

# **Edel Finance Company Limited**

Financial Statements

together with Independent Auditors' Report  
for the period ended 31 March 2016

# **Edel Finance Company Limited**

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# *G. K. Choksi & Co.*

*Chartered Accountants*

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## INDEPENDENT AUDITOR'S REPORT

To,  
The Members,  
**EDEL FINANCE COMPANY LIMITED**

### Report on the Standalone Financial Statements

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

### Management's Responsibility for the Standalone 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 standalone 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 provision 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 standalone 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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 standalone financial statements.



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## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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<sup>st</sup> March, 2016 and its loss 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 Act, 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 appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (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 our 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 notes 2.23 to the financial statements.
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**FOR G. K. CHOKSI & CO.**

[Firm Registration No. 101895W]

*Chartered Accountants*

*Rohit K. Choksi*

**ROHIT K. CHOKSI**

*Partner*

Mem. No. 31103



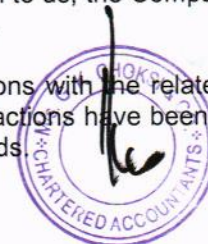
Place : Mumbai

Date : 12<sup>th</sup> May, 2016



**Annexure - A referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that :**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals having regard to size of company and nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The company does not have any immovable property and accordingly clause 3 (i)(c) of the order is not applicable on the company.
- (ii) The company does not hold any inventory as at the end of the year. Accordingly, the clauses 3(ii)(a) to (c) of the order are not applicable.
- (iii) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013;
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.
- (v) According to information and explanations given to us, the Company has not accepted any deposits as defined in The Companies (Acceptance of Deposits) Rules 2014. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.
- (vi) Maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for the class of companies to which the Company belongs.
- (vii) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and Company had no arrears of such outstanding statutory dues as at 31st March, 2016 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the company has no disputed outstanding statutory dues as at 31<sup>st</sup> March, 2016.
- (viii) According to the information and explanations given to us, the Company does not have any loans and borrowings from financial institutions, banks, government or dues to debenture holders during the year. Accordingly, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, the company has also not raised money by way of term loans during the year under review.
- (x) According to the information and explanations given to us, no fraud by company or any fraud on the company by its officers and employees have been noted or reported during the year.
- (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, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of transactions have been disclosed in the financial statements as required by the applicable accounting standards.



- (xiv) According to the information and explanations give to us, 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, 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 registered under section 45-IA of the Reserve Bank of India Act 1934.

**FOR G. K. CHOKSI & CO.**

[Firm Registration No. 101895W]

*Chartered Accountants*

*Rohit Choksi*  
**ROHIT K. CHOKSI**  
*Partner*

Mem. No. 31103

Place : Mumbai

Date : 12<sup>th</sup> May, 2016





**Annexure - B to the Independent Auditors' Report of even date on the standalone Financial Statements of Edel Finance Company 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 **EDEL FINANCE COMPANY LIMITED** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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, 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<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR G. K. CHOKSI & CO.**

[Firm Registration No. 101895W]

*Chartered Accountants*

*Rohit K. Choksi*  
**ROHIT K. CHOKSI**  
*Partner*

Mem. No. 31103

Place : Mumbai

Date : 12<sup>th</sup> May, 2016





# Edel Finance Company Limited

## Balance Sheet

(Currency : Indian rupees)

### I. EQUITY AND LIABILITIES

#### (1) Shareholders' funds

- (a) Share capital  
(b) Reserves and surplus

Note	As at 31 March 2016	As at 31 March 2015
2.1	34,000,000	4,000,000
2.2	19,690,082	34,449,302
	<u>53,690,082</u>	<u>38,449,302</u>

#### (2) Non-current liabilities

- (a) Long-term provisions

2.3	39,000	26,850
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#### (3) Current liabilities

- (a) Short-term borrowings  
(b) Trade payables  
    i) Dues of Micro, Small and Medium enterprises  
    ii) Dues other than Micro, Small and Medium enterprises  
(c) Other current liabilities  
(d) Short-term provisions

2.4	9,991,779	21,971,157
2.31	-	-
2.5	1,132,117	3,859,934
2.6	2,343,074	4,124,437
2.7	137,520	85,914

#### TOTAL

<u>67,333,572</u>	<u>68,517,594</u>
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### II. ASSETS

#### (1) Non-current assets

- (a) Fixed assets  
    Tangible assets  
(b) Deferred tax assets (net)  
(c) Long-term loans and advances  
(d) Other non current assets

2.8	1,705,180	2,828,737
2.9	6,305	435,522
2.10	13,850,370	15,823,298
2.11	305,442	-
	<u>15,867,297</u>	<u>19,087,557</u>

#### (2) Current assets

- (a) Trade receivables  
(b) Cash and bank balances  
(c) Short-term loans and advances  
(d) Other current assets

2.12	15,270	-
2.13	1,235,876	7,815,003
2.14	49,611,533	41,365,034
2.15	603,596	250,000
	<u>51,466,275</u>	<u>49,430,037</u>

#### TOTAL

<u>67,333,572</u>	<u>68,517,594</u>
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Significant accounting policies and notes to financial statements

1 & 2

As per our report of even date attached.

