

**Independent Auditors' Report**

**To**

**The Members of Edelcap Securities Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Edelcap Securities Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2015, 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 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the

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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 2015, 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, 2015 ("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 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 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of section 164(2) of the Act;
  - f. 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

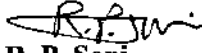


**NGS**  
**& CO. LLP**

CHARTERED  
ACCOUNTANTS

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



R. P. Soni

Partner

Membership No.: 104796



Place: Mumbai

Date: 14 May 2015

**Annexure to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Edelcap Securities Limited ('the Company') on the financial statements for the year ended 31 March 2015, 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 fixed assets have been physically verified by the management during the year as per the phased programme, designed to cover all the items 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.
- (ii) Based on our examination of documents and records, the Company does not own any inventory during the year. Therefore, the provisions of clause 3(ii)(a) to 3(ii)(c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
- (iii) As informed, 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, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. In our opinion and according to the information and explanations given to us, we have not observed any major weakness in the internal control system during the course of the audit.
- (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 of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, wealth 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 employees' state insurance, duty of excise and duty of custom.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth tax, service tax, sales tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

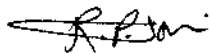


- (b) According to the information and explanation given to us, there are no dues of wealth tax, service tax, sales tax, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax on account of dispute,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

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	36,594,062	A.Y. 2011-12	CIT (A)

- (c) According to the information and explanation given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) In our opinion, the Company has no accumulated losses at the end of the financial year. The Company has incurred cash losses in the current financial year. However, in the immediately preceding financial year it has not incurred cash losses.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, the Company does not owe any dues to a financial institution, bank or debenture holders. Accordingly, the provisions of clause 3(ix) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, no term loan has been taken by the Company during the previous financial year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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



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



Place: Mumbai  
Date: 14 May 2015

# Edelcap Securities Limited

## Balance Sheet

(Currency: Indian Rupees)

	Note	As at 31 March 2015	As at 31 March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	478,000,000	3,000,000
Reserves and surplus	2.2	1,061,426,829	588,152,129
		<u>1,539,426,829</u>	<u>591,152,129</u>
<b>Non-current liabilities</b>			
Long-term provisions	2.3	1,010,209	425,220
<b>Current liabilities</b>			
Short-term borrowings	2.4	501,202,926	-
Trade payables		6,095,515	1,940,047
Other current liabilities	2.5	13,184,391	7,160,848
Short-term provisions	2.6	6,514,778	21,488,222
		<u>526,997,610</u>	<u>30,589,117</u>
<b>TOTAL</b>		<u><b>2,067,434,648</b></u>	<u><b>622,166,466</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	2.7	319,972	531,957
Non-current investments	2.8	1,393,722,320	456,565,612
Deferred tax assets	2.9	4,720,092	5,850,336
Long-term loans and advances	2.10	32,253,562	23,330,486
		<u>1,431,015,946</u>	<u>486,278,391</u>
<b>Current assets</b>			
Trade receivables	2.11	970,104	9,677,089
Cash and cash equivalents	2.12	4,721,923	7,606,538
Short-term loans and advances	2.13	627,032,612	9,254,000
Other current assets	2.14	3,694,063	109,350,448
		<u>636,418,702</u>	<u>135,888,075</u>
<b>TOTAL</b>		<u><b>2,067,434,648</b></u>	<u><b>622,166,466</b></u>

Significant accounting policies and notes to the financial statements

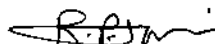
1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W



R. P. Soni

Partner

Membership No.: 104796

Mumbai

14 May 2015



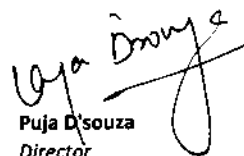
For and on behalf of the Board of Directors



