

# **EC Commodity Limited**

Financial Statements

together with the Auditors' Report

for the year ended 31 March 2017

# **EC Commodity Limited**

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

(Currency: Indian rupees)

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**Independent Auditors' Report**

To  
The Members of EC Commodity Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of **EC Commodity Limited ("the Company")**, which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

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

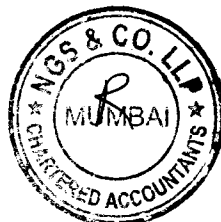


### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

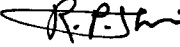
### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.;
  - e. on the basis of written representations received from the Directors as on 31 March 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of section 164(2) of the Act;
  - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company does not have any pending litigations which would impact its financial position;
    - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;



- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 – Refer Note 2.36.

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

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



Place: Mumbai  
Date: 15 May 2017

**Annexure A to the Auditors' Report**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own immovable properties, accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any activities conducted and services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, services tax, sales tax, value added tax, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, duty of excise and duty of custom.

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

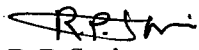


- (b) According to the information and explanation given to us, there are no dues of sales tax, service tax, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax on account of dispute, is as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,520	A.Y. 2013-14	CIT (A)
Income Tax Act, 1961	Income Tax	859,327	A.Y. 2014-15	CIT (A)

- (viii) The Company does not have any loans or borrowings from any financial institution, bank, government and debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, during the year, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

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



Place: Mumbai  
Date: 15 May 2017

**Annexure B to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **EC Commodity Limited ("the Company")** as of 31 March 2017 in conjunction with our audit of financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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





### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

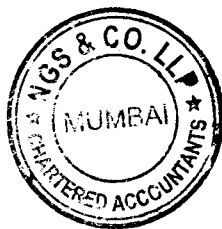
### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



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



Place: Mumbai  
Date: 15 May 2017

# EC Commodity Limited

## Balance Sheet

(Currency: Indian rupees)

	Note	As at 31 March 2017	As at 31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	300,000,000	300,000,000
Reserves and surplus	2.2	96,401,176	12,742,985
		<b>396,401,176</b>	<b>312,742,985</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	2.10	1,591,390	-
Long-term provisions	2.3	2,932,000	2,706,283
<b>Current liabilities</b>			
Short-term borrowings	2.4	80,999,025	193,128,201
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	2.34	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.5	940,167,981	1,765,839
Other current liabilities	2.6	194,746,347	28,321,139
Short-term provisions	2.7	36,638,612	1,706,695
<b>TOTAL</b>		<b>1,653,476,531</b>	<b>540,371,142</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	2.8	305,947	49,716
Intangible assets	2.8	690,716	138,064
Capital work-in-progress		-	840,000
Non-current investments	2.9	150,000,000	-
Deferred tax assets (net)	2.10	-	4,242,551
Long-term loans and advances	2.11	3,810,783	452,115
Other non-current assets	2.12	945,048	4,900,451
		<b>155,752,494</b>	<b>10,622,897</b>
<b>Current assets</b>			
Trade receivables	2.13	1,672,443	1,891,908
Cash and bank balances	2.14	1,074,695,574	2,403,750
Short-term loans and advances	2.15	12,659,267	12,351,849
Other current assets	2.16	408,696,753	513,100,738
		<b>1,497,724,037</b>	<b>529,748,245</b>
<b>TOTAL</b>		<b>1,653,476,531</b>	<b>540,371,142</b>

Significant accounting policies and notes to the financial statements.

1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm's Registration No.: 119850W

