

# **Edelweiss Broking Limited**

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

# Edelweiss Broking 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 Edelweiss Broking Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Edelweiss Broking 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.

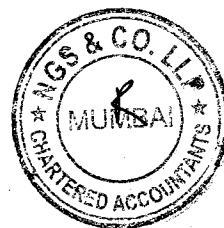


## Opinion

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.

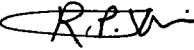
## Report on Other Legal and Regulatory Requirements

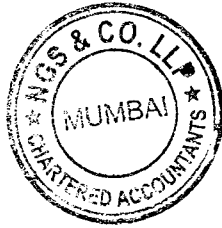
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent 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 has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 2.42.
3. In our opinion, proper books of accounts and records as specified in Rule 15 of the Securities Contract (Regulation) Rules, 1957 have been kept by the Company in so far as it appears from examination of such books.
4. The Company has complied with the requirements of BSE Limited ('BESL'), the National Stock Exchange of India Limited ('NSEIL') and MCX Stock Exchange ('MCX SX') in so far as they relate to maintenance of accounts and to the best of our knowledge and belief, was regular in submitting the required accounting information to the respective stock exchanges.
5. The Company has complied with the requirements of the deprivities segment of the BSE and NSEIL in so far as they relates to maintenance of accounts and to the best of our knowledge and belief, was regular in submitting the required accounting information to the deprivities segment of the exchange.

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

  
**R. P. Soni**  
**Partner**  
**Membership No.:104796**

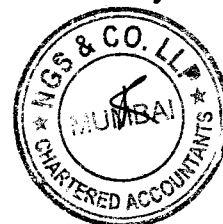


**Place: Mumbai**  
**Date: 12 May 2017**

**Annexure A to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Edelweiss Broking Limited ('the Company') on the financial statements for the year ended 31 March 2017, we report that:**

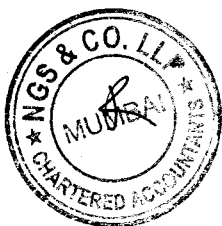
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased 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 and on the basis of our examination of the records of the Company, the title deed of immovable property is held in the name of the Company.
- (ii) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (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, employees' state insurance, income-tax, service 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 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, value added tax, service tax and cess were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable except in case of professional tax and works contract tax which are outstanding for more than six months as at 31 March 2017, due to registration formalities in progress with respective statutory authorities, as mentioned in note no. 2.36 to financial statement.

- (b) According to the information and explanation given to us, there are no dues of sales 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 and service tax on account of dispute, are 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	1,405,961	A.Y.2008-09	ITAT
Income Tax Act, 1961	Income Tax	47,64,690	A.Y.2014-15	CIT (A)
Finance Act, 1994	Service Tax	2,753,765*	April 2001 to March 2004	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	19,218,326	April 2003 to March 2007	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	2,516,814	April 2004 to March 2005	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	92,718	April 2004 to September 2006	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	212,489*	April 2004 to March 2006	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	3,439,573*	F.Y. 2004-05 & 2005-06	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	8,604,342*	April 2004 to March 2008	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	136,962*	October 2006 to September 2007	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	33,009	October 2007 to March 2008	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	1,600,095	April 2007 to September 2007	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	4,931,448	April 2007 to September 2007	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	2,347,592	October 2007 to March 2008	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	7,556,870	October 2007 to March 2008	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	446,804	April 2008 up to 15th May 2008	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	1,097,750	April 2008 to March 2009	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	3,483,039	April 2008 to March 2010	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	2,973,783	2011-12 to 2013-14	Assist. Commissioner

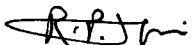


Finance Act, 1994	Service Tax	1,179,056	F.Y. 2010-11	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	65,467	F.Y. 2011-12	CESTAT - Ahmedabad

\* net of amounts paid under protest.

- (viii) In our opinion, and according to information and explanations given to us, the Company has not defaulted in repayment of dues to its bank. Further, the Company does not have any loans or borrowings from any financial institution, 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, during the year, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of 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: 12 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 **Edelweiss Broking 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**

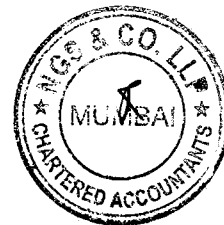
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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.

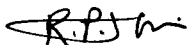
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

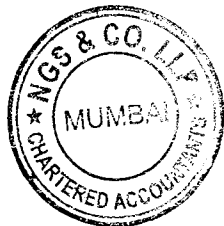
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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: 12 May 2017**

# Edelweiss Broking Limited

## Balance sheet

(Currency: Indian rupees)

	Note	As at 31 March 2017	As at 31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	67,720,000	67,720,000
Reserves and surplus	2.2	1,481,146,532	1,268,134,870
<b>Non-current liabilities</b>			
Other Long term liabilities	2.3	60,817,282	53,032,785
Long-term provisions	2.4	27,136,000	3,884,000
<b>Current liabilities</b>			
Short-term borrowings	2.5	4,403,077,602	1,623,018,847
Trade payables			
Total outstanding dues of Micro enterprises and Small enterprises	2.38	-	-
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	2.6	5,986,287,335	2,710,145,601
Other current liabilities	2.7	319,375,960	402,377,786
Short-term provisions	2.8	41,896,259	12,906,866
<b>TOTAL</b>		<b>12,387,456,970</b>	<b>6,141,220,755</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	2.9	293,453,645	304,461,009
Intangible assets	2.9	21,605,121	18,774,250
Capital work-in-progress		230,124,924	74,101,201
Non-current investments	2.10	206,547,005	371,152,005
Deferred tax assets	2.11	224,095,707	150,787,501
Long-term loans and advances	2.12	264,667,227	225,510,175
Other non-current assets	2.13	872,000	7,475,500
		<b>1,241,365,629</b>	<b>1,152,261,641</b>
<b>Current assets</b>			
Stock-in-trade	2.14	-	317,366
Trade receivables	2.15	3,192,432,996	1,455,223,917
Cash and bank balances	2.16	1,433,682,713	975,194,793
Short-term loans and advances	2.17	56,213,670	58,664,013
Other current assets	2.18	6,463,761,962	2,499,559,025
		<b>11,146,091,341</b>	<b>4,988,959,114</b>
<b>TOTAL</b>		<b>12,387,456,970</b>	<b>6,141,220,755</b>

Significant accounting policies and notes to the financial statements

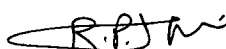
1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

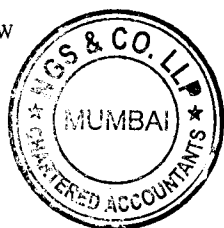
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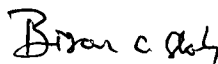
R. P. Soni