Hemendra Damania

Director

DIN: 03010005



Puja D'souza

Director

DIN: 05136515



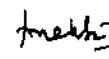
Naresh Biyani

Chief Financial Officer



Suraj Subraman

Company Secretary



Tarang Mehta

Manager

# Edelcap Securities Limited


## Statement of Profit and Loss

(Currency: Indian Rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Revenue from operations</b>			
Fee and commission income	2.15	17,878,790	83,431,280
Income from treasury operations	2.16	4,508,836	4,221,591
Interest income	2.17	27,668,171	15,204,512
Other income	2.18	2,820,054	35,123,137
<b>Total revenue</b>		<b>52,875,851</b>	<b>137,980,520</b>
<b>Expenses</b>			
Employee benefit expenses	2.19	18,563,669	8,159,128
Finance costs	2.20	9,957,080	2,828,048
Depreciation and amortisation expenses	2.7	236,595	212,382
Other expenses	2.21	24,547,642	17,380,894
<b>Total expenses</b>		<b>53,304,986</b>	<b>28,580,452</b>
<b>(Loss) / profit before tax</b>		<b>(429,135)</b>	<b>109,400,068</b>
<b>Tax expense:</b>			
Income tax (Includes adjustment of excess provisions for earlier years Rs. Nil (Previous year: Rs. 4,423,482) and short provision for earlier years Rs. 165,922 (Previous year: Rs. Nil))		165,922	36,402,305
Deferred tax		1,130,243	(1,510,446)
<b>(Loss) / profit for the year</b>		<b>(1,725,300)</b>	<b>74,508,209</b>
<b>Earnings per equity share:</b>			
Basic and diluted (Face value of Rs. 10 each)	2.24	(5.75)	248.36
Significant accounting policies and notes to the financial statements	1 & 2		

As per our report of even date attached.

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



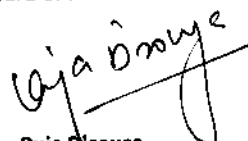
R. P. Soni  
Partner  
Membership No.: 104796  
Mumbai  
14 May 2015



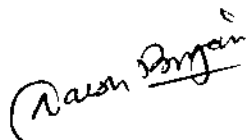
For and on behalf of the Board of Directors



Hemendra Damania  
Director  
DIN: 03010005



Puja D'souza  
Director  
DIN: 05136515



Naresh Biyani  
Chief Financial Officer



Suraj Subraman  
Company Secretary

  
Tarang Mehta  
Manager

# Edelcap Securities Limited

## Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>A Cash flow from operating activities</b>		
Profit before taxation	(429,135)	109,400,068
<i>Adjustments for</i>		
Depreciation	236,595	212,382
Provision for doubtful debts/bad debts written-off	(1,568,338)	7,195,664
Provision for diminution in value of investments	(1,160,000)	5,800,000
Compensated absences/deferred bonus	668,439	(180,239)
Profit on sale of investments	(4,508,836)	-
Dividend on investment	-	(4,221,591)
Excess provision written back	-	(35,000,000)
Interest income	(27,668,171)	(14,837,732)
Interest expense	9,925,654	2,555,884
<b>Operating cash flow before working capital changes</b>	<b>(24,503,792)</b>	<b>70,924,436</b>
<i>Adjustments for working capital changes</i>		
Decrease in trade receivables	10,275,324	113,431,234
Decrease in loans and advances	1,603,115	4,837,217
Decrease in other assets	-	2,435,921
Increase/(decrease) in liabilities and provisions	5,279,274	(34,279,961)
<b>Cash (used in) / generated from operations</b>	<b>(7,346,079)</b>	<b>157,348,847</b>
Income tax paid	(20,088,236)	(114,524,221)
<b>Net cash (used in) / generated from operating activities - A</b>	<b>(27,434,315)</b>	<b>42,824,626</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(24,610)	(12,533)
Purchase of investments	(955,930,372)	(149,504,000)
(Increase) / decrease in short term loans and advances (refer note 2)	(623,225,232)	184,200,000
Sale of investment	24,442,500	-
Dividend received	-	4,221,591
Interest received	23,975,525	14,836,315
Received from Ecap Equities Limited on account of demerger	109,464,831	(109,349,030)
<b>Net cash used in investing activities - B</b>	<b>(1,421,297,358)</b>	<b>(55,607,657)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital including securities premium	950,000,000	-
Proceeds from unsecured loans (refer note 2)	501,202,926	-
Interest paid	(5,355,868)	-
<b>Net cash generated from financing activities - C</b>	<b>1,445,847,058</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(2,884,615)</b>	<b>(12,783,031)</b>
Cash and cash equivalents as at the beginning of the year	7,606,538	20,389,569
Cash and cash equivalents as at the end of the year (refer note 1)	4,721,923	7,606,538
<b>Notes:</b>		
1 Cash and cash equivalents include the following: (refer note 2.12)		
Balances with scheduled banks:		
In current accounts	4,721,923	7,606,538
Total of cash and cash equivalents	4,721,923	7,606,538
2 Net figures have been reported on account of volume of transactions.		
3 Non-cash assets/liabilities transferred in demerger of Demerged Business have been excluded in the above statement		

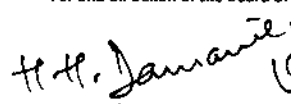
As per our report of even date attached.

