

Edelweiss Broking Limited

**Financial Statements
together with Auditors' Report
for the year ended 31 March 2015**

Edelweiss Broking Limited

Financial statements together with Auditors' Report *for the year ended 31 March 2015*

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To
The Members of Edelweiss Broking Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Edelweiss Broking Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 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 accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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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 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, 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 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.

3. In our opinion, proper books of account and records as specified in Rule 15 of the Securities Contract (Regulation) Rules, 1957 have been kept by the Company in so far as it appears from the examination of such books.
4. The Company has complied with the requirements of BSE Limited ('BSEL'), the National Stock Exchange of India Limited ('NSEIL') and MCX Stock Exchange Limited ('MCX SX') in so far as they relate to maintenance of accounts and to the best of our knowledge and belief, was regular in submitting the required accounting information to the respective stock exchanges.
5. The Company has complied with the requirements of the derivatives segment of the BSE and NSEIL in so far as they relate to maintenance of accounts and to the best of our knowledge and belief, was regular in submitting the required accounting information to the derivatives segment of the exchange.

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



R. P. Soni
Partner
Membership No.:104796

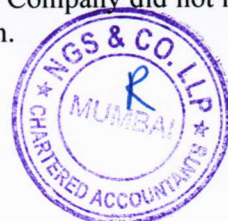


Place: Mumbai
Date: 14 May 2015

Annexure to the Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of Edelweiss Broking Limited ('the Company') on the financial statements for the year ended 31 March 2015, we report that:

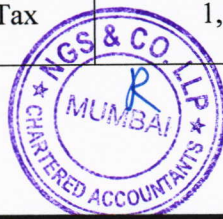
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) As explained to us, the fixed assets have been physically verified by the management during the year as per the phased programme, designed to cover all the 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) (a) 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.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records in respect of inventories. No material discrepancies have been noticed on physical verification of stock in trade.
- (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 of securities and fixed assets and for the sale of securities and services. 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, employees' state insurance, income-tax, wealth tax, service 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 sales tax, 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 and cess were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable except in case of value added tax, professional tax and works contract tax which are outstanding for more than six months as at 31 March 2015, due to registration formalities in progress with respective statutory authorities, as mentioned in note no. 2.35 to financial statement.

- (b) According to the information and explanation given to us, there are no dues of income-tax, wealth 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 and service tax on account of dispute, are as follows:

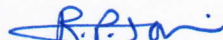
Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,405,961	A.Y.2008-09	ITAT
Income Tax Act, 1961	Income Tax	15,85,408	A.Y.2009-10	CIT (A)
Finance Act, 1994	Service Tax	41,37,777*	April 2001 to March 2004	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	2,54,23,334	April 2003 to March 2007	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	34,98,371	April 2004 to March 2005	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	4,17,379*	April 2004 to September 2006	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	46,35,773*	April 2004 to March 2006	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	1,12,29,873*	April 2004 to March 2008	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	1,83,980*	October 2006 to September 2007	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	29,99,557	October 2007 to March 2008	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	20,50,693	April 2007 to September 2007	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	63,20,180	April 2007 to September 2007	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	95,21,656	October 2007 to March 2008	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	5,62,973	April 2008 upto 15th May 2008	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	14,91,534	April 2008 to March 2009	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	41,54,480	April 2008 to March 2010	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	13,33,487	April 2010 to March 2011	CESTAT - Ahmedabad
Finance Act, 1994	Service Tax	1,05,363	April 2011 to March 2012	CESTAT - Ahmedabad



* net of amounts paid under protest.

- (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 accumulated losses at the end of the financial year are less than fifty percent of its net worth. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (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

Edelweiss Broking Limited

Balance sheet

(Currency: Indian rupees)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	67,720,000	67,720,000
Reserves and surplus	2.2	1,133,777,634	2,034,216,299
		<u>1,201,497,634</u>	<u>2,101,936,299</u>
Non-current liabilities			
Long-term provisions	2.3	2,486,000	5,057,000
Current liabilities			
Short-term borrowings	2.4	2,195,670,819	417,500,050
Trade payables	2.5	2,141,463,745	1,133,978,472
Other current liabilities	2.6	329,262,500	103,238,904
Short-term provisions	2.7	35,683,541	479,000
TOTAL		<u>5,906,064,239</u>	<u>3,762,189,725</u>
ASSETS			
Non-current assets			
Fixed assets	2.8		
Tangible assets		286,750,827	255,935,294
Intangible assets		13,717,225	6,275,068
Capital work-in-progress		22,926,724	6,448,182
Non-current investments	2.9	341,152,005	1,661,302,055
Deferred tax assets (net)	2.10	96,962,956	56,770,569
Long-term loans and advances	2.11	231,665,483	61,419,461
Other non-current assets	2.12	6,000,000	-
		<u>999,175,220</u>	<u>2,048,150,629</u>
Current assets			
Inventories	2.13	112,691	8,437
Trade receivables	2.14	1,159,342,475	235,424,347
Cash and bank balances	2.15	2,099,549,101	410,276,899
Short-term loans and advances	2.16	77,385,991	23,970,987
Other current assets	2.17	1,570,498,761	1,044,358,426
		<u>4,906,889,019</u>	<u>1,714,039,096</u>
TOTAL		<u>5,906,064,239</u>	<u>3,762,189,725</u>

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

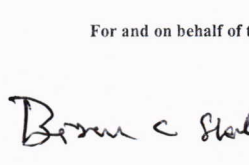
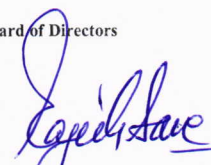
For NGS & Co. LLP
Chartered Accountants
Firm Registration No.: 119850W



