

Edelweiss Comtrade Limited

Financial Statements

together with Auditors' Report

for the year ended 31 March 2018

Edelweiss Comtrade Limited

Financial statements together with Auditors' Report *for the year ended 31 March 2018*

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G. K. Choksi & Co.

Chartered Accountants

'Madhuban', Nr. Madalpur Underbridge, Ellisbridge, Ahmedabad - 380 006.
Dial : 91 - 79 - 30012009, 9925174555-56 Fax : 91 - 79 - 26569929 E-mail : info@gkcco.com

INDEPENDENT AUDITOR'S REPORT

To,
The Members,
EDELWEISS COMTRADE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **EDELWEISS COMTRADE LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

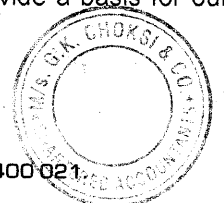
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on standalone financial statements.

708-709, Raheja Chambers, Free Press Journal Road, Nariman Point, **MUMBAI** - 400 021
Dial : 91-22-66324446/47 FAX : 91-22-22882133 Email : mumbai@gkcco.com

Branches : 207, Tolstoy House, Tolstoy Marg, Janpath, **NEW DELHI** - 110 001
Dial : 91-11-43717773-74; Email : info@gkcco.com

'Surya Bhavan', Station Road, **PETLAD** - 388 450. Dial : 91-2697-224108



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2018 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure – A", a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to our best of our information and according to the explanations given to us :
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. – Refer notes 2.23 to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

FOR G. K. CHOKSI & CO.

[Firm Registration No. 101895W]
Chartered Accountants

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SANDIP A. PARIKH
Partner

Mem. No. 40727

Place : Mumbai
Date : 30th April, 2018

Annexure - A referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals having regard to size of company and nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The company does not have any immovable property and accordingly clause 3 (i)(c) of the order is not applicable on the company.
- (ii) The company does not hold any inventory as at the end of the year. Accordingly, the clauses 3(ii)(a) to (c) of the order are not applicable.
- (iii) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013;
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, wherever applicable with respect to the loans, investments, guarantees and securities.
- (v) According to information and explanations given to us, the Company has not accepted any deposits as defined in The Companies (Acceptance of Deposits) Rules 2014. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.
- (vi) Maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for the class of companies to which the Company belongs.
- (vii) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and Company had no arrears of such outstanding statutory dues as at 31st March, 2018 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the company has no disputed outstanding statutory dues as at 31st March, 2018 *other than stated below:-*

Name of the Statute	Nature of Dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service-tax	5,85,426	F.Y. 2004-2005 to F.Y. 2011-2012	Customs, Excise and Service Tax Appellate Tribunal/Commissioner of Service-tax (Appeal).

- (viii) According to the information and explanations given to us, the Company does not have any loans and borrowings from financial institutions, banks, government or dues to debenture holders during the year. Accordingly, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, the company has also not raised money by way of term loans during the year under review.
- (x) According to the information and explanations given to us, no fraud by company or any fraud on the company by its officers and employees have been noticed or reported during the year.



- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

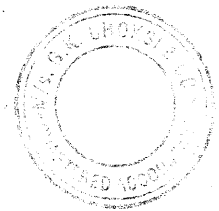
FOR G. K. CHOKSI & CO.

[Firm Registration No. 101895W]
Chartered Accountants

3

SANDIP A. PARIKH
Partner
Mem. No. 40727

Place : Mumbai
Date : 30th April, 2018



Annexure - B to the Independent Auditors' Report of even date on the standalone Financial Statements of Edelweiss Comtrade Limited.

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

We have audited the internal financial controls over financial reporting of **EDELWEISS COMTRADE LIMITED** ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

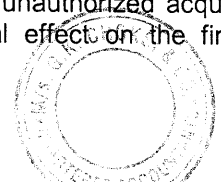
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

3

SANDIP A. PARIKH
Partner
Mem. No. 40727

Place : Mumbai
Date : 30th April, 2018



Edelweiss Comtrade Limited

Balance Sheet

(Currency : Indian rupees)

EQUITY AND LIABILITIES

Shareholders' funds

Share capital
Reserves and surplus

Non-current liabilities

Long-term provisions

Current liabilities

Short-term borrowings
Trade payables

Total outstanding dues of micro and small enterprises

Total outstanding dues of creditors other than micro and small enterprises

Other current liabilities

Short-term provisions

TOTAL

ASSETS

Non-current assets

Fixed assets

Tangible assets

Intangible assets

Deferred tax assets

Long-term loans and advances

Other non-current assets

Current assets

Trade receivables

Cash and bank balances

Short-term loans and advances

Other current assets

TOTAL

Significant accounting policies and notes to financial statements

As per our report of even date attached.

For G. K. Choksi & Co.