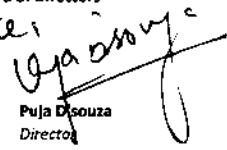
For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No.: 119850W

  
R. P. Soni  
Partner  
Membership No.: 104796  
Mumbai  
14 May 2015




For and on behalf of the Board of Directors

  
Hemendra Damania  
Director  
DIN: 03010005

  
Puja D'souza  
Director  
DIN: 05136515

  
Naresh Blyani  
Chief Financial Officer

  
Suraj Subraman  
Company Secretary

  
Tarang Mehta  
Manager



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015

### 1. *Significant accounting policies*

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

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

#### 1.2 *Use of estimates*

The preparation of the financial statements in conformity with the GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statement. Actual results could differ from the estimates. Any revision to accounting estimates is recognized 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 satisfies any of the following criteria:

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

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

All other assets are classified as non-current.

##### *Liabilities*

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

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

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 (Continued)

### 1. Significant accounting policies (continued)

#### 1.4 Revenue recognition

- Fee income including advisory fee is accounted for, on an accrual basis in accordance with the terms and conditions of contracts entered into between the Company and the counterparty.
- Brokerage income on securities broking business is recognized as per contracted rates at the execution of transactions on behalf of the customers.
- Income from treasury operations comprises of profit/ loss on sale of securities and profit/loss on equity/currency derivative instruments.
  - i) Profit/ loss on sale of securities are determined based on the weighted average cost of the securities sold.
  - ii) Realized profit/ loss on closed positions of derivative instruments are recognized on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
- Sale of commodity is recognized when all the significant risks and rewards have been passed to the buyer.
- Interest income is recognized on accrual basis.
- Dividend income is recognized when the right to receive payment is established.
- Profit/ loss earned on sale of investment is recognized on trade date basis. Profit/ loss on sale on investments is determined based on the weighted average cost of investments sold.

#### 1.5 Fixed assets and depreciation

##### *Tangible Assets*

Tangible fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

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 up to the date of disposal.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the estimated useful lives of the respective fixed assets which are as per the provisions of Part C of Schedule II of the Act for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 (Continued)

### 1. Significant accounting policies (continued)

#### 1.5 Fixed assets and depreciation (continued)

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

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

#### *Intangible fixed assets*

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

#### 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. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the 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 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share as prescribed under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding for the year.

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



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 (Continued)

### 1. Significant accounting policies (continued)

#### 1.8 Stock-in-trade

- The securities acquired with the intention of short-term holding and as trading positions are considered as stock-in-trade and disclosed as current assets.
- The securities held as stock-in-trade under current assets are valued at lower of weighted average cost or market value. In case of units of mutual funds, net asset value is considered as fair value.
- Stock-in-trade in the form of commodities is valued at cost or net realizable value, whichever is lower.
- Debt instruments are valued at cost or fair value whichever is lower. In case of debt instruments for which direct quotes are not available, they are valued at the lowest of the quotes as on valuation date as provided by market intermediaries.

#### 1.9 Investments

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term 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 or 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.

#### 1.10 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.



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 (Continued)

### 1. Significant accounting policies (continued)

#### 1.10 Provisions and contingencies (continued)

Contingent assets are not recognized 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 recognized in the period in which the change occurs.

#### 1.11 Employee benefits

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (Revised 2005), is set out below:

##### *Provident fund*

The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the statement of profit and loss.

##### *Gratuity*

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

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

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

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

##### *Compensated leave absences*

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to ceiling. The Company recognizes 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.



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 *(Continued)*

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

#### 1.11 *Employee benefits (continued)*

##### *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).

#### 1.12 *Foreign currency transactions*

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

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

Non-monetary assets and liabilities are carried at historical cost using exchange rates on the date of the transaction.

#### 1.13 *Taxation*

Income tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (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 credit 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 recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization 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 reasonably/virtually certain (as the case may be) to be realized.

##### *Minimum alternative tax (MAT) Credit*

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



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.1 Share capital</b>		
<b>Authorised:</b>		
25,00,000 (Previous year: 10,00,000) equity shares of Rs. 10 each	25,000,000	100,000,000
47,50,000 (Previous year: 40,00,000) preference shares of Rs. 10 each	475,000,000	400,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, subscribed and paid up:</b>		
300,000 (Previous year: 300,000) equity shares of Rs. 10 each	3,000,000	3,000,000
47,50,000 (Previous year: Nil) 7% Non-cumulative non-convertible redeemable preference shares of Rs. 10 each	475,000,000	-
	<u>478,000,000</u>	<u>3,000,000</u>

All the above, 300,000 equity shares of Rs. 10 each are held by ECap Equities Limited (Previous year: 300,000 equity shares of Rs. 10 each) and its nominees.