R. P. Soni
Partner
Membership No.: 104796




For and on behalf of the Board of Directors

Biren Shah
Director
DIN : 01258542

Rajesh Save
Director
DIN : 02602353


Brijmohan Bohra
Company Secretary

Mumbai
14 May 2015

Mumbai
14 May 2015

Edelweiss Broking Limited

Statement of profit and loss

(Currency: Indian rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operations			
Fee and commission income	2.18	1,202,125,437	503,319,583
Income from treasury operations	2.19	52,542,106	(2,181,139)
Interest income	2.20	34,361,156	11,043,622
Other operating revenue	2.21	118,366,859	39,677,877
Other income	2.22	15,738,284	17,189,780
Total revenue		1,423,133,842	569,049,723
Expenses			
Employee benefit expenses	2.23	727,026,805	316,359,018
Finance costs	2.24	129,948,209	37,334,550
Depreciation and amortisation expenses	2.8	52,982,433	25,608,611
Other expenses	2.25	435,216,961	194,392,508
Total expenses		1,345,174,408	573,694,687
Profit/ (loss) before tax		77,959,434	(4,644,964)
Tax expense:			
Income tax		17,890,549	-
Deferred tax benefit		(1,780,166)	219,255
Profit/ (loss) for the year		61,849,051	(4,864,219)
Earnings per equity share:			
Basic and diluted (face value Rs.10 each)	2.28	12.67	(1.00)

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

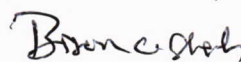
For NGS & Co. LLP
Chartered Accountants
Firm Registration No.: 119850W



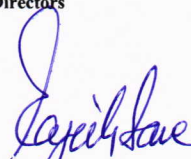
R. P. Soni
Partner
Membership No.: 104796



For and on behalf of the Board of Directors



Biren Shah
Director
DIN : 01258542



Rajesh Save
Director
DIN : 02602353



Brijmohan Bohra
Company Secretary

Mumbai
14 May 2015

Mumbai
14 May 2015

Edelweiss Broking Limited

Cash flow statement

(Currency: Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
Profit / (loss) before taxation	77,959,434	(4,644,964)
Adjustments for:		
Depreciation and amortisation	52,982,433	25,608,611
Provision for doubtful debts	35,306,537	34,524,596
Deferred bonus written back	-	(2,000,000)
(Loss)/ profit on sale/ write-off of fixed assets (net)	(5,465)	2,841,440
Compensated absences	1,037,000	468,000
Rental income	(2,163,759)	(6,790,258)
Interest income	(34,361,156)	(10,985,807)
Interest expense	129,350,305	36,992,807
Operating cash flow before working capital changes	260,105,329	76,014,425
Add / (less): Adjustments for working capital changes		
Decrease/ (increase) in trade receivables, loans and advances, other current assets	23,190,549	(213,113,994)
Increase in fixed deposits	(263,119,814)	(41,431,795)
(Increase)/ decrease in inventory	(104,254)	15,721
Increase in liabilities and provisions	21,153,123	227,888,322
Cash generated from operations	41,224,933	49,372,679
Income tax paid	(32,597,938)	(4,323,346)
Net cash generated from operating activities - A	8,626,995	45,049,333
B Cash flow from investing activities		
Purchase of fixed assets	(66,426,742)	(19,446,417)
Sale of fixed assets	1,408,827	122,702
Rental income	2,163,759	6,790,258
Purchase of investment	(314,605,000)	(1,640,164,800)
Interest received	34,766,653	10,425,160
Net cash used in investing activities - B	(342,692,503)	(1,642,273,097)
C Cash flow from financing activities		
Proceeds from issue of share capital including securities premium	-	1,641,000,000
Proceeds from / (repayment of) short term borrowings (net) (refer note 2)	1,603,844,207	(120,271,262)
Interest paid	(124,041,191)	(36,324,145)
Net cash generated from financing activities - C	1,479,803,016	1,484,404,593
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,145,737,508	(112,819,170)
Cash and cash equivalents as at the beginning of the year	212,845,104	325,664,275
Add: Cash and cash equivalent acquired on merger of Edelweiss Financial Advisors Limited (EFAL') (refer note 2.38)	81,066,254	-
Cash and cash equivalents as at the end of the year (refer note 1)	1,439,648,868	212,845,104

Notes:

1 Cash and cash equivalents include the following:

Cash in hand	9,803	35,797
Balances with scheduled banks:		
In current accounts	439,639,065	212,809,307
In deposit accounts	1,000,000,000	-
Cash equivalents	1,439,648,868	212,845,104

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

As per our report of even date attached.


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


R. P. Soni

Partner
Membership No.: 104796



For and on behalf of the Board of Directors



Biren Shah
Director
DIN : 01258542



Rajesh Save
Director
DIN : 02602353



Brijmohan Bohra
Company Secretary

Mumbai
14 May 2015

Mumbai
14 May 2015

Edelweiss Broking Limited

Notes to the financial statements

for the year ended 31 March 2015

(Currency: Indian rupees)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

The preparation of the financial statements are in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on 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 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

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.
- Interest income is recognised on accrual basis.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

1. Significant accounting policies (Continued)

1.4 Revenue recognition (Continued)

- Fee income including advisory fees is accounted for on an accrual basis in accordance with the terms and conditions of contracts entered into between the Company and the counterparty.
- Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on equity derivative instruments.
 - i) Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold.
 - ii) Realised profit/loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, 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.
- Dividend income is recognised when the right to receive payment is established.
- Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- Rental incomes are recognised on accrual basis by reference to the agreements entered.

1.5 Fixed assets and depreciation

Tangible fixed assets

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

Depreciation is provided on a written down value basis from the date the asset is ready to use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

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

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

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

Intangible fixed assets

Intangibles such as software and MCX membership rights are amortised over a period of 3 years based on its estimated useful life.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

1. Significant accounting policies (Continued)

1.6 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of 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 recognised 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 Inventory

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

1.8 Investments

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

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

Current investment are carried at lower of cost and 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 fund, the net asset value of units declared by the mutual funds is considered as the fair value.

1.9 Employee benefits

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

Provident fund

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised 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 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.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

1. Significant accounting policies (Continued)

1.9 Employee benefits (Continued)

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

Benefits in respect of gratuity are funded with an Insurance Company approved by IRDA.