Chartered Accountants

Firm's Registration No. 101895W

Sandip A. Parikh

Partner

Membership No: 40727



Mumbai

30 April 2018

Note	As at 31 March 2018	As at 31 March 2017
2.1	290,000,000	230,000,000
2.2	(225,918,094)	(169,016,847)
	<u>64,081,906</u>	<u>60,983,153</u>
2.3	281,485	725,000
2.4	220,643,115	111,794,266
2.29	-	118,126
2.5	248,343,768	212,330,924
2.6	19,028,125	19,297,491
2.7	777,665	895,665
	<u>553,156,064</u>	<u>406,144,625</u>
2.8	1,021,774	1,503,335
	10,442	18,573
2.9	6,034,612	7,101,657
2.10	6,670,189	4,485,431
2.11	1,395,000	4,707,000
	<u>15,132,017</u>	<u>17,815,996</u>
2.12	26,095,555	17,217,494
2.13	186,056,172	40,147,074
2.14	8,486,387	6,623,910
2.15	317,385,933	324,340,151
	<u>538,024,047</u>	<u>388,328,629</u>
	<u>553,156,064</u>	<u>406,144,625</u>

1 & 2

For and on behalf of the Board of Directors

Rajesh Mendon

Director

DIN : 07627485

Sandesh Sawant

Chief Financial Officer

Mumbai

30 April 2018

T. K. Ramaswamy

Director

DIN : 05158707

Shradha V Shetty

Company Secretary

Edelweiss Comtrade Limited

Statement of Profit and Loss

(Currency : Indian rupees)

Revenue from operations

Fee and commission income
Income from treasury operations and investments
Other operating revenue
Other income

Total Revenue

Expenses

Employee benefit expenses
Finance costs
Depreciation and amortization expenses
Other expenses

Total Expenses

Loss before tax

Tax expense:

Current tax [includes excess provisions for earlier year Rs. 882,714,
(Previous year: Rs. Nil)]

Deferred tax benefit

Loss for the year

Earnings per equity share:

Basic and diluted earnings per share (Face value Rs. 10 each)

Significant accounting policies and notes to financial statements

As per our report of even date attached.

For G. K. Choksi & Co.

Chartered Accountants

Firm's Registration No. 101895W

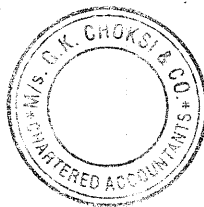
Sandip A. Parikh

Partner

Membership No: 40727

Mumbai

30 April 2018



Note	For the year ended 31 March 2018	For the year ended 31 March 2017
2.16	58,847,957	64,318,457
2.17	(84,189)	(13,549,473)
2.18	22,878,146	3,941,467
2.19	727,876	2,732,116
	<u>82,369,790</u>	<u>57,442,567</u>
2.20	67,203,997	72,441,316
2.21	22,264,383	27,209,552
2.8	633,013	748,542
2.22	48,985,313	28,501,212
	<u>139,086,706</u>	<u>128,900,622</u>
	(56,716,916)	(71,458,055)
	(882,714)	-
	<u>1,067,045</u>	<u>(653,691)</u>
	<u>(56,901,247)</u>	<u>(70,804,364)</u>

2.26

(2.43)

(4.35)

1 & 2

For and on behalf of the Board of Directors

Rajesh Mendon

Director

DIN : 07627485

Sandesh Sawant

Chief Financial Officer

Mumbai

30 April 2018

T. K. Ramaswamy

Director

DIN : 05158707

Shradha V Shetty

Company Secretary

Edelweiss Comtrade Limited

Cash Flow Statement

(Currency : Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities		
Loss before taxation	(56,716,916)	(71,458,055)
Adjustments for		
Depreciation and amortization expenses	633,013	748,542
Provision for doubtful debts	726,549	1,979,796
Loss on sale/ write-off of fixed assets (net)	9,466	7,461
Interest income	(921,930)	(689,177)
Interest expense	22,264,183	27,209,208
Operating cash flow before working capital changes	(34,005,635)	(42,202,225)
Add / (less): Adjustments for working capital changes		
(Increase)/ decrease in trade receivables	(9,604,609)	134,534,898
(Increase)/ decrease in loans and advances	(2,302,306)	119,027
Decrease in other assets	6,787,273	107,354,597
Decrease/ (increase) in liabilities and provisions	35,162,245	(37,219,690)
Cash (used in)/ generated from operations	(3,963,032)	162,586,607
Income taxes paid	862,214	(2,746,990)
Net cash (used in)/ generated from operating activities - A	(4,825,246)	165,333,597
B Cash flow from investing activities		
Purchase of fixed assets	(735,682)	(394,797)
Sale of fixed assets	582,891	-
Interest received	922,488	649,540
Net cash generated from investing activities - B	769,697	254,743
C Cash flow from financing activities		
Proceeds from issue of share capital	60,000,000	120,000,000
Proceeds/ (repayment) from unsecured loan	108,848,849	(336,690,914)
Interest paid	(22,362,591)	(28,145,567)
Net cash generated from/ (used in) financing activities - C	146,486,258	(244,836,481)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	142,430,709	(79,248,141)
Cash and cash equivalent as at the beginning of the year	34,125,463	113,373,604
Cash and cash equivalent as at the end of the year (refer note 2.13)	176,556,172	34,125,463

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

As per our report of even date attached.