R. P. Soni

Partner

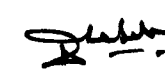
Membership No: 104796

Mumbai  
15 May 2017



For and on behalf of the Board of Directors

  
Nikhil Johari  
Director  
DIN 01960539



Ravindra Dhobale  
Director  
DIN 05147051

Mumbai  
15 May 2017

# EC Commodity Limited

## Statement of profit and loss

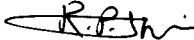
(Currency: Indian rupees)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Revenue from operations</b>			
Fee and commission income	2.17	11,625,839	10,452,984
Income from treasury operations	2.18	138,484,826	(12,140,870)
Sale of commodities		-	6,394,141,175
Other operating revenue	2.19	57,798,163	14,344,252
Other income	2.20	2,154,301	12,767
<b>Total revenue</b>		<b>210,063,129</b>	<b>6,406,810,308</b>
<b>Expenses</b>			
Purchases of commodities		-	6,279,969,117
Employee benefit expenses	2.21	45,190,289	11,074,796
Finance costs	2.22	16,620,868	83,046,152
Depreciation and amortisation	2.8	398,452	156,592
Other expenses	2.23	18,732,951	31,425,235
<b>Total expenses</b>		<b>80,942,560</b>	<b>6,405,671,892</b>
<b>Profit before tax</b>		<b>129,120,569</b>	<b>1,138,416</b>
<b>Tax expense:</b>			
Current tax (includes short provision of earlier year Rs. 7,834; Previous year - Rs. 1,645,914)		39,628,437	1,648,891
Minimum alternate tax credit entitlement		-	(2,977)
Deferred tax (benefit)/charge		5,833,941	(3,702,759)
<b>Profit for the year</b>		<b>83,658,191</b>	<b>3,195,261</b>
Earnings per equity share: (Face value of share Rs. 10) Basic and diluted	2.27	2.79	0.46

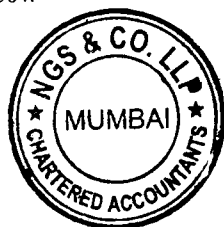
Significant accounting policies and notes to the financial statements 1 & 2

As per our report of even date attached.

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



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



Mumbai  
15 May 2017

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

  
**Nikhil Johari**  
Director  
DIN 01960539



**Ravindra Dhobale**  
Director  
DIN 05147051

Mumbai  
15 May 2017

# EC Commodity Limited

## Cash Flow Statement

(Currency: Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>A Cash flow from operating activities</b>		
Profit before taxation	129,120,569	1,138,416
Adjustments for:		
Depreciation and amortisation	398,452	156,592
Provision for gratuity and compensated leave absences	156,651	1,718,000
Loss on sale/ write-off of fixed assets	4,945	-
Interest income	(8,560,381)	(2,349,233)
Interest expense	7,121,976	84,046,213
<b>Operating cash flow before working capital changes</b>	<b>128,242,212</b>	<b>84,709,988</b>
Adjustments for working capital changes		
(Increase)/decrease in trade receivables, loans and advances and other assets	(859,711,842)	91,427,096
Decrease in stock in trade	-	51,282,630
Increase/(decrease) in liabilities and provisions	1,107,969,891	(307,213,908)
<b>Cash generated from / (used in) operations</b>	<b>376,500,261</b>	<b>(79,794,194)</b>
Less : Income taxes paid	5,628,556	1,640,304
<b>Net cash generated from / (used in) operating activities - A</b>	<b>370,871,705</b>	<b>(81,434,498)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(372,279)	(856,498)
Purchase of investment	(150,000,000)	-
Interest received	8,560,381	43,509,467
Repayment from unsecured loans given (net) (refer note 2)	-	253,302,770
<b>Net cash (used in) / generated from investing activities - B</b>	<b>(141,811,898)</b>	<b>295,955,739</b>
<b>C Cash flow from financing activities</b>		
Repayment of unsecured loans borrowed (net) (refer note 2)	(112,129,176)	(382,268,799)
Issue of equity share capital	-	290,425,000
Interest paid	(10,264,518)	(122,142,251)
<b>Net cash used in financing activities - C</b>	<b>(122,393,694)</b>	<b>(213,986,050)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>106,666,113</b>	<b>535,191</b>
Cash and cash equivalent as at the beginning of the year	2,379,461	1,844,270
Cash and cash equivalent as at the end of the year (refer note 2.14)	109,045,574	2,379,461

Notes:

- 1 Cash and cash equivalents include the following:  
Balances with scheduled banks in current accounts

109,045,574	2,379,461
109,045,574	2,379,461

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

As per our report of even date attached.

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

R. P. Soni  
Partner  
Membership No.: 104796



Mumbai  
15 May 2017

For and on behalf of the Board of Directors

Nikhil Jolkari  
Director  
DIN 01960539

Ravindra Dhobale  
Director  
DIN 05147051

Mumbai  
15 May 2017

# EC Commodity Limited

## Notes to the financial statements for the year ended 31 March 2017

(Currency: Indian rupees)

### 1. Significant accounting policies

#### 1.1 Basis of preparation of financial statements

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

#### 1.2 Use of estimates

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

#### 1.3 Current-non-current classification

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

##### *Assets*

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

##### *Liabilities*

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



# EC Commodity Limited

## Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian rupees)

### 1 Significant accounting policies (Continued)

#### 1.4 Revenue recognition

- Brokerage income is recognised as per contracted rates on execution of transactions on behalf of the customers on the trade date and is exclusive of service tax and net of related stock exchange expenses and sub-brokerage expenses.
- Income from treasury operations comprises of profit/loss on sale of securities, equity and currency derivative instruments.
  - a. Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold.
  - b. Realised profit/ loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
- Interest income is recognised on accrual basis.
- Commodities sales are accounted when all obligations connected with the transfer of risks and rewards to the buyer have been fulfilled after the price has been determined and collection of the receivable is reasonably certain.
- Dividend income is recognised when the right to receive payment is established.
- Fee income is accounted for on an accrual basis in accordance with the terms and conditions of contracts entered into between the Company and the counterparty.
- Profit/loss earned on sale of investment is recognised on trade date basis. Profit / loss on sale of investments are determined based on the weighted average cost of the investment sold.