25,00,000 preference shares (Previous year: Nil) are held by Edelweiss Securities Limited and remaining 22,50,000 preference shares (Previous year: Nil) are held by Ecap Equities Limited.

**a. Movement in share capital:**

	No. of shares	No. of shares
<b>Reconciliation of number of equity shares outstanding:</b>		
Number of shares outstanding at the beginning of the year	300,000	300,000
Shares issued during the year	-	-
Number of shares outstanding at the end of the year	<u>300,000</u>	<u>300,000</u>
<b>Reconciliation of equity share capital:</b>	Amount	Amount
Share capital at the beginning of the year	3,000,000	3,000,000
Share capital issued during the year	-	-
Share capital at the end of the year	<u>3,000,000</u>	<u>3,000,000</u>
<b>Reconciliation of number of preference shares outstanding:</b>		
Number of shares outstanding at the beginning of the year	-	-
Shares issued during the year	47,50,000	-
Number of shares outstanding at the end of the year	<u>47,50,000</u>	<u>-</u>
<b>Reconciliation of preference share capital:</b>		
Share capital at the beginning of the year	-	-
Share capital issued during the year	475,000,000	-
Share capital at the end of the year	<u>475,000,000</u>	<u>-</u>

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

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

**Terms/rights attached to preference shares:**

The Preference Shares of Rs. 10 each were allotted on March 31, 2015 for cash at a premium of Rs.10 per share. The Preference Shares will be redeemed at the end of 10 years from the date of allotment. The Shares would be redeemed at Rs. 20 /- per share with an option to the Company to redeem the Shares at any time after a period of 3 months from the date of allotment.



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.2 Reserves and surplus</b>		
Securities premium account - Opening balance	-	10,000,000
Less: Adjustment for difference between value of assets over liabilities transferred to ECap Equities Limited on account of demerger of Demerged Business vide High Court order dated 22 April 2014	-	(10,000,000)
	<u>-</u>	<u>-</u>
Add: Additions during the year	-	-
Closing balance	<b>475,000,000</b>	-
	<u>475,000,000</u>	<u>-</u>
General reserve - Opening balance	-	25,500,000
Less: Adjustment for difference between value of assets over liabilities transferred to ECap Equities Limited on account of demerger of Demerged Business vide High Court order dated 22 April 2014	-	-
Closing balance	-	(25,500,000)
	<u>-</u>	<u>(25,500,000)</u>
Surplus in statement of profit and loss	<b>588,152,129</b>	640,453,990
Less: Adjustment for difference between value of assets over liabilities transferred to ECap Equities Limited on account of demerger of Demerged Business vide High Court order dated 22 April 2014	-	-
Add: (Loss) / profit for the year	-	(126,810,070)
Net surplus in statement of profit and loss	<b>(1,725,300)</b>	74,508,209
	<u>586,426,829</u>	<u>588,152,129</u>
<b>Total reserves and surplus</b>	<b>1,061,426,829</b>	<b>588,152,129</b>





# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.3 Long-term provisions</b>		
Provision for employee benefits		
Gratuity	911,209	388,081
Compensated leave absences	99,000	37,139
	<u>1,010,209</u>	<u>425,220</u>
<b>2.4 Short-term borrowings</b>		
<i>Unsecured</i>		
Loans from related parties (repayable on demand, at variable rate of interest)	501,202,926	-
	<u>501,202,926</u>	<u>-</u>
<b>2.5 Other current liabilities</b>		
Interest accrued and due on borrowings	4,785,877	-
Nomination deposits	200,000	-
Other payables		
Accrued salaries and benefits	7,004,890	2,707,721
Withholding tax, service tax and other taxes payable	1,003,257	1,682,270
Book overdraft	74,566	2,579,917
Others	-	189,000
Accrued Interest payable	-	1,940
Payable for the demerged business	115,801	-
	<u>13,184,391</u>	<u>7,160,848</u>
<b>2.6 Short-term provisions</b>		
Provision for employee benefits		
Gratuity	178,000	108,128
Compensated absences	25,000	11,422
Others		
Provision for taxation (Net of advance tax and tax deducted at source Rs. 439,859,558; Previous year: Rs. 424,850,893)	6,311,778	21,368,672
	<u>6,514,778</u>	<u>21,488,222</u>



## Edelcap Securities Limited

### Notes to the financial statements (continued)

(Currency: Indian Rupees)