For G. K. Choksi & Co.

Chartered Accountants

Firm's Registration No. 101895W

Rohit K Choksi

Partner

Membership No: 31103

Mumbai

12 May 2016



For and on behalf of the Board of Directors

  
Tarun Khurana  
Director  
DIN : 03280026

  
Kulbir Singh Rana  
Director  
DIN : 03280892

Mumbai

12 May 2016

# Edel Finance Company Limited

## Statement of Profit and Loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>I. Revenue from operations</b>			
Income from treasury operations and investments	2.16	(159,924)	-
Interest income	2.17	1,359,777	36,004,943
Other operating revenue	2.18	1,315,867	1,313,405
<b>II. Other income</b>	2.19	909,919	285
<b>III. Total Revenue</b>		<b>3,425,639</b>	<b>37,318,633</b>
<b>IV. Expenses</b>			
Employee benefit expenses	2.20	6,126,394	7,949,930
Finance costs	2.21	1,521,711	25,507,574
Depreciation and amortization expenses	2.8	1,078,457	1,859,518
Other expenses	2.22	5,183,040	1,451,241
<b>Total Expenses</b>		<b>13,909,602</b>	<b>36,768,263</b>
<b>V. Profit before tax</b>		<b>(10,483,963)</b>	<b>550,370</b>
<b>VI Tax expense:</b>			
(1) Income tax		4,097,395	465
(2) MAT credit entitlement		(251,355)	-
(3) Deferred tax charge		429,217	644,902
<b>VII (Loss) for the year</b>		<b>(14,759,220)</b>	<b>(94,997)</b>
<b>VIII Earnings per equity share:</b>			
Basic and diluted earnings per share (Rs.) (Face value of Rs. 100 each)	2.24	(361.57)	(2.37)

Significant accounting policies and notes to financial statements

1 & 2

As per our report of even date attached.

For G. K. Choksi & Co.  
Chartered Accountants  
Firm's Registration No. 101895W

*Rohit K Choksi*

Rohit K Choksi  
Partner  
Membership No: 31103

Mumbai  
12 May 2016



For and on behalf of the Board of Directors

*Tarun Khurana*  
Tarun Khurana  
Director  
DIN : 03280026

*Kulbir Singh Rana*  
Kulbir Singh Rana  
Director  
DIN : 03280892

Mumbai  
12 May 2016



# Edel Finance Company Limited

## Cash Flow Statement

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A Cash flow from operating activities</b>		
(Loss) / Profit before taxation	(10,483,963)	550,370
Adjustments for		
Depreciation	1,078,457	1,859,518
Provision for compensated absences	19,000	-
Bad- debts and advances written off	197,416	-
Provision on standard assets	44,756	(1,764,825)
<b>Operating cash flow before working capital changes</b>	<b>(9,144,334)</b>	<b>645,063</b>
Add / (Less): Adjustments for working capital changes		
(Increase)/decrease in receivables from financing business	(10,721,610)	709,831,850
(Increase)/decrease in trade receivables	(15,271)	516,652
Decrease in loans and advances	78,599	895,735
(Increase)/decrease in other assets	(659,038)	1,836,858
Decrease in liabilities and provisions	(4,456,180)	(2,531,944)
<b>Cash used in operations</b>	<b>(24,917,834)</b>	<b>711,194,214</b>
Income taxes paid	(325,985)	3,462,727
<b>Net cash (used in) / generated from operating activities - A</b>	<b>(24,591,849)</b>	<b>707,731,487</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(7,900)	(63,665)
<b>Net cash used in investing activities - B</b>	<b>(7,900)</b>	<b>(63,665)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of Equity Shares	30,000,000	-
Proceeds from unsecured loan (Refer Note below)	(11,979,378)	(722,742,291)
<b>Net cash generated from / (used in) financing activities - C</b>	<b>18,020,622</b>	<b>(722,742,291)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(6,579,127)</b>	<b>(15,074,469)</b>
Cash and cash equivalent as at the beginning of the year	7,815,003	22,889,472
Cash and cash equivalent as at the end of the year (Refer note 2.13)	1,235,876	7,815,003

### Note:

Net figures have been reported on account of volume of transactions.

As per our report of even date attached.

For G. K. Choksi & Co.  
Chartered Accountants  
Firm's Registration No. 101895W

Rohit K Choksi  
Partner  
Membership No: 31103

Mumbai  
12 May 2016



For and on behalf of the Board of Directors

  
Tarun Khurana  
Director  
DIN : 03280026

Mumbai  
12 May 2016

  
Kulbir Singh Rana  
Director  
DIN : 03280892

# Edel Finance Company Limited

## Notes to the financial statements

for the year ended 31 March 2016

(Currency: Indian rupees)

### 1. Significant accounting policies

#### 1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act and circulars and guidelines issued by the Reserve Bank of India ('RBI'). The financial statements are presented in Indian rupees.