Actuarial gain and loss are recognised immediately in the statement of profit and loss.

Compensated absences

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement as per Accounting Standard 15 – Accounting for employee benefits based on a valuation by an independent actuary.

1.10 Taxation

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

Income tax

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

Deferred tax

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

Minimum alternative tax (MAT)

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

1.11 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share notified under section 133 of the Companies Act 2013, read together with 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 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 by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

1. Significant accounting policies (Continued)

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 the statement of profit and loss of the year.

1.13 Operating leases

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

1.14 Provisions and contingencies

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

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

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

1.15 Preliminary expenses

Preliminary expenses are charged off to the statement of profit and loss in the year in which they are incurred.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.1 Share capital

Authorised :

39,750,000 (previous year: 6,000,000) Equity Shares of Rs. 10 each
10,000,000 (previous year: 2,000,000) Preference Shares of Rs. 10 each

As at
31 March 2015

As at
31 March 2014

397,500,000	60,000,000
100,000,000	20,000,000
497,500,000	80,000,000
48,810,000	48,810,000
2,500,000	2,500,000
16,410,000	16,410,000
67,720,000	67,720,000

Issued, subscribed and paid up:

4,881,000 (previous year: 4,881,000) Equity Shares of Rs. 10 each
250,000 (previous year: 250,000) 7% Non-cumulative, Non-convertible, Redeemable Preference shares Rs. 10 each (refer point b below)
1,641,000 (previous year: 1,641,000) 11% Non-cumulative, Optionally Convertible Preference Shares Rs. 10 each (refer point b below)

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

a. Movement in share capital :

i) Equity shares

Reconciliation of number of shares outstanding :

Number of shares outstanding at the beginning of the year
Shares issued during the year
Number of shares at the end of the year

No. of shares	No. of shares
4,881,000	4,881,000
-	-
4,881,000	4,881,000

Reconciliation of share capital:

Share capital at the beginning of the year
Share capital issued during the year
Share capital at the end of the year

Amount	Amount
48,810,000	48,810,000
-	-
48,810,000	48,810,000

ii) Preference shares

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

Reconciliation of number of shares outstanding :

Number of shares outstanding at the beginning of the year
Shares issued during the year
Number of shares at the end of the year

No. of shares	No. of shares
250,000	250,000
-	-
250,000	250,000

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

Reconciliation of number of shares outstanding :

Number of shares outstanding at the beginning of the year
Shares issued during the year
Number of shares at the end of the year

No. of shares	No. of shares
1,641,000	-
-	1,641,000
1,641,000	1,641,000

Reconciliation of Preference share capital:

Share capital at the beginning of the year
Share capital issued during the year
Share capital at the end of the year

Amount	Amount
18,910,000	2,500,000
-	16,410,000
18,910,000	18,910,000



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

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

	As at 31 March 2015		As at 31 March 2014	
	No. of shares	% holding in the class	No. of shares	% holding in the class
7% Non-cumulative, Non-convertible and Redeemable Preference Shares				
Edelweiss Intergrated Commodity Management Limited	250,000	100.00%	-	-
Edelweiss Commodities Services Limited	-	-	250,000	100.00%
11% Non-cumulative Optionally Convertible Preference Shares				
Edelweiss Commodities Services Limited	667,000	40.65%	1,267,000	77.21%
ECL Finance Limited	600,000	36.56%	-	-
Edelweiss Finance & Investments Limited	374,000	22.79%	374,000	22.79%

c. Terms/rights attached to equity shares:

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

d. Terms of conversion/repayment

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

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

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

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

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

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

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



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.2 Reserves and surplus		
Securities premium account		
Opening balance	2,129,080,000	504,490,000
Add : Additions during the year	-	1,624,590,000
Less: Utilised during the year towards goodwill generated on account of merger (refer note 2.38)	936,046,470	-
	<u>1,193,033,530</u>	<u>2,129,080,000</u>
(Deficit) / surplus in Statement of profit and loss		
Opening balance	(94,863,701)	(89,999,482)
Add/ (less): Profit/ (loss) for the year	61,849,051	(4,864,219)
Less: Loss of EFAL for the period 1 October 2013 to 31 March 2014 (refer note 2.38)	(21,226,085)	-
Less: Adjustment on account of accumulated depreciation (refer note 2.8)	(5,015,161)	-
Net deficit in statement of profit and loss	<u>(59,255,896)</u>	<u>(94,863,701)</u>
	<u>1,133,777,634</u>	<u>2,034,216,299</u>
2.3 Long-term provisions		
Provision for employee benefits		
Gratuity	-	3,951,000
Compensated leave absences	2,486,000	1,106,000
	<u>2,486,000</u>	<u>5,057,000</u>
2.4 Short-term borrowings		
<i>Unsecured</i>		
Loans and advances from related parties (repayable on demand, at variable rate of interest)	2,195,670,819	417,500,050
	<u>2,195,670,819</u>	<u>417,500,050</u>
2.5 Trade payables		
Trade payables (includes sundry creditors, provision for expenses, customer payables)	2,141,463,745	1,133,978,472
	<u>2,141,463,745</u>	<u>1,133,978,472</u>



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.6 Other current liabilities		
Interest accrued and due on borrowings	6,987,759	1,357,620
Income received in advance	432,571	-
Other payables		
Accrued salaries and benefits	212,537,321	57,435,038
Payable to exchange / clearing house	24,016,335	-
Withholding tax, service tax and other statutory dues payable	18,729,098	9,942,768
Advances from customers	21,963,051	20,009,686
Book overdraft	42,390,762	13,772,728
Retention money payable	182,469	138,501
Others	2,023,134	582,563
	<u>329,262,500</u>	<u>103,238,904</u>
2.7 Short-term provisions		
Provision for employee benefits		
Compensated absences	1,046,000	479,000
Others		
Provision for taxation (net of advance income taxes of Rs. 88,771,677 (Previous year Nil))	34,637,541	-
	<u>35,683,541</u>	<u>479,000</u>



