

**Edelweiss Broking Limited**

**Financial Statements  
together with Auditors' Report  
for the year ended 31 March 2016**

# Edelweiss Broking Limited

## **Financial statements together with Auditors' Report** *for the year ended 31 March 2016*

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**Independent Auditors' Report**

To  
**The Members of Edelweiss Broking Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Edelweiss Broking Limited ("the Company")**, which comprise the Balance Sheet as at 31 March 2016, 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**

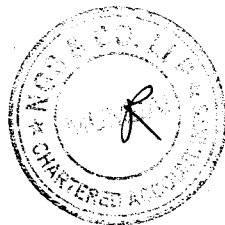
Our responsibility is to express an opinion on these financial statements based on our audit.

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.



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## 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 2016, and its profit and its cash flows for the year ended on that date.

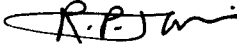
## Report on Other Legal and Regulatory Requirements

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 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, 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.



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

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



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



Place: Mumbai  
Date: 12 May 2016

**Annexure A to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Edelweiss Broking Limited ('the Company') on the financial statements for the year ended 31 March 2016, we report that:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable property is held in the name of the Company.
- (ii) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) The Company has granted unsecured demand loan to one company covered in the register maintained under Section 189 of the Companies Act, 2013.
  - (a) In our opinion and according to the information and explanation given to us, the terms and conditions of above loan are prima facie not prejudicial to the interest of the Company.
  - (b) The borrower has been regular in repayment of the principal and payment of interest as stipulated.
  - (c) There is no overdue amount in respect of above loan granted to a company listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any activities conducted and services rendered by the Company.



- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, sales tax, value added tax, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of duty of excise and duty of custom.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, value added tax, service tax and cess were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable except in case of professional tax and works contract tax which are outstanding for more than six months as at 31 March 2016, due to registration formalities in progress with respective statutory authorities, as mentioned in note no. 2.36 to financial statement.

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

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,405,961	A.Y.2008-09	ITAT
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



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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
Finance Act, 1994	Service Tax	1,86,975	April 2010 to March 2011	Commissioner (Appeal), Ahmedabad

\* net of amounts paid under protest.

- (viii) In our opinion, and according to information and explanations given to us, the Company has not defaulted in repayment of dues to its bank. Further, the Company does not have any loans or borrowings from any financial institution, government and debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give 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 give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

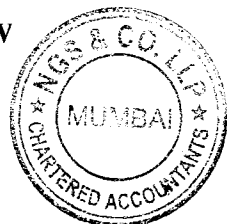
  
**R. P. Soni**

**Partner**

**Membership No.:104796**

**Place: Mumbai**

**Date: 12 May 2016**





**Annexure B to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Edelweiss Broking Limited ("the Company")** as of 31 March 2016 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.

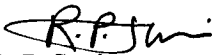
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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



Place: Mumbai  
Date: 12 May 2016

# Edelweiss Broking Limited

## Balance sheet

(Currency: Indian rupees)

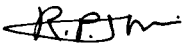
	Note	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	67,720,000	67,720,000
Reserves and surplus	2.2	1,268,134,870	1,133,777,634
<b>Non-current liabilities</b>			
Other long term liabilities	2.3	53,032,785	55,430,036
Long-term provisions	2.4	3,884,000	2,486,000
<b>Current liabilities</b>			
Short-term borrowings	2.5	1,623,018,847	2,195,670,819
Trade payables			
Total outstanding dues of Micro, Small and Medium enterprises	2.40	-	-
Total outstanding dues of creditors other than Micro, Small and Medium enterprises	2.6	2,710,145,601	2,086,177,821
Other current liabilities	2.7	402,377,786	329,232,500
Short-term provisions	2.8	12,906,866	35,683,541
<b>TOTAL</b>		<b>6,141,220,755</b>	<b>5,906,178,351</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.9		
Tangible assets		304,461,009	286,750,827
Intangible assets		18,774,250	13,717,225
Capital work-in-progress		74,101,201	22,926,724
Non-current investments	2.10	371,152,005	341,152,005
Deferred tax assets	2.11	150,787,501	96,962,956
Long-term loans and advances	2.12	225,510,175	231,665,483
Other non-current assets	2.13	7,475,500	10,045,000
		1,152,261,641	1,003,220,220
<b>Current assets</b>			
Stock-in-trade	2.14	317,366	112,691
Trade receivables	2.15	1,455,223,917	1,159,342,475
Cash and bank balances	2.16	975,194,793	2,099,549,101
Short-term loans and advances	2.17	58,664,013	77,500,102
Other current assets	2.18	2,499,559,025	1,566,453,762
		4,988,959,114	4,902,958,131
<b>TOTAL</b>		<b>6,141,220,755</b>	<b>5,906,178,351</b>