#### 1.5 Fixed assets and depreciation

##### Tangible fixed assets and Capital work in progress

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises the cost of fixed assets that are not ready for its intended use at the reporting date.

Depreciation is provided on a written down value basis from the date the asset is ready for its intended 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:



# EC Commodity Limited

## Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

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

Class of asset	Useful life
Office Equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years

#### Intangible fixed assets

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

#### 1.7 Investments

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

Non-current investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.



# EC Commodity Limited

## Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.8 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 is calculated by estimating the amount of future benefit that the employees have earned in return for their services 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 independent actuarial valuation by an actuary using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

##### *Compensated leave Absences*

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





# EC Commodity Limited

## Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.9 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share”. Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

#### 1.10 Taxation

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

##### *Current tax*

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

##### *Deferred tax*

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

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

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



# EC Commodity Limited

## Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.11 Provisions and contingencies

The Company creates a provision when there is a 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.



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.1 Share capital</b>		
(a) <b>Authorised :</b>		
300,00,000 (Previous year: 30,000,000) equity shares of Rs. 10 each	300,000,000	300,000,000
(b) <b>Issued, subscribed and paid up:</b>		
30,000,000 (Previous year: 30,000,000) equity shares of Rs. 10 each	300,000,000	300,000,000
	300,000,000	300,000,000

(The entire paid up share capital is held by Edelweiss Financial Services Limited, the holding company and its nominees)

(c) **Movement in share capital during the year**

	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	30,000,000	300,000,000	957,500	9,575,000
Issued during the year	-	-	29,042,500	290,425,000
Outstanding at the end of the year	30,000,000	300,000,000	30,000,000	300,000,000

(d) **Shares held by holding / ultimate holding company and / or their subsidiaries / associates:**

	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Percentage Shareholding	Number of shares	Percentage Shareholding
Equity shares of Rs 10 each fully paid up				
Edelweiss Financial Services Limited, the holding company and its nominees	30,000,000	100%	30,000,000	100%

(e) **Details of shareholders holding more than 5% shares in the Company:**

	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Percentage Shareholding	Number of shares	Percentage Shareholding
Equity shares of Rs 10 each fully paid up				
Edelweiss Financial Services Limited, the holding company and its nominees	30,000,000	100%	30,000,000	100%

(f) **Terms/rights attached to equity shares:**

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

**2.2 Reserves and surplus**

Securities premium account	208,336,278	208,336,278
<b>Deficit in the statement of profit and loss</b>		
Opening balance	(195,593,293)	(198,788,554)
Add: profit for the year	83,658,191	3,195,261
Closing balance	(111,935,102)	(195,593,293)
	96,401,176	12,742,985



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.3 Long-term provisions</b>		
Provision for employee benefits		
Gratuity	2,553,000	2,423,283
Compensated leave absences	379,000	283,000
	<u>2,932,000</u>	<u>2,706,283</u>
<b>2.4 Short-term borrowings</b>		
Unsecured		
Loan from holding company	-	39,115,297
Loan from fellow subsidiary company	80,999,025	154,012,904
(Loans are repayable on demand at variable rates of interest ranging from 9.30% to 11.09% per annum (previous year 8.47% to 11.50%))		
	<u>80,999,025</u>	<u>193,128,201</u>
<b>2.5 Trade payables</b>		
Trade payables	940,167,981	1,765,839
(includes sundry creditors and provision for expenses)		
	<u>940,167,981</u>	<u>1,765,839</u>



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.6 Other current liabilities</b>		
Interest accrued and due on borrowings	53,620	3,196,162
Premium received on exchange traded options	160,041,977	13,459,285
Other payables		
Accrued salaries and benefits	25,396,787	6,130,000
Withholding taxes, service tax and other statutory dues	2,729,798	5,435,192
Payable towards exchange trade settlement	4,765,433	-
Book overdraft	228,345	-
Others	1,530,387	100,500
	<b>194,746,347</b>	<b>28,321,139</b>
<b>2.7 Short-term provisions</b>		
Provision for employee benefits		
Gratuity	432,651	513,717
Compensated leave absences	75,000	63,000
Others		
Provision for taxation	36,130,961	1,129,978
(net of advance tax and tax deducted at source)		
	<b>36,638,612</b>	<b>1,706,695</b>



