	300,000	3,000,000	300,000	3,000,000
Shares issued during the year	-	-	-	-
Number of shares at the end of the year	<u>300,000</u>	<u>3,000,000</u>	<u>300,000</u>	<u>3,000,000</u>
<b>Reconciliation of number of preference shares outstanding:</b>				
Number of shares outstanding at the beginning of the year	48,620,000	486,200,000	47,500,000	475,000,000
Shares issued during the year	-	-	1,120,000	11,200,000
Number of shares at the end of the year	<u>48,620,000</u>	<u>486,200,000</u>	<u>48,620,000</u>	<u>486,200,000</u>

**b. Terms/rights attached to equity shares:**

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

**Terms/rights attached to 7% Non-cumulative non-convertible redeemable preference shares:**

47,500,000 - Preference shares of Rs. 10 each were allotted for cash at a premium of Rs. 10 per share. The Preference shares will be redeemed at the end of 10 years from the date of allotment. The Shares would be redeemed at Rs. 20 per share with an option to the Company to redeem the shares at any time after a period of 3 months from the date of allotment.

2,25,00,000 Preference shares were allotted on 6 August 2014

2,50,00,000 Preference shares were allotted on 31 March 2015

1,120,000 - Preference shares of Rs. 10 each were allotted for cash at a premium of Rs. 990 per share. The Preference shares will be redeemed at the end of 10 years from the date of allotment. The shares would be redeemed at Rs. 1,000 per share with an option to the Company to redeem the shares at any time after a period of 3 months from the date of allotment.

2,20,000 Preference shares were allotted on 5 February 2016

9,00,000 Preference shares were allotted on 15 March 2016

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

	As at 31 March 2017		As at 31 March 2016	
	No. of shares	%	No. of shares	Amount
<b>Equity shares</b>				
ECap Equities Limited along with its nominees	300,000	100%	300,000	100%
	<u>300,000</u>	<u>100%</u>	<u>300,000</u>	<u>100%</u>
<b>Preference shares</b>				
ECap Equities Limited	26,120,000	54%	26,120,000	54%
Edelweiss Securities Limited	22,500,000	46%	22,500,000	46%
	<u>48,620,000</u>	<u>100%</u>	<u>48,620,000</u>	<u>100%</u>



## Edelcap Securities Limited

### Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.2 Reserves and surplus</b>		
Securities premium reserves		
Opening balance	1,583,800,000	475,000,000
Add: Additions during the year	-	1,108,800,000
Closing balance	<u>1,583,800,000</u>	<u>1,583,800,000</u>
Surplus in statement of profit and loss		
Opening balance	485,094,218	586,426,829
Add: Profit / (Loss) for the year	<u>570,994,654</u>	<u>(101,332,611)</u>
Closing balance	<u>1,056,088,872</u>	<u>485,094,218</u>
	<u>2,639,888,872</u>	<u>2,068,894,218</u>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.3 Long-term borrowings</b>		
<b><u>Unsecured</u></b>		
Loan from holding company (Previous year: repayable after the end of one year and not more than three years, at fixed interest rate of 12% per annum)	-	500,000
	<u>-</u>	<u>500,000</u>
<b>2.4 Long-term provisions</b>		
Provision for employee benefits		
Gratuity	4,234,000	1,510,208
Compensated leave absences	829,000	282,000
	<u>5,063,000</u>	<u>1,792,208</u>
<b>2.5 Short-term borrowings</b>		
Loans from related parties (repayable on demand, at variable rate of interest ranging from 8.75% to 11.5% (previous year: 8.47% to 11.5%))	1,053,777,000	426,477,621
	<u>1,053,777,000</u>	<u>426,477,621</u>
<b>2.6 Trade payables</b>		
Trade payables from non-related parties	8,697,114	54,213,695
Trade payables from related parties	463,776,910	334,895
	<u>472,474,024</u>	<u>54,548,590</u>
<b>2.7 Other current liabilities</b>		
Interest accrued and due on borrowings	33,491,705	12,137,537
Nomination deposits	100,000	100,000
Premium received on exchange traded options	400,984,225	-
Other payables		
Accrued salaries and benefits	50,850,270	14,012,890
Withholding tax, service tax and other taxes payable	4,544,840	10,801,132
Book overdraft	883,739	-
Others	242,689	-
	<u>491,097,468</u>	<u>37,051,559</u>
<b>2.8 Short-term provisions</b>		
Provision for employee benefits		
Gratuity	671,000	629,000
Compensated absences	193,000	84,000
Others		
Provision for taxation (net of advance tax and tax deducted at source)	180,746,276	6,123,845
	<u>181,610,276</u>	<u>6,836,845</u>



## Edelcap Securities Limited

### Notes to the financial statements (continued)

(Currency: Indian Rupees)