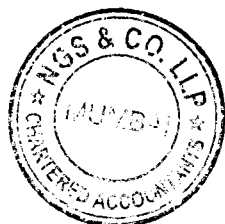
Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

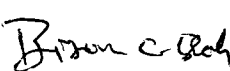

For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No.: 119850W


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



Mumbai  
12 May 2016

For and on behalf of the Board of Directors

   
**Biren Shah**                      **Prashant Mody**  
Director                              Director  
DIN : 01258542                      DIN : 03101048

  
**Brijmohan Bohra**  
Company Secretary  
Mumbai  
12 May 2016

# Edelweiss Broking Limited

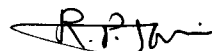
## Statement of profit and loss

(Currency: Indian rupees)

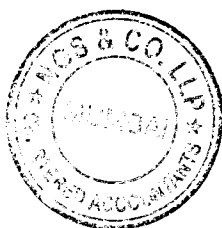
	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue from operations</b>			
Fee and commission income	2.19	1,272,537,485	1,204,751,972
Income from treasury operations	2.20	8,080,637	52,542,106
Interest income	2.21	72,544,912	34,361,156
Other operating revenue	2.22	258,942,886	118,366,859
<b>Other income</b>	2.23	28,861,472	15,743,749
<b>Total revenue</b>		<b>1,640,967,392</b>	<b>1,425,765,842</b>
<b>Expenses</b>			
Employee benefit expenses	2.24	729,646,894	739,572,634
Finance costs	2.25	213,514,710	129,948,209
Depreciation and amortisation expenses	2.9	64,023,263	52,982,433
Other expenses	2.26	571,048,253	425,303,132
<b>Total expenses</b>		<b>1,578,233,120</b>	<b>1,347,806,408</b>
<b>Profit before tax</b>		<b>62,734,272</b>	<b>77,959,434</b>
<b>Tax expense:</b>			
Current tax (Includes adjustment of short/ (excess) provisions for earlier years Rs. 235,730 (Previous year: Rs. (179,451)))		32,197,130	17,890,549
MAT credit entitlement (includes for earlier years of Rs. 18,034,150 (Previous year: Rs. Nil))		(49,995,550)	-
Deferred tax benefit		(53,824,544)	(1,780,166)
<b>Profit for the year</b>		<b>134,357,236</b>	<b>61,849,051</b>
<b>Earnings per equity share:</b>			
Basic and diluted (face value Rs.10 each)	2.29	27.53	12.67
Significant accounting policies and notes to the financial statements	1 & 2		

As per our report of even date attached.