#### 2.7 Fixed assets

Description of assets	Gross block		Depreciation		Net block			
	As at 1 April 2014	Additions during the year	Deductions / adjustments during the year	As at 31 March 2015	Charged for the year	Deductions during the year	As at 31 March 2015	As at 31 March 2014
<b>Tangible assets</b>								
Vehicles	761,167	-	-	761,167	135,908	-	276,099	412,007
Office equipments	25,725	18,920	-	44,645	18,446	-	22,384	21,910
Computers	228,099	5,690	-	233,789	82,241	-	21,489	98,040
<b>Total</b>	<b>1,014,991</b>	<b>24,610</b>	<b>-</b>	<b>1,039,601</b>	<b>236,595</b>	<b>-</b>	<b>319,972</b>	<b>531,957</b>
Previous year	6,510,871	12,533	5,508,413	1,014,991	212,382	20,122	531,957	



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.9 Deferred tax assets</b>		
<i>Tax effect of timing differences on account of:</i>		
Difference between book and tax depreciation	51,418	14,635
Provision for doubtful debts/ advances/ diminution on investment	4,293,792	5,650,533
Disallowances under section 43B of the Income Tax Act, 1961	374,882	185,168
	<u>4,720,092</u>	<u>5,850,336</u>
<b>2.10 Long-term loans and advances</b>		
<b>Unsecured, considered good</b>		
Security deposits		
Deposits placed with exchanges/ depositories	3,200,000	6,700,000
Other loans and advances		
Advance income tax (Net of provision for taxation Rs. 119,273,818; Previous year: Rs. 16,430,851)	29,053,562	16,630,486
	<u>32,253,562</u>	<u>23,330,486</u>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.11 Trade receivables</b>		
Debtors outstanding for a period exceeding six months <i>Unsecured, considered doubtful</i>	9,255,766	10,824,105
Less: Provision for doubtful debts	<u>9,255,766</u>	<u>10,824,105</u>
	-	-
Other debts <i>Unsecured, considered good</i>	970,104	9,677,089
Less: Provision for doubtful debts	<u>-</u>	<u>-</u>
	<u>970,104</u>	<u>9,677,089</u>
	<u>970,104</u>	<u>9,677,089</u>
<b>2.12 Cash and cash equivalents</b>		
Balances with banks - in current accounts	4,721,923	7,606,538
	<u>4,721,923</u>	<u>7,606,538</u>
<b>2.13 Short-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Loans to related parties	99,401,232	-
Loans and advances to others	523,824,000	-
Other loans and advances		
Deposits placed with/ for exchange/ depositories	3,500,000	-
Deposits- others	100,000	-
Prepaid expenses	149,000	10,879
Loans and advances to employees	27,989	606,025
Vendor advances	29,012	75,007
Cenvat and V.A.T assets	-	1,217,205
Advance tax and tax deducted at source (Net of provision for taxation Rs. Nil; Previous year: Rs. 108,515,059)	-	7,343,505
Advances recoverable in cash or in kind or for value to be received	1,379	1,379
	<u>627,032,612</u>	<u>9,254,000</u>
<b>2.14 Other current assets</b>		
Accrued interest on loans given	3,694,063	1,417
Receivable for the demerged business held in trust	-	109,349,031
	<u>3,694,063</u>	<u>109,350,448</u>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>2.15 Fee and commission income</b>		
Income from broking	274,299	3,602,571
Advisory and other fees	17,604,491	79,828,709
	<u>17,878,790</u>	<u>83,431,280</u>
<b>2.16 Income from treasury operations and investments</b>		
Profit on sale of long term investment	4,508,836	-
Dividend on long term Investment	-	4,221,591
	<u>4,508,836</u>	<u>4,221,591</u>
<b>2.17 Interest income</b>		
On loan to subsidiary companies	3,872,167	-
On fixed deposits	-	366,780
On others	23,796,004	14,837,732
	<u>27,668,171</u>	<u>15,204,512</u>
<b>2.18 Other income</b>		
Excess provision written back	2,728,338	35,000,000
Miscellaneous income	75,962	82,123
Interest income - others	15,754	41,014
	<u>2,820,054</u>	<u>35,123,137</u>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>2.19 Employee benefit expenses</b>		
Salaries and wages (refer note 2.30)	18,230,605	8,125,896
Contribution to provident and other funds	154,819	216
Staff welfare expenses	178,245	33,016
	<u>18,563,669</u>	<u>8,159,128</u>
<b>2.20 Finance costs</b>		
Interest on loan from holding company	71,311	-
Interest on loan from fellow subsidiaries	10,068,494	-
Interest on margin	-	191,219
Interest - others	(182,934)	2,637,293
Financial and bank charges	209	(464)
	<u>9,957,080</u>	<u>2,828,048</u>
<b>2.21 Other expenses</b>		
Advertisement and business promotion	25,780	104,755
Auditors' remuneration (refer note below)	367,500	322,500
Bad- debts written off	-	553,386
Commission and brokerage	17,574,795	2,486,284
Communication	407,187	307,336
Computer expenses	14,745	-
Clearing and custodian charges	67,205	-
Diminution in value of investments	-	5,800,000
Directors' sitting fees	25,000	-
Contribution towards CSR	50,000	-
Electricity charges (refer note 2.30)	303,524	44,655
Insurance	34,221	3,347
Legal and professional fees	507,205	113,182
Membership and subscription	106,747	123,516
Office expenses	3,050	641
Printing and stationery	9,367	451
Provision for doubtful debts	-	6,642,278
Rates and taxes	8,442	5,019
Rent (refer note 2.30)	2,670,886	451,876
ROC expenses	2,628	-
Service tax expenses	1,731,772	13,617
Stock exchange expenses	51,124	51,598
Travelling and conveyance	582,838	354,636
Miscellaneous expenses	2,626	1,817
	<u>24,547,642</u>	<u>17,380,894</u>
<b>Note:-</b>		
<b>Auditors' remuneration:</b>		
As auditor	345,000	322,500
Out of pocket expenses	22,500	-
	<u>367,500</u>	<u>322,500</u>