The Company being a NBFC registered with RBI follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

#### 1.2 Use of estimates

The preparation of the financial statements in conformity with the GAAP requires the 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 period. The estimates and assumptions used in 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 recognized prospectively in current and future periods.

#### 1.3 Current and Non-current classification

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

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primary for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.
- Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### *Liabilities*

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

- It is expected to be settled in the company's normal operating cycle.
- It is held primarily for the purpose of being traded;





# Edel Finance Company Limited

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

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

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

- 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, 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.

#### 1.4 Revenue recognition

- (i) Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non- performing assets, wherein it is accounted on realisation, as per RBI guidelines.
- (ii) Processing and other fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- (iii) Income from treasury operations comprises of profit/loss on sale of commodity and currency derivative instruments.
  - i) 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.

#### 1.5 Fixed assets and depreciation

##### Tangible fixed assets

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on a written down value basis from the date the asset is ready to 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 useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule for calculating the depreciation. The useful lives of the fixed assets are as follows:



# Edel Finance Company Limited

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

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### Fixed assets and depreciation (Continued)

Nature of assets	Useful Life
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

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

#### 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 and National pension scheme

The Company contributes to a recognized provident fund and national pension scheme 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. Such 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. The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

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

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

##### Compensated Absences

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





# Edel Finance Company Limited

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

(Currency: Indian rupees)

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

#### 1.7 *Taxation*

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

##### *Income tax*

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

##### *Deferred taxation*

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

#### 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 by the weighted average number of equity shares outstanding for the year.

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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 for 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 earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

#### 1.9 *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.



# Edel Finance Company Limited

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

(Currency: Indian rupees)

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

#### **1.9 Provisions and contingencies (Continued)**

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.

#### **1.10 Provisioning on receivables from financing business**

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by the Reserve Bank of India.

Provisions against standard assets are made on the basis of prudential norms prescribed by the Reserve Bank of India.





# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.1 Share capital</b>		
<b>Authorised:</b>		
500,000 (Previous year: 40,000) Equity Shares of Rs. 100 each	50,000,000	4,000,000
<b>Issued, Subscribed and Paid up:</b>		
3,40,000 (Previous year: 40,000) Equity Shares of Rs. 100 each, fully paid-up	34,000,000	4,000,000
	34,000,000	4,000,000

(All the above Equity Shares of Rs. 100 each are held by Edelweiss Broking Limited, the Holding Company and its nominees)

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

	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
<b>Equity Shares of Rs. 100 each fully paid</b>				
Edelweiss Financial Advisors Limited#	-	-	-	-
Edelweiss Broking Limited*	340,000	100	40,000	100
	340,000	100	40,000	100

\* including 6 shares held by Nominees of Edelweiss Financial Services Limited

#### a. Reconciliation of number of shares outstanding:

Number of shares outstanding at the beginning	40,000	40,000
Shares issued during the year	300,000	-
Number of shares at the end	340,000	40,000

#### b. Reconciliation of Share Capital:

Share Capital at the beginning of the year	4,000,000	4,000,000
Share Capital issued during the year	30,000,000	-
Share Capital at the end of the year	34,000,000	4,000,000

#### c. 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 100 each. Each holder of equity shares is entitled to one vote per share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders

#Pursuant to the Scheme of Arrangement in the nature of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, as approved by the Hon'ble High Court of Gujarat at Ahmedabad, Edelweiss Financial Advisors Limited has been merged with Edelweiss Broking Limited effective December 9, 2014. Therefore, in terms of the said Order, the Company became the wholly-owned subsidiary of Edelweiss Broking Limited.

## 2.2 Reserves and surplus

Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, of India *	8,791,903	8,791,903
Add : Additions during the year	-	-
	8,791,903	8,791,903
Surplus in statement of Profit and loss		
Opening Balance in Statement of Profit and Loss	25,657,399	25,752,396
Add: Profit / (Loss) for the year	(14,759,220)	(94,997)
	10,898,179	25,657,399
<b>Closing Balance in Statement of Profit and Loss</b>	<b>19,690,082</b>	<b>34,449,302</b>

\* Represents reserve created @ 20% of the profit after tax for the year as per the provisions of section 45-IC of the Reserve Bank of India Act, 1934.