For G. K. Choksi & Co.

Chartered Accountants

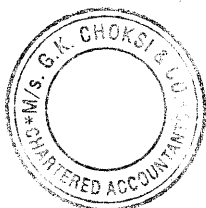
Firm's Registration No. 101895W

Sandip A. Parikh

Partner

Membership No: 40727

Mumbai
30 April 2018



For and on behalf of the Board of Directors

Rajesh Mendon

Director

DIN : 07627485

Sandesh Sawant

Chief Financial Officer

Mumbai

30 April 2018

T. K. Ramaswamy

Director

DIN : 05158707

Shradha V Shetty

Company Secretary

Edelweiss Comtrade Limited

Notes to the financial statements

for the year ended 31 March 2018

(Currency: Indian rupees)

1. Significant accounting policies

1.1 Company Background and Basis of preparation of financial statements

Edelweiss Comtrade Limited ("the Company") was incorporated in India on 31 March 1995. The Company is a 100% subsidiary of Edelweiss Securities Limited which in turn is a 100% subsidiary of Edelweiss Financial Services Limited.

The Company is a member of Multi-commodity Exchange of India Limited, National Commodity and Derivatives Exchange Limited and NCDEX e Markets Limited (formerly known as NCDEX Spot Exchange Limited). The Company provides commodity broking services to the clients.

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 (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.

Asset

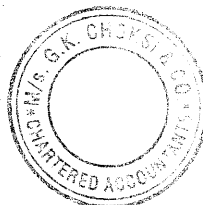
An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 12 months after the reporting date or it is cash or 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 commodities broking is recognised as per contracted rates on execution of transactions on behalf of the customers on the trade date and is net of related sub-brokerage expenses, transaction charges and stock exchange expenses.



Edelweiss Comtrade Limited

Notes to the financial statements *(Continued)* for the year ended 31 March 2018 (Currency: Indian rupees)

1. Significant accounting policies *(Continued)*

1.4 Revenue recognition *(Continued)*

- 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 derivatives.
 - (i) Realised profit/loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, 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.
 - (ii) Profit/loss on error trades in broking business is included in "Income from treasury".
- d) Interest income is recognised on accrual basis.

1.5 Derivatives

- a) (i) Outstanding derivative contracts are measured at fair value as at each Balance Sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases, the valuation techniques used as input parameters are observable market data in order to ensure reliability of the fair value measure.
- (ii) In accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India effective from 1 April 2016, the Company recognises all mark to market gains or losses on derivative contracts in the statement of profit and loss.

1.6 Fixed assets and depreciation

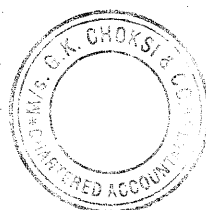
Fixed assets

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.



Edelweiss Comtrade Limited

Notes to the financial statements (Continued) for the year ended 31 March 2018 (Currency: Indian rupees)

1. Significant accounting policies (Continued)

1.6 Fixed assets and depreciation (Continued)

The estimated useful lives of the fixed assets are as follows:

Nature of assets	Useful Life
Furniture and fixtures	10 years
Motor vehicles	8 years
Office equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years

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

Intangible fixed assets

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.

1.7 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.

1.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks and other fixed deposits with bank with original maturities of three months or less.

1.9 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 Comtrade Limited

Notes to the financial statements *(Continued)* for the year ended 31 March 2018 (Currency: Indian rupees)

1. Significant accounting policies *(Continued)*

1.9 Employee benefits *(Continued)*

Gratuity

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with The Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

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 certain companies of the Group 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. The cost of providing annual leave benefits are determined using the projected unit credit method.

1.10 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

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



Edelweiss Comtrade Limited

Notes to the financial statements *(Continued)* for the year ended 31 March 2018 (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.

Deferred tax

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

1.12 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 Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.1 Share capital

Authorised :

29,000,000 (Previous year: 23,000,000) Equity Shares of Rs. 10 each

As at
31 March 2018

As at
31 March 2017

290,000,000 230,000,000

Issued, Subscribed and Paid up:

29,000,000 (Previous year: 23,000,000) Equity Shares of Rs. 10 each, fully paid-up

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

290,000,000 230,000,000

290,000,000 230,000,000

a. Reconciliation of number of shares outstanding:

Number of shares outstanding at the beginning

Shares issued during the year

Number of shares at the end

23,000,000 11,000,000

6,000,000 12,000,000

29,000,000 23,000,000

b. Reconciliation of Share Capital:

Share Capital at the beginning of the year

Share Capital issued during the year

Share Capital at the end of the year

230,000,000 110,000,000

60,000,000 120,000,000

290,000,000 230,000,000

c. Terms/rights attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of Rs 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.