Partner

Membership No.: 104796



For and on behalf of Board of Directors



Biren Shah

Director

DIN : 01258542



Prashant Mody

Director

DIN : 03101048



Brijmohan Bohra

Company Secretary

Mumbai

12 May 2017

Mumbai

12 May 2017

# Edelweiss Broking Limited

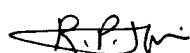
## Statement of profit and loss

(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	2.19	1,752,994,420	1,272,537,485
Income from treasury operations	2.20	37,528,073	8,080,637
Interest income	2.21	51,457,929	72,544,912
Other operating revenue	2.22	362,084,221	258,942,886
<b>Other income</b>	2.23	18,871,179	28,861,472
<b>Total revenue</b>		<b>2,222,935,822</b>	<b>1,640,967,392</b>
<b>Expenses</b>			
Employee benefit expenses	2.24	1,183,276,675	729,646,894
Finance costs	2.25	210,978,304	213,514,710
Depreciation and amortisation expenses	2.9	75,717,918	64,023,263
Other expenses	2.26	613,259,470	571,048,253
<b>Total expenses</b>		<b>2,083,232,367</b>	<b>1,578,233,120</b>
<b>Profit before tax</b>		<b>139,703,455</b>	<b>62,734,272</b>
<b>Tax expense:</b>			
Current tax (Includes adjustment of short / (excess) provisions for earlier years Nil (Previous year: Rs. 235,730))		22,755,001	32,197,130
MAT credit entitlement		(22,755,001)	(49,995,550)
Deferred tax benefit		(73,308,207)	(53,824,544)
<b>Profit for the year</b>		<b>213,011,662</b>	<b>134,357,236</b>
<b>Earnings per equity share:</b>			
Basic and diluted (face value Rs.10 each)	2.29	43.64	27.53
Significant accounting policies and notes to the financial statements	1 & 2		

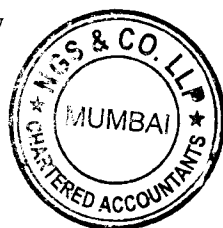
As per our report of even date attached.

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


  
R. P. Soni

Partner

Membership No.: 104796



For and on behalf of Board of Directors



Biren Shah

Director

DIN : 01258542

Prashant Mody

Director

DIN : 03101048

  
Brijmohan Bohra

Company Secretary

Mumbai

12 May 2017

Mumbai

12 May 2017

# Edelweiss Broking 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 before taxation	139,703,455	62,734,272
Adjustments for:		
Depreciation and amortisation	75,717,918	64,023,263
Provision for doubtful debts/ bad debts written off	(33,327,544)	85,975,780
Loss/ (Profit) on sale/ write-off of fixed assets (net)	1,623,780	(1,148,119)
Profit on sale of long term investment	(12,267,071)	-
Compensated absences	633,000	1,782,000
Rental income	(43,395,315)	(26,251,225)
Interest income	-	(77,484)
Interest expense	209,232,293	210,146,653
<b>Operating cash flow before working capital changes</b>	<b>337,920,516</b>	<b>397,185,140</b>
Add / (Less): Adjustments for working capital changes		
Increase in trade receivables	(1,703,881,536)	(381,857,222)
Increase in loans and advances, other current assets	(4,179,723,219)	(911,099,760)
Decrease/ (increase) in stock in trade	317,366	(204,675)
Increase in liabilities and provisions	3,270,222,355	689,743,791
<b>Cash used in operations</b>	<b>(2,275,144,518)</b>	<b>(206,232,724)</b>
Income tax paid	(32,263,147)	(19,366,063)
<b>Net cash used in from operating activities - A</b>	<b>(2,307,407,665)</b>	<b>(225,598,787)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets (including CWIP)	(247,844,373)	(137,114,335)
Sale of fixed assets	3,654,231	1,727,599
Rental income	43,395,315	26,251,225
Sale/ (Purchase) of investment	176,872,071	(30,000,000)
Interest received	-	77,484
<b>Net cash used in investing activities - B</b>	<b>(23,922,756)</b>	<b>(139,058,027)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from / (Re-payment of) short term borrowings (net) (refer note 2)	2,780,058,755	(572,651,972)
Interest paid	(198,514,025)	(206,604,722)
<b>Net cash generated from/ (used in) financing activities - C</b>	<b>2,581,544,730</b>	<b>(779,256,694)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>250,214,309</b>	<b>(1,143,913,508)</b>
Cash and cash equivalents as at the beginning of the year	295,735,360	1,439,648,868
Cash and cash equivalents as at the end of the year (Refer note 1)	545,949,669	295,735,360

Notes:

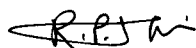
1 Cash and cash equivalents include the following:

Cash in hand	94,840	65,580
Balances with scheduled banks:		
In current accounts	545,854,829	295,669,780
<b>Cash and cash equivalents</b>	<b>545,949,669</b>	<b>295,735,360</b>

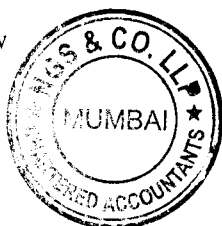
2 Net figures have been reported on account of volume of transactions.

As per our report of even date attached.

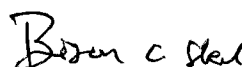
For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No.: 119850W



**R. P. Soni**  
Partner  
Membership No.: 104796



For and on behalf of the Board of Directors



**Biren Shah**  
Director  
DIN : 01258542



**Prashant Mody**  
Director  
DIN : 03101048



**Brijmohan Bohra**  
Company Secretary  
Mumbai  
12 May 2017

Mumbai  
12 May 2017

# Edelweiss Broking Limited

## Notes to the financial statements

for the year ended 31 March 2017

(Currency: Indian rupees)

### 1. Significant accounting policies

#### 1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the 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 the management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent liabilities on date of the financial statements and reported amount of revenue and expenses during the reporting period. 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.

#### 1.4 Revenue recognition

- a) Brokerage income on securities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is reflected net of related sub-brokerage expenses, transaction charges and stock exchange expenses.
- b) Fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- c) Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on derivative instruments.
  - i) Profit/ loss on sale of investments/ securities is determined based on the weighted average cost of the investments/ securities sold and recognised on trade date.



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.4 Revenue recognition (Continued)

- 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 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.
- iii) Profit/loss on error trades in broking business is included in "Income from treasury".
- d) Interest income is recognised on accrual basis.
- e) Warehouse income and rental income are recognised on accrual basis by reference to the agreements entered.
- f) Dividend income is recognised when the right to receive payment is established.

#### 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.

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 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 estimated useful lives of the fixed assets are as follows:

Nature of assets	Useful life
Building (other than factory building)	60 years
Furniture and fixtures	10 years
Vehicles	8 years
Office equipment	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years

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

##### Intangible fixed assets

Intangible fixed assets are recorded in consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

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

MCX membership rights are amortised over a period of 3 years.



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.6 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.

#### 1.7 Stock-in-trade

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

#### 1.8 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 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.

#### 1.9 Foreign currency transactions

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

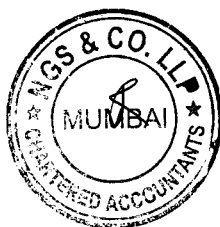
Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated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

#### 1.10 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.





# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.10 Employee benefits (Continued)

##### 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.

##### 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).

#### 1.11 Tax

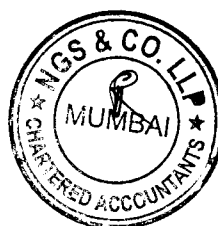
Tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

##### Current tax

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

##### Deferred tax

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised 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.



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.11 Tax (Continued)

##### Minimum alternative tax (MAT)

MAT credit asset is recognised where there is convincing evidence that the asset can be realised 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.

#### 1.12 Operating leases

Lease payments for assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### 1.13 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.