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.3 Long-term provisions</b>		
Provision for employee benefits		
Compensated absense	39,000	26,000
Others		
Provision for standard assets	-	850
	<b>39,000</b>	<b>26,850</b>
<b>2.4 Short-term borrowings</b>		
<u>Unsecured</u>		
Loan from group companies	9,991,779	21,971,157
[repayable on demand, at variable rate of interest]		
	<b>9,991,779</b>	<b>21,971,157</b>
<b>2.5 Trade payables</b>		
Payable to :		
Others	1,132,117	3,859,934
(includes sundry creditors, provision for expenses, customer payables)		
	<b>1,132,117</b>	<b>3,859,934</b>
<b>2.6 Other current liabilities</b>		
Interest accrued and due on borrowings	28,621	220,702
Income received in advance	109,553	110,784
Other payables		
Accrued salaries and benefits	1,808,846	2,960,804
Withholding taxes, service tax and other statutory dues payable	396,054	572,147
Others	-	260,000
	<b>2,343,074</b>	<b>4,124,437</b>
<b>2.7 Short-term provisions</b>		
Provision for employee benefits		
Compensated absense	18,000	12,000
Others		
Provision for standard assets	119,520	73,914
	<b>137,520</b>	<b>85,914</b>





## Edel Finance Company Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees)

#### 2.8 Fixed assets

Description of Assets	Gross Block			Depreciation			Net Block		
	As at 1 April 2015	Additions during the year	Deductions / Adjustment during the year	As at 31 March 2016	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
Tangible assets									
Office equipment	10,665	7,900	-	18,565	1,447	6,216	-	10,902	9,218
Computers	5,067,781	-	53,000	5,014,781	2,248,262	1,072,241	-	1,694,278	2,819,519
Total	5,078,446	7,900	53,000	5,033,346	2,249,709	1,078,457	-	1,705,180	2,828,737
Previous Year	5,014,781	63,665	-	5,078,446	390,191	1,859,518	-	2,828,737	4,624,590



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.9 Deferred taxes (net)</b>		
<b>Deferred tax assets</b>		
Disallowances under section 43B of the Income Tax Act, 1961	336,912	467,180
Provision for standard assets / non performing assets	39,517	24,719
Accumulated Losses	2,987	404,390
	<b>379,416</b>	<b>896,289</b>
<b>Deferred tax liabilities</b>		
Difference between book and tax depreciation	373,111	460,767
	<b>373,111</b>	<b>460,767</b>
	<b>6,305</b>	<b>435,522</b>
<b>2.10 Long-term loans and advances</b>		
<u>Secured</u>		
Receivable from financing business		
- considered good	-	340,092
Other deposits	25,000	25,000
Advance income taxes	13,825,370	15,458,206
(net of provision for taxation of Rs. 11,819,967 [Previous year : 14,329,221])		
	<b>13,850,370</b>	<b>15,823,298</b>
<b>2.11 Other non-current assets</b>		
Contribution to Gratuity fund ( net)	305,442	-
	<b>305,442</b>	<b>-</b>
<b>2.12 Trade receivables</b>		
Other debts		
Unsecured, considered good	15,270	-
	<b>15,270</b>	<b>-</b>
<b>2.13 Cash and bank balances</b>		
<b>Balances with banks</b>		
- in Current accounts	1,235,876	7,815,003
	<b>1,235,876</b>	<b>7,815,003</b>





# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.14 Short-term loans and advances</b>		
<u>Secured</u>		
Receivable from financing business		
- considered good	340,092	26,815,898
	<b>340,092</b>	<b>26,815,898</b>
<u>Unsecured</u>		
(Considered good, unless stated otherwise)		
Receivable from financing business		
- considered good	32,000,000	-
Loans and advances to related parties	5,000,000	-
<b>Other loans and advances</b>		
Advances to others	2,500,000	2,500,000
Prepaid expenses	34,655	22,032
Vendor Advances	15,000	37,472
Input tax credits	3,033,136	2,761,794
Advance income taxes	3,353,185	6,143,729
(net of provision for taxation of Rs Nil [Previous year: 3,335,465 ])		
MAT credit entitlement	3,335,465	3,084,110
	<b>49,271,441</b>	<b>14,549,136</b>
	<b>49,611,533</b>	<b>41,365,034</b>
<b>2.15 Other current assets</b>		
Accrued interest on loans given	10,113	250,000
Accrued interest on margin	234	-
Margin placed with broker	593,249	-
	<b>603,596</b>	<b>250,000</b>



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.16 Income from treasury operations and investments</b>		
Profit / (loss) on trading in Commodity derivative instruments (net)	(8,948,881)	-
Profit/ (loss) on trading in currency derivative instruments (net)	8,788,957	-
	<u>(159,924)</u>	<u>-</u>
<b>2.17 Interest Income</b>		
On loan	948,242	35,596,192
On Margin with Brokers (for finance company)	91,443	-
On Others (for finance company)	320,092	408,751
	<u>1,359,777</u>	<u>36,004,943</u>
<b>2.18 Other operating revenue</b>		
Lease Rental Income	1,315,867	1,313,405
	<u>1,315,867</u>	<u>1,313,405</u>
<b>2.19 Other income</b>		
Miscellaneous income	846,111	285
Interest income - others	63,808	-
	<u>909,919</u>	<u>285</u>





# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.20 Employee benefit expenses</b>		
Salaries and wages	6,017,173	7,555,947
Contribution to provident and other funds (refer note 2.25)	7,424	349,555
Staff welfare expenses	101,797	44,428
	<b>6,126,394</b>	<b>7,949,930</b>
<b>2.21 Finance costs</b>		
Interest on loan from holding company	1,352,384	9,897,160
Interest on loan from fellow subsidiaries	26,236	15,609,912
Interest - others	128,041	-
Financial and bank charges	15,050	502
	<b>1,521,711</b>	<b>25,507,574</b>
<b>2.22 Other expenses</b>		
Auditors' remuneration (Refer note 2.27)	165,000	137,500
Bad- debts and advances written off	197,416	-
Communication	96,389	59,380
Computer expenses	4,104	4,135
Clearing & custodian charges	18,555	1,125
Directors' sitting fees	130,000	20,000
Electricity charges (Refer note 2.29)	193,414	222,640
Foreign exchange loss (net)	58,270	-
Insurance	-	18,407
Legal and professional fees	320,818	288,985
Membership and subscription	1,937,016	725,000
Office expenses	-	52,046
Printing and stationery	89	4,411
Provision for standard assets	44,756	(1,764,825)
Rates and taxes	9,500	9,017
Rent (Refer note 2.29)	737,038	1,492,024
ROC Expenses	470,000	7,040
Service tax expenses	322,831	135,776
Stamp duty	385,354	-
Stock exchange expenses	1,717	-
Travelling and conveyance	90,773	38,580
	<b>5,183,040</b>	<b>1,451,241</b>



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.23 Contingent liabilities and commitments

#### (a) Contingent liabilities

Taxation matters in respect of which appeal is pending - Nil ( Previous year : Rs Nil)

#### (b) Capital Commitments

The company has no capital commitments as at the balance sheet date ( Previous year : Rs Nil)

### 2.24 Earnings per share

In accordance with Accounting Standard 20 on earnings per shares 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	2016	2015
a) Shareholders earnings (as per statement of profit and loss)	(14,759,220)	(94,997)
b) Calculation of weighted average number of Equity Shares of Re 1 each:		
- Number of equity shares outstanding at the beginning of the year	40,000	40,000
- Number of equity shares issued during the year	300,000	-
Total number of equity shares outstanding at the end of the year	340,000	40,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	40,820	40,000
Basic and diluted earnings per share (in Rupees) (a/b)	(361.57)	(2.37)

The basic and diluted earnings per share are the same as there are no dilutive/ potential equity shares issued or outstanding as at the year end

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

#### A) Defined contribution plan (Provident fund):

Amount of Rs. 312,602 (previous year: Rs.279,555) is recognised as expenses and included in "Employee benefit expenses" - Note 2.20 in the statement of profit and loss

#### B) Defined benefit plan (Gratuity):

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

#### Statement of profit and loss

##### Net employee benefit expenses (recognized in employee cost in the statement of profit and loss)

	2016	2015
Current service cost	81,092	45,000
Interest on defined benefit obligation	13,366	16,000
Expected return on plan assets	(120,605)	(102,000)
Effect of the limit in paragraph 59b	(413,405)	346,000
Net actuarial losses/(gains) recognized in the year	135,163	(235,000)
Total included in 'Employee Benefit Expenses' in the statement of profit and loss	(305,442)	70,000

#### Balance Sheet

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

	2016	2015
Liability at the beginning of the year	171,000	239,000
Transfer (out)/in	-	(60,000)
Interest cost	13,366	16,000
Current service cost	81,092	45,000
Benefits paid	-	-
Actuarial (gain)/loss:	104,000	(69,000)
Liability at the end of the year	369,458	171,000





Edel Finance Company Limited  
**Notes to the financial statements (Continued)**  
for the year ended 31 March 2016  
(Currency: Indian rupees)

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**2.25 Disclosure pursuant to Accounting Standard 15 (Revised)-Employee benefits (Continued)**

**Changes in the Fair Value of Plan Assets are as follows:**

	2016	2015
Fair value of plan assets at the Beginning of the year	1,546,000	1,268,000
Expected Return on Plan Asset	120,605	102,000
Employers Contributions	-	10,000
Benefits paid	-	-
Actuarial gain/(loss):	(31,163)	166,000
<b>Fair value of plan assets at the end of the year</b>	<b>1,635,442</b>	<b>1,546,000</b>

**Percentage of each category of plan assets to total fair value of plan assets at the year end**

	2016	2015
Insurer Managed Funds ( Traditional)	16%	16%
Insurer Managed Funds (Unit-linked)	84%	84%
Cash & Bank	0%	0%

**Reconciliation of the present value of defined benefit obligation and the fair value of assets**

Particulars	2016	2015
Present value of funded obligation as at the year end	369,458	171,000
Fair value of plan assets as at the end of the year	1,635,442	1,546,000
<b>Funded (asset)/liability recognized in Balance Sheet - (Assets)/Liability</b>	<b>(1,265,984)</b>	<b>(1,375,000)</b>

**Amount recognised in the balance sheet**

Particulars	2016	2015
Liability as at the end of the year	369,458	171,000
Fair value of plan assets as at the end of the year	1,635,442	1,546,000
Net asset recognised in the balance sheet	(1,265,984)	(1,375,000)
Less: Effect of the limit in paragraph 59(b)	1,265,984	1,375,000
( Asset)/ liability recognised in the balance sheet	-	-
- Current (asset) / liability	(305,442)	-
- Non current liability	-	-