2.2 Reserves and surplus

Opening Balance in Statement of Profit and Loss

Less: Loss for the year

Closing Balance in Statement of Profit and Loss

(169,016,847)

(56,901,247)

(98,212,483)

(70,804,364)

(225,918,094)

(169,016,847)

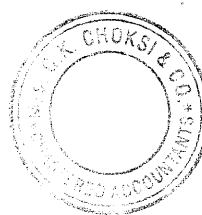


Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.3 Long-term provisions		
Provision for employee benefits		
Compensated absense	281,485	725,000
	281,485	725,000
2.4 Short-term borrowings		
<u>Unsecured</u>		
Loans from related parties	220,643,115	111,794,266
(Repayable on demand at variable rate of interest)		
	220,643,115	111,794,266
2.5 Trade payables		
Trade payables	248,343,768	212,330,924
(includes sundry creditors, provision for expenses, customer payables)		
	248,343,768	212,330,924
2.6 Other current liabilities		
Interest accrued and due on borrowings	1,018,770	1,117,178
Other payables *		
Accrued salaries and benefits	10,261,505	12,149,050
Payable to exchange	163,067	163,067
Withholding taxes, service tax and other statutory dues payable	3,051,815	3,459,362
Book overdraft	-	1,084,567
Others	4,532,968	1,324,267
* There are Rs. Nil (Previous year: Rs. Nil) amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act 2013 as at the year end.		
	19,028,125	19,297,491
2.7 Short-term provisions		
Provision for employee benefits		
Compensated absense	103,000	221,000
Others		
Provision for taxation	674,665	674,665
(net of advance income taxes/Refund of Rs. 13,665,668 (Previous year Rs. 13,665,668))		
	777,665	895,665



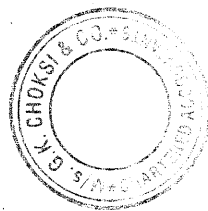
Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.8 Fixed assets

	Gross Block			Depreciation/ Amortisation			Net Block		
Description of Assets	As at 1 April 2017	Additions	Deductions	As at 31 March 2018	As at 1 April 2017	Additions	Deductions	As at 31 March 2018	As at 31 March 2017
Tangible assets									
Furniture and Fixtures	66,000	54	-	66,054	35,008	8,071	-	43,079	30,992
Office equipment	158,605	24	88,605	70,024	128,867	11,043	79,885	60,025	29,738
Vehicles	4,994,420	-	2,950,660	2,043,760	3,970,775	177,604	2,367,205	1,781,174	1,023,645
Computers	1,347,362	735,478	5,800	2,077,040	928,402	428,038	5,614	1,350,826	418,960
Total : A	6,566,387	735,556	3,045,065	4,256,878	5,063,052	624,756	2,452,704	3,235,104	1,021,774
Intangible assets									1,503,335
Computer software	4,590,836	126	-	4,590,962	4,572,263	8,257	-	4,580,520	18,573
Total : B	4,590,836	126	-	4,590,962	4,572,263	8,257	-	4,580,520	18,573
Grand Total [A+B]	11,157,223	735,682	3,045,065	8,847,840	9,635,315	633,013	2,452,704	7,815,624	1,521,908
Previous Year	10,903,224	394,797	140,798	11,157,223	9,020,110	748,542	133,337	9,635,315	1,521,908



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.9 Deferred taxes		
Deferred tax assets		
Difference between book and tax depreciation	466,605	544,906
Provision for doubtful debts/ advances	5,115,086	5,854,579
Disallowances under section 43B of the Income Tax Act, 1961	99,966	292,314
Others	352,955	409,858
	<u>6,034,612</u>	<u>7,101,657</u>
2.10 Long-term loans and advances		
Security deposits		
Deposits placed with/ for exchange/ depositories	2,500,000	2,500,000
Other deposits	520,000	520,000
Other loans and advances		
Prepaid expenses	21,164	7,930
Advance income taxes	3,629,025	1,457,501
(net of provision for taxation of Rs. 11,848,966 (Previous year: Rs. 34,353,139))		
	<u>6,670,189</u>	<u>4,485,431</u>
2.11 Other non-current assets		
Gratuity fund (refer note 2.27)	1,395,000	707,000
Long term deposits with banks (refer note 2.24)	-	4,000,000
(held as margin money with maturity exceeding 12 months)		
	<u>1,395,000</u>	<u>4,707,000</u>
2.12 Trade receivables		
Debtors outstanding for a period exceeding six months		
Secured, considered good	10,544,890	11,120,707
Unsecured, considered doubtful	19,415,666	18,540,623
	<u>29,960,556</u>	<u>29,661,330</u>
Provision for doubtful debts	<u>(19,415,666)</u>	<u>(18,540,623)</u>
	10,544,890	11,120,707
Other debts		
Secured, considered good	1,101,534	5,263,310
Unsecured, considered good	14,449,131	833,477
Unsecured, considered doubtful	257,740	406,235
	<u>15,808,405</u>	<u>6,503,022</u>
Provision for doubtful debts	<u>(257,740)</u>	<u>(406,235)</u>
	15,550,665	6,096,787
	<u>26,095,555</u>	<u>17,217,494</u>