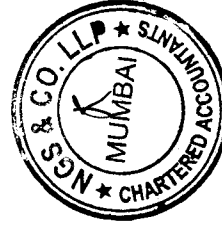
## EC Commodity Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees)

#### 2.8 Fixed assets

Description of assets	Gross block			Depreciation and amortisation			Net block		
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	Deductions during the year	As at 31 March 2017	As at 31 March 2016
<b>Tangible assets</b>									
Office equipments	68,860	-	-	68,860	43,888	11,596	-	55,484	13,376
Computers	334,555	369,961	104,484	600,032	309,811	97,190	99,540	307,461	24,744
<b>Total : A</b>	403,415	369,961	104,484	668,892	353,699	108,786	99,540	362,945	49,716
<b>Intangible assets</b>									
Computer software	258,427	842,318	-	1,100,745	120,363	289,666	-	410,029	138,064
<b>Total : B</b>	258,427	842,318	-	1,100,745	120,363	289,666	-	410,029	138,064
<b>Grand total (A+B)</b>	661,842	1,212,279	104,484	1,769,637	474,062	398,452	99,540	772,974	187,780
Previous year	645,344	16,498	-	661,842	317,470	156,592	-	474,062	187,780



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017			As at 31 March 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>2.9 Non-current investments</b>						
<b>Unquoted</b>						
<b>Investments in 0.01% Non-cumulative, Non-redeemable, Non-convertible preference shares of companies (fully paid up)</b>						
Edelweiss Global Wealth Management Limited	10	1,500,000	150,000,000	-	-	-
		<b>1,500,000</b>	<b>150,000,000</b>		<b>-</b>	<b>-</b>
Aggregate of quoted investment						
- At book value			150,000,000			-



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.10 Deferred tax</b>		
<b>Deferred tax assets</b>		
Tax effect of the timing differences on account of:		
Disallowances under section 43B of the Income Tax Act, 1961	1,190,394	1,014,447
Accumulated losses	-	2,618,079
Others	523,273	622,944
	<b>1,713,667</b>	<b>4,255,470</b>
<b>Deferred tax liabilities</b>		
Tax effect of the timing differences on account of:		
Difference between book and tax depreciation	131,130	12,919
Others	3,173,927	-
	<b>3,305,057</b>	<b>12,919</b>
<b>Deferred tax assets (net)</b>	<b>-</b>	<b>4,242,551</b>
<b>Deferred tax liabilities (net)</b>	<b>1,591,390</b>	<b>-</b>
<b>2.11 Long-term loans and advances</b>		
Security deposits		
Deposits placed with/ for exchange/ depositories	1,050,000	-
Other deposits	23,000	23,000
Other loans and advances		
Advance income taxes and tax deducted at source (Net of provision for taxation)	2,737,783	429,115
	<b>3,810,783</b>	<b>452,115</b>
<b>2.12 Other non-current assets</b>		
Accrued interest on fixed deposits	24,213	10,519
Long term deposit with banks held as security deposits [ Pledged with sales tax authorities for meeting deposit requirements Rs. 170,835; (Previous year Rs. 139,932)]	920,835	4,889,932
[Pledged with exchanges for meeting base capital requirements Rs. 750,000; (Previous year Rs. 4,750,000)]		
	<b>945,048</b>	<b>4,900,451</b>





# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.13 Trade receivables</b>		
Unsecured, considered good		
Other debts	1,672,443	1,891,908
	<b>1,672,443</b>	<b>1,891,908</b>
<b>2.14 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks in current accounts	109,045,574	2,379,461
Other bank balances		
Short term deposit with banks with maturity less than 12 months	965,650,000	24,289
[ Pledged with Exchanges for meeting base capital requirements Rs. 955,750,000 (Previous year Rs. Nil)]		
[ Pledged with sales tax authorities for meeting deposit requirements Rs. Nil (Previous year Rs. 24,289)]		
[ Pledged with Bank for meeting overdraft requirements Rs. 9,900,000 (Previous year Rs. Nil)]		
	<b>1,074,695,574</b>	<b>2,403,750</b>