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

#### 1.14 Provisions and contingencies

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

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

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



# Edelweiss Broking 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>		
39,750,000 (Previous year: 39,750,000) Equity Shares of Rs. 10 each	397,500,000	397,500,000
10,000,000 (Previous year: 10,000,000 ) Preference Shares of Rs. 10 each	100,000,000	100,000,000
	<u>497,500,000</u>	<u>497,500,000</u>
<b>Issued, subscribed and paid up:</b>		
4,881,000 (Previous year: 4,881,000) Equity shares of Rs. 10 each, fully paid-up	48,810,000	48,810,000
250,000 (Previous year: 250,000) 7% Non-cumulative Non-convertible Redeemable Preference Shares Rs. 10 each, fully paid up	2,500,000	2,500,000
1,641,000 (Previous year: 1,641,000) 11% Non-cumulative Optionally Convertible Preference Shares Rs. 10 each, fully paid up	16,410,000	16,410,000
	<u>67,720,000</u>	<u>67,720,000</u>

(All the above 4,881,000 equity shares of Rs. 10 each are held by Edelweiss Financial Services Limited, the holding company and its nominees)

### a. Movement in share capital :

#### i) Equity shares

##### Reconciliation of number of shares outstanding :

	No. of shares	No. of shares
Number of shares outstanding at the beginning of the year	4,881,000	4,881,000
Shares issued during the year	-	-
Number of shares at the end of the year	<u>4,881,000</u>	<u>4,881,000</u>

##### Reconciliation of share capital:

	Amount	Amount
Share capital at the beginning of the year	48,810,000	48,810,000
Share capital issued during the year	-	-
Share capital at the end of the year	<u>48,810,000</u>	<u>48,810,000</u>

#### ia) Details of Equity shareholders holding more than 5% shares in the Company:

	31 March 2017		31 March 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Edelweiss Financial Services Limited	4,881,000	100%	4,881,000	100%

#### ii) Preference shares

##### 7% Non-cumulative, Non-convertible and Redeemable Preference Shares of Rs. 10 each, fully paid up

	No. of shares	No. of shares
Reconciliation of number of shares outstanding :		
Number of shares outstanding at the beginning of the year	250,000	250,000
Shares issued during the year	-	-
Number of shares at the end of the year	<u>250,000</u>	<u>250,000</u>

##### 11% Non-cumulative, Optionally Convertible Preference Shares of Rs. 10/- each, fully paid up

	No. of shares	No. of shares
Reconciliation of number of shares outstanding :		
Number of shares outstanding at the beginning of the year	1,641,000	1,641,000
Shares issued during the year	-	-
Number of shares at the end of the year	<u>1,641,000</u>	<u>1,641,000</u>

#### b. Details of Preference shareholders holding more than 5% shares in the Company:

	31 March 2017		31 March 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
7% Non-cumulative, Non-convertible and Redeemable Preference Shares				
Edelweiss Agri Value Chain Limited (Formerly known as Edelweiss Integrated Commodity Management Limited)	250,000	100%	250,000	100%

##### 11% Non-cumulative Optionally Convertible Preference Shares

	31 March 2017		31 March 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Edelweiss Commodities Services Limited	1,267,000	77.21%	667,000	40.65%
ECL Finance Limited	-	-	600,000	36.56%
Edelweiss Finance & Investments Limited	374,000	22.79%	374,000	22.79%

#### c. 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.

#### d. Terms of conversion/repayment

##### 7% Non-cumulative Non-convertible Redeemable Preference Shares:

The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 1,000 per share. The Preference Shares were allotted on December 26, 2011. The Preference Shares are Non-cumulative, Non-convertible Redeemable. The Preference Shares carry a Non-cumulative dividend of 7%. The Preference Shares will be redeemed at Rs. 1,000/- per share at the end of 20 years from the date of allotment.

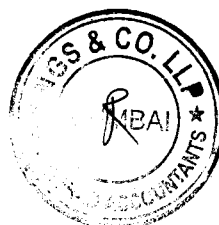
##### 11% Non-cumulative, Optionally Convertible Preference Shares (NOCPS):

The 11% Non-cumulative, Optionally Convertible Preference Shares (Shares/NOCPS) of the face value of Rs. 10 each were issued at the rate of Rs. 1,000 per share. The NOCPS were allotted on September 30, 2013. The shares are Non-cumulative Optionally Convertible Shares. The NOCPS carry a Non-cumulative dividend of 11%.

At the option of the NOCPS holder, each NOCPS issued at the price of Rs. 1,000 shall be converted into such number of equity shares of the Company as may be determined by the professional valuer, to be mutually appointed by the Company and the NOCPS holder.

The option of conversion can be exercised by the NOCPS holder at any time after a period of 5 years from the date of allotment of NOCPS. The Company and the NOCPS holder can seek the redemption of the NOCPS after a period of 5 years from the date of allotment of the NOCPS.

The Preference Shares will be redeemed at Rs. 1,000/- per share at the end of 20 years from the date of allotment.

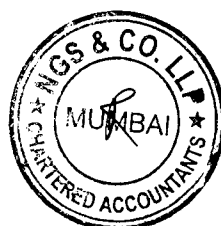


# Edelweiss Broking Limited

## 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 account		
Opening balance	1,193,033,530	1,193,033,530
Add : Additions during the year	-	-
	<u>1,193,033,530</u>	<u>1,193,033,530</u>
Surplus/ (Deficit) in Statement of profit and loss		
Opening balance	75,101,340	(59,255,896)
Add: Profit for the year	213,011,662	134,357,236
	<u>288,113,002</u>	<u>75,101,340</u>
Net Surplus in Statement of profit and loss	<u>1,481,146,532</u>	<u>1,268,134,870</u>
<b>2.3 Other long term liabilities</b>		
Others		
Deposits from sub-brokers	60,817,282	53,032,785
	<u>60,817,282</u>	<u>53,032,785</u>
<b>2.4 Long-term provisions</b>		
Provision for employee benefits		
Compensated leave absences	4,376,000	3,884,000
Deferred bonus	22,760,000	-
	<u>27,136,000</u>	<u>3,884,000</u>
<b>2.5 Short-term borrowings</b>		
<i>Secured</i>		
Bank overdraft	229,906,641	229,989,982
(Secured by way of pledge of hypothecation of immovable property and it is repayable on demand, at 11.25 percent per annum floating rate of interest)		
<i>Unsecured</i>		
(Due within one year, unless otherwise stated)		
Loans from related parties	4,173,170,961	1,393,028,865
(repayable on demand, at variable rate of interest ranging from 8.47 percent per annum to 11.50 percent per annum)		
	<u>4,403,077,602</u>	<u>1,623,018,847</u>
<b>2.6 Trade payables</b>		
Trade payables	5,986,287,335	2,710,145,601
(includes sundry creditors, provision for expenses, customer payables)		
	<u>5,986,287,335</u>	<u>2,710,145,601</u>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.7 Other current liabilities</b>		
Interest accrued and due on borrowings	21,247,958	10,529,690
Income received in advance	231,983	238,438
Other payables		
Accrued salaries and benefits	222,612,707	106,720,946
Payable to exchange / clearing house (net)	-	81,398,336
Withholding tax, service tax and other statutory dues payable	35,171,593	37,750,855
Advances from customers	362,949	21,092,937
Book overdraft	32,540,305	137,129,996
Retention money payable	249,146	1,346,783
Others	6,959,319	6,169,805
	<b>319,375,960</b>	<b>402,377,786</b>
<b>2.8 Short-term provisions</b>		
Provision for employee benefits		
Compensated absences	1,571,000	1,430,000
Deferred bonus	38,255,000	-
Others		
Provision for taxation (net of advance income taxes and tax deducted at sources)	2,070,259	11,476,866
	<b>41,896,259</b>	<b>12,906,866</b>