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.13 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in Current accounts	176,556,172	34,125,463
Other bank balances		
- Short term deposits with banks (refer note 2.24)	9,500,000	6,021,611
	186,056,172	40,147,074
2.14 Short-term loans and advances		
Other loans and advances		
Rental deposits	280,000	280,000
Prepaid expenses	357,705	543,774
Loans and advances to employees	403,455	608,372
Vendor advances	336,715	1,256,997
Input tax credits	4,440,473	1,096,149
Advance income taxes	1,091,276	1,517,872
(net of provision for taxation of Nil (Previous year: Rs. Nil))		
Advances recoverable in cash or in kind or for value to be received	1,576,763	1,320,746
	8,486,387	6,623,910
2.15 Other current assets		
Accrued interest on fixed deposits	51,939	52,497
Accrued interest on margin	876,814	-
Receivable from exchange (net)	6,571,000	1,806,538
Margin placed with clearing house	309,886,180	322,481,116
	317,385,933	324,340,151



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.16 Fee and commission income

Income from commodities broking (refer note 2.32)
Fee income

For the year ended
31 March 2018

For the year ended
31 March 2017

58,804,137
43,820

64,289,439
29,018

58,847,957

64,318,457

2.17 Income from treasury operations and investments

Loss on trading in commodity derivative instruments (net)
Loss on trading in currency derivative instruments (net)
Profit on trading in interest rate derivative (net)

(84,189)

(84,223)

-

(30,560,115)

-

17,094,865

(84,189)

(13,549,473)

2.18 Other operating revenue

Interest income on fixed deposits
Interest income on margin with clearing house
Delayed payment charges

701,675

294,460

22,109,987

515,291

66,484

3,131,716

22,878,146

3,941,467

2.19 Other income

Miscellaneous income
Interest income - others

507,621

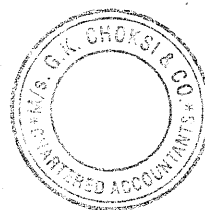
2,337,399

220,255

394,717

727,876

2,732,116



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.20 Employee benefit expenses		
Salaries and wages	59,011,488	66,948,176
Contribution to provident and other funds (refer note 2.27)	6,616,533	3,593,081
Staff welfare expenses (refer note 2.28)	1,575,976	1,900,059
	<u>67,203,997</u>	<u>72,441,316</u>
2.21 Finance costs		
Interest on loan from ultimate holding company	1,385,333	5,942,149
Interest on loan from fellow subsidiaries	20,876,514	21,266,512
Interest - others	2,336	547
Financial and bank charges	200	344
	<u>22,264,383</u>	<u>27,209,552</u>
2.22 Other expenses		
Advertisement and business promotion	361,319	100,827
Auditors' remuneration (refer note below)	595,143	370,000
Commission and brokerage	-	115,654
Communication	986,852	1,041,475
Computer expenses	144,048	96,310
Computer software	381,426	412,016
Clearing & custodian charges	120,000	194,900
Electricity charges (refer note 2.28)	2,359,106	370,805
Insurance	307,237	237,630
Legal and professional fees	20,389,496	4,542,636
Loss on sale/ write-off of fixed assets (net)	9,466	7,461
Membership and subscription	11,500	17,500
Office expenses	753,472	849,466
Postage and courier	767,535	1,036,518
Printing and stationery	881,440	66,528
Provision for doubtful debts	726,549	1,979,796
Rates and taxes	39,940	51,102
Rent (refer note 2.28)	9,480,450	3,603,910
Repairs and maintenance - others (refer note 2.28)	741,609	7,387
ROC Expenses	450,000	611,200
Seminar & Conference	1,500	43,352
Service tax expenses	57,778	243,893
Site related expenses	3,930,246	4,344,450
Stamp duty	80,000	1,152,781
Stock exchange expenses	1,640,740	316,434
Travelling and conveyance	2,496,759	3,350,619
Warehousing charges	-	(14,024)
Miscellaneous expenses	546,990	52,725
Housekeeping and security charges (refer note 2.28)	724,712	-
Operating losses	-	3,297,861
	<u>48,985,313</u>	<u>28,501,212</u>
Auditors' remuneration:		
As auditor	374,000	340,000
For taxation matters	-	30,000
For reimbursement of expenses	221,143	-
	<u>595,143</u>	<u>370,000</u>



Edelweiss Comtrade Limited

Notes to the financial statements (Continued) for the year ended 31 March 2018 (Currency: Indian rupees)

2.23 Contingent liabilities and commitments

(i) Contingent liabilities

- a) Claims against the Company not acknowledged as debt Rs.321,756 (Previous year: Rs. 807,836).
- b) Taxation matters in respect of which appeal is pending – Rs. 585,426 (Previous year: Rs. 2,426,470).
- c) Capital commitments - Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. 170,609 (net of advances) (Previous year : Rs. 89,000).