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

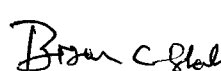


R. P. Soni  
Partner  
Membership No.: 104796



Mumbai  
12 May 2016

For and on behalf of the Board of Directors



Biren Shah  
Director  
DIN : 01258542



Prashant Mody  
Director  
DIN : 03101048



Brijmohan Bohra  
Company Secretary

Mumbai  
12 May 2016

# Edelweiss Broking Limited

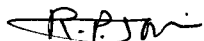
## Cash flow statement

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A Cash flow from operating activities</b>		
Profit before taxation	62,734,272	77,959,434
Adjustments for:		
Depreciation and amortisation expenses	64,023,263	52,982,433
Provision for doubtful debts	85,975,780	35,306,537
Profit on sale/ write-off of fixed assets (net)	(1,148,119)	(5,465)
Compensated absences	1,782,000	1,037,000
Rental income	(26,251,225)	(2,163,759)
Interest income	(77,484)	(3,804,161)
Interest expense	210,146,653	127,333,574
<b>Operating cash flow before working capital changes</b>	<b>397,185,140</b>	<b>288,645,593</b>
Add / (Less): Adjustments for working capital changes		
Increase in trade receivables	(381,857,222)	(989,912,337)
(Increase)/decrease in loans and advances, other current assets	(911,099,760)	749,983,073
Increase in inventory	(204,675)	(104,254)
Increase in liabilities and provisions	689,743,791	21,153,123
<b>Cash (used in)/ generated from operations</b>	<b>(206,232,724)</b>	<b>69,765,198</b>
Income tax paid	(19,366,063)	(32,597,938)
<b>Net cash (used in)/ generated from operating activities - A</b>	<b>(225,598,787)</b>	<b>37,167,260</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(137,114,335)	(66,426,742)
Sale of fixed assets	1,727,599	1,408,827
Rental income	26,251,225	2,163,759
Purchase of investment	(30,000,000)	(314,605,000)
Interest received	77,484	4,209,657
<b>Net cash used in investing activities - B</b>	<b>(139,058,027)</b>	<b>(373,249,499)</b>
<b>C Cash flow from financing activities</b>		
(Re-payment of)/ proceeds from short term borrowings (net) (refer note 2)	(572,651,972)	1,603,844,208
Interest paid	(206,604,722)	(122,024,459)
<b>Net cash (used in)/ generated from financing activities - C</b>	<b>(779,256,694)</b>	<b>1,481,819,749</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(1,143,913,508)</b>	<b>1,145,737,510</b>
Cash and cash equivalents as at the beginning of the year	1,439,648,868	212,845,104
Add: Cash and cash equivalent acquired on merger of Edelweiss Financial Advisors Limited ('EFAL') (Refer note 2.39)	-	81,066,254
Cash and cash equivalents as at the end of the year (Refer note 1)	295,735,360	1,439,648,868
<b>Notes:</b>		
1 Cash and cash equivalents include the following:		
Cash in hand	65,580	9,803
Balances with scheduled banks:		
In current accounts	295,669,780	439,639,065
In deposit accounts	-	1,000,000,000
Cash equivalents	295,735,360	1,439,648,868
2 Net figures have been reported on account of volume of transactions.		

As per our report of even date attached.

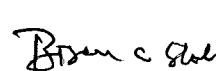
For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No.: 119850W



R. P. Soni  
Partner  
Membership No.: 104796



For and on behalf of the Board of Directors



Biren Shah  
Director  
DIN : 01258542



Prashant Mody  
Director  
DIN : 03101048



Brijmohan Bohra  
Company Secretary  
Mumbai  
12 May 2016

Mumbai  
12 May 2016

# Edelweiss Broking Limited

## Notes to the financial statements

for the year ended 31 March 2016

(Currency: Indian rupees)

### 1. Significant accounting policies

#### 1.1 Basis of preparation of financial statements

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

#### 1.2 Use of estimates

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

#### 1.3 Current / non-current classification

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

##### Assets

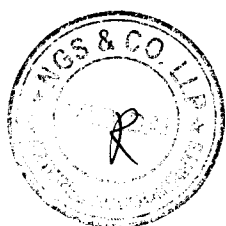
An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 12 months after the reporting date or it is cash or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

##### Liabilities

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

#### 1.4 Revenue recognition

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



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.4 Revenue recognition (Continued)

in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, market intermediary quotes are used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.

(ii) Profit/loss on error trades in broking business is included in "Income from treasury".

- d) Interest income is recognised on accrual basis.
- e) Warehouse income and rental income are recognised on accrual basis by reference to the agreements entered.
- f) Dividend income is recognised when the right to receive payment is established.

#### 1.5 Fixed assets and depreciation

##### Tangible fixed assets

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Capital work in progress comprises the cost of fixed assets that are not ready for its intended use at the reporting date.

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

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

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

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

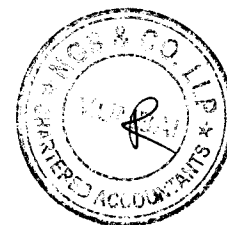
Leasehold improvements are amortised on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is earlier.