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.8

Fixed assets

Description of assets	Gross block				Depreciation				Net block		
	As at 1 April 2014	Adjustment on account of amalgamation	Additions during the year	Deductions during the year	As at 31 March 2015	Adjustment on account of amalgamation	Opening Reserve Adjustment	Additions during the year	Deductions during the year	As at 31 March 2015	As at 31 March 2014
A) Tangible assets											
Building	262,532,930	-	-	-	262,532,930	31,552,728	-	11,549,010	-	43,101,738	219,431,192
Leasehold improvements	9,780,591	56,475,765	4,805,427	2,653,090	68,408,693	5,888,054	47,995,825	5,771,300	2,583,785	57,071,394	11,337,299
Furniture and fittings	1,582,017	6,842,072	3,933,193	163,280	12,194,002	1,056,667	5,602,400	1,164,680	138,936	7,731,020	4,462,982
Vehicles	8,243,512	4,777,854	2,716,732	2,161,558	13,576,540	3,302,473	3,080,770	4,054	1,003,236	7,382,375	6,194,165
Office equipment	8,493,009	27,901,154	10,906,024	1,119,908	46,180,279	2,570,699	17,192,788	5,103,368	979,181	33,802,343	12,377,936
Computers	23,907,911	51,529,670	34,661,710	2,105,534	107,993,757	14,234,055	45,595,982	2,270,187	2,094,869	75,046,504	32,947,253
Total : A	314,539,970	147,526,515	57,023,086	8,203,370	510,886,201	58,604,676	119,467,765	7,423,818	45,439,122	224,135,374	286,750,827
B) Intangible assets											
Computer software	10,088,057	121,017,101	12,159,473	-	143,264,631	4,296,094	118,674,210	-	6,876,644	129,846,948	13,417,683
MCX Membership Card	1,000,000	1,000,000	-	-	2,000,000	516,895	516,896	-	666,667	1,700,458	299,542
Total : B	11,088,057	122,017,101	12,159,473	-	145,264,631	4,812,989	119,191,106	-	7,543,311	131,547,406	13,717,225
Grand total [A+B]	325,628,027	269,543,616	69,182,559	8,203,370	656,150,832	63,417,665	238,658,871	7,423,818	52,982,433	355,682,780	300,468,053
Previous year	319,547,753	-	14,680,563	8,600,289	325,628,027	43,445,201	-	-	25,608,611	63,417,665	262,210,362

Note: As per the requirement of the Companies Act, 2013, the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the statement of profit and loss of the Company, the depreciation charge for the year ended 31 March 2015 is higher by Rs. 13,600,471 and an amount of Rs. 7,423,818 (net of Deferred tax amounting to Rs. 5,015,161) has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life has expired as at 1 April 2014.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2015			As at 31 March 2014		
2.9 Non-current investments - at cost						
I. Others (unquoted)	<i>Face Value</i>	<i>Quantity</i>	<i>Amount</i>	<i>Face Value</i>	<i>Quantity</i>	<i>Amount</i>
A. Investments in equity instruments of subsidiary companies						
Edelweiss Web Services Limited	10	4,227,451	21,137,255	10	4,227,451	21,137,255
Auris Corporate Centre Limited	10	16,460,500	164,605,000	-	-	-
Edel Finance Company Limited	100	40,000	5,409,750	-	-	-
Edelweiss Financial Advisors Limited (refer note 2.38)	-	-	-	10	6,064,400	1,640,164,800
Subtotal (A)			<u>191,152,005</u>			<u>1,661,302,055</u>
B. Investments in preference shares of subsidiary companies						
Edelweiss Web Services Limited	10	3,000,000	150,000,000	-	-	-
Subtotal (B)			<u>150,000,000</u>			<u>-</u>
Total (A+B)			<u>341,152,005</u>			<u>1,661,302,055</u>



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.10 Deferred tax assets (net)		
Deferred tax assets		
Difference between book and tax written down value	7,928,797	-
Provision for doubtful debts/advances	63,185,663	40,645,878
Disallowances under section 43B of the Income Tax Act, 1961	1,167,785	1,829,670
Accumulated losses	24,680,711	24,944,683
	<u>96,962,956</u>	<u>67,420,231</u>
Deferred tax liabilities		
Difference between book and tax written down value	-	10,649,662
	-	<u>10,649,662</u>
	<u>96,962,956</u>	<u>56,770,569</u>
2.11 Long-term loans and advances		
<u>Unsecured, considered good</u>		
Rental deposits	39,296,956	17,519,920
Deposits placed with/ for exchange/ depositories	45,517,174	22,000,000
Other deposits	5,005,377	1,124,066
Other loans and advances		
Prepaid expenses	312,493	-
Advance income taxes	127,939,444	8,307,231
(net of provision for taxation Rs.189,460,158 (Previous year: Rs. 28,556,083))		
MAT credit entitlement	13,594,039	12,468,244
	<u>231,665,483</u>	<u>61,419,461</u>
2.12 Other non-current assets		
Long term deposits with banks	6,000,000	-
(held as margin money or security against borrowings, guarantees)		
	<u>6,000,000</u>	<u>-</u>



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.13 Inventories

	As at 31 March 2015	As at 31 March 2014
Equity shares (quoted)	112,691	8,437
	<u>112,691</u>	<u>8,437</u>
Aggregate of quoted stock in trade in equity shares		
- At book value	112,691	8,437
- At market value	128,236	8,538

Details of inventories

Securities	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Equity shares (quoted)						
ABB Limited	2	1	612	2	1	612
DCB Bank Limited	10	200	16,560	-	-	-
California Software Co. Limited	10	2	10	10	2	10
State Bank of India Limited	1	40	7,815	10	4	7,815
Lanco Infratech Limited	1	3,015	16,431	-	-	-
Ruchi Soya Industries Limited	2	1,000	38,450	-	-	-
GVK Power & Infrastructure Limited	1	750	7,163	-	-	-
Jyoti Structures Limited	2	1,000	25,650	-	-	-
			<u>112,691</u>			<u>8,437</u>