2.24 Additional disclosure on fixed deposits

- a) Fixed deposits aggregating to Rs. 4,000,000 (previous year: Rs. 4,000,000) have been pledged with exchanges for meeting base capital requirement.
- b) Fixed deposits aggregating to Rs. Nil (previous year: Rs. 521,611) have been pledged with exchange towards arbitration.

2.25 Operating leases

The Company has taken premises on operating lease. Gross rental expenses for the year ended 31 March 2018 aggregated to Rs. 9,455,090 (Previous year Rs. 3,603,910) which has been included under the head other expenses – Rent in the statement of profit and loss. There is no premises on non-cancellable operating lease.

2.26 Earnings per share

In accordance with Accounting Standard 20 on Earnings Per Share, the computation of earnings per share is set out below:

Particulars	2018	2017
a) Shareholders earnings (as per statement of profit and loss)	(56,901,247)	(70,804,364)
b) Calculation of weighted average number of equity shares of Rs. 10 each:		
– Number of shares at the beginning of the year	23,000,000	11,000,000
– Number of shares issued during the year	6,000,000	12,000,000
Total number of equity shares outstanding at the end of the year	29,000,000	23,000,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	23,394,521	16,289,617
c) Basic and diluted earnings per share (in rupees) (a/b)	(2.43)	(4.35)

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



Edelweiss Comtrade Limited

Notes to the financial statements (Continued) for the year ended 31 March 2018 (Currency: Indian rupees)

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

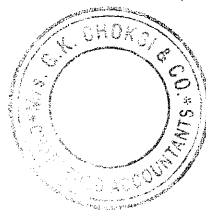
(a) Defined contribution to provident fund, employee state insurance fund and employees death linked insurance

Amount of Rs. 2,484,533 (Previous year: Rs. 3,116,081) is recognized as expenses in "Employee benefit expenses" – Note 2.20 in the statement of profit and loss.

(b) Defined benefit plans (Gratuity)

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

Particulars	2018	2017
Changes in the present value of obligation		
Present value of obligation (opening)	10,363,000	11,116,000
Transfer out	(4,820,000)	(895,000)
Interest cost	366,000	756,000
Current service cost	448,000	702,000
Benefits paid	(2,149,000)	(1,764,000)
Actuarial loss	163,000	448,000
Present value of obligation (closing)	4,371,000	10,363,000
Changes in the fair value of plan assets		
Present value of plan assets (opening)	11,070,000	11,405,000
Expected return on plan assets	660,000	779,000
Employers contributions	-	-
Benefits paid	(2,149,000)	(1,764,000)
Actuarial gain	156,000	650,000
Fair value of plan assets (closing)	9,737,000	11,070,000
Amount recognised in the balance sheet		
Present value of obligation as at the year end	4,371,000	10,363,000
Fair value of plan assets as at the year end	9,737,000	11,070,000
Net Asset	(5,366,000)	(707,000)
Less: Unrecognised past service cost	-	-
Less: Amount not recognized as asset [Effect of limiting net assets to assets ceiling]	(3,971,000)	-
(Asset)/ Liability recognized in the Balance sheet	(1,395,000)	(707,000)
Expenses recognised in the statement of profit and loss		
Current service cost	448,000	702,000
Interest cost	366,000	756,000
Expected return on plan assets	(660,000)	(779,000)
Effect of limiting net assets to asset ceiling	3,971,000	-
Net actuarial loss/ (gain)	7,000	(202,000)
Total expenses recognised in the statement of profit and loss	4,132,000	477,000



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

(Currency: Indian rupees)

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

Particulars					
Experience adjustments					
	2018	2017	2016	2015	2014
Defined Benefit Obligation	4,371,000	10,363,000	11,116,000	10,289,000	8,255,000
Fair Value of Plan Assets	9,737,000	11,070,000	11,405,000	10,368,000	8,500,000
Surplus	5,366,000	707,000	289,000	79,000	245,000
Experience Adjustment on Plan Liabilities: Loss/ (Gain)	221,000	226,000	2,964,000	1,011,000	(429,000)
Experience Adjustment on Plan Assets: Gain/ (Loss)	76,000	608,000	(181,000)	1,018,000	213,000
Principal actuarial assumption					
Rate of discounting				7.00%	6.60%
Expected return on plan assets				6.60%	7.40%
Annual increase in salary costs				7.00%	7.00%
Attrition rate				60% at junior level reducing to 13% at senior level	60% at junior level reducing to 13% at senior level

2.28 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees. On the same lines, branch running 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 2.20 and 2.22 include reimbursements paid and are net of reimbursements received based on the management's best estimate.

2.29 Details of dues to Micro enterprises and Small enterprises

Trade Payables includes Rs. Nil (Previous year: Rs. 118,126) 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.