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.15 Short-term loans and advances</b>		
Unsecured, considered good		
Other loans and advances		
Deposits placed with/ for exchange/ depositories	7,950,000	6,950,000
Advances to others	212,507	-
Deposits - others	15,000	15,000
Prepaid expenses	143,918	75,716
Loans and advances to employees	231,663	-
Vendor advances	628,882	1,148,593
Cenvat and VAT assets	1,841,806	1,752,483
Advance tax and tax deducted at source (net of provision for taxation)	392,514	1,700,080
MAT credit entitlement	2,977	2,977
Advances recoverable in cash or in kind or for value to be received	1,240,000	707,000
	<b>12,659,267</b>	<b>12,351,849</b>
<b>2.16 Other current assets</b>		
Accrued interest on fixed deposits	24,844,060	32,744
Accrued interest on margin	-	277,930
Receivable from exchange / clearing house (net)	12,017,250	56,243
Equity index/stock options premium account	1,398,667	11,292,284
Margin placed with broker	370,436,776	501,441,537
	<b>408,696,753</b>	<b>513,100,738</b>



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>2.17 Fee and commission income</b>		
Income from commodities broking	10,786,867	10,452,984
Advisory and other fees	838,972	-
	<b>11,625,839</b>	<b>10,452,984</b>
<b>2.18 Income from treasury operations</b>		
(Loss)/profit on trading of securities (net)	(852)	5,192,928
Profit on trading in equity derivative instruments (net)	84,297,744	55,974,687
Loss on trading in commodity derivative instruments (net)	(3,530,447)	(3,641,330)
Profit/(loss) on trading in currency derivative instruments (net)	15,734,474	(58,418,308)
Profit/(loss) on trading in interest rate derivative (net)	41,983,907	(11,438,847)
Dividend on stock in trade	-	190,000
	<b>138,484,826</b>	<b>(12,140,870)</b>
<b>2.19 Other operating revenue</b>		
Interest income on loan	8,560,381	2,349,233
Interest income on fixed deposits	45,507,403	455,254
Interest income on margin with brokers	3,730,379	11,539,765
	<b>57,798,163</b>	<b>14,344,252</b>
<b>2.20 Other income</b>		
Interest income - others	2,154,301	12,767
	<b>2,154,301</b>	<b>12,767</b>



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>2.21 Employee benefit expenses</b>		
Salaries and wages	44,469,331	10,673,359
Contribution to provident and other funds	411,019	157,086
Staff welfare expenses	309,939	244,351
	<b>45,190,289</b>	<b>11,074,796</b>
<b>2.22 Finance costs</b>		
Interest on loan from holding company	943,954	52,015,572
Interest on loan from fellow subsidiaries	6,178,022	32,030,641
Interest on margin	7,168,678	-
Interest - others	778	(1,002,339)
Financial and bank charges	216	2,278
Interest on shortfall of payment of advance tax	2,329,220	-
	<b>16,620,868</b>	<b>83,046,152</b>
<b>2.23 Other expenses</b>		
Advertisement and business promotion	9,668	-
Auditors' remuneration (refer note 2.26)	328,000	190,000
Communication	961,008	1,281,201
Computer expenses	183,314	65,426
Clearing and custodian charges	327,500	311,400
Dematerialisation charges	270,325	-
Electricity charges (refer note 2.35)	499,082	259,094
Insurance	12,861	8,245
Legal and professional fees	1,073,288	769,841
Loss on sale/ write-off of fixed assets (net)	4,945	-
Membership and subscription	1,574,700	285,000
Office expenses	9,500	-
Printing and stationery	6,460	9,935
Rates and taxes	44,028	123,313
Rent (refer note 2.35)	2,610,541	2,515,544
Repairs and maintenance - others	52,645	-
ROC expenses	2,300	2,100,000
Security transaction tax	5,439,960	20,469,767
Service tax expenses	1,582,896	2,311,320
Stamp duty	15,179	441,921
Stock exchange expenses	3,184,303	(103,393)
Transportation charges	1,000	1,000
Travelling and conveyance	321,585	308,871
Warehousing charges	200	24,000
Miscellaneous expenses	185,767	52,750
Commodity transaction tax	31,896	-
	<b>18,732,951</b>	<b>31,425,235</b>



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 2.24 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	Activities covered
Capital based business	Income from treasury operations, income from investments, interest income and dividend income
Agency business	Broking, advisory and product distribution 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:

Sr. No	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>I</b>	<b>Segment revenue</b>		
	a) Capital based business	149,999,457	6,389,425,190
	b) Agency business	57,926,427	17,385,118
	c) Unallocated	2,137,245	-
	Total	210,063,129	6,406,810,308
	Less : Inter segment revenue	-	-
	<b>Total income</b>	<b>210,063,129</b>	<b>6,406,810,308</b>
<b>II</b>	<b>Segment results</b>		
	a) Capital based business	95,229,035	(15,879,399)
	b) Agency business	34,083,509	17,017,815
	c) Unallocated	(191,975)	-
	Total	129,120,569	1,138,416
	<b>Profit before taxation</b>	<b>129,120,569</b>	<b>1,138,416</b>
	Less : Provision for taxation	45,462,378	(2,056,845)
	<b>Profit after taxation</b>	<b>83,658,191</b>	<b>3,195,261</b>