##### Intangible fixed assets

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

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

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



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.6 Impairment of assets

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

#### 1.7 Stock-in-trade

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

#### 1.8 Investments

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

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

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

#### 1.9 Foreign currency transactions

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

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

#### 1.10 Employee benefits

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

##### Provident fund

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





# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.10 Employee benefits (Continued)

##### Gratuity

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

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

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

Benefits in respect of funded gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

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

##### Compensated Absences

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

#### 1.11 Tax

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

##### Current tax

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

##### Deferred tax

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

##### 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.



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.12 Operating leases

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

#### 1.13 Earnings per share

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

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

#### 1.14 Provisions and contingencies

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

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

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



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.1 Share capital</b>		
<b>Authorised :</b>		
39,750,000 (Previous year: 39,750,000) Equity Shares of Rs. 10 each	397,500,000	397,500,000
10,000,000 (Previous year: 10,000,000 ) Preference Shares of Rs. 10 each	100,000,000	100,000,000
	<u>497,500,000</u>	<u>497,500,000</u>
<b>Issued, subscribed and paid up:</b>		
4,881,000 (Previous year: 4,881,000) Equity shares of Rs. 10 each, fully paid-up	48,810,000	48,810,000
250,000 (Previous year: 250,000) 7% Non-cumulative, Non-convertible and Redeemable Preference Shares Rs. 10 each, fully paid up	2,500,000	2,500,000
1,641,000 (Previous year: 1,641,000) 11% Non-cumulative, Optionally Convertible Preference Shares Rs. 10 each, fully paid up	16,410,000	16,410,000
	<u>67,720,000</u>	<u>67,720,000</u>

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

### a. Movement in share capital :

#### i) Equity shares

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

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

##### Reconciliation of share capital:

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

#### ii) Preference shares

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

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

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

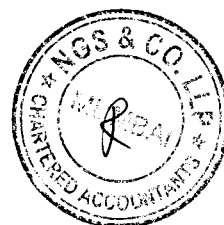
	No. of shares	No. of shares
Reconciliation of number of shares outstanding :		
Number of shares outstanding at the beginning of the year	1,641,000	1,641,000
Shares issued during the year	-	-
Number of shares at the end of the year	<u>1,641,000</u>	<u>1,641,000</u>

##### Reconciliation of share capital:

	Amount	Amount
Share capital at the beginning of the year	18,910,000	18,910,000
Share capital issued during the year	-	-
Share capital at the end of the year	<u>18,910,000</u>	<u>18,910,000</u>

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

	31 March 2016		31 March 2015	
	No. of shares	% holding in the class	No. of shares	% holding in the class
7% Non-cumulative, Non-convertible and Redeemable Preference Shares				
Edelweiss Agri Value Chain Limited (Formerly known as Edelweiss Integrated Commodity Management Limited)	250,000	100%	250,000	100%
11% Non-cumulative Optionally Convertible Preference Shares				
Edelweiss Commodities Services Limited	667,000	40.65%	667,000	40.65%
ECL Finance Limited	600,000	36.56%	600,000	36.56%
Edelweiss Finance & Investments Limited	374,000	22.79%	374,000	22.79%



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

### 2.1 Share capital (Continued)

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

The Company has only one class of equity shares having a par value of Rs 10. Each holder of equity shares is entitled to one vote per share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

**d. Terms of conversion/repayment**

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

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

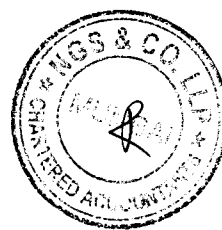
**11% Non-cumulative, Optionally Convertible Preference Shares (NOCPS):**