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.14 Trade receivables		
Debtors outstanding for a period exceeding six months		
Secured, considered good	7,180,970	-
Unsecured, considered doubtful	143,905,675	111,380,130
	151,086,645	111,380,130
Less: Provision for doubtful debts	143,905,675	111,380,130
	7,180,970	-
Other debts		
Secured, considered good	1,145,089,273	-
Unsecured, considered good	7,072,232	235,424,347
Unsecured, considered doubtful	47,201,192	13,896,115
	1,199,362,697	249,320,462
Less: Provision for doubtful debts	47,201,192	13,896,115
	1,152,161,505	235,424,347
	1,159,342,475	235,424,347
2.15 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	9,803	35,797
Balances with banks		
- in Current accounts	439,639,065	212,809,307
- in fixed deposits with maturity less than 3 months (held as margin money or security against borrowings, guarantees)	1,000,000,000	-
Other bank balances		
- Short term deposits with banks (held as margin money or security against borrowings, guarantees)	539,900,233	197,431,795
- Other bank deposits	120,000,000	-
	2,099,549,101	410,276,899



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.16 Short-term loans and advances		
Other loans and advances		
Prepaid expenses	4,643,429	2,519,217
Loans and advances to employees	10,128,152	5,549,912
Vendor advances	28,189,472	7,445,983
Cenvat and VAT assets	24,325,646	4,273,881
Advance tax and tax deducted at source	7,792,737	4,129,424
(net of provision for taxation Rs.3,281,549 (Previous year: Rs.Nil))		
Advances recoverable in cash or in kind or for value to be received	2,306,555	52,570
	<u>77,385,991</u>	<u>23,970,987</u>
2.17 Other current assets		
Accrued interest on fixed deposits	5,274,766	2,709,217
Receivable from exchanges/ clearing houses	1,561,178,995	1,041,649,209
Gratuity	4,045,000	-
	<u>1,570,498,761</u>	<u>1,044,358,426</u>



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.18 Fee and commission income		
Income from broking	1,052,406,731	356,580,113
Advisory and other fees	149,718,706	146,739,470
	<u>1,202,125,437</u>	<u>503,319,583</u>
2.19 Income from treasury operations		
Profit/ (loss) on trading of securities (net)	55,046,637	(1,056,177)
Loss on trading in equity derivative instruments (net)	(2,504,531)	(1,124,962)
	<u>52,542,106</u>	<u>(2,181,139)</u>
2.20 Interest income		
On loan	3,801,459	57,815
On loan to subsidiary companies	2,702	-
On fixed deposits	29,945,028	10,687,576
On others	611,967	298,231
	<u>34,361,156</u>	<u>11,043,622</u>
2.21 Other operating revenue		
Delayed payment charges	116,203,100	32,887,619
Rental income	2,163,759	6,790,258
	<u>118,366,859</u>	<u>39,677,877</u>
2.22 Other income		
Miscellaneous income	15,738,284	17,189,780
	<u>15,738,284</u>	<u>17,189,780</u>



Edelweiss Broking Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.23 Employee benefit expenses		
Salaries and wages (refer note 2.36)	685,625,098	299,816,387
Contribution to provident and other funds	25,555,271	10,086,413
Staff welfare expenses	15,846,436	6,456,218
	<u>727,026,805</u>	<u>316,359,018</u>
2.24 Finance costs		
Interest on bank overdraft	-	18,528
Interest on loan from holding company	114,482,530	23,929,389
Interest on loan from fellow subsidiaries	14,492,079	13,044,890
Interest on margin	289,496	-
Interest - others	375,696	22,269
Financial and bank charges	308,408	319,474
	<u>129,948,209</u>	<u>37,334,550</u>
2.25 Other expenses		
Advertisement and business promotion	55,346,059	23,442,638
Auditors' remuneration (refer note 2.30)	550,000	282,500
Bad- debts and advances written off	163,587	-
Commission and brokerage	51,250	348,075
Communication	35,981,908	16,037,309
Computer expenses	4,931,003	2,037,964
Computer software	10,357,292	4,614,205
Clearing and custodian charges	220,000	-
Dematerialisation charges	10,570,998	3,652,528
Donation	-	625,000
Electricity charges (refer note 2.36)	29,392,000	12,100,067
Insurance	8,221,042	1,060,592
Legal and professional fees	21,993,668	7,516,916
(Loss)/ profit on sale/ write-off of fixed assets (net)	(5,465)	2,841,440
Membership and subscription	484,693	199,792
Office expenses	39,835,762	9,866,656
Postage and courier	7,205,759	1,756,254
Printing and stationery	13,608,827	4,464,709
Provision for doubtful debts	35,306,537	34,524,596
Rates and taxes	1,410,110	29,385
Rent (refer note 2.36)	73,163,933	24,767,665
Repairs and maintenance - others	8,423,164	2,779,551
ROC expenses	15,508	-
Seminar and conference	6,970,746	2,620,332
Service tax expenses	778,240	(4,233,846)
Site related expenses	30,400,066	18,150,000
Stamp duty	458,599	2,139,242
Stock exchange expenses	(892,831)	336,981
Travelling and conveyance	35,149,855	21,248,942
Wealth tax	35,000	-
Miscellaneous expenses	4,856,351	820,340
Operating losses	233,300	362,675
	<u>435,216,961</u>	<u>194,392,508</u>



Edelweiss Broking Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian rupees)

2.26 Segment reporting

Primary Segment (Business Segment)