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 2.24 Segment reporting (Continued)

Sr. No	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>III</b>	<b>Segment assets</b>		
	a) Capital based business	526,956,536	379,866,047
	b) Agency business	1,123,386,721	154,130,372
	c) Unallocated	3,133,274	6,374,723
	<b>Total</b>	<b>1,653,467,531</b>	<b>540,371,142</b>
<b>IV</b>	<b>Segment liabilities</b>		
	a) Capital based business	266,384,780	226,467,215
	b) Agency business	950,238,426	30,964
	c) Unallocated	40,452,149	1,129,978
	<b>Total</b>	<b>1,257,075,355</b>	<b>227,628,157</b>
<b>V</b>	<b>Capital expenditure ( including capital work in progress)</b>		
	a) Capital based business	874,548	854,174
	b) Agency business	337,731	2,324
	c) Unallocated	-	-
	<b>Total</b>	<b>1,212,279</b>	<b>8,56,498</b>
<b>VI</b>	<b>Depreciation and amortisation</b>		
	a) Capital based business	287,447	156,167
	b) Agency business	111,005	425
	c) Unallocated	-	-
	<b>Total</b>	<b>398,452</b>	<b>156,592</b>
<b>VII</b>	<b>Significant non cash expenses Other than depreciation and amortisation</b>		
	a) Capital based business	320,598	1,713,338
	b) Agency business	123,808	4,662
	c) Unallocated	-	-
	<b>Total</b>	<b>444,406</b>	<b>1,718,000</b>



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

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

Sr. No	Particulars
<b>A.</b>	<b>Names of related parties by whom control is exercised</b>
	Edelweiss Financial Services Limited, Holding company
<b>B.</b>	<b>Fellow Subsidiaries with whom the Company has transactions</b>
	Edelcap Securities Limited
	Edelweiss Securities Limited
	Edelweiss Business Services Limited (Formerly Edelweiss Web Services Limited)
	ECap Equities Limited
	Edelweiss Global Wealth Management Limited
	Edel Investments Limited
	Edelweiss Commodities Services Limited
	Edel Commodities Trading Limited (till 17 November 2016)
	Edelweiss Broking Limited
	Edelweiss Custodial Services Limited
	Edelweiss Comtrade Limited



## EC Commodity Limited

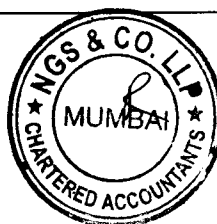
### Notes to the financial statements (Continued)

(Currency: Indian rupees)

#### 2.25 Related parties (Continued)

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

Nature of transaction	Related party name	2016-17	2015-16
<b>Current account transactions</b>			
Short term loans taken from (Refer note below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	- 325,453,486	65,574,297 4,896,412,904
Short term loans repaid to (Refer note below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	39,115,297 398,467,365	601,700,000 4,742,400,000
Short term loans given to (Refer note below)	Edelweiss Commodities Services Limited	286,926,005	-
Short term loans repaid by (Refer note below)	Edelweiss Commodities Services Limited	286,926,005	253,118,770
Margin placed with (Refer note below)	Edelweiss Securities Limited Edelweiss Commodities Services Limited Edelweiss Custodial Services Limited	203,675,368 - 353,570,427	1,151,585,053 498,581,209 -
Margin withdrawn from (Refer note below)	Edelweiss Securities Limited Edelweiss Commodities Services Limited Edelweiss Custodial Services Limited	549,224,675 140,430,468 -	796,375,974 955,292,322 -
Investments in preference shares of	Edelweiss Global Wealth Management Limited	150,000,000	-
Interest expense on loans from	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	943,954 6,178,022	52,015,572 32,030,641
Interest income on margin placed with	Edelweiss Securities Limited Edelweiss Commodities Services Limited Edelweiss Custodial Services Limited	2,921,682 269,474 539,223	5,045,121 6,494,644 -
Interest income on loans from	Edelweiss Commodities Services Limited	4,653,964	2,349,233
Reimbursements paid to	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited Edelweiss Business Services Limited	5,591,597 1,226,889 -	9,258,966 2,500 306,294
Cost reimbursement to	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited Edelweiss Business Services Limited Edelweiss Broking Limited	390,056 4,762,337 13,524,853 395,095	79,291 2,822,367 - -
Cost reimbursement from	Edelweiss Financial Services Limited	3,001,545	-
Professional fees paid to	Edelweiss Business Services Limited	18,504	-
Processing fees paid to	Edelweiss Business Services Limited	8,620	13,520
Net amount incurred on settlement of forward contract	Edelweiss Global Wealth Management Limited	-	3,641,330
Purchase of commodities from	Edelweiss Commodities Services Limited	-	4,578,346,278
Sale of commodities to	Edel Commodities Trading Limited Edel Investments Limited	- -	1,760,085,901 4,634,055,274
Clearing expenses to	Edelweiss Securities Limited	327,500	301,400
Brokerage paid to	Edelweiss Securities Limited	55,798	-