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

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

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

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

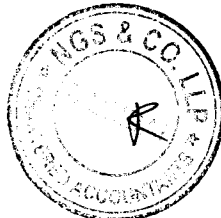


# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.2 Reserves and surplus</b>		
Securities premium account		
Opening balance	1,193,033,530	2,129,080,000
Less: Utilised during the year towards goodwill generated on account of merger	-	936,046,470
	<u>1,193,033,530</u>	<u>1,193,033,530</u>
Surplus/ (deficit) in statement of profit and loss		
Opening balance	(59,255,896)	(94,863,701)
Add: Profit for the year	134,357,236	61,849,051
Less: Loss of EFAL for the period 1 October 2013 to 31 March 14 (refer note 2.39)	-	21,226,085
Less: Adjustment on account of Accumulated Depreciation (refer note 2.9)	-	5,015,161
	<u>75,101,340</u>	<u>(59,255,896)</u>
	<u><u>1,268,134,870</u></u>	<u><u>1,133,777,634</u></u>
<b>2.3 Other long term liabilities</b>		
Deposits from sub-brokers	53,032,785	55,430,036
	<u>53,032,785</u>	<u>55,430,036</u>
<b>2.4 Long-term provisions</b>		
Provision for employee benefits		
Compensated leave absences	3,884,000	2,486,000
	<u>3,884,000</u>	<u>2,486,000</u>
<b>2.5 Short-term borrowings</b>		
<u>Secured</u>		
Bank overdraft	229,989,982	-
(Secured by way of pledge of hypothecation of immovable property and it is repayable on demand, at 12 percent per annum floating rate of interest)		
<u>Unsecured</u>		
Loans and advances from related parties	1,393,028,865	2,195,670,819
(repayable on demand, at variable rate of interest ranging from 8.47 percent per annum to 11.50 percent per annum)		
	<u>1,623,018,847</u>	<u>2,195,670,819</u>
<b>2.6 Trade payables</b>		
Trade payables	2,710,145,601	2,086,177,821
(includes sundry creditors, provision for expenses, customer payables)		
	<u>2,710,145,601</u>	<u>2,086,177,821</u>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.7 Other current liabilities</b>		
Interest accrued and due on borrowings	10,529,690	6,987,759
Income received in advance	238,438	432,571
Other payables		
Accrued salaries and benefits	106,720,946	212,537,321
Payable to exchange / clearing house (net)	81,398,336	24,016,335
Withholding tax, service tax and other statutory dues payable	37,750,855	18,729,098
Advances from customers	21,092,937	21,963,051
Book overdraft	137,129,996	42,390,762
Retention money payable	1,346,783	182,469
Others	6,169,805	1,993,134
	<b>402,377,786</b>	<b>329,232,500</b>
<b>2.8 Short-term provisions</b>		
Provision for employee benefits		
Compensated absences	1,430,000	1,046,000
Others		
Provision for taxation (net of advance income taxes and tax deducted at sources)	11,476,866	34,637,541
	<b>12,906,866</b>	<b>35,683,541</b>



## Edelweiss Broking Limited

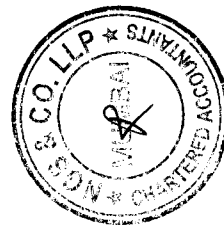
### Notes to the financial statements (Continued)

(Currency: Indian rupees)

#### 2.9 Fixed assets

Description of assets	Gross block			Depreciation			Net block			
	As at 1 April 2015	Adjustment on account of amalgamation	Additions during the year	Deductions during the year	As at 31 March 2016	Opening Reserve Adjustment	Additions during the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
<b>A) Tangible assets</b>										
Building	262,532,930	-	-	-	262,532,930	-	10,971,560	-	54,073,298	219,431,192
Leasehold improvements	68,408,693	-	11,306,075	21,453,774	58,260,994	-	6,124,417	21,384,467	41,811,344	11,337,299
Furniture and fixtures	12,194,002	-	3,671,409	2,566,311	13,299,100	-	1,938,627	2,299,293	7,370,354	4,462,982
Vehicles	13,576,540	-	7,494,161	-	21,070,701	-	2,959,871	-	10,342,246	6,194,165
Office equipment	46,180,279	-	9,129,386	3,705,457	51,604,208	-	8,519,596	3,476,982	38,844,956	12,377,936
Computers	107,993,757	-	42,394,956	3,268,130	147,120,583	-	25,192,255	3,253,450	96,985,309	32,947,253
<b>Total : A</b>	<b>510,886,201</b>	<b>-</b>	<b>73,995,987</b>	<b>30,993,672</b>	<b>553,888,516</b>	<b>-</b>	<b>55,706,326</b>	<b>30,414,192</b>	<b>249,427,507</b>	<b>286,750,827</b>
<b>B) Intangible assets</b>										
Computer software	143,264,631	-	13,373,963	-	156,638,594	-	8,017,396	-	137,864,344	13,417,683
MCX Membership Card	2,000,000	-	-	-	2,000,000	-	299,542	-	2,000,000	299,542
<b>Total : B</b>	<b>145,264,631</b>	<b>-</b>	<b>13,373,963</b>	<b>-</b>	<b>158,638,594</b>	<b>-</b>	<b>8,316,938</b>	<b>-</b>	<b>139,864,344</b>	<b>13,717,225</b>
<b>Grand total (A+B)</b>	<b>656,150,832</b>	<b>-</b>	<b>87,369,950</b>	<b>30,993,672</b>	<b>712,527,110</b>	<b>-</b>	<b>64,023,263</b>	<b>30,414,192</b>	<b>389,291,851</b>	<b>300,468,052</b>
Previous year	325,628,027	269,543,616	69,182,559	8,203,370	656,150,832	63,417,665	238,658,871	7,423,818	355,682,780	300,468,052