#### 2.9 Fixed assets

Fixed assets									
Description of assets	Gross block			Depreciation and amortisation expenses				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	Charged for the year	Deductions during the year	As at 31 March 2017	As at 31 March 2016
A) Tangible assets									
Motor vehicles	-	-	-	-	-	-	-	-	-
Office equipments	62,495	22,546	-	85,041	39,870	19,372	-	59,242	22,625
Computers	257,739	6,924,656	156,982	7,025,413	235,008	1,050,333	155,572	1,129,769	5,895,644
Total : A	320,234	6,947,202	156,982	7,110,454	274,878	1,069,705	155,572	1,189,011	45,356
B) Intangible asset									
Computer software	315,000	16,277	-	331,277	46,189	106,542	-	152,731	178,546
Total : B	315,000	16,277	-	331,277	46,189	106,542	-	152,731	268,811
Grand Total (A+B)	635,234	6,963,479	156,982	7,441,731	321,067	1,176,247	155,572	1,341,742	314,167
Previous year	1,039,601	356,800	761,167	635,234	719,629	138,694	537,256	321,067	314,167



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2017			As at 31 March 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>2.10 Non-current investments</b>						
<b>Investments in equity instruments of subsidiary company (fully paid up) (unquoted)</b>						
Edelweiss Retail Finance Limited	10	25,258,333	1,884,389,975	10	25,258,333	1,884,389,975
<b>Investments in equity instruments of other companies (fully paid up) (quoted)</b>						
Claris Lifesciences Limited	10	332,411	53,926,448	10	332,411	53,926,448
<b>Investments in debt instruments of other companies (quoted)</b>						
W. S. Industries (India) Limited	800,000	58	46,400,000	800,000	58	46,400,000
<b>Investments in equity instruments of other companies (fully paid up) (unquoted)</b>						
Edelweiss Asset Reconstruction Company Limited	10	10,564,536	221,855,256	-	-	-
<b>Investments in preference shares (fully paid up) (unquoted)</b>						
Allium Finance Private Limited	10	991,056	123,882,000	10	991,056	123,882,000
<b>Investments in warrants (unquoted)</b>						
EW India Special Assets Fund Pte Limited	10	227,133	14,659,164	-	-	-
<b>Investments in venture fund (unquoted)</b>						
Edelweiss Alternative Investment Trust- EW Clover Scheme	10,000	25,000	250,000,000	10,000	25,000	250,000,000
Settlor Contribution (Edelweiss Real Estate Opportunities Fund)	10,000	8,000	80,010,000	-	-	-
			<u>2,675,122,843</u>			<u>2,358,598,423</u>
Less: Provision for diminution in value of investments						
W. S. Industries (India) Limited			(4,640,000)			(4,640,000)
			<u>2,670,482,843</u>			<u>2,353,958,423</u>
<b>Aggregate amount of unquoted investment</b>						
- At carrying value			2,574,796,395			2,300,031,975
<b>Aggregate amount of quoted investment</b>						
- At carrying value			95,686,448			53,926,448
- At market value			148,297,726			43,379,636



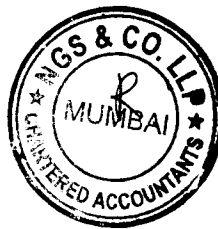


# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.11 Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
Provision for doubtful debts/ advances/ diminution on investment	2,698,406	2,395,199
Disallowances under section 43B of the Income Tax Act, 1961	2,051,216	774,109
Others	41,537,703	-
	<u>46,287,325</u>	<u>3,169,308</u>
<b>Deferred tax liabilities</b>		
Difference between book and tax written down value	415,665	7,777
Unrealised gain on equity / derivatives	43,857,974	-
	<u>44,273,639</u>	<u>7,777</u>
	<u><u>2,013,686</u></u>	<u><u>3,161,531</u></u>
<b>2.12 Long-term loans and advances</b>		
<b>Security deposits</b>		
Deposits placed with exchanges	100,000	3,100,000
<b>Other loans and advances</b>		
Advance income tax and tax deducted at sources (net of provision for taxation)	35,465,730	25,414,263
	<u><u>35,565,730</u></u>	<u><u>28,514,263</u></u>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.13 Stock-in-trade</b>		
<b>Securities</b>		
Equity shares (quoted)	761,399,353	118,864,916
Preference shares (quoted)	8,326	-
Mutual funds (quoted)	617,868,721	-
	<u>1,379,276,400</u>	<u>118,864,916</u>
<b>Commodities</b>		
Bullion	-	43,449,765
	<u>-</u>	<u>43,449,765</u>
	<u>1,379,276,400</u>	<u>162,314,681</u>
Aggregate of inventories in equity shares (quoted)		
- At book value	761,399,353	118,864,916
- At market value	801,693,821	119,646,359
Aggregate of inventories in preference shares (quoted)		
- At book value	8,326	-
- At market value	8,637	-
Aggregate of inventories in mutual funds (quoted)		
- At book value	617,868,721	-
- At market value	622,826,071	-



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.13 Stock-in-trade (continued)