## EC Commodity Limited

Notes to the financial statements (Continued)  
(Currency: Indian rupees)

### 2.25 Related parties (Continued)

(C) Transactions with related parties :

Nature of transaction	Related party name	2016-17	2015-16
<b>Balance with related parties as on 31 March 2017</b>			
Investment in preference shares in	Edelweiss Global Wealth Management Limited	150,000,000	-
Short term loans taken from	Edelweiss Commodities Services Limited	80,999,025	154,012,904
	Edelweiss Financial Services Limited	-	39,115,297
Trade payable to	Ecap Equities Limited	305,000	-
	Edelweiss Commodities Services Limited	-	49,877
	Edelcap Securities Limited	483,000	-
	Edelweiss Business Services Limited	28,482	14,129
Nomination deposit payable to	Edelweiss Financial Services Limited	-	100,000
Accrued interest expense on loans taken from	Edelweiss Financial Services Limited	-	1,488,292
	Edelweiss Commodities Services Limited	53,620	1,707,870
Trade receivables from	Edel Commodities Trading Limited	-	57,000
	Edelweiss Securities Limited	378,289	54,887,635
	Edelweiss Broking Limited	-	590,000
	Edelweiss Financial Services Limited	783,476	170,204
	Edelweiss Commodities Services Limited	1,240,000	-
	Edelweiss Custodial Services Limited	113,974	-
Accrued interest income on margin placed	Edelweiss Securities Limited	-	218,285
	Edelweiss Commodities Services Limited	-	59,645
Margin receivable from	Edelweiss Securities Limited	16,866,349	307,895,015
	Edelweiss Commodities Services Limited	-	140,430,468
	Edelweiss Custodial Services Limited	353,570,427	-
Payable towards exchange trades settlement	Edelweiss Comtrade Limited	317,584,563	-

**Note :**

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.

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



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 2.26 Auditors' remuneration:

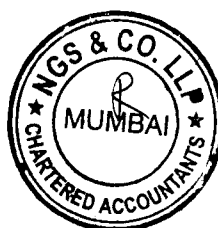
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Audit fees	328,000	190,000
<b>Total</b>	<b>328,000</b>	<b>190,000</b>

### 2.27 Earnings per share:

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

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(a) Profit after tax (as per statement of profit and loss)	83,658,191	3,195,261
(b) Calculation of weighted average number of equity Shares of Rs. 10 each		
Number of shares outstanding at the beginning of the year	30,000,000	957,500
Number of shares issued during the year	-	29,042,500
Total number of equity shares outstanding at the end of the year	30,000,000	30,000,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	30,000,000	6,910,000
(c) Basic and diluted earnings per share (in rupees) (a)/(b)	2.79	0.46

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



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 2.28 Details of purchases, sales and stock in trade:

#### A. Commodities

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Opening stock</b>		
Agri	-	-
Bullion	-	-
<b>Total</b>	-	-
<b>Purchases</b>		
Agri	-	-
Bullion	-	6,279,969,117
<b>Total</b>	-	6,279,969,117
<b>Sales</b>		
Agri	-	-
Bullion	-	6,394,141,175
<b>Total</b>	-	6,394,141,175
<b>Closing stock</b>		
Agri	-	-
Bullion	-	-
<b>Total</b>	-	-
<b>Profit on sale of commodities</b>	-	114,172,058

#### B. Securities (equity shares):

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Opening stock</b>	-	51,282,630
<b>Total</b>	-	51,282,630
<b>Purchase</b>	1,436,542	3,852,763
<b>Total</b>	1,436,542	3,852,763
<b>Sales</b>	1,435,690	60,328,321
<b>Total</b>	1,435,690	60,328,321
<b>Closing stock</b>	-	-
<b>Total</b>	-	-
<b>(Loss)/profit on sale of securities</b>	(852)	5,192,928



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

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

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

An amount of Rs. 411,019 (Previous year: Rs. 157,087) is recognised as expense and included in "Employee benefit expenses" – Note 2.21 in the statement of profit and loss.