Note: As per the requirement of the Companies Act, 2013, the Company had evaluated the useful lives of its fixed assets and had 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 was higher by Rs. 13,600,471 and an amount of Rs. 7,423,818 (net of Deferred tax amounting to Rs. 5,015,161) had 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 2016	As at 31 March 2015
<b>2.10 Non-current investments - at cost</b>		
<b>Others (unquoted)</b>		
Investments in equity instruments of subsidiary company	221,152,005	191,152,005
Investments in preference shares of Subsidiary companies (fully paid up)	150,000,000	150,000,000
	<u>371,152,005</u>	<u>341,152,005</u>
<b>Aggregate of unquoted investment</b>		
- At book value	371,152,005	341,152,005

	<i>Face Value</i>	<i>Quantity</i>	<i>Amount</i>	<i>Face Value</i>	<i>Quantity</i>	<i>Amount</i>
<b>Others (unquoted)</b>						
Investments in equity instruments of subsidiary companies (fully paid up)						
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	10	16,460,500	164,605,000
Edel Finance Company Limited	100	340,000	35,409,750	100	40,000	5,409,750
Investments in preference shares of Subsidiary companies (fully paid up)						
Edelweiss Web Services Limited	10	3,000,000	150,000,000	10	3,000,000	150,000,000
			<u>371,152,005</u>			<u>341,152,005</u>



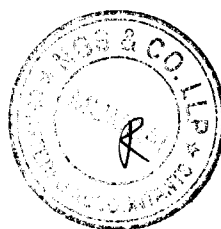


# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.11 Deferred tax assets</b>		
Difference between book and tax depreciation	3,251,134	7,928,797
Provision for doubtful debts/advances	91,601,906	63,185,663
Disallowances under section 43B of the Income Tax Act, 1961	1,756,968	1,167,785
Accumulated losses	54,036,254	24,680,711
Others	141,239	-
	<u>150,787,501</u>	<u>96,962,956</u>
<b>2.12 Long-term loans and advances</b>		
Capital advances	664,984	-
Security deposits		
Rental deposits	39,530,745	39,296,956
Deposits placed with/ for exchange/ depositories	27,317,174	45,517,174
Other deposits	5,797,209	5,005,377
Other loans and advances		
Prepaid expenses	1,897,353	312,493
Advance income taxes (net of provision for taxation)	86,713,121	127,939,444
MAT credit entitlement	63,589,589	13,594,039
	<u>225,510,175</u>	<u>231,665,483</u>
<b>2.13 Other non-current assets</b>		
Contribution to gratuity fund (net) (refer note 2.30)	1,059,000	4,045,000
Long term deposits with banks (refer note 2.35) (held as margin money or security against borrowings, guarantees)	6,416,500	6,000,000
	<u>7,475,500</u>	<u>10,045,000</u>



# Edelweiss Broking Limited

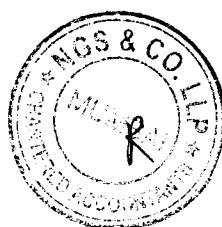
## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.14 Stock-in-trade</b>		
<i>Securities</i>		
Equity shares (quoted)	317,366	112,691
	<u>317,366</u>	<u>112,691</u>
<b>Aggregate of quoted stock in trade in equity shares</b>		
- At book value	317,366	112,691
- At market value	461,015	128,236