Edelweiss Comtrade Limited

Notes to the financial statements (Continued) for the year ended 31 March 2018 (Currency: Indian rupees)

2.30 Disclosure of Related parties as required under AS-18- "Related Party Disclosure"

(A) Names of related parties by whom control is exercised

Edelweiss Financial Services Limited
Edelweiss Securities Limited

Ultimate holding company
Holding company

(B) Key management personnel

Bhoumik Mehta

Executive Director (upto 16 January 2017)

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

Edelweiss Commodities Services Limited
Edelweiss Broking Limited
EC Commodity Limited
Edelweiss Business Services Limited
Edelcap Securities Limited
Edelweiss Custodial Services Limited
Ecap Equities Limited *
ECL Finance Limited
Edelweiss Housing Finance Limited

* Pursuant to the Scheme of Amalgamation ("the Scheme") under Sections 230 to 232 of the Companies Act, 2013 (the Act) and the Rules made there under (the Rules), as sanctioned by the National Company Law Tribunal, Mumbai Bench vide its orders dated 23 August 2017 and the National Company Law Tribunal, Hyderabad Bench vide its order dated 11 April 2018, Olive Business Centre Limited ("the First Transferor Company"), Burlington Business Solutions Limited ("the Second Transferor Company"), Auris Corporate Centre Limited ("the Third Transferor Company"), Serenity Business Park Limited ("the Fourth Transferor Company") and Eternity Business Centre Limited ("the Fifth Transferor Company") {collectively referred to as the Transferor Companies}, the wholly owned subsidiaries of ECap Equities Limited, (the Transferee Company) had been amalgamated with the Transferee Company with effect from 1 April 2017 ("the Appointed Date"). The Scheme has been effective from 21 April 2018 ("the Effective Date").

Accordingly, all the related party transactions entered during the year and the outstanding balances thereof as stated at the end of the year relating to the Transferor Companies are considered to be entered with the Transferee Company and accordingly included in the related party transactions disclosure of the Company.



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

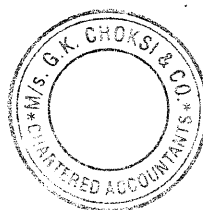
for the year ended 31 March 2018

(Currency: Indian rupees)

2.30 Disclosure of Related parties as required under AS-18- "Related Party Disclosure" (Continued)

ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	2017-18	2016-17
Capital account transactions during the year				
1	Issue of equity shares to	Edelweiss Securities Limited	60,000,000	120,000,000
Current account transactions				
1	Short term loans taken from	Edelweiss Commodities Services Limited (refer note 1) Edelweiss Financial Services Limited (refer note 1)	343,149,049 -	35,198,708 83,291,547
2	Short term loans repaid to	Edelweiss Commodities Services Limited (refer note 1) Edelweiss Financial Services Limited (refer note 1)	180,771,871 53,528,329	378,552,114 76,629,055
3	Margin placed with	EC Commodity Limited (refer note 1) Edelweiss Securities Limited (refer note 1)	414,959,605 -	- 74,231,946
4	Margin withdrawn from	EC Commodity Limited (refer note 1) Edelweiss Securities Limited (refer note 1)	422,914,589 -	- 164,642,616
5	Nomination deposit given to	Edelweiss Securities Limited	300,000	-
6	Nomination deposit received from	Edelweiss Securities Limited	300,000	-
7	Interest paid on loan	Edelweiss Commodities Services Limited Edelweiss Financial Services Limited	20,876,514 1,385,333	21,266,512 5,942,149
8	Interest income on Margin	EC Commodity Limited Edelweiss Securities Limited	22,109,987 -	- 515,291
9	Clearing charges paid to	EC Commodity Limited Edelweiss Securities Limited Edelweiss Commodities Services Limited	120,000 - -	65,909 74,600 54,091
10	Reimbursement paid to	Edelweiss Commodities Services Limited Edelweiss Financial Services Limited Edelweiss Business Services Limited Edelweiss Broking Limited	35,538,000 8,261,805 2,214,056 661,586	603,621 4,128,783 45,648,375 -
11	Cost reimbursement paid to	Edelweiss Broking Limited Edelweiss Financial Services Limited Edelweiss Securities Limited Others	7,272,830 1,222,972 1,068,022 1,022,762	13,167 1,617,428 - 357,638
12	Cost reimbursement recovered from	Edelweiss Broking Limited	111,060	-
13	Rent paid to	Edelweiss Broking Limited Edelweiss Commodities Services Limited ECap Equities Limited Others	216,879 1,473,574 1,110,300 407,325	290,248 1,586,181 1,261,629 -
14	Business support service charges paid to	Edelweiss Business Services Limited	16,551,513	166,053
15	Website related charges paid to	Edelweiss Business Services Limited	3,930,246	4,344,450
16	Remuneration paid to	Bhounik Mehta (refer note 3)	-	1,239,283



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

(Currency: Indian rupees)