	As at 31 March 2017			As at 31 March 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Details of stock-in-trade</b>						
<b>Securities</b>						
<b>Equity shares (quoted)</b>						
Agro Phos India Limited	10	258,000	5,676,000	-	-	-
Airan Limited	10	15,000	675,000	-	-	-
Bank Of India	-	-	-	10	3,000	287,713
BSE Limited	2	32,345	30,853,006	-	-	-
Cairn India Limited	10	1,666,500	498,136,044	-	-	-
Chemcrux Enterprises Limited	10	24,000	432,000	-	-	-
Claris Lifesciences Limited	10	589	188,775	-	-	-
Coal India Limited	10	462,400	135,321,360	-	-	-
Dilip Buildcon Limited	10	12,629	4,244,867	-	-	-
Global Edeucation Limited	10	8,000	1,200,000	-	-	-
HDFC Bank Limited	2	1	1,442	-	-	-
Husys Consulting Limited	10	14,000	574,000	-	-	-
IIFL holding Limited	2	29,000	11,015,761	-	-	-
Maheshwari Logistics Limited	10	484,000	32,912,000	-	-	-
Nandani Creation Limited	10	284,000	7,952,000	-	-	-
Narayana Hrudayalaya Limited	-	-	-	10	34,620	9,133,701
Polaris Consulting & Services Limited	-	-	-	5	578,913	109,443,502
RBL Bank Limited	10	10,000	4,864,709	-	-	-
Sakar Healthcare Limited	10	306,000	15,300,000	-	-	-
Spicejet Limited	10	65,000	6,393,043	-	-	-
Shashijit Infraprojects Limited	10	288,000	4,320,000	-	-	-
Shiva Granito Export Limited	10	110,000	1,006,500	-	-	-
TCI Express Limited	2	11,149	332,846	-	-	-
			<b>761,399,353</b>			<b>118,864,916</b>
<b>Preference shares (quoted)</b>						
Zee Entertainment Enterprises Limited	10	914	8,326	-	-	-
			<b>8,326</b>			<b>-</b>
<b>Mutual funds (quoted)</b>						
ICICI Prudential Liquid - Growth	100	2,521,393	600,787,077	-	-	-
Axis Liquid Fund - Direct Plan - Growth Option	1,000	5,419	9,674,294	-	-	-
Birla Sun Life Cash Plus - Growth	100	28,889	7,407,350	-	-	-
			<b>617,868,721</b>			<b>-</b>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.14 Trade receivables</b>		
<i>Debtors outstanding for a period exceeding six months</i>		
Unsecured, considered doubtful	3,157,060	3,111,452
Less: Provision for doubtful debts	<u>3,157,060</u>	<u>3,111,452</u>
	-	-
<i>Other debts</i>		
Unsecured, considered good	9,381,983	38,497,171
	<u>9,381,983</u>	<u>38,497,171</u>
<b>2.15 Cash and bank balances</b>		
<i>Cash and cash equivalents</i>		
Balances with banks		
- in current accounts	36,899,351	4,560,297
<i>Other balances with banks</i>		
- in fixed deposits (refer note 2.34)	6,300,000	1,300,000
	<u>43,199,351</u>	<u>5,860,297</u>
<b>2.16 Short-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Loans and advances to others	-	500,000
Other loans and advances		
Deposits placed with/ for exchange	200,000	3,500,000
Deposits- others	800,000	400,000
Prepaid expenses	441,171	229,331
Loans and advances to employees	30,247	260,961
Vendor advances	581,860	548,481
Cenvat and VAT assets	1,371,551	1,347,604
Advance tax and tax deducted at source	1,454,524	5,243,013
	<u>7,050,353</u>	<u>12,029,390</u>
<b>2.17 Other current assets</b>		
Accrued interest on fixed deposits	53,422	9,101
Accrued interest on loans given	-	18,538
Accrued interest on margin	138,839	55,641
Currency options premium paid	18,685,000	114,368,800
Equity index/stock options premium account	88,225,434	-
Margin placed with broker	1,072,937,610	366,199,038
	<u>1,180,040,305</u>	<u>480,651,118</u>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>2.18 Fee and commission income</b>		
Income from broking	371,655	508,618
Advisory and other fees	97,260,011	10,554,107
	<u>97,631,666</u>	<u>11,062,725</u>
<b>2.19 Income from treasury operations and investments</b>		
Loss on trading of securities (net)	(98,470,075)	(140,613,158)
Profit on trading in equity derivative instruments (net)	901,174,010	69,669,614
Loss on trading in commodity derivative instruments (net)	-	(19,636,108)
Profit / (loss) on trading in currency derivative instruments (net)	227,573,599	(77,634,118)
Profit on trading in interest rate derivative (net)	97,781,515	13,606,364
Profit on sale of long term investment	-	88,000
Dividend on stock-in-trade	13,716,769	131,323,715
	<u>1,141,775,818</u>	<u>(23,195,691)</u>
<b>2.20 Interest income</b>		
On loan to subsidiary companies	-	3,586,763
On fixed deposits	441,579	64,833
On debt instrument	10,963,791	-
On margin with brokers	5,640,784	2,813,763
On others	14,020	22,585,310
	<u>17,060,174</u>	<u>29,050,669</u>
<b>2.21 Other income</b>		
Excess provision written back	188,368	6,144,315
Profit on sale of fixed assets (net)	-	111,805
Miscellaneous income	41,809	630
Interest income - others	3,346	30,852
	<u>233,523</u>	<u>6,287,602</u>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>2.22 Employee benefit expenses</b>		
Salaries and wages	109,784,265	35,650,391
Contribution to provident and other funds	2,331,413	607,513
Staff welfare expenses	1,107,926	601,928
	<b>113,223,604</b>	<b>36,859,832</b>
<b>2.23 Finance costs</b>		
Interest on loan from holding company	558,301	1,797,793
Interest on loan from fellow subsidiaries	220,922,000	146,364,117
Interest - others	25,191,049	14,468,584
Financial and bank charges	143	112
Interest on loan - others	15,045,494	-
	<b>261,716,987</b>	<b>162,630,606</b>
<b>2.24 Other expenses</b>		
Auditors' remuneration (refer note 2.27)	863,700	467,500
Bad- debts written off	14	4,044,950
Commission and brokerage	7,962,112	7,756,007
Communication expenses	2,087,312	890,902
Computer expenses	4,188,185	150,920
Computer software	282,200	-
Clearing and custodian charges	264,300	319,289
Directors' sitting fees	200,000	140,000
Donation (refer note 2.37)	50,000	50,000
Electricity charges (refer note 2.35)	749,510	396,530
Insurance	25,962	17,564
Legal and professional fees (refer note 2.35)	3,202,641	1,100,595
Loss on sale/ write-off of fixed assets (net)	1,410	-
Membership and subscription	564,948	683,212
Office expenses	8,550	6,380
Printing and stationery	62,713	56,803
Provision for doubtful debts	45,608	-
Rates and taxes	26,927	20,540
Rent (refer note 2.35)	6,658,820	3,809,577
Repairs and maintenance - others	202,551	40,000
ROC expenses	17,400	3,000
Security transaction tax	93,032,639	8,617,756
Service tax expenses	9,477,535	(634,078)
Stamp duty	261,195	25,573
Stock exchange expenses	6,306,939	1,618,378
Transportation charges	3,800	-
Travelling and conveyance	1,546,196	1,015,777
Miscellaneous expenses	-	86,215
	<b>138,093,167</b>	<b>30,683,390</b>