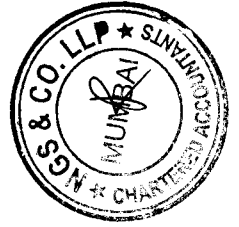
## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees)

#### 2.9 Fixed assets

Description of assets	Gross block			Depreciation			Net block	
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	As at 1 April 2016	Additions during the year	As at 31 March 2017	As at 31 March 2016
<b>A) Tangible assets</b>								
Building	262,532,930	-	-	262,532,930	54,073,298	10,422,982	-	64,496,280
Leasehold improvements	58,260,994	4,017,985	22,771,736	39,507,243	41,811,344	6,300,134	20,985,918	27,125,560
Furniture and fixtures	13,299,100	2,517,968	3,616,082	12,200,986	7,370,354	1,931,639	2,757,829	6,544,164
Vehicles	21,070,701	9,192,994	3,419,142	26,844,553	10,342,246	4,446,474	1,737,963	13,050,757
Office equipment	51,604,208	3,999,728	11,756,427	43,847,509	38,844,955	7,152,750	11,171,145	34,826,560
Computers	147,120,583	37,699,072	5,678,394	179,141,261	96,985,310	32,903,126	5,310,920	124,577,516
<b>Total : A</b>	<b>553,888,516</b>	<b>57,427,747</b>	<b>47,241,781</b>	<b>564,074,482</b>	<b>249,427,507</b>	<b>63,157,105</b>	<b>41,963,775</b>	<b>270,620,837</b>
<b>B) Intangible assets</b>								
Computer software	156,638,594	15,391,684	-	172,030,278	137,864,344	12,560,813	-	150,425,157
MCX membership card	2,000,000	-	-	2,000,000	2,000,000	-	-	2,000,000
<b>Total : B</b>	<b>158,638,594</b>	<b>15,391,684</b>	<b>-</b>	<b>174,030,278</b>	<b>139,864,344</b>	<b>12,560,813</b>	<b>-</b>	<b>152,425,157</b>
<b>Grand total [A+B]</b>	<b>712,527,110</b>	<b>72,819,431</b>	<b>47,241,781</b>	<b>738,104,760</b>	<b>389,291,851</b>	<b>75,717,918</b>	<b>41,963,775</b>	<b>423,045,994</b>
Previous year	656,150,832	87,369,950	30,993,672	712,527,110	355,682,780	64,023,263	30,414,192	389,291,851



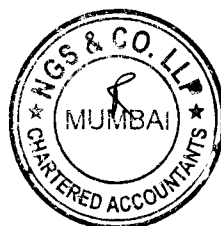
# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.10 Non-current investments - at cost</b>		
<b>Others (unquoted)</b>		
Investments in equity instruments of subsidiary company (fully paid up)	56,547,005	221,152,005
Investments in preference shares of subsidiary companies (fully paid up)	150,000,000	150,000,000
	<b>206,547,005</b>	<b>371,152,005</b>
<b>Aggregate of unquoted investment</b>		
- At book value	206,547,005	371,152,005

	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Others (unquoted)</b>						
Investments in equity instruments of subsidiary (fully paid up)						
Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	10	4,227,451	21,137,255	10	4,227,451	21,137,255
Auris Corporate Centre Limited	-	-	-	10	16,460,500	164,605,000
Edel Finance Company Limited	100	340,000	35,409,750	100	340,000	35,409,750
Investments in preference shares of subsidiary companies (fully paid up)						
Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	10	3,000,000	150,000,000	10	3,000,000	150,000,000
			<b>206,547,005</b>			<b>371,152,005</b>



# Edelweiss Broking 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</b>		
Difference between book and tax depreciation	1,624,974	3,251,134
Provision for doubtful debts/advances	80,497,537	91,601,906
Disallowances under section 43B of the Income Tax Act, 1961	22,139,646	1,756,968
Accumulated losses	119,739,391	54,036,254
Others	94,159	141,239
	<b>224,095,707</b>	<b>150,787,501</b>
<b>2.12 Long-term loans and advances</b>		
Capital advances	-	664,984
<b>Security deposits</b>		
Rental deposits	43,468,034	39,530,745
Deposits placed with/ for exchange/ depositories	27,317,174	27,317,174
Other deposits	6,454,559	5,797,209
<b>Other loans and advances</b>		
Prepaid expenses	1,240,893	1,897,353
Advance income taxes (net of provision for taxation)	99,841,977	86,713,121
MAT credit entitlement	86,344,590	63,589,589
	<b>264,667,227</b>	<b>225,510,175</b>
<b>2.13 Other non-current assets</b>		
Gratuity	872,000	1,059,000
Long term deposits with banks (refer note 2.35) (held as margin money or security against borrowings, guarantees)	-	6,416,500
	<b>872,000</b>	<b>7,475,500</b>





# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.14 Stock-in-trade</b>		
<i>Securities</i>		
Equity shares (quoted)	-	317,366
Equity shares (unquoted)	-	-
	<u>-</u>	<u>317,366</u>
<b>Aggregate of quoted stock in trade in equity shares</b>		
- At book value	-	317,366
- At market Value	-	461,015

	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Details of Inventories</b>						
<i>Securities</i>						
<b>Equity shares (quoted)</b>						
ABB Limited	-	-	-	2	1	612
DCB Bank Limited	-	-	-	10	200	15,790
California Software Co. Limited	-	-	-	10	2	10
State Bank of India Limited	-	-	-	1	40	7,772
Lanco Infratech Limited	-	-	-	1	3,015	14,984
Ruchi Soya Industries Limited	-	-	-	2	1,000	32,700
Jyoti Structures Limited	-	-	-	2	1,000	10,900
APL Apollo Tubes Limited	-	-	-	10	500	197,592
Bajaj Holdings & Investment Limited	-	-	-	10	1	1,461
G.M.Breweries Limited	-	-	-	10	8	2,702
Rural Electrification Corporation Limited	-	-	-	10	1	166
Shree Renuka Sugars Limited	-	-	-	1	401	3,007
Yes Bank Limited	-	-	-	10	1	827
Arvind Infrastructure Limited	-	-	-	10	4	213
ITC Limited	-	-	-	1	33	10,826
Kaya Limited	-	-	-	10	11	9,471
Motherson Sumi Systems Limited	-	-	-	1	7	1,868
RALLIS India Limited	-	-	-	1	28	4,312
SYBLY Industries Limited	-	-	-	10	1	3
KESAR Petroproducts Limited	-	-	-	1	10	427
Max Financial Services Limited	-	-	-	2	5	1,723
			<u>-</u>			<u>317,366</u>
<b>Securities</b>						
<b>Equity shares (Unquoted)</b>						
Sterlite Power Limited		20	-	-	-	-
			<u>-</u>			<u>-</u>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.15 Trade receivables</b>		
Debtors outstanding for a period exceeding six months		
Secured, considered good	47,603,041	40,167,214
Unsecured, considered doubtful	221,199,058	250,229,121
	<b>268,802,099</b>	<b>290,396,335</b>
Less: Provision for doubtful debts	<b>(221,199,058)</b>	<b>(250,229,121)</b>
	<b>47,603,041</b>	<b>40,167,214</b>
Other debts		
Secured, considered good	3,128,510,857	1,348,972,832
Unsecured, considered good	16,319,098	66,083,871
Unsecured, considered doubtful	22,268,070	26,823,494
	<b>3,167,098,025</b>	<b>1,441,880,197</b>
Less: Provision for doubtful debts	<b>(22,268,070)</b>	<b>(26,823,494)</b>
	<b>3,144,829,955</b>	<b>1,415,056,703</b>
	<b>3,192,432,996</b>	<b>1,455,223,917</b>
<b>2.16 Cash and bank balances</b>		
Cash and cash equivalents		
Cash in hand	94,840	65,580
Balances with banks		
- in Current accounts	545,854,829	295,669,780
Other bank balances		
- Short term deposits with banks (refer note 2.35)	887,733,044	679,459,433
(held as margin money or security against borrowings, guarantees)		
	<b>1,433,682,713</b>	<b>975,194,793</b>
<b>2.17 Short-term loans and advances</b>		
Other loans and advances		
Prepaid expenses	11,032,085	6,752,411
Loans and advances to employees	11,728,714	9,277,259
Vendor advances	13,115,061	18,716,692
Cenvat assets	15,012,137	6,047,239
Advance tax and tax deducted at source (net of provision for taxation)	-	13,027,317
Advances recoverable in cash or in kind or for value to be received	5,325,673	4,843,095
	<b>56,213,670</b>	<b>58,664,013</b>
<b>2.18 Other current assets</b>		
Accrued interest on fixed deposits	961,911	3,485,521
Receivable from exchanges/ clearing houses (net)	6,462,800,051	2,496,073,504
	<b>6,463,761,962</b>	<b>2,499,559,025</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 2.19 Fee and commission income