2.30 Disclosure of Related parties as required under AS-18- "Related Party Disclosure" (Continued)

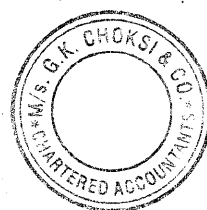
ii. Transactions with related parties (Continued):

Sr. No.	Nature of Transaction	Related Party Name	2017-18	2016-17
Balances with related parties				
1	Equity share capital held by	Edelweiss Securities Limited	290,000,000	230,000,000
2	Short term borrowings	Edelweiss Financial Services Limited	-	53,528,329
		Edelweiss Commodities Services Limited	220,643,115	58,265,937
3	Trade Payables to	Edelweiss Business Services Limited	9,718,058	5,119,421
		Edelweiss Broking Limited	2,551,241	5,394
		Others	676,625	-
4	Other payables to	Edelweiss Broking Limited	2,335,000	905,000
		Edelweiss Business Services Limited	1,218,000	109,000
		ECL Finance Limited	1,000,000	-
		Edelweiss Custodial Services Limited	405,000	-
5	Interest accrued and due on loan taken	Edelweiss Commodities Services Limited	1,018,770	618,030
		Edelweiss Financial Services Limited	-	499,148
6	Trade receivables from	Edelweiss Financial Services Limited	-	691,893
7	Other receivable from	Edelweiss Financial Services Limited	-	424,051
		Edelweiss Securities Limited	-	119,000
		Edelweiss Commodities Services Limited	107,000	-
		Edelcap Securities Limited	31,000	-
8	Accrued interest on margin	EC Commodity Limited	876,814	-
9	Margin placed with clearing house	EC Commodity Limited	309,886,180	322,481,116

Note -1 : 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.

Note -3 : Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.



Edelweiss Comtrade Limited

Notes to the financial statements *(Continued)* for the year ended 31 March 2018 (Currency: Indian rupees)

2.31 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.



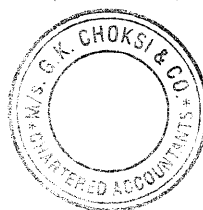
Edelweiss Comtrade Limited

Notes to the financial statements (Continued) for the year ended 31 March 2018 (Currency: Indian rupees)

2.31 Segment reporting (Continued)

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

Business segment			
	Particulars	For the year ended 31 March 18	For the year ended 31 March 17
I	Segment revenue		
	<u>Income from external customers</u>		
	Agency business	82,174,559	70,392,526
	Capital based business	-	(12,949,959)
	Unallocated	195,231	-
	Total income	82,369,790	57,442,567
II	Segment result		
	Agency business	(56,912,147)	(51,394,702)
	Capital based business	-	(20,063,353)
	Unallocated	195,231	-
	Total	(56,716,916)	(71,458,055)
	Profit/ (loss) before taxation	(56,716,916)	(71,458,055)
	Less : Provision for taxation	184,331	(653,691)
	Profit/ (loss) after taxation	(56,901,247)	(70,804,364)
III	Segment assets		
	Agency business	542,401,151	396,067,595
	Capital based business	-	-
	Unallocated	10,754,913	10,077,030
	Total	553,156,064	406,144,625
IV	Segment liabilities		
	Agency business	488,399,493	344,486,807
	Capital based business	-	-
	Unallocated	674,665	674,665
	Total	489,074,158	345,161,472
V	Capital expenditure		
	Agency business	735,682	394,797
	Capital based business	-	-
	Unallocated	-	-
	Total	735,682	394,797
VI	Depreciation and amortisation		
	Agency business	633,013	741,219
	Capital based business	-	7,323
	Unallocated	-	-
	Total	633,013	748,542
VII	Other non cash expenditure		
	Agency business	165,034	1,647,796
	Capital based business	-	-
	Unallocated	-	-
	Total	165,034	1,647,796




Edelweiss Comtrade Limited

Notes to the financial statements (*Continued*) for the year ended 31 March 2018 (Currency: Indian rupees)

- 2.32 Brokerage income is disclosed net of related (i) sub-brokerage expenses Rs. 31,466,804 (previous year Rs. 42,743,345) and (ii) stock exchange expense Rs. (272,544) (previous year Rs. 27,332).


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

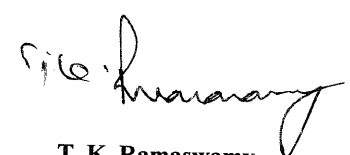

Sandip A. Parikh
Partner
Membership No.: 40727

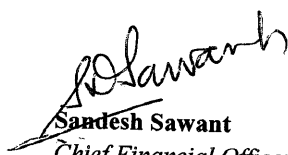


Mumbai
30 April 2018

For and on behalf of the Board of Directors


Rajesh Mendon
Director
DIN No.: 07627485


T. K. Ramaswamy
Director
DIN No.: 05158707


Sandesh Sawant
Chief Financial Officer
Mumbai
30 April 2018


Shradha V Shetty
Company Secretary