# Edelcap Securities Limited

## Notes to the financial statements (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
Agency business	Broking and advisory services

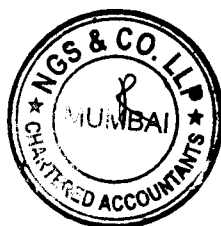
Income for each segment has been specifically identified expenditures, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.

Based on such allocations, segment disclosures relating to revenues, 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.

The following table gives information on segment assets and liabilities as at 31 March 2017 and the segment revenues, expenses and result for the year ended on that date:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>I Segment revenue</b>		
a) Capital based business	1,202,917,898	11,482,649,704
b) Agency business	97,820,034	17,207,207
c) Unallocated	45,155	31,482
<b>Total</b>	<b>1,300,783,087</b>	<b>11,499,888,393</b>
Less : Inter segment revenue	-	-
<b>Total Income</b>	<b>1,300,783,087</b>	<b>11,499,888,393</b>
<b>II Segment results</b>		
a) Capital based business	678,959,190	(106,229,285)
b) Agency business	77,206,623	6,530,454
c) Unallocated	(13,042,497)	10,627
<b>Total</b>	<b>743,123,317</b>	<b>(99,688,204)</b>
<b>Loss before taxation</b>	<b>743,123,317</b>	<b>(99,688,204)</b>
Less : Provision for taxation	172,128,663	1,644,407
<b>Loss after taxation</b>	<b>570,994,654</b>	<b>(101,332,611)</b>
Particulars	As at 31 March 2017	As at 31 March 2016
<b>III Segment assets</b>		
a) Capital based business	5,243,726,164	3,036,581,254
b) Agency business	11,579,633	8,693,080
c) Unallocated	77,804,842	40,026,707
<b>Total</b>	<b>5,333,110,640</b>	<b>3,085,301,041</b>
<b>IV Segment liabilities</b>		
a) Capital based business	2,005,275,667	507,179,843
b) Agency business	12,471,245	3,002,003
c) Unallocated	186,274,855	17,024,977
<b>Total</b>	<b>2,204,021,768</b>	<b>527,206,823</b>
<b>V Capital expenditure (Including capital work-in-progress)</b>		
a) Capital based business	6,421,473	356,265
b) Agency business	542,006	535
c) Unallocated	-	-
<b>Total</b>	<b>6,963,479</b>	<b>356,800</b>
<b>VI Depreciation and amortisation</b>		
a) Capital based business	1,084,693	138,486
b) Agency business	91,554	208
c) Unallocated	-	-
<b>Total</b>	<b>1,176,247</b>	<b>138,694</b>
<b>VII Significant non-cash expenses other than depreciation and amortisation</b>		
a) Capital based business	1,866,303	1,382,546
b) Agency business	157,526	2,076
c) Unallocated	-	-
<b>Total</b>	<b>2,023,829</b>	<b>1,384,622</b>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.26 Related Parties