	For the year ended 31 March 2017	For the year ended 31 March 2016
Income from broking	1,378,185,785	1,061,526,385
Advisory and other fees	374,808,635	211,011,100
	<b>1,752,994,420</b>	<b>1,272,537,485</b>

### 2.20 Income from treasury operations

Profit/ (loss) on trading of securities (net)	19,739,362	(1,698,373)
Profit/ (loss) on trading in equity derivative instruments (net)	5,521,640	(864,931)
Profit on trading in commodity derivative instruments (net)	-	10,661,311
Loss on trading in interest rate derivative (net)	-	(17,370)
Profit on sale of long term investment	12,267,071	-
	<b>37,528,073</b>	<b>8,080,637</b>

### 2.21 Interest income

On loan to subsidiary companies	-	77,484
On fixed deposits	50,540,859	71,288,112
On others	917,070	1,179,316
	<b>51,457,929</b>	<b>72,544,912</b>

### 2.22 Other operating revenue

Delayed payment charges	318,688,906	232,691,661
Rental income	43,395,315	26,251,225
	<b>362,084,221</b>	<b>258,942,886</b>

### 2.23 Other income

Profit on sale of fixed assets (net)	-	1,148,119
Miscellaneous income	18,871,179	27,713,353
	<b>18,871,179</b>	<b>28,861,472</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 2.24 Employee benefit expenses

	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries and wages	1,086,755,406	648,697,312
Contribution to provident and other funds	43,800,418	41,386,730
Staff welfare expenses (refer note 2.37)	52,720,851	39,562,852
	<b>1,183,276,675</b>	<b>729,646,894</b>

### 2.25 Finance costs

Interest on bank overdraft	2,320,233	754,077
Interest on loan from holding company	38,369,520	209,206,703
Interest on loan from fellow subsidiaries	168,542,540	185,873
Interest - others	618,346	2,016,731
Financial and bank charges	1,127,665	1,351,326
	<b>210,978,304</b>	<b>213,514,710</b>

### 2.26 Other expenses

Advertisement and business promotion	82,907,514	58,228,931
Auditors' remuneration (refer note 2.31)	1,083,455	692,911
Bad- debts and advances written off	257,944	30,032
Commission and brokerage	498,993	228,000
Communication	61,562,360	64,825,666
Computer expenses	7,884,406	3,083,013
Computer software	22,745,547	15,230,929
Dematerialisation charges	11,590,057	8,538,570
Directors' sitting fees	170,000	-
Donation	500,000	1,200,000
Electricity charges (refer note 2.37)	23,776,266	27,319,074
Foreign exchange loss (net)	10,803	240
Insurance	1,807,968	776,771
Legal and professional fees	39,510,482	26,021,770
Loss on sale/ write-off of fixed assets (net)	1,623,780	-
Membership and subscription	504,011	2,691,529
Office expenses	75,076,793	44,287,929
Postage and courier	7,316,063	6,924,052
Printing and stationery	14,179,525	14,853,288
Provision for doubtful debts	(33,585,488)	85,945,748
Rates and taxes	1,376,481	1,747,592
Rent (refer note 2.37)	121,898,947	101,208,693
Repairs and maintenance - others	11,390,728	9,191,712
ROC expenses	8,200	9,400
Seminar and conference	2,411,998	1,075,325
Service tax expenses	20,961,089	11,115,452
Site related expenses	54,115,333	32,188,369
Stamp duty	4,130,313	2,256,402
Stock exchange expenses	1,497,297	846,465
Travelling and conveyance	59,307,696	39,254,182
Miscellaneous expenses	4,193,283	2,464,290
Housekeeping and security charges	10,230,513	8,248,707
Operating losses	2,317,113	563,211
	<b>613,259,470</b>	<b>571,048,253</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

### 2.27 Segment reporting

#### Primary Segment (Business Segment)

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

Segment	Activity covered
Agency business	Broking and advisory services
Capital based business	Income from treasury operations, investment and dividend income

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

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

#### Secondary Segment

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

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



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

### 2.27 Segment reporting (Continued)

#### Business segment

	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
I	<b>Segment revenue</b>		
	<b>Income from external customers</b>		
	Agency business	2,138,243,317	1,603,977,372
	Capital based business	84,692,505	36,990,020
	Unallocated	-	-
	<b>Total income</b>	<b>2,222,935,822</b>	<b>1,640,967,392</b>
II	<b>Segment result</b>		
	Agency business	120,571,742	34,719,707
	Capital based business	19,131,713	28,014,565
	Unallocated	-	-
	<b>Total</b>	<b>139,703,455</b>	<b>62,734,272</b>
	<b>Profit before taxation</b>	<b>139,703,455</b>	<b>62,734,272</b>
	Less : Provision for taxation	(73,308,207)	(71,622,964)
	<b>Profit after taxation</b>	<b>213,011,662</b>	<b>134,357,236</b>
III	<b>Segment assets</b>		
	Agency business	11,572,019,088	5,247,491,590
	Capital based business	405,155,608	579,611,637
	Unallocated	410,282,274	314,117,528
	<b>Total</b>	<b>12,387,456,970</b>	<b>6,141,220,755</b>
IV	<b>Segment liabilities</b>		
	Agency business	10,828,038,771	4,793,889,019
	Capital based business	8,481,409	-
	Unallocated	2,070,260	11,476,866
	<b>Total</b>	<b>10,838,590,440</b>	<b>4,805,365,885</b>
V	<b>Capital expenditure (including capital work-in-progress)</b>		
	Agency business	228,843,154	138,544,427
	Capital based business	-	-
	Unallocated	-	-
	<b>Total</b>	<b>228,843,154</b>	<b>138,544,427</b>
VI	<b>Depreciation and amortization</b>		
	Agency business	65,294,936	53,051,703
	Capital based business	10,422,982	10,971,560
	Unallocated	-	-
	<b>Total</b>	<b>75,717,918</b>	<b>64,023,263</b>
VII	<b>Other non cash expenditure other than depreciation and amortization</b>		
	Agency business	(32,718,661)	87,756,022
	Capital based business	24,117	1,758
	Unallocated	-	-
	<b>Total</b>	<b>(32,694,544)</b>	<b>87,757,780</b>