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

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

#### Statement of profit and loss:

##### Net employee benefit expenses

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	320,500	355,000
Interest on defined benefit obligation	251,500	167,000
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(240,539)	279,000
<b>Total included in 'Employee benefit expenses'</b>	<b>331,461</b>	<b>801,000</b>

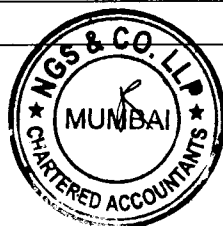
#### Balance Sheet:

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

Particulars	As at 31 March 2017	As at 31 March 2016
Liability at the beginning of the year	2,937,000	1,429,000
Interest cost	251,500	167,000
Current service cost	320,500	355,000
Benefit paid	(735,000)	-
Transfer in/(out)	452,190	707,000
Actuarial (gain)/loss on obligations:	(240,539)	279,000
<b>Liability at the end of the year</b>	<b>2,985,651</b>	<b>2,937,000</b>

#### Details of provision for gratuity

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Liability at the end of the year	2,985,651	2,937,000
Amount in Balance sheet	2,985,651	2,937,000



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

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

#### Details of provision for gratuity

	For the year ended 31 March 2017	For the year ended 31 March 2016
Non-current liability at the end of the year	2,553,000	2,423,283
Current liability at the end of the year	432,651	513,717

#### Amount recognised in the Balance sheet:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Liability at the end of the year	2,985,651	2,937,000	1,429,000	970,000	771,174
Fair value of plan assets at the end of the year	-	-	-	-	-
<b>Amount in Balance sheet – liability</b>	<b>2,985,651</b>	<b>2,937,000</b>	<b>1,429,000</b>	<b>970,000</b>	<b>771,174</b>

#### Experience adjustment:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
On plan liabilities: (gain)/loss	(343,000)	218,000	18,000	129,000	445,613
On plan assets: (gain)/loss	-	-	-	-	-
<b>Estimated contribution for the next year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Discount rate	6.8%	7.4%
Salary escalation	7%	7%
Employee attrition rate	13% - 25%	13% - 25%

### 2.30 Capital commitment

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

### 2.31 Contingent liability

The Company has pending taxation matters of Rs. 453,185/- as at the balance sheet date. (Previous year Rs. 1,520)

### 2.32 Earnings and expenditure in foreign currency

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



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 2.33 Open interest in currency futures as at 31 March 2017:

Sr. No	Name of currency future	No. of contracts	Number of units involved
1	Short position – USD	844	844,000
2	Long position – USD	1,397	1,397,000

Open interest in currency futures as at 31 March 2016:

Sr. No	Name of currency future	No. of contracts	Number of units involved
1	Short position – USD	2,500	2,500,000
2	Short position – USD	12,312	12,312,000
3	Short position – USD	8,500	8,500,000
4	Long position – IRC	9,000	18,000,000

### Open interest in equity index/stock futures as at 31 March 2017:

Long position

Sr. No	Name of currency future	No. of contracts	Number of units involved
1	Long position - NIFTY	726	54,450

Open interest in equity index/stock futures as at 31 March 2016:

Short position

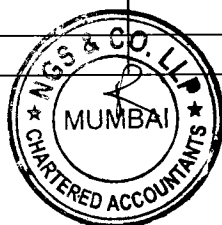
Sr. No	Name of currency future	No. of contracts	Number of units involved
1	Short position - Stock	614	2,160,900

Long position

Sr. No	Name of currency future	No. of contracts	Number of units involved
1	Long position - NIFTY	698	52,350
2	Long position - BANK NIFTY	86	2580
3	Long position - Stock	1,549	2,710,550

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

Sr. No	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
1	Premium paid	1,398,667	11,292,284
2	Premium received	(160,041,977)	(13,459,285)
	<b>Total premium carried forward</b>	<b>(158,643,310)</b>	<b>(2,167,001)</b>



# EC Commodity Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

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

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

### 2.35 Cost sharing:

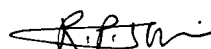
Edelweiss Broking Limited, Edelweiss Commodities Services Limited, the fellow subsidiary company, incurs expenditure like electricity and rent which are for the benefit of the Company. These costs so expended are reimbursed by the Company on the basis of area occupied. Accordingly, the expenditure heads in note 2.23 are gross of the reimbursements.

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

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

As per out report of even date attached

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



R. P. Soni  
Partner  
Membership No.: 104796

Mumbai  
15 May 2017

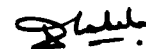


For and on behalf of the Board of Directors



Nikhil Johari  
Director  
DIN 01960539

Mumbai  
15 May 2017



Ravindra Dhobale  
Director  
DIN 05147051