### Details of Inventories

<i>Securities</i>	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Equity shares (quoted)</b>						
ABB Limited	2	1	612	2	1	612
DCB Bank Limited	10	200	15,790	10	200	16,560
California Software Co. Limited	10	2	10	10	2	10
State Bank of India Limited	1	40	7,772	1	40	7,815
Lanco Infratech Limited	1	3,015	14,984	1	3,015	16,431
Ruchi Soya Industries Limited	2	1,000	32,700	2	1,000	38,450
GVK Power & Infrastructure Limited	-	-	-	1	750	7,163
Jyoti Structures Limited	2	1,000	10,900	2	1,000	25,650
APL Apollo Tubes Limited	10	500	197,592	-	-	-
Bajaj Holdings & Investment Limited	10	1	1,461	-	-	-
G.M.Breweries Limited	10	8	2,702	-	-	-
Rural Electrification Corporation Limited	10	1	166	-	-	-
Shree Renuka Sugars Limited	1	401	3,007	-	-	-
Yes Bank Limited	10	1	827	-	-	-
Arvind Infrastructure Limited	10	4	213	-	-	-
ITC Limited	1	33	10,826	-	-	-
Kaya Limited	10	11	9,471	-	-	-
Motherson Sumi Systems Limited	1	7	1,868	-	-	-
RALLIS India Limited	1	28	4,312	-	-	-
SYBLY Industries Limited	10	1	3	-	-	-
KESAR Petroproducts Limited	1	10	427	-	-	-
Max Financial Services Limited	2	5	1,723	-	-	-
			<u>317,366</u>			<u>112,691</u>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.15 Trade receivables</b>		
<b>Debtors outstanding for a period exceeding six months</b>		
Secured, considered good	40,167,214	7,180,970
Unsecured, considered doubtful	250,229,121	143,905,675
	<u>290,396,335</u>	<u>151,086,645</u>
Less: Provision for doubtful debts	250,229,121	143,905,675
	<u>40,167,214</u>	<u>7,180,970</u>
<b>Other debts</b>		
Secured, considered good	1,348,972,832	1,145,089,273
Unsecured, considered good	66,083,871	7,072,232
Unsecured, considered doubtful	26,823,494	47,201,192
	<u>1,441,880,197</u>	<u>1,199,362,697</u>
Less: Provision for doubtful debts	26,823,494	47,201,192
	<u>1,415,056,703</u>	<u>1,152,161,505</u>
	<u><u>1,455,223,917</u></u>	<u><u>1,159,342,475</u></u>
<b>2.16 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash in hand	65,580	9,803
Balances with banks		
- in Current accounts	295,669,780	439,639,065
- in fixed deposits with maturity less than 3 months	-	1,000,000,000
<b>Other bank balances</b>		
- Short term deposits with banks (refer note 2.35) (held as margin money or security against borrowings, guarantees)	679,459,433	539,900,233
- Other bank deposits	-	120,000,000
	<u>975,194,793</u>	<u>2,099,549,101</u>
<b>2.17 Short-term loans and advances</b>		
<b>Other loans and advances</b>		
Prepaid expenses	6,752,411	4,643,429
Loans and advances to employees	9,277,259	10,128,152
Vendor advances	18,716,692	28,189,472
Cenvat and VAT assets	6,047,239	24,325,646
Advance tax and tax deducted at source (net of provision for taxation)	13,027,317	7,792,737
Advances recoverable in cash or in kind or for value to be received	4,843,095	2,420,666
	<u>58,664,013</u>	<u>77,500,102</u>
<b>2.18 Other current assets</b>		
Accrued interest on fixed deposits	3,485,521	5,274,766
Receivable from exchanges/ clearing houses (net)	2,496,073,504	1,561,178,996
	<u>2,499,559,025</u>	<u>1,566,453,762</u>

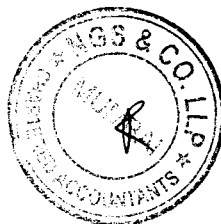


# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.19 Fee and commission income</b>		
Income from broking	1,061,526,385	1,055,033,266
Advisory and other fees	211,011,100	149,718,706
	<u>1,272,537,485</u>	<u>1,204,751,972</u>
<b>2.20 Income from treasury operations</b>		
Profit on trading of securities (net)	(1,698,373)	55,046,637
Loss on trading in equity derivative instruments (net)	(864,931)	(2,504,531)
Profit on trading in commodity derivative instruments (net)	10,661,311	-
Loss on trading in interest rate derivative (net)	(17,370)	-
	<u>8,080,637</u>	<u>52,542,106</u>
<b>2.21 Interest income</b>		
On loan	-	3,801,459
On loan to subsidiary companies	77,484	2,702
On fixed deposits	71,288,112	29,945,028
On others	1,179,316	611,967
	<u>72,544,912</u>	<u>34,361,156</u>
<b>2.22 Other operating revenue</b>		
Delayed payment charges	232,691,661	116,203,100
Rental income	26,251,225	2,163,759
	<u>258,942,886</u>	<u>118,366,859</u>
<b>2.23 Other income</b>		
Profit on sale of fixed assets (net)	1,148,119	5,465
Miscellaneous income	27,713,353	15,738,284
	<u>28,861,472</u>	<u>15,743,749</u>