# Edelweiss Broking Limited

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

for the year ended 31 March 2017

(Currency: Indian rupees)

**2.28 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014:**

**(A) Name of related party by whom control is exercised:**

Edelweiss Financial Services Limited - Holding company

**(B) Subsidiaries/ entities which are controlled by the Company:**

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

Auris Corporate Centre Limited (upto 9 March 2017)

Edel Finance Company Limited

**(C) Fellow subsidiaries with whom transactions have taken place during the year:**

Edelweiss Securities Limited

EC Commodity Limited

Edelweiss Commodities Services Limited

ECL Finance Limited

Edelweiss Finance & Investments Limited

Edelweiss Global Wealth Management Limited

ECap Equities Limited

Edelweiss Tokio Life Insurance Company Limited

Auris Corporate Centre Limited (w.e.f. 10 March 2017)

Edel Commodities Limited

Edelcap Securities Limited

Edelweiss Asset Management Limited

Edelweiss Capital Markets Limited

Edelweiss Comtrade Limited

Edelweiss Custodial Services Limited

Edelweiss Housing Finance Limited

Edelweiss Insurance Brokers Limited

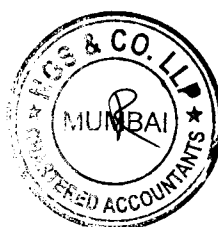
Edelweiss Investment Adviser Limited

Edelweiss Agri Value Chain Limited (formerly known as Edelweiss Integrated Commodity Management Limited)

Eternity Business Centre Limited

Olive Business Centre Limited

Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited)



## Edelweiss Broking Limited

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

for the year ended 31 March 2017

(Currency: Indian rupees)

**2.28 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 *(Continued)*:**

Edelweiss Multi Strategy Fund Advisors LLP (formerly known as Forefront Alternate Investment Advisors LLP)

Burlington Business Solutions Limited

Edelweiss Alternative Asset Advisors Limited

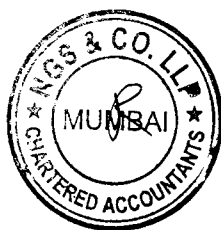
Edelweiss Finvest Private Limited (formerly known as Arum Investment Private Limited)

EFSL Trading Limited (formerly known as EFSL Commodities Limited)

Edelweiss Asset Reconstruction Company Limited (w.e.f. 17 September 2016)

Edel Land Limited

EdelGive Foundation





## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

#### 2.28 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (Continued):

##### (D) Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	2016-2017	2015-2016
<b>Capital account transactions</b>				
1	Investment in Equity shares of	Edel Finance Company Limited	-	30,000,000
2	Investment in Equity shares sold to	ECap Equities Limited	176,872,071	-
<b>Current account transactions</b>				
1	Loans taken from (refer note 1 below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	2,302,080,685 2,060,514,733	1,043,196,212 423,559,961
2	Loan repaid to (refer note 1 below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	697,000,000 885,452,503	2,269,398,127 -
3	Loans given to (refer note 1 and 2 below)	Auris Corporate Centre Limited	-	8,200,000
4	Loans repaid from (refer note 1 below)	Auris Corporate Centre Limited	-	8,200,000
5	Nomination deposit given to	Auris Corporate Centre Limited Edelweiss Financial Services Limited Edelweiss Business Services Limited	200,000 300,000 100,000	300,000 - -
6	Nomination deposit received from	Auris Corporate Centre Limited Edel Finance Company Limited Edelweiss Financial Services Limited Edelweiss Business Services Limited	200,000 - 300,000 100,000	300,000 200,000 - -
7	Margin placed by (refer note 1 below)	Edelweiss Asset Management Limited Edelweiss Business Services Limited	- 12,749	2,613,516 2,552
8	Margin refunded to (refer note 1 below)	Edelweiss Asset Management Limited Edelweiss Business Services Limited	- 12,749	2,613,516 2,552
<b>Secondary market transactions with clearing house</b>				
1	Amount paid/ debits with clearing house	Edelweiss Securities Limited Edelweiss Custodial Services Limited	53,432,239,092 16,262,783,772	29,266,270,262 -
2	Amount received/ credits with clearing house	Edelweiss Securities Limited Edelweiss Custodial Services Limited	51,178,822,384 19,667,977,139	30,060,532,233 -
<b>Secondary market transactions acting as a broker</b>				
1	Amount paid/ debits by client	Edelweiss Asset Management Limited Edelweiss Business Services Limited	- 1,243,001	54,309,427 51,001
2	Amount received/ credits by client	Edelweiss Asset Management Limited Edelweiss Business Services Limited	- 1,245,459	54,309,427 48,092
<b>Other transactions</b>				
1	Brokerage income received from	Edelweiss Business Services Limited	600	-
2	Commission income received from	Edelweiss Tokio Life Insurance Company Limited	16,128,901	14,955,414
3	Fee income received from	Edelweiss Securities Limited Edelweiss Housing Finance Limited	443,784,522 36,981,413	128,267,041 -
4	Referral and other fees income from	Edelweiss Multi Strategy Funds Management Private Limited Edelweiss Multi Strategy Fund Advisors LLP	- -	401,956 1,645,702
5	Commission and brokerage expenses paid to	Edelweiss Securities Limited Olive Business Centre Limited Auris Corporate Centre Limited Burlington Business Solutions Limited	- 12,788,828 4,195,430 4,021,826	45,465,767 - - -
6	Interest income on loan from	Auris Corporate Centre Limited	-	77,484
7	Rental income from	Edelweiss Securities Limited ECap Equities Limited Others	21,756,197 8,139,863 12,653,589	19,901,175 4,621,225 1,728,825
8	Net amount received on settlement of forward contracts	Edelweiss Capital Markets Limited	-	10,170,000



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

2.28 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (Continued):