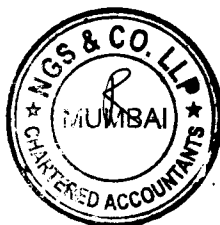
In accordance with Accounting Standard 18 on Related party transactions notified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Name of related parties by whom control is exercised	Edelweiss Financial Services Limited (Ultimate holding company) ECap Equities Limited (Holding company)
Name of related parties over whom control is exercised	Edelweiss Retail Finance Limited
Name of related parties over whom significant influence is exercised	EW Clover Scheme
Fellow Subsidiaries (with whom transactions have taken place)	Edelweiss Commodities Services Limited ECL Finance Limited Edel Commodities Trading Limited (upto 17 November, 2016) Edelweiss Securities Limited Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)  Edelweiss Comtrade Limited Edelweiss Broking Limited Edelweiss Global Wealth Management Limited Olive Business Centre Limited Auris Corporate Centre Limited Burlington Business Solutions Limited Eternity Business Centre Limited Serenity Business Park Limited  Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited) EC Commodity Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Custodial Services Limited Edelweiss Finance & Investments Limited Edelweiss International (Singapore) Pte. Limited
Key Management Personnel (with whom transactions have taken place)	Tarang Mehta Naresh Biyani (upto 22 February, 2017)

#### ii. Transactions with related parties :

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2017	For the year ended 31 March 2016
	<b>Capital account transactions during the year</b>			
1	Preference share capital (including securities premium) issued to	ECap Equities Limited	-	1,120,000,000
2	Investment in equity shares of	Edelweiss Retail Finance Limited Edelweiss Asset Reconstruction Company Limited	- 221,855,256	719,962,500 -





# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.26 Related Parties (continued)

#### ii. Transactions with related parties (continued)

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2017	For the year ended 31 March 2016
3	Investment in Unit capital of	EW Clover Scheme	-	250,000,000
4	Short term loans taken from (refer note below)	Edelweiss Financial Services Limited	-	25,048,360
		Edelweiss Finvest Private Limited	529,788,000	30,900,000
		Edelweiss Commodities Services Limited	13,197,924,870	6,125,329,619
		Edelweiss Finance & Investments Limited	450,000,000	-
5	Short term loans repaid to (refer note below)	Edelweiss Financial Services Limited	-	2,631,000
		Edelweiss Finvest Private Limited	740,000,000	314,100,000
		Edelweiss Commodities Services Limited	12,336,793,205	5,939,272,284
		Edelweiss Finance & Investments Limited	450,000,000	-
6	Long term loans taken from (refer note below)	ECap Equities Limited	-	720,000,000
7	Long term loans repaid to (refer note below)	ECap Equities Limited	500,000	719,500,000
8	Short term loans given to (refer note below)	Edelweiss Commodities Services Limited	-	11,464,075
9	Short term loans repaid by (refer note below)	Edelweiss Commodities Services Limited	-	110,865,307
10	Short term loans repaid to (refer note below)	Edelweiss Financial Services Limited	23,620,286	-
11	Nomination deposits given to	Edelweiss Retail Finance Limited	300,000	200,000
12	Nomination deposits received from	ECap Equities Limited	-	200,000
		Edelweiss Retail Finance Limited	300,000	100,000
13	Nomination deposits received given back to	ECap Equities Limited	-	400,000
		Edelweiss Retail Finance Limited	300,000	-
14	Margins placed with broker (refer note below)	Edelweiss Securities Limited	1,822,138,456	2,508,709,766
		Edelweiss Custodial Services Limited	2,524,476,012	-
15	Margins withdrawn from broker (refer note below)	Edelweiss Securities Limited	2,666,875,673	2,106,804,964
		Edelweiss Custodial Services Limited	1,472,384,423	-
	<b>Current Account Transactions during the year</b>			
16	Brokerage earned from	Edelweiss Securities Limited	371,655	508,618



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.26 Related Parties (continued)