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

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

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

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

Secondary Segment

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

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



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

2.26 Segment reporting (Continued)

Business segment

	Particulars	For the year ended 31 March 15	For the year ended 31 March 14
I	Segment revenue		
	Income from external customers		
	Agency business	1,423,133,842	644,477,780
	Capital based business	-	-
	Unallocated	-	-
	Total income	1,423,133,842	644,477,780
II	Segment result		
	Agency business	77,959,433	(4,644,964)
	Capital based business	-	-
	Unallocated	-	-
	Total	77,959,433	(4,644,964)
	Profit/ (loss) before taxation	77,959,433	(4,644,964)
	Less : Provision for taxation	16,110,382	219,255
	Profit/ (loss) after taxation	61,849,051	(4,864,219)
III	Segment assets		
	Agency business	5,564,912,232	2,100,887,670
	Capital based business	341,152,005	1,661,302,055
	Unallocated	-	-
	Total	5,906,064,237	3,762,189,725
IV	Segment liabilities		
	Agency business	4,704,566,602	1,660,253,426
	Capital based business	-	-
	Unallocated	-	-
	Total	4,704,566,602	1,660,253,426
V	Capital expenditure (including capital work-in-progress)		
	Agency business	92,109,283	21,128,745
	Capital based business	-	-
	Unallocated	-	-
	Total	92,109,283	21,128,745
VI	Depreciation and amortisation		
	Agency business	52,982,433	25,608,611
	Capital based business	-	-
	Unallocated	-	-
	Total	52,982,433	25,608,611
VII	Other non cash expenditure		
	Agency business	36,574,241	34,992,596
	Capital based business	-	-
	Unallocated	-	-
	Total	36,574,241	34,992,596



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

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

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

Edelweiss Financial Services Limited - Holding company

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

Edelweiss Web Services Limited

Edelweiss Financial Advisors Limited* (w.e.f. 30 September 2013)

Auris Corporate Centre Limited (w.e.f 4 December 2014)

Edel Finance Company Limited

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

Edelweiss Securities Limited

Edelweiss Commodities Services Limited

ECL Finance Limited

Edelweiss Finance & Investments Limited

Edelweiss Global Wealth Management Limited

Edelweiss Comtrade Limited

ECap Equities Limited

Edelweiss Tokio Life Insurance Company Limited

Edel Commodities Limited

Edelcap Securities Limited

Edelweiss Insurance Brokers Limited

Edelweiss Investment Adviser Limited

Edelweiss Financial Advisors Limited* (upto 29 September 2013)

*Pursuant to the Scheme of Arrangement (“the Scheme”) under Sections 391 to 394, read with Section 78 and 100 to 103 of the Companies Act, 1956 sanctioned by the Hon’ble High Court of Gujarat at Ahmedabad vide its order dated 17 November 2014 and subsequent rectification order dated 25 November 2014 (collectively “the Order”), Edelweiss Financial Advisors Limited (“Transferor Company”), a wholly owned subsidiary of the Company has been amalgamated with the Company with effect from 1 October 2013 (“the Appointed Date”). The scheme has come into effect from 9 December 2014 (“the Effective Date”). Accordingly, the financial statements of the Company for the year ended 31 March 2015 have been prepared taking into account the effect of the said Order.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

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

(D) Transactions with related party:

Nature of Transaction	Related Party Name	2015	2014
Capital account transactions during the year			
Preference share capital issued	Edelweiss Commodities Services Limited	-	12,670,000
	Edelweiss Finance & Investments Limited	-	3,740,000
Securities premium received	Edelweiss Commodities Services Limited	-	1,254,330,000
	Edelweiss Finance & Investments Limited	-	370,260,000
Short term loans taken from (refer note 1 below)	Edelweiss Financial Services Limited	3,566,704,774	937,192,487
	Edelweiss Commodities Services Limited	28,600,000	417,500,000
Short term loans repaid to	Edelweiss Financial Services Limited	1,466,360,566	1,073,563,749
	Edelweiss Commodities Services Limited	525,100,000	-
Short term loans given to (refer note 1 below)	Edelweiss Commodities Services Limited	-	12,000,000
Short term loans repaid by	Edelweiss Commodities Services Limited	-	12,000,000
Investment in Equity shares of	Auris Corporate Centre Limited	164,605,000	-
	Edelweiss Financial Advisors Limited	-	1,640,164,800
Margin placed by (refer note 1 below)	Edelweiss Web Services Limited	1,549	-
Margin withdrawn by	Edelcap Securities Limited	17,351,729	-
	Edelweiss Web Services Limited	537	-
Current account transactions during the year			
Advisory and other fees earned from			
Fee income received from	Edelweiss Securities Limited	32,870,360	121,582,143
	ECL Finance Limited	54,924,351	39,312,312
Interest income on loan to	Auris Corporate Centre Limited	2,702	-
	Edelweiss Commodities Services Limited	-	57,815
Other operating revenue from			
Rental income from	Edelweiss Commodities Services Limited	2,163,759	6,790,258



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

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

(D) Transactions with related party (Continued):

Nature of Transaction	Related Party Name	2015	2014
Cost reimbursement recovered from			
Shared staff cost recovered from	Edelweiss Comtrade Limited	-	4,900,000
	Edelweiss Financial Advisors Limited	-	2,450,000
Cost reimbursement paid to			
Shared staff cost paid to	Edelweiss Securities Limited	36,400,000	-
Interest expense on loan from	Edelweiss Financial Services Limited	114,482,530	23,929,389
	Edelweiss Commodities Services Limited	14,492,079	13,044,890
Interest expense on margin placed by	ECap Equities Limited	171,140	-
Advertisement expense paid to	Edelweiss Financial Services Limited	-	2,400,000
Clearing charges paid to	Edelweiss Securities Limited	220,000	-
Electricity expenses paid to	Edelweiss Commodities Services Limited	6,022,275	4,573,608
Insurance expenses paid to	Edelweiss Financial Services Limited	5,756,939	-
Processing fees paid to	Edelweiss Web Services Limited	1,043,770	151,700
Website related charges paid to	Edelweiss Web Services Limited	29,512,000	16,140,000
Rent income received from	Edel Commodities Limited	7,209	-
Rent paid to	Edelweiss Commodities Services Limited	3,011,515	-
Reimbursement paid to	Edelweiss Financial Services Limited	181,166,587	105,925,345
	Others	15,079,206	-
Balances with related parties			
Short term loans taken from	Edelweiss Financial Services Limited	2,194,670,819	50
	Edelweiss Commodities Services Limited	1,000,000	417,500,000
Trade payables to	Edelweiss Financial Services Limited	10,027,751	2,691,794
	Edelweiss Securities Limited	51,629,372	37,298
	Edelweiss Web Services Limited	32,767,918	16,676,184
	Others	17,343,230	283,721