#### (D) Transactions with related parties (Continued) :

Sr. No.	Nature of Transaction	Related Party Name	2016-2017	2015-2016
9	Interest paid on loan from	Edelweiss Financial Services Limited	38,369,520	209,206,703
		Edelweiss Commodities Services Limited	168,542,540	185,873
10	Legal and professional fees - Processing fees paid to	Edelweiss Business Services Limited	573,240	1,263,220
11	Business support service charges paid to	Edelweiss Business Services Limited	2,273,648	-
12	Website related charges paid to	Edelweiss Business Services Limited	53,520,680	32,618,421
13	Rent paid to	Olive Business Centre Limited	-	10,714,560
		Edelweiss Commodities Services Limited	6,936,697	4,031,531
		Eternity Business Centre Limited	45,630,000	1,715,520
14	Purchase of debt instrument from	Edelweiss Finance & Investments Limited	9,380,098	-
15	Donation paid to	EdelGive Foundation	500,000	-
1	<b>Cost reimbursement recovered from</b>			
	Electricity expenses recovered from	Edelweiss Securities Limited	956,918	3,514,521
		ECap Equities Limited	372,273	816,293
		Others	613,378	156,385
2	Staff welfare expenses recovered from	EFSL Trading Limited	430	-
3	Printing and stationery expenses recovered from	EFSL Trading Limited	43,774	-
4	Computer expenses recovered from	EFSL Trading Limited	1,206	-
1	<b>Cost reimbursement paid to</b>			
	Electricity expenses paid to	Edelweiss Commodities Services Limited	3,143,713	6,934,138
		Eternity Business Centre Limited	2,929,802	-
1	<b>Reimbursement paid to</b>			
	Other reimbursements paid to	Edelweiss Financial Services Limited	91,256,261	312,303,722
		Edelweiss Commodities Services Limited	93,838,865	152,815
		Edelweiss Business Services Limited	540,973,162	53,436,065
		Others	-	481,851
2	Insurance expenses paid to	Edelweiss Financial Services Limited	21,993,834	13,269,310
3	Other payable to	Edelweiss Tokio Life Insurance Company Limited	19,089	-
		Edelweiss Global Wealth Management Limited	31,000	8,000
		Edelweiss Securities Limited	22,890	-
		Edelweiss Insurance Brokers Limited	-	5,947
		Edelweiss Housing Finance Limited	-	5,917
		Edelweiss Asset Management Limited	-	12,500
		Others	12,740	602
4	Employee loan transferred from	Edelweiss Securities Limited	73,882	-
		Edelweiss Asset Management Limited	99,689	-
1	<b>Reimbursement received from</b>			
	Other receivable	Edelweiss Financial Services Limited	3,588	-
		Edelweiss Comtrade Limited	5,394	-
		Others	467	-
2	Assets purchased from	Edelweiss Tokio Life Insurance Company Limited	149,077	-
3	Sale of assets	Edelweiss Business Services Limited	57,621	-
		Edelweiss Agri Value Chain Limited	25,699	-
		Edelweiss Insurance Brokers Limited	56,409	-
		Edelweiss Asset Reconstruction Company Limited	58,898	-
4	Employee loan transferred to	Edelweiss Business Services Limited	1,010,921	-
		Others	99,689	-
	<b>Balances with related parties</b>			
1	Equity shareholder capital held by	Edelweiss Financial Services Limited	48,810,000	48,810,000
2	Preference shareholder capital held by	Edelweiss Agri Value Chain Limited	2,500,000	2,500,000
		Edelweiss Commodities Services Limited	12,670,000	6,670,000
		ECL Finance Limited	-	6,000,000
		Edelweiss Finance & Investments Limited	3,740,000	3,740,000



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

2.28 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (Continued):

(D) Transactions with related parties (Continued) :

Sr. No.	Nature of Transaction	Related Party Name	2016-2017	2015-2016
3	Short term borrowings from	Edelweiss Financial Services Limited	2,573,549,589	968,468,904
		Edelweiss Commodities Services Limited	1,599,621,372	424,559,961
4	Trade payables to	Edelweiss Business Services Limited	63,794,573	36,159,048
		Olive Business Centre Limited	14,707,152	11,196,715
		Others	9,591,982	2,110,053
	<b>Other current liabilities</b>			
5	Interest accrued and due on loan taken	Edelweiss Financial Services Limited	8,190,470	10,401,697
		Edelweiss Commodities Services Limited	13,057,488	127,993
6	Other payables	EC Commodity Limited	-	590,000
		Edelweiss Asset Reconstruction Company Limited	631,000	-
		Edelweiss Multi Strategy Fund Advisors LLP	738,000	-
		Edelweiss Multi Strategy Funds Management Private Limited	-	199,000
		ECL Finance Limited	-	181,000
		Others	126,000	1,000
7	Investments in equity shares of	Edelweiss Business Services Limited	21,137,255	21,137,255
		Auris Corporate Centre Limited	-	164,605,000
		Edel Finance Company Limited	35,409,750	35,409,750
8	Investments in preference shares of	Edelweiss Business Services Limited	150,000,000	150,000,000
9	Trade receivables from	Edelweiss Securities Limited	9,324,839	55,823,740
		Edelweiss Tokio Life Insurance Company Limited	2,496,065	2,054,802
		ECL Finance Limited	1,284,596	468,892
		Others	139,635	8,778,714
10	Other advances to be recovered from	Edelweiss Securities Limited	174,000	2,272,000
		Edelweiss Financial Services Limited	1,072,699	4,937,253
		Edelweiss Finance & Investments Limited	448,000	-
		Edelweiss Comtrade Limited	905,000	437,000
		Others	449,000	99,000
	<b>Other current assets</b>			
11	Receivable from exchanges/ clearing houses (net)	Edelweiss Securities Limited	68,992,124	2,322,408,832
		Edelweiss Custodial Services Limited	3,405,193,367	-

Note 1: The Intra group company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed/refund received with/from related parties are disclosed based on the maximum incremental amount given/taken and placed/refund received during the reporting period.

Note 2: Disclosure under section 186(4) of the Companies Act, 2013 for loans and guarantee : Loans have been given for general business purpose.



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(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	2017	2016
a) Shareholders earnings (as per statement of profit and loss)	213,011,662	134,357,236
b) Calculation of weighted average number of equity shares of Rs 10/- each:		
- Number of shares at the beginning of the year	4,881,000	4,881,000
- Shares issued during the year (number of shares issued)	-	-
Total number of equity shares outstanding at the end of the year	4,881,000	4,881,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	4,881,000	4,881,000
c) Basic and diluted earnings per share (in rupees) (a/b)	43.64	27.53

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

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

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

Amount of Rs. 32,196,848 (Previous year: Rs. 24,250,575) is recognized as expense and included in "Employee benefit expenses" – note 2.24 to the statement of profit and loss.

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

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

Statement of profit and loss

Net employee benefits expenses:

Particulars	2017	2016
Current service cost	6,673,000	5,550,000
Interest on defined benefit obligation	2,885,000	2,088,000
Expected return on plan assets	(2,048,000)	(2,055,000)
Actuarial loss	3,001,000	9,898,000
<b>Total included in Employee benefit expenses</b>	<b>10,011,000</b>	<b>15,481,000</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

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

#### Balance sheet

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

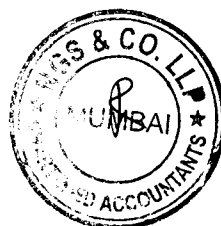
Particulars	As at 31 March 2017	As at 31 March 2016
Liability at the beginning of the year	38,815,000	24,232,000
Interest cost	2,885,000	2,088,000
Transfer in	176,000	2,540,000
Current service cost	6,673,000	5,550,000
Benefits paid	(11,052,000)	(4,873,000)
Actuarial loss on obligations	5,072,000	9,278,000
<b>Liability at the end of the year</b>	<b>42,569,000</b>	<b>38,815,000</b>

Changes in the fair value of plan assets are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
Fair value of plan assets at the beginning of the year	39,874,000	28,277,000
Expected return on plan asset	2,548,000	2,055,000
Contributions	10,000,000	15,035,000
Benefits paid	(11,052,000)	(4,873,000)
Actuarial (loss)/gain	2,071,000	(620,000)
<b>Fair value of plan assets at the end of the year</b>	<b>43,441,000</b>	<b>39,874,000</b>