#### ii. Transactions with related parties (continued)

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2017	For the year ended 31 March 2016
17	Advisory fee earned from	Olive Business Centre Limited	-	500,000
		Auris Corporate Centre Limited	-	250,000
		Burlington Business Solutions Limited	-	250,000
		Eternity Business Centre Limited	-	500,000
		Serenity Business Park Limited	-	500,000
18	Purchase of commodities from	Edel Commodities Trading Limited	-	2,219,465,429
		Edelweiss Commodities Services Limited	-	4,607,469,529
19	Sale of commodities to	Edelweiss Commodities Services Limited	-	4,120,585,954
		Edelweiss Comtrade Limited	-	3,394,419,856
20	Purchase of debt securities from	ECL Finance Limited	7,526,479,836	-
		Edelweiss Commodities Services Limited	1,502,534,795	-
21	Sale of debt securities to	Ecap Equities Limited	525,027,397	-
		ECL Finance Limited	4,276,331,235	-
		Edelweiss Finance & Investments Limited	251,050,000	-
		Edelweiss Tokio Life Insurance Company Limited	50,138,862	-
22	Net amount incurred on settlement of forward contracts	Edelweiss Global Wealth Management Limited	-	19,636,108
23	Interest income on loan to	Edelweiss Commodities Services Limited	-	3,586,763
24	Reimbursements received from	Edelweiss Financial Services Limited	698,787	-
25	Interest expense on loan from	Edelweiss Financial Services Limited	558,301	1,797,793
		Edelweiss Finvest Private Limited	48,364,959	42,066,705
		Edelweiss Finance & Investments Limited	856,849	-
		Ecap Equities Limited	14,590	32,639,017
		Edelweiss Commodities Services Limited	167,904,779	71,658,395
26	Interest income on margin placed with	Edelweiss Securities Limited	5,167,194	2,813,763
		Edelweiss Custodial Services Limited	473,590	-
27	Cost reimbursements paid to	Edelweiss Commodities Services Limited	4,033,933	85,913
		Edelweiss Financial Services Limited	1,138,921	-
		Edelweiss Business Services Limited	84,616	-
		Edelweiss Broking Limited	2,778,716	-
		Eternity Business Centre Limited	611,997	-



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.26 Related Parties (continued)

#### ii. Transactions with related parties (continued)

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2017	For the year ended 31 March 2016
28	Reimbursements paid to	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited Edelweiss Business Services Limited	10,545,686 5,186,104 32,022,265	6,050,556 4,098,607 1,070,782
29	Clearing charges paid to	Edelweiss Securities Limited Edelweiss Custodial Services Limited	235,550 28,750	243,500 -
30	Brokerage paid to	Edelweiss Securities Limited	48,984,148	3,963,194
31	Warehousing charges paid to	Edelweiss Broking Limited	45,500	-
32	Processing fees paid to	Edelweiss Business Services Limited	16,590	24,500
33	Remuneration paid to	Tarang Mehta Naresh Biyani	3,349,880 1,236,330	2,742,448 -
<b>Balances with Related Parties</b>				
34	Short term loans taken from	Edelweiss Financial Services Limited Edelweiss Finvest Private Limited Edelweiss Commodities Services Limited	- 6,588,000 1,047,189,000	23,620,286 216,800,000 186,057,335
35	Long term loans taken from	ECap Equities Limited	-	500,000
36	Trade payables to	Edelweiss Securities Limited Edelweiss Business Services Limited ECap Equities Limited Edelweiss Broking Limited Edelweiss Commodities Services Limited	463,720,115 114,869 - - -	- - 242,112 3,000 89,780
37	Interest payable on loans taken from	Edelweiss Finvest Private Limited Edelweiss Financial Services Limited Edelweiss Commodities Services Limited ECap Equities Limited	- - 28,767,897 -	2,132,043 103,813 9,898,777 2,904
38	Nomination deposits payable to	Edelweiss Retail Finance Limited	100,000	100,000
39	Other payable to	Edelweiss Broking Limited	13,000	-
40	Bonus and other dues payable to	Tarang Mehta	540,000	300,000



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.26 Related Parties (continued)

#### ii. Transactions with related parties (continued)

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2017	For the year ended 31 March 2016
41	Investments in equity shares of	Edelweiss Retail Finance Limited Edelweiss Asset Reconstruction Company Limited	1,884,389,975 221,855,256	1,884,389,975 -
42	Investments in unit capital of	EW Clover Scheme	250,000,000	250,000,000
43	Trade receivables from	Edelweiss Securities Limited Eternity Business Services Limited Burlington Business Solutions Limited Olive Business Centre Limited Eternity Business Centre Limited Serenity Business Park Limited Auris Corporate Centre Limited Edelweiss International (Singapore) Pte. Limited	- - - - - - - 50,000	36,069,372 31,089 261,250 522,500 522,500 522,500 261,250 -
44	Advances receivable from	Edelweiss Securities Limited Edelweiss Finance & Investments Limited ECL Finance Limited EC Commodity Limited ECap Equities Limited	1,006,000 125,000 396,000 483,000 161,000	- - - - -
45	Nomination deposits receivable from	Edelweiss Retail Finance Limited	600,000	300,000
46	Interest receivable on margins placed with	Edelweiss Securities Limited Edelweiss Custodial Services Limited	16,637 122,202	55,641 -
47	Margins placed with broker	Edelweiss Securities Limited Edelweiss Custodial Services Limited	21,770,343 458,998,769	366,199,038 -

Note: Loan given/taken to/from related 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.