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015

(Currency: Indian Rupees)

### 2.22 Segment reporting

#### Business segment

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

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

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

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

#### 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:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>I Segment revenue</b>		
a) Capital based business	32,177,007	19,100,337
b) Agency business	20,698,844	118,880,183
Total	52,875,851	137,980,520
Less : Inter segment revenue		
<b>Total Income</b>	<b>52,875,851</b>	<b>137,980,520</b>
<b>II Segment results</b>		
a) Capital based business	7,360,794	11,891,129
b) Agency business	(8,003,668)	100,145,768
c) Unallocated	213,739	(2,636,829)
<b>Total</b>	<b>(429,135)</b>	<b>109,400,068</b>
<b>Profit before taxation</b>	<b>(429,135)</b>	<b>109,400,068</b>
Less : Provision for taxation	1,296,165	34,891,859
<b>Profit after taxation</b>	<b>(1,725,300)</b>	<b>74,508,209</b>
<b>Particulars</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>
<b>III Segment assets</b>		
a) Capital based business	2,020,641,615	566,073,588
b) Agency business	8,297,456	17,434,158
c) Unallocated	38,495,577	38,658,720
<b>Total</b>	<b>2,067,434,648</b>	<b>622,166,466</b>
<b>IV Segment liabilities</b>		
a) Capital based business	511,105,636	744,954
b) Agency business	9,312,582	4,638,523
c) Unallocated	7,589,600	25,630,860
<b>Total</b>	<b>528,007,818</b>	<b>31,014,337</b>
<b>V Capital expenditure (Including capital work-in-progress)</b>		
a) Capital based business	-	1,735
b) Agency business	24,610	10,798
<b>Total</b>	<b>24,610</b>	<b>12,533</b>
<b>VI Depreciation and amortisation</b>		
a) Capital based business	143,977	29,400
b) Agency business	92,618	182,982
<b>Total</b>	<b>236,595</b>	<b>212,382</b>
<b>VII Significant non-cash expenses other than depreciation and amortisation</b>		
a) Capital based business	484,664	25,414
b) Agency business	311,775	7,353,841
<b>Total</b>	<b>796,439</b>	<b>7,379,255</b>



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian Rupees)

### 2.23 Related Parties

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

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

Name of related parties by whom control is exercised	Edelweiss Financial Services Limited (Ultimate holding company) ECap Equities Limited (Holding company)
Name of related parties over whom control is exercised	Edelweiss Retail Finance Limited
Fellow Subsidiaries (with whom transactions have taken place)	Edelweiss Commodities Services Limited EFSL Commodities Limited Edel Commodities Trading Limited Edelweiss Securities Limited Edelweiss Web Services Limited Edelweiss Finance & Investments Limited
Associate (with whom transactions have taken place)	Arum Investments Private Limited
Key Management Personnel (with whom transactions have taken place)	Tarang Mehta

#### ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2015	Amount 31 March 2014
	<b>Capital Account Transactions during the year</b>			
1	Preference share capital (including securities premium) issued to	ECap Equities Limited	500,000,000	-
2	Investment in equity shares of	Edelweiss Retail Finance Limited	949,525,050	150,000,000
3	Short term loans taken from (refer note below)	Edelweiss Financial Services Limited Arum Investments Private Limited Edelweiss Commodities Services Limited EFSL Commodities Limited	101,202,926 500,000,000 27,000,000 500,000,000	- - - -
4	Short term loans repaid to (refer note below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited EFSL Commodities Limited	100,000,000 27,000,000 500,000,000	- - -
5	Short term loans given to (refer note below)	Edelweiss Commodities Services Limited Edel Commodities Trading Limited	323,951,083 560,000,000	- -





# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian Rupees)

### 2.23 Related Parties (continued)

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

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2015	Amount 31 March 2014
6	Short term loans repaid by (refer note below)	Edelweiss Commodities Services Limited	224,549,851	-
7	Nomination deposits given to	Edelweiss Retail Finance Limited	100,000	-
8	Nomination deposits received from	ECap Equities Limited	200,000	-
9	Margins placed by client (refer note below)	ECap Equities Limited	-	19,918,494
10	Margins withdrawn by client (refer note below)	ECap Equities Limited	-	19,918,494
<b>Current Account Transactions during the year</b>				
11	Brokerage earned from	Edelweiss Securities Limited	274,299	250,754
12	Interest income on loan to	Edelweiss Commodities Services Limited Edel Commodities Trading Limited	1,754,907 2,117,260	- -
13	Interest expense on loan from	Edelweiss Financial Services Limited Arum Investments Private Limited EFSL Commodities Limited	71,311 8,438,357 1,630,137	- - -
14	Interest expense on margin placed by	ECap Equities Limited	-	191,219
15	Reimbursements paid to	Edelweiss Financial Services Limited Edelweiss Securities Limited Edelweiss Commodities Services Limited Edelweiss Web Services Limited	21,986,550 3,500,000 2,990,350 5,400	119,651,152 - 528,336 -
16	Processing fees paid to	Edelweiss Web Services Limited	15,780	-
17	Remuneration paid to	Tarang Mehta	704,535	-



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian Rupees)

### 2.23 Related Parties (continued)

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

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2015	Amount 31 March 2014
	<b>Balances with Related Parties</b>			
18	Short term loans taken from	Edelweiss Financial Services Limited Arum Investments Private Limited	1,202,926 500,000,000	- -
19	Trade payables to	Edelweiss Securities Limited Edelweiss Financial Services Limited Edelweiss Web Services Limited ECap Equities Limited	3,582,600 198,618 16,153 361,000	562,262 - 4,043 -
20	Interest payable on loans taken from	Arum Investments Private Limited Edelweiss Financial Services Limited EFSL Commodities Limited	3,315,069 3,685 1,467,123	- - -
21	Nomination deposits payable to	ECap Equities Limited	200,000	-
22	Other payables to	ECap Equities Limited Edelweiss Finance & Investments Limited	115,801 -	1,940 189,000
23	Bonus and other dues payable to	Tarang Mehta	475,000	-
24	Investments in equity shares of	Edelweiss Retail Finance Limited	1,164,427,475	214,902,500
25	Trade receivables from	Edelweiss Securities Limited	257,269	23,649
26	Short term loans given to	Edelweiss Commodities Services Limited	99,401,232	-
27	Nomination deposits receivable from	Edelweiss Retail Finance Limited	100,000	-
28	Interest receivable on loans given to	Edelweiss Commodities Services Limited Edel Commodities Trading Limited	1,063,234 1,905,534	- -
29	Other receivables from	ECap Equities Limited	-	109,349,031

Note: Loan given/taken to/from related parties are disclosed based on the maximum incremental amount given/taken during the reporting period.



# Edelcap Securities Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian Rupees)

## 2.24 Earnings per share

In accordance with Accounting Standard 20 on Earnings per share as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:			
	Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
(a)	Profit after tax (as per statement of profit and loss)	(17,25,300)	74,508,209
	Less: dividend on preference share capital	-	-
	Net profit for the year attributable to equity shareholders	(17,25,300)	74,508,209
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each		
	Number of shares outstanding at the beginning of the year	300,000	300,000
	Number of Shares issued during the year	-	-
	Total number of equity shares outstanding at the end of the year	300,000	300,000
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	300,000	300,000
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	(5.75)	248.36

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

## 2.25 Foreign currency transactions

The Company did not have any earnings or expenditure in foreign currency during the current year (Previous year: Rs. Nil).