Amount recognised in the balance sheet:

Particulars	2017	2016	2015	2014	2013
Liability at the end of the year	42,569,000	38,815,000	24,232,000	10,017,000	5,786,129
Fair value of plan assets at the end of the year	43,441,000	39,874,000	28,277,000	6,066,000	4,736,662
<b>Amount recognized in balance sheet - assets/ (liability)</b>	<b>872,000</b>	<b>1,059,000</b>	<b>4,045,000</b>	<b>(3,951,000)</b>	<b>(1,049,467)</b>



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

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

Experience adjustment :

Particulars	2017	2016	2015	2014	2013
On plan liabilities: loss	3,795,000	8,763,000	3,119,000	883,000	2,231,000
On plan assets: gain/ (loss)	1,933,000	(672,000)	2,170,000	309,000	204,000
Estimated contribution for next year	-	-	-	400,000	1,000,000

Principle actuarial assumptions at the balance sheet date:

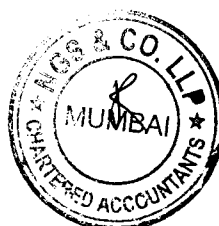
Particulars	As at 31 March 2017	As at 31 March 2016
Discount rate	6.60%	7.40%
Salary escalation	7.00%	7.00%
Employee attrition rate range	13.00%-60.00%	13.00%-60.00%

#### 2.31 Auditors' remuneration

Particulars	As at 31 March 2017	As at 31 March 2016
As statutory auditor	1,026,000	670,000
For other services	25,000	-
For reimbursement of expenses	32,455	22,911
<b>Total</b>	<b>1,083,455</b>	<b>692,911</b>

#### 2.32 Foreign currency transactions

The Company has incurred expenditure in foreign currency Rs. 60,889 during the year ended 31 March 2017 (Previous year: Rs. 186,691).



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

### 2.33 Operating leases

The Company has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2017 aggregated to Rs. 121,898,947 (Previous year: Rs. 101,208,693) which has been included under the head Operating expenses – Rent under note 2.26 in the statement of profit and loss.

Details of future minimum lease payments for the non-cancellable operating lease are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Minimum lease payments for non cancellable lease</b>		
- not later than one year	14,491,377	13,034,259
- later than one year and not later than five years	6,711,514	6,330,048
- later than five years	-	-
<b>Total</b>	<b>21,202,891</b>	<b>19,364,307</b>

Future minimum lease payments for the non-cancellable operating lease are before sharing of expenses with group companies.

### 2.34 Contingent liabilities and commitments

#### (i) Contingent liabilities

- In respect of taxation matters – Rs. 91,720,017 (Previous year: Rs. 115,314,619).
- Claims against the Company not acknowledged as debts Rs. 47,554,878 (Previous year: Rs. 48,178,857).
- The Company have provided bank guarantees aggregating to Rs. 420,000,000 (Previous year Nil) as on 31<sup>st</sup> March 2017 to The National Stock Exchange of India Limited for meeting margin requirement.  
The Company have pledged fixed deposits with bank aggregating to Rs. 210,000,000 (Previous year Nil) for obtaining the above bank guarantees.
- The Company have provided bank guarantees aggregating to Rs. 80,000,000 (Previous year Nil) as on 31<sup>st</sup> March 2017 to The Bombay Stock Exchange of India Limited for meeting margin requirement.  
The Company have pledged fixed deposits with bank aggregating to Rs. 40,000,000 (Previous year Nil) for obtaining the above bank guarantees.

#### (ii) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. 301,437,000 (net of advances) (Previous year : Rs. 286,089,000).



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

### 2.35 Additional disclosure on fixed deposits

- 1) Fixed deposits aggregating to Rs. 600,000,000 (Previous year: Rs. 662,000,000) have been pledged with exchanges for meeting margin requirement.
- 2) Fixed deposits aggregating to Rs. 14,375,000 (Previous year: Rs. 9,952,706) have been pledged with exchanges for meeting base capital requirement.
- 3) Fixed deposits aggregating to Rs. 19,358,044 (Previous year: Rs. 13,923,226) have been pledged with exchanges towards arbitration.
- 4) Fixed deposits aggregating to Rs. 250,000,000 (Previous year: Nil) have been pledged with bank for availing bank guarantees.

- 2.36 Out of the total amount payable on account of profession tax, work contract tax as on 31 March 2017, a sum of Rs. 9,341 (Previous year: Rs. 17,561), Nil (Previous year: Rs. 282,830) respectively is outstanding for more than six months where the registration formalities are in progress. The same shall be deposited on obtaining the registration.

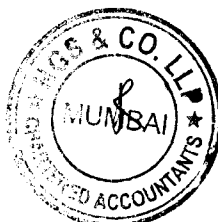
### 2.37 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 2015-16), Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 2.24 and 2.26 include reimbursements paid and are net of reimbursements received based on the management's best estimate.

### 2.38 Details of dues to Micro enterprises 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.

- 2.39 Brokerage income is disclosed net of related (i) sub-brokerage expenses Rs. 337,094,950 (Previous year: Rs. 256,347,053); and (iii) stock exchange expenses Rs. (2,659,642) (Previous year: Rs. (1,751,330)).





# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

### 2.40 Detail of purchases, sales and change in inventory

Particulars	2017	2016
<b>Opening stock</b>		
Equity shares	317,366	112,691
Debt Instruments	-	-
<b>Subtotal</b>	<b>317,366</b>	<b>112,691</b>
<b>Purchase</b>		
Equity shares	886,114,641	127,107,995
Debt Instruments	2,950,409,123	-
<b>Subtotal</b>	<b>3,836,523,764</b>	<b>127,107,995</b>
<b>Sales</b>		
Equity shares	877,141,250	125,204,947
Debt Instruments	2,979,439,242	-
<b>Subtotal</b>	<b>3,856,580,492</b>	<b>125,204,947</b>
<b>Closing stock</b>		
Equity shares	-	317,366
Debt Instruments	-	-
<b>Subtotal</b>	<b>-</b>	<b>317,366</b>
<b>Profit/ (Loss) on trading of securities</b>	<b>19,739,362</b>	<b>(1,698,373)</b>

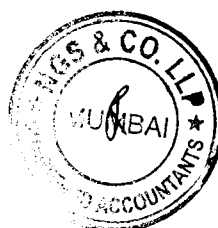
### 2.41 Corporate Social Responsibility (CSR)

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

- Gross amount required to be spent by the Company during the year was Rs. 2,123,532.
- 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	500,000	Nil	500,000

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.



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian rupees)

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

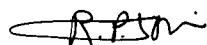
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	52,000	456	52,456
(+) Permitted receipts	-	72,941	72,941
(-) Permitted payments	-	5,000	5,000
(-) Amount deposited in Banks	52,000	10,501	62,501
Closing cash in hand as on 30.12.2016	-	57,896	57,896

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

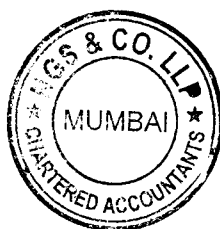
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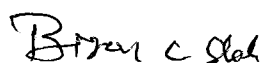
R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors



Biren Shah

Director

DIN : 01258542



Prashant Mody

Director

DIN : 03101048



Brijmohan Bohra

Company Secretary

Mumbai

Date : 12 May 2017

Mumbai

Date : 12 May 2017