**Experience Adjustment :**

Particulars	2016	2015
Defined benefit obligation	369,458	171,000
Fair value of plan assets	1,635,442	1,546,000
Surplus	1,265,984	1,375,000
On Plan Liabilities: (Gain)/ Loss	99,439	(79,000)
On Plan Assets: Gain/ (Loss)	(34,255)	166,000

**Principle actuarial assumptions at the balance sheet date:**

	2016	2015
Discount rate current	7.40%	7.80%
Expected return on plan assets	7.80%	8.00%
Salary escalation current	7%	7%
Employees attrition rate	13%-60%	13%-60%



**Edel Finance Company Limited**  
**Notes to the financial statements (Continued)**  
for the year ended 31 March 2016  
(Currency: Indian rupees)

**2.26 Disclosure of Related parties as required under AS 18- "Related Party Disclosures"**

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

Name of related parties by whom control is exercised : Holding Company	Edelweiss Financial Services Limited - Ultimate Holding company Edelweiss Broking Limited (from December 9, 2014) - Holding Company
Fellow Subsidiaries (with whom transactions have taken place during the year)	Edelweiss Securities Limited Edelweiss Tokio life Insurance Company Limited Edelweiss Web Services Limited Edelweiss Custodial Services Limited Edelweiss Commodities Services Limited ECL Finance Limited

**ii. Transactions with related parties :**

Sr. No.	Nature of Transaction	Related Party Name	2016	2015
<b>1</b>	<b><u>Current account transactions</u></b>			
	Short term loans taken from (refer note)	Edelweiss Financial Services Limited	47,416,687	846,634,675
	Short term loans repaid to (refer note)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	58,896,065 500,000	919,876,966 649,500,000
	Loan given to (refer note)	Edelweiss Commodities Services Limited	5,000,000	-
	Margin Placed with	Edelweiss Securities Limited	68,955,091	-
	Margin refund received from	Edelweiss Securities Limited	68,361,842	-
	Interest income on finance lease from	Edelweiss Securities Limited	70,092	158,751
	Lease Rental income from	Edelweiss Tokio Life Insurance Company Lin	1,315,867	1,313,404.75
	Interest Income From Margin	Edelweiss Securities Limited	91,443	-
	Interest Income on Loan given	Edelweiss Commodities Services Limited	1,400	-
	Interest paid on loan to	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	1,352,384 26,236	9,897,160 15,609,912
	Electricity expenses paid to	Edelweiss Commodities Services Limited	193,414	222,640
	Insurance expenses paid to	Edelweiss Financial Services Limited	39,415	44,428
	Rent paid to	Edelweiss Commodities Services Limited	737,038	1,492,024
	Processing Fees paid to	Edelweiss Web Services Limited	8,710	7,430
	Nomination deposits repaid	Edelweiss Broking Limited	200,000	-





**Edel Finance Company Limited**  
**Notes to the financial statements (Continued)**

for the year ended 31 March 2016

(Currency: Indian rupees)

**2.26 Disclosure of Related parties as required under AS 18-"Related Party Disclosures" (Continued)**

Sr. No.	Nature of Transaction	Related Party Name	2016	2015
<b>Balances with related parties</b>				
Short term loans taken from		Edelweiss Financial Services Limited	9,991,779	21,471,157
		Edelweiss Commodities Services Limited	-	500,000
Trade Payables to		Edelweiss Commodities Services Limited	-	1,918,259
		Edelweiss Web Services Limited	9,102	7,606.00
		Others	719	75,394.00
Lease Rental income received in advance from		Edelweiss Tokio Life Insurance Company Lin	109,553	110,784
Interest expense accrued on loan taken from		Edelweiss Financial Services Limited	28,622	217,724
		Edelweiss Commodities Services Limited	-	2,978
Interest Accrued & due - Margin		Edelweiss Securities Limited	234	-
Directors nomination deposit received from		Edelweiss Broking Limited	-	200,000
Other payables to		ECL Finance Limited	-	28,000
Long-term loans given to		Edelweiss Securities Limited	-	1,240,592
Trade receivables from		Edelweiss Securities Limited	15,271	-
Short term loans given to		Edelweiss Securities Limited	340,092	900,500
		Edelweiss Commodities Services Limited	5,000,000	-
Margin placed with broker		Edelweiss Securities Limited	593,249	-

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

**2.27 Auditors' remuneration**

Particulars	As at 31 March 2016	As at 31 March 2015
As auditors	165,000	137,500
	165,000	137,500

**2.28 Foreign currency transactions**

The Company has undertaken the following transactions in foreign currency :

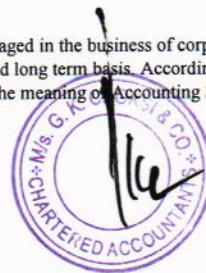
Particulars	As at 31 March 2016	As at 31 March 2015
Membership & Subscription	2,628,430	-
	2,628,430	-

**2.29 Cost sharing**

Edelweiss Commodities Services Limited, the fellow subsidiary company, incurs expenditure towards rent & utilities which is for the common benefit of itself & other fellow subsidiaries including Edel Finance Company Limited. This cost so expended is reimbursed by Edel Finance Company Limited. Accordingly, and as identified appropriately, the expenditure heads in Note 2.22 are factored with these reimbursements.