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

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

(D) Transactions with related party (Continued):

Nature of Transaction	Related Party Name	2015	2014
Other current liabilities			
Accrued interest expense on loan taken from	Edelweiss Financial Services Limited	6,981,805	770,187
	Edelweiss Commodities Services Limited	5,954	587,433
Other payables to	Edelweiss Financial Services Limited	1,000,000	-
	Others	75,000	-
Investments in equity shares of	Auris Corporate Centre Limited	164,605,000	-
	Edelweiss Financial Advisors Limited#	-	1,640,164,800
	Edelweiss Web Services Limited	171,137,255	21,137,255
	Others	5,409,750	-
Trade receivables from	Edelweiss Commodities Services Limited	2,214,824	-
	Edelweiss Financial Advisors Limited	-	1,049,000
	Edelweiss Tokio Life Insurance Company Limited	2,396,601	3,502,823
	Others	284,421	901,963
Short term loans and advances			
Other advances recoverable from	Edelweiss Securities Limited	861,000	-
	Edelweiss Investment Adviser Limited	446,000	-
	Edel Finance Company Limited	200,000	-
	Others	237,000	-
Other current assets			
Receivable from clearing house	Edelweiss Securities Limited	1,528,146,861	700,784,872

Note 1 : Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

2.28 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	2015	2014
a) Shareholders earnings (as per statement of profit and loss)	61,849,051	(4,864,219)
b) Calculation of weighted average number of equity shares of Rs 10/- each:		
- Number of shares at the beginning of the year	4,881,000	4,881,000
- Shares issued during the year (number of shares issued)	-	-
Total number of equity shares outstanding at the end of the year	4,881,000	4,881,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	4,881,000	4,881,000
c) Basic and diluted earnings per share (in rupees) (a/b)	12.67	(1.00)

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

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

A) Defined contribution plan (Provident fund):

Amount of Rs. 18,045,522/- (Previous year: Rs. 6,833,750) is recognized as expense and included in "Employee benefit expenses" – note 2.23 to the statement of profit and loss.

B) Defined benefit plan (Gratuity):

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

Statement of profit and loss

Net employee benefits expenses:

Particulars	2015	2014
Current service cost	3,671,000	1,832,000
Interest on defined benefit obligation	1,403,000	585,000
Expected return on plan assets	(1,880,000)	(406,000)
Actuarial loss	2,325,000	324,000
Total included in Employee benefit expenses	5,519,000	2,335,000



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

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

Balance sheet

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

Particulars	As at 31 March 2015	As at 31 March 2014
Liability at the beginning of the year	10,017,000	5,786,129
Interest cost	1,403,000	585,000
Transfer in/ (out)	469,000	1,617,000
Current service cost	3,671,000	1,831,871
Benefits paid	(1,466,000)	(436,000)
Actuarial loss on obligations	4,495,000	633,000
Liability at the end of the year	24,232,000	10,017,000

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

Particulars	As at 31 March 2015	As at 31 March 2014
Fair value of plan assets at the beginning of the year	6,066,000	4,736,662
Acquisition adjustment	15,621,000	-
Expected return on plan asset	1,880,000	406,338
Contributions	4,006,000	1,050,000
Benefits paid	(1,466,000)	(436,000)
Actuarial gain	2,170,000	309,000
Fair value of plan assets at the end of the year	28,277,000	6,066,000

Amount recognised in the balance sheet:

Particulars	2015	2014	2013	2012
Liability at the end of the year	24,232,000	10,017,000	5,786,129	2,901,156
Fair value of plan assets at the end of the year	28,277,000	6,066,000	4,736,662	4,411,985
Amount recognized in balance sheet - assets/ (liability)	4,045,000	(3,951,000)	(1,049,467)	1,510,829

Experience adjustment :

Particulars	2015	2014	2013	2012
On plan liabilities: Loss	3,119,000	883,000	2,231,000	552,547
On plan assets: Gain	2,170,000	309,000	204,000	23,130
Estimated contribution for next year	-	400,000	1,000,000	Nil



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

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

Principle actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2015	As at 31 March 2014
Discount rate	7.80%	8.70%
Salary escalation	7.00%	6.00%
Employee attrition rate range	13.00%-60.00%	13.00%-60.00%

2.30 Auditors' remuneration

Particulars	As at 31 March 2015	As at 31 March 2014
As statutory auditor	550,000	275,000
For other services	-	7,500
For reimbursement of expenses	-	-
Total	550,000	282,500

2.31 Foreign currency transactions

The Company has incurred expenditure in foreign currency Rs. 24,350 during the year ended 31 March 2015 (Previous year: Rs. Nil).

2.32 Operating leases

The Company has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2015 aggregated to Rs. 73,163,933 (Previous year: Rs. 24,767,666) which has been included under the head Operating expenses – Rent under note 2.25 in the statement of profit and loss.

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

Particulars	As at 31 March 2015	As at 31 March 2014
Minimum lease payments for non cancellable lease		
- not later than one year	8,731,782	8,872,190
- later than one year and not later than five years	8,286,311	10,674,048
- later than five years	-	-
Total	17,018,093	19,546,238

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



Edelweiss Broking Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2015

(Currency: Indian rupees)

2.33 Contingent liabilities and commitments

(i) Contingent liabilities

- In respect of taxation matters – Rs. 134,768,955 (Previous year: Rs. 7,677,695).
- Claims against the Company not acknowledged as debts Rs. 43,956,640 (Previous year: Rs. 11,109,000).