Disclosure under section 186(4) of the Companies Act, 2013 for loans and guarantee : Loans have been given for general business purpose.



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.27 Auditors' remuneration

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
As Auditors	843,700	450,000
Out of pocket expenses	20,000	17,500
<b>Total</b>	<b>863,700</b>	<b>467,500</b>

### 2.28 Details of purchase, sale and change in stock-in-trade:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>a) Commodities</b>		
Opening stock		
Bullion	43,449,765	-
<b>Subtotal</b>	<b>43,449,765</b>	<b>-</b>
Purchase		
Bullion	-	11,412,713,840
<b>Subtotal</b>	<b>-</b>	<b>11,412,713,840</b>
Sale		
Bullion	44,081,906	11,476,683,088
<b>Subtotal</b>	<b>44,081,906</b>	<b>11,476,683,088</b>
Closing stock		
Bullion	-	43,449,765
<b>Subtotal</b>	<b>-</b>	<b>43,449,765</b>
<b>Profit on trading of commodities</b>	<b>632,141</b>	<b>107,419,014</b>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.28 Details of purchase, sale and change in stock-in-trade (continued)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>b) Securities</b>		
Opening stock		
Equity shares	67,627,961	-
Preference shares	-	-
Mutual funds	-	-
Debentures and bonds	-	-
<b>Subtotal</b>	<b>67,627,961</b>	<b>-</b>
<b>Purchase</b>		
Equity shares	6,712,501,267	1,298,915,477
Preference shares	8,326	-
Mutual funds	6,645,139,042	400,000,000
Debentures and bonds	12,679,927,300	-
Others	6,948,031	4,125,630
<b>Subtotal</b>	<b>26,044,523,966</b>	<b>1,703,041,107</b>
<b>Sales</b>		
Equity shares	6,135,084,379	1,247,456,238
Preference shares	-	-
Mutual funds	6,073,482,225	247,343,750
Debentures and bonds	12,425,838,850	-
<b>Subtotal</b>	<b>24,634,405,453</b>	<b>1,494,799,988</b>
<b>Closing stock</b>		
Equity shares	761,399,352	67,627,961
Preference shares	8,326	-
Mutual funds	617,868,721	-
Debentures and bonds	-	-
<b>Subtotal</b>	<b>1,379,276,399</b>	<b>67,627,961</b>
<b>Loss on trading of securities</b>	<b>(98,470,075)</b>	<b>(140,613,158)</b>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.29 Earnings per share

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

	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(a)	Profit / (loss) after tax (as per statement of profit and loss)	570,994,654	(101,332,611)
	Less: dividend on preference share capital	-	-
	Net profit / (loss) for the year attributable to equity shareholders	570,994,654	(101,332,611)
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each	-	
	Number of shares outstanding at the beginning of the year	300,000	300,000
	Number of Shares issued during the year	-	-
	Total number of equity shares outstanding at the end of the year	300,000	300,000
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	300,000	300,000
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	1,903.32	(337.78)

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

### 2.30 The following futures have open interests as on the balance sheet date:

Open interests currency futures-USD INR as on the balance sheet date

		For the year ended 31 March 2017		For the year ended 31 March 2016	
Sr. No.	Name of future	Number of contracts	Number of units involved	Number of contracts	Number of units involved
1	Short position	111,418	120,471,000	162,527	162,527,000



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.30 The following futures have open interests as on the balance sheet date (continued)

The following equity index/stock futures have open interests as on the balance sheet date:

Sr. no.	Name of future	For the year ended 31 March 2017		For the year ended 31 March 2016	
		Number of contracts	Number of units involved	Number of contracts	Number of units involved
1	Long position	3,599	7,098,299	93	41,850
2	Short position	1,682	4,257,810	1	3,000

The following currency option contracts are outstanding as on balance sheet date:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Total premium carried forward (Net of provision made)	(47,223,955)	114,368,800

The following equity option contracts are outstanding as on balance sheet date:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Total premium carried forward (Net of provision made)	(246,849,836)	-

### 2.31 Foreign currency transactions

The Company incurred expenditure with respect to foreign travel amounting to Rs. Nil during the current year (Previous year: Rs. 62,601).

The Company incurred expenditure with respect to computer software expenses amounting to Rs. 50,000 during the current year (Previous year: Rs. Nil).

### 2.32 Capital commitments and contingent liabilities

#### Capital Commitments

The Company has capital commitments amounting to Rs. 728,000 as at the balance sheet date (Previous year: Rs. Nil).





# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.32 Capital commitments and contingent liabilities (continued)

#### Contingent Liabilities

The Company has pending taxation matters of Rs. 38,475,816/- as at balance sheet date (Previous year: Rs. 38,364,523).

The Company has received demand notice/s from tax authorities on account of disallowance of expenditure under Section 14A of Income Tax Act, 1961, read with Rule 8D of Income Tax Rules, 1962, the Company has filed appeal/s and is defending its position. Due to lack of clarity on the legal position relating to 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.

### 2.33 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee benefits

#### A) Defined contribution plan (provident fund)

Amount of Rs. 2,330,261 (Previous year: Rs. 606,325) is recognised as expenses and included in "employee benefit" – refer note 2.22 in the statement of profit and loss.

#### B) Defined benefit plan (gratuity)

The following tables summarise the components of the net employee benefit expenses recognised in the statement of profit and loss and amounts recognised in the balance sheet for the gratuity benefit plan.

#### Statement of profit and loss

Net employee benefit expenses (recognised in employee cost):

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	926,000	467,000
Interest on defined benefit obligation	303,000	90,000
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognised in the year	-	-
Past service cost	-	-
Actuarial (gain)/loss	139,000	585,000
Expense recognized in statement of profit and loss	1,368,000	1,142,000



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.33 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee benefits (continued)

Details of provision for gratuity

	For the year ended 31 March 2017	For the year ended 31 March 2016
Liability at the end of the year	4,905,000	2,139,208
Fair value of plan assets at the end of the year	-	-
Difference	-	-
Unrecognised past service cost	-	-
Unrecognised transition liability	-	-
Amount in balance sheet	(4,905,000)	(2,139,208)

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

	For the year ended 31 March 2017	For the year ended 31 March 2016
Liability at the beginning of the year	2,139,208	1,089,209
Interest cost	303,000	90,000
Current service cost	926,000	467,000
Transfer in/(out)	1,958,000	69,000
Past service cost (non vested benefit)	-	-
Past service cost (vested benefit)	-	-
Benefits paid	(560,000)	(161,001)
Actuarial (gain)/loss	138,792	585,000
Liability at the end of the year	4,905,000	2,139,208

Non-current liability at the end of the year 4,234,000/-

Current liability at the end of the year 671,000/-

Amount recognised in the balance sheet:

	For the year ended				
	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Liability at the end of the year	4,905,000	2,139,208	1,089,209	496,209	801,225
Fair value of plan assets at the end of year	-	-	-	-	-
Amount recognized in balance sheet	4,905,000	2,139,208	1,089,209	496,209	801,225



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.33 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee benefits (continued)

#### Experience adjustment:

	For the year ended				
	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
On plan liabilities (gain)/loss	(16,000)	547,000	410,000	77,000	102,966
On plan assets (gain)/loss	-	-	-	-	-
Estimated contribution for next year	-	-	-	-	-

#### Principal actuarial assumptions at the balance sheet date:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Discount rate	6.80%	7.40%
Salary escalation	7.00%	7.00%
Employee attrition rate range	13.00%-25.00%	13.00%-25.00%

### 2.34 Additional disclosure on fixed deposits

The Company has pledged fixed deposits aggregating to Rs. 6,300,000 (Previous year: Rs. 1,300,000) with National Stock Exchange for meeting margin requirements.

### 2.35 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like processing fees, 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. Accordingly, and as identified by the management, the expenditure heads in note 2.24 include reimbursements paid based on the management's best estimate.



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

### 2.36 Details of dues to micro and small enterprises

Trade Payables includes Rs. Nil (Previous year: Rs. 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. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said act.

### 2.37 Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of the Companies Act, 2013,

a) Gross amount required to be spent by the Company during the year was Rs.54,749/-

b) Amount spent during the year on:

Sr.No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Constructions/acquisition of any assets	Nil	Nil	Nil
(ii)	On purpose other than (i) above	Rs. 50,000	Nil	Rs. 50,000

The Company is a wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 115,684,300/- (representing more than 2% of the consolidated profit of the group) was spent towards CSR activities during the year ended March 31, 2017, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2017.

### 2.38 Disclosure on specified bank notes (SBN's) pursuant to notification as per amended Schedule III of the Companies Act, 2013:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-



# Edelcap Securities Limited

## Notes to the financial statements *(continued)*

(Currency: Indian Rupees)

### 2.39 Previous year comparatives

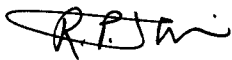
Previous year figures have been regrouped and rearranged wherever necessary.

As per our report even date attached.

**For NGS & Co. LLP**

*Chartered Accountants*

Firm Registration No.: 119850W



**R. P. Soni**

*Partner*

Membership No.: 104796

Mumbai

16 May 2017



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



**Hemendra Damania**


*Director*

DIN: 03010005



**Bhavesh Singh**

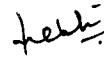
*Company Secretary*



**Puja D'souza**

*Director*

DIN: 05136515



**Tarang Mehta**

*Manager*