**2.30 Segment reporting**

The Company is registered with the Reserve Bank of India as a Non Banking Financial Company engaged in the business of corporate lending and financing against security of shares, stocks, bonds, debentures or other similar instruments on short, medium and long term basis. Accordingly, the Company was mainly engaged in one business segment and there are no other reportable business segments within the meaning of Accounting Standard 17 – Segment Reporting.



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.31 Details of dues to micro, small and medium 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

### 2.32 Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2016)

#### Liabilities Side:

Particulars	Amount Outstanding		Amount Overdue	
	2016	2015	2016	2015
<b>1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid</b>				
a) Debentures:				
(other than those falling within the meaning of Public deposit)*				
(i) Secured	-	-	-	-
(ii) Unsecured	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	-	-	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Other loans			-	-
(i) Demand Loan				
- Edelweiss Financial Services Limited, Holding subsidiary Company	10,020,400	21,688,881	-	-
- Edelweiss Commodities Services Limited, Fellow Subsidiary Company	-	502,978	-	-

\* Please see Note 1 below

#### Assets side:

	Amount Outstanding	
	2016	2015
<b>2) Break up of Loans and Advances including bills receivables</b>		
(other than those included in (3) below)		
a) Secured	340,092	29,900,000
b) Unsecured	39,500,000	-
<b>3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	NA	NA
a) Lease assets including lease rentals under sundry debtors:		
(i) Financial Lease	-	-
(ii) Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
(i) Assets on hire	-	-
(ii) Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
(i) Loans where assets have been repossessed	-	-
(ii) Other loans	-	-
<b>4) Break up of Investments</b>		
Current Investments:		
a) Quoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-





**Edel Finance Company Limited**  
**Notes to the financial statements (Continued)**

for the year ended 31 March 2016

(Currency: Indian rupees)

**2.32** Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2016) - *Continued*

		Amount Outstanding	
		2016	2015
b) Unquoted:			
(i) Shares: Equity		-	-
Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of Mutual Funds		-	-
(iv) Government Securities		-	-
(v) Others (Pass through certificates)		-	-
<b>4) Break up of Investments (Continued)</b>			
Long-Term Investments ( Net of Provision )			
a) Quoted:			
(i) Shares: Equity		-	-
Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of Mutual Funds		-	-
(iv) Government Securities		-	-
(v) Others		-	-
b) Unquoted:			
(i) Shares: Equity		-	-
Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of Mutual Funds		-	-
(iv) Government Securities		-	-
(v) Others		-	-

**5) Borrower group-wise classification of assets financed as in (2) and (3) above**

As at 31 March 2016

Particulars	Amount net of provisions		
	Secured 2016	Unsecured 2016	Total 2016
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	340,092	5,000,000	5,340,092
(c) Other related parties	-	-	-
2. Other than related parties	-	34,500,000	34,500,000
<b>TOTAL</b>	<b>340,092</b>	<b>39,500,000</b>	<b>39,840,092</b>

As at 31 March 2015

Particulars	Amount net of provisions		
	Secured 2015	Unsecured 2015	Total 2015
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	1,200,000	-	1,200,000
(c) Other related parties	-	-	-
2. Other than related parties	28,700,000	-	28,700,000
<b>TOTAL</b>	<b>29,900,000</b>	<b>-</b>	<b>29,900,000</b>



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

**2.32** Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2016) - *Continued*

6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

Particulars	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
	2016	2015	2016	2015
1) Related parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2) Other than related parties	-	-	-	-
<b>TOTAL</b>	-	-	-	-

\*\* As per Accounting Standard 18 - Related Party Disclosures

### 7) Other Information

Particulars	2016	2015
a) Gross Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	-	-
b) Net Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	-	-
c) Assets acquired in satisfaction of debt	-	-

#### Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- Market value/Breakup Value or Fair Value or NAV is taken as same as book value in case if unquoted shares in absence of market value / breakup value or fair value or NAV.