(ii) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. 54,272,000 (net of advances) (Previous year : Rs. 77,00,000).

2.34 Additional disclosure on fixed deposits

- 1) Fixed deposits aggregating to Rs. 1,530,036,596 (Previous year: Rs. 191,031,384) have been pledged with exchanges for meeting margin requirement.
- 2) Fixed deposits aggregating to Rs. 11,100,000 (Previous year: Rs. 6,000,000) have been pledged with exchanges for meeting base capital requirement.
- 3) Fixed deposits aggregating to Rs. 4,763,637 (Previous year: Rs. 400,411) have been pledged with exchanges towards arbitration.

2.35 Out of the total amount payable on account of profession tax, work contract tax, value added tax as on 31 March 2015, a sum of Rs.31,886 (Previous year: Rs. 7,097), Rs.262,360 (Previous year: Rs. 154,899) and Rs. 113,191 (Previous year: Nil) respectively is outstanding for more than six months where the registration formalities are in progress. The same shall be deposited on obtaining the registration.

2.36 Cost sharing

Edelweiss Financial Services Limited, being the holding company within the Edelweiss Group along with fellow subsidiary Edelweiss Commodities Services Limited incurs expenditure like advertisement cost, rent and electricity expenditure, etc. which is for the common benefit of itself and certain fellow subsidiary companies. This cost so expended is reimbursed by the Company on the basis of number of employees, area occupied, actual identifications etc. On the same lines, operational cost expended by the Company for the benefit of fellow subsidiaries and associate companies is recovered as reimbursement by the Company from the fellow subsidiaries and associate companies on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads in notes 2.23 and 2.25 include reimbursements paid and are net of the reimbursements received based on the management's best estimate.

Edelweiss Securities Limited, the fellow subsidiary company, incurs expenditure like common senior management compensation which is for the common benefit of itself and certain fellow subsidiary companies. This cost so expended is reimbursed by Company. Accordingly, and as identified appropriately, the expenditure heads in Note 2.23 are factored with these reimbursements.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

2.37 Detail of purchases, sales and change in inventory

Particulars	2015	2014
i) Securities		
Opening stock		
Equity shares	8,437	24,158
Mutual funds	-	-
Subtotal	8,437	24,158
Purchase		
Equity shares	157,294,067	31,978,786
Mutual funds	1,935,000,001	-
Subtotal	2,092,294,068	31,978,786
Sales		
Equity shares	155,575,331	30,938,330
Mutual funds	1,991,661,120	-
Subtotal	2,147,236,451	30,938,330
Closing stock		
Equity shares	112,691	8,437
Mutual funds	-	-
Subtotal	112,691	8,437
Profit/ (loss) on trading of securities	55,046,637	(1,056,177)

2.38 On account of merger

Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394, read with Section 78 and 100 to 103 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Gujarat at Ahmedabad vide its order dated 17 November 2014 and subsequent rectification order dated 25 November 2014 (collectively "the Order"), Edelweiss Financial Advisors Limited ("Transferor Company"), a wholly owned subsidiary of the Company has been amalgamated with the Company with effect from 1 October 2013 ("the Appointed Date"). The scheme has come into effect from 9 December 2014 ("the Effective Date"). Accordingly, the financial statements of the Company for the year ended 31 March 2015 have been prepared taking into account the effect of the said Order.

As per the Scheme, the Company is required to record in its books all assets and liabilities pertaining to the transferor company as on the Appointed Date at their respective carrying values. The merger has resulted in the transfer of the following assets and liabilities as at the Appointed Date, in accordance with the Scheme.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

2.38 On account of merger (Continued)

Particulars	Amount (Rs.)
Tangible assets	37,592,717
Intangible assets	4,954,689
Non-current investments	5,409,750
Deferred tax assets (net)	30,848,989
Long-term loans and advances	82,965,135
Other non-current assets	558,214
Trade receivables	268,736,056
Cash and bank balances	558,661,176
Short-term loans and advances	50,836,463
Other current assets	555,085,901
Total assets	1,595,649,090
Long-term provisions	1,501,000
Short-term borrowings	177,815,859
Trade payables	662,092,690
Other current liabilities	48,534,211
Short-term provisions	1,587,000
Total liabilities	891,530,760
Net assets	704,118,330
Cost of investments by the Company in the transferor entity	1,640,164,800
Net Goodwill generated on Amalgamation (adjusted against securities premium account of the Company)	936,046,470

No consideration is payable by the Company on account of the amalgamation. The excess of cost of investment in the transferee company over Net Assets taken over, being Goodwill generated on amalgamation, has been debited to the securities premium account of the Company as mentioned in the Order.



Edelweiss Broking Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency: Indian rupees)

2.38 On account of merger (Continued)

Items included in the Statement of profit and loss on account for the year:

The loss incurred by the transferor company between the Appointed Date and 31 March 2014 (as per the table below), has been adjusted to the statement of profit and loss of the Company as at 1 April 2014.

Particulars	Amount (Rs.)
Total income	170,581,661
Total expenses	198,044,984
Loss before tax	(27,463,323)
Loss after tax (adjusted to the statement of profit and loss of the Company as at 1 April, 2014)	(21,226,085)

2.39 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.

- 2.40 Brokerage income is disclosed net of related (i) sub-brokerage expenses Rs. 300,092,573 (Previous year: Rs. 29,970,353); (ii) service tax Rs. Nil (Previous year: Rs. 41,088,023); and (iii) stock exchange expenses Rs. (2,479,455) (Previous year: Rs. (485,278)).

2.41 Prior year comparatives

Previous year figures have been regrouped and rearranged wherever necessary.

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors

Biren Shah

Director

DIN : 01258542

Rajesh Save

Director

DIN : 02602353

Brijmohan Bohra

Company Secretary

Mumbai

Date 14 May 2015

Mumbai

Date 14 May 2015