## 2.26 Capital commitments and contingent liabilities

- 1) The Company has no capital commitments as at the balance sheet date (Previous year: Rs. Nil).
- 2) The Company has received demand notice/s from tax authorities on account of disallowance of expenditure for earning exempt income under Section 14(2) of Income Tax Act, 1961, read with Rule 8D of Income Tax Rules, 1962, the Company has filed appeal/s and is defending its position. Due to lack of clarity on the legal position relating to application of Rule 8D, the outcome and quantification of the eventual tax liability on the Company, if any, at this stage cannot be estimated. The Company has been advised by its tax counsel that it has a good chance in sustaining its position.



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 (Continued)

(Currency: Indian Rupees)

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

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

Amount of Rs. 154,297 (Previous year: Rs. Nil) is recognised as expenses and included in "employee benefit" – Notes 2.19 in the statement of profit and loss.

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

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

#### Statement of profit and loss

Net employee benefit expenses (recognised in employee cost):

	For the year ended 31 March 2015	For the year ended 31 March 2014
Current service cost	185,000	87,000
Interest on defined benefit obligation	32,000	26,000
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognised in the year	-	-
Past service cost	-	-
Actuarial (gain)/loss	504,000	51,000
<b>Expense recognized in statement of profit and loss</b>	<b>721,000</b>	<b>164,000</b>

#### Balance sheet

Details of provision for gratuity

	For the year ended 31 March 2015	For the year ended 31 March 2014
Liability at the end of the year	1,089,209	496,209
Fair value of plan assets at the end of the year	-	-
Difference	-	-
Unrecognised past service cost	-	-
Unrecognised transition liability	-	-
<b>Amount in balance sheet</b>	<b>(1,089,209)</b>	<b>(496,209)</b>



# Edelcap Securities Limited

Notes to the financial statements for the year ended 31 March 2015 (Continued)

(Currency: Indian Rupees)

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

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

	For the year ended 31 March 2015	For the year ended 31 March 2014
Liability at the beginning of the year	496,209	521,225
Interest cost	32,000	25,984
Current service cost	185,000	87,000
Transfer in/(out)	(128,000)	(189,000)
Past service cost (non vested benefit)	-	-
Past service cost (vested benefit)	-	-
Benefits paid	-	-
Actuarial (gain)/loss	504,000	51,000
Liability at the end of the year	1,089,209	496,209

Non-current liability at the end of the year 911,209/-

Current liability at the end of the year 178,000/-

### Amount recognised in the balance sheet:

	For the year ended				
	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Liability at the end of the year	1,089,209	496,209	801,225	472,379	-
Fair value of plan assets at the end of year	-	-	-	-	-
Amount recognized in balance sheet	1,089,209	496,209	801,225	472,379	-

### Experience adjustment:

	For the year ended				
	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
On plan liabilities (gain)/loss	410,000	77,000	102,966	316,483	-
On plan assets (gain)/loss	-	-	-	-	-
Estimated contribution for next year	-	-	-	-	-



# Edelcap Securities Limited

## Notes to the financial statements for the year ended 31 March 2015 (Continued)

(Currency: Indian Rupees)

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

Principal actuarial assumptions at the balance sheet date:

	For the year ended 31 March 2015	For the year ended 31 March 2014
Discount rate	7.80%	8.70%
Salary escalation	7.00%	6.00%
Employee attrition rate range	13.00%-25.00%	13.00%-25.00%

### 2.30 Cost sharing

Fellow subsidiary Edelweiss Securities Limited (ESL) and Edelweiss Commodities Services Limited (ECSL), incurs expenditure like common senior management compensation cost, electricity and rent which is for the benefit of the Company. These costs so expended are reimbursed by the Company on the basis of time spent by employees of ESL for the Company, number of employees, and area occupied by employees of ECSL for the company, actual identifications etc. Accordingly, and as identified appropriately, the expenditure heads in notes 2.19 and 2.21 are gross of the reimbursement.

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

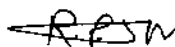
Trade Payables includes Rs. Nil (Previous year: Rs. Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said act.

As per our report even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

  
R. P. Soni

Partner

Membership No.: 104796

Mumbai

14 May 2015




For and on behalf of the Board of Directors

  
Hemendra Damania

Director

Director

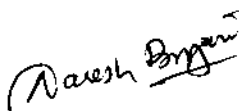
DIN: 03010005

  
Puja D'souza

Director

Director

DIN: 05136515

  
Naresh Biyani

Chief Financial Officer

Chief Financial Officer

  
Suraj Subraman

Company Secretary

Company Secretary

  
Tarang Mehta

Manager

Manager