### 2.33 Movements in Non Performing Advances:

The following table sets forth, for the periods indicated, the details of movement of gross Non-performing assets

	2016	2015
i) Net NPAs to Net advances (%)	-	-
ii) Movement of NPAs ( Gross)		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
iii) Movement of Net NPAs		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
iv) Movement of Provisions for NPAs (excluding provision on Standard assets)		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-





# Edel Finance Company Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.34 Key Ratios

The Following table sets forth, for the periods indicated, the key financial ratios

	2016	2015
Gross NPAs as a percentage of Total Loans and Advance	0.00%	0.00%
Net NPAs as a percentage of Total Advance	0.00%	0.00%
Book Value per share (Rs.) <sup>1</sup>	157.91	961.23
Current Ratio <sup>2</sup>	3.78	1.65
Debt to Equity Ratio	0.19	0.58
Return on average Equity <sup>3</sup> (%)	-32.19%	-0.25%
Return on average assets <sup>4</sup> (%)	-21.73%	-0.02%

1. Book Value per share = Equity share capital and reserves and surplus/number of equity shares

2. Current ratio is the ratio of current assets to current liabilities.

3. Return on average equity is the ratio of the net profit after tax to the annual average equity share capital and reserves less deferred tax asset.

4. Return on average assets is the ratio of the net profit after tax to the annual average total assets.

### 2.35 Capital to Risk Assets Ratio (CRAR)

	2016	2015
i) CRAR (%)	109.99%	107.05%
ii) CRAR - Tier I capital (%)	109.75%	106.84%
iii) CRAR - Tier II Capital (%)	0.24%	0.21%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

### 2.36 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

As at 31 March 2016

Particulars	Liabilities Borrowings	Assets Advances
1 day to 30/31 days (One month)	4,995,889	6,000,000
Over One months to 2 months	4,995,890	8,500,000
Over 2 months up to 3 months	-	3,500,000
Over 3 months to 6 months	-	19,340,092
Over 6 months to 1 year	-	2,500,000
Over 1 year to 3 years	-	-
Over 3 years to 5 years	-	-
Over 5 years	-	-
<b>Total</b>	<b>9,991,779</b>	<b>39,840,092</b>

As at 31 March 2015

Particulars	Liabilities Borrowings	Assets Advances
1 day to 30/31 days (One month)	6,300,000	216,452
Over One months to 2 months	-	-
Over 2 months up to 3 months	-	2,115,398
Over 3 months to 6 months	-	222,134
Over 6 months to 1 year	15,891,859	27,011,914
Over 1 year to 3 years	-	240,092
Over 3 years to 5 years	-	-
Over 5 years	-	-
<b>Total</b>	<b>22,191,859</b>	<b>29,805,990</b>

### 2.37 Details of Single Borrower Limit and Borrower Group Limit exceeded by the Company:

During the year ended 31 March 2016 and 31 March 2015, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

### 2.38 Draw down from Reserve

During the year ended 31 March 2016 and 31 March 2015, the Company has not drawn down from Reserve

### 2.39 Details of Sector wise NPAs

During the year ended 31 March 2016 and 31 March 2015, there are no NPA in the Company. Hence Sector wise NPA not shown.



**Edel Finance Company Limited**  
**Notes to the financial statements (Continued)**

for the year ended 31 March 2016

(Currency: Indian rupees)

**2.40 Details of transaction with non executive directors**

Name of the Non executive director	Nature of Transaction	2016	2015
Sanjay Shah	Sitting fees	65,000	10,000
Mitul Shah	Sitting fees	65,000	10,000

**2.41 Exposure to Capital Market**

	2016	2015
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
advances against shares / bonds / debentures or other securities or on clean basis to		
ii) individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	28,665,398
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	340,092	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) bridge loans to companies against expected equity flows / issues	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>340,092</b>	<b>28,665,398</b>

**2.42 Details of 'Provisions and Contingencies'**

Breakup of provisions and contingencies shown under the head other expenses in	2016	2015
i) Provisions for depreciation on Investment	-	-
ii) Provision towards NPA	-	-
iii) Provision made towards Income tax	4,097,395	465
iv) Provision for Standard Assets	44,756	(1,764,825)
v) Other Provision and Contingencies	-	-





**Edel Finance Company Limited**  
**Notes to the financial statements (Continued)**  
for the year ended 31 March 2016  
(Currency: Indian rupees)

**2.43 Concentration of Deposits, Advances, Exposures and NPAs**

	2016	2015
<b>A) Concentration of Advances</b>		
Total Advances to twenty largest borrowers	39,840,092	29,905,990
% of Advances to twenty largest borrowers to Total Advances	100%	100%
<b>B) Concentration of Exposures</b>		
Total Exposures to twenty largest borrowers / Customers	39,840,092	29,905,990
% of Exposures to twenty largest borrowers / Customers to Total Advances	100%	100%

**2.44 Registration obtained from other financial sector regulators - None**

**2.45 Disclosure of Penalties imposed by RBI and other regulators- None**

**2.46 Previous year comparatives**

Previous year figures have been regrouped and reclassified wherever necessary, to conform to current year's presentation

As per our report of even date attached.

For G. K. Choksi & Co.  
Chartered Accountants  
Firms' Registration No. 101895W

**Rohit K Choksi**  
Partner  
Membership No: 31103

Mumbai  
12 May 2016



For and on behalf of the Board of Directors



**Tarun Khurana**  
Director  
DIN: 03280026

Mumbai  
12 May 2016



**Kulbir Singh Rana**  
Director  
DIN : 03280892