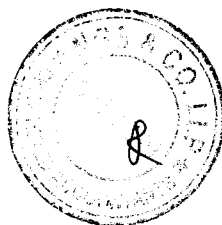


# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.24 Employee benefit expenses</b>		
Salaries and wages (refer note 2.37)	648,697,312	685,625,098
Contribution to provident and other funds (refer note 2.30)	41,386,730	25,555,271
Staff welfare expenses	39,562,852	28,392,265
	<u>729,646,894</u>	<u>739,572,634</u>
<b>2.25 Finance costs</b>		
Interest on bank overdraft	754,077	-
Interest on loan from holding company	209,206,703	114,482,530
Interest on loan from fellow subsidiaries	185,873	14,492,079
Interest on margin	-	289,496
Interest - others	2,016,731	375,696
Financial and bank charges	1,351,326	308,408
	<u>213,514,710</u>	<u>129,948,209</u>
<b>2.26 Other expenses</b>		
Advertisement and business promotion	58,228,931	55,346,059
Auditors' remuneration (refer note 2.31)	692,911	550,000
Bad- debts and advances written off	30,032	163,587
Commission and brokerage	228,000	51,250
Communication	64,825,666	38,247,958
Computer expenses	3,083,013	2,661,788
Computer software	15,230,929	10,357,292
Clearing and custodian charges	12,304	220,000
Dematerialisation charges	8,538,570	10,570,998
Contribution towards Corporate Social Responsibility (CSR) (refer note 2.42)	1,200,000	-
Electricity charges (refer note 2.37)	27,319,074	29,392,000
Foreign exchange loss (net)	240	-
Insurance	776,771	1,406,103
Legal and professional fees	26,021,770	21,993,668
Membership and subscription	2,691,529	487,858
Office expenses	44,287,929	32,836,266
Postage and courier	6,924,052	7,205,759
Printing and stationery	14,853,288	13,608,827
Provision for doubtful debts	85,945,748	35,306,537
Rates and taxes	1,747,592	1,410,110
Rent (refer note 2.33 and 2.37)	101,208,693	73,163,933
Repairs and maintenance - others	9,191,712	8,423,164
ROC expenses	9,400	15,508
Seminar and conference	1,075,325	1,239,856
Service tax expenses	11,115,452	778,240
Site related expenses	32,188,369	30,400,066
Stamp duty	2,256,402	458,599
Stock exchange expenses	846,465	1,733,704
Travelling and conveyance	39,254,182	35,149,855
Wealth tax	-	35,000
Miscellaneous expenses	3,015,197	5,089,651
Housekeeping and security charges	8,248,707	6,999,496
	<u>571,048,253</u>	<u>425,303,132</u>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.27 Segment reporting

#### Primary Segment (Business Segment)

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

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

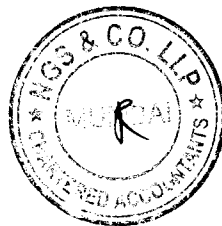
Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis.

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

#### Secondary Segment

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

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



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

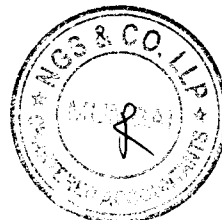
for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.27 Segment reporting (Continued)

#### Business segment

	Particulars	For the year ended 31 March 16	For the year ended 31 March 15
I	<b>Segment revenue</b>		
	<b>Income from external customers</b>		
	Agency business	1,603,977,372	1,425,765,842
	Capital based business	36,990,020	-
	Unallocated	-	-
	<b>Total income</b>	<b>1,640,967,392</b>	<b>1,425,765,842</b>
II	<b>Segment result</b>		
	Agency business	34,719,707	77,959,434
	Capital based business	28,014,565	-
	Unallocated	-	-
	<b>Total</b>	<b>62,734,272</b>	<b>77,959,434</b>
	<b>Profit before taxation</b>	<b>62,734,272</b>	<b>77,959,434</b>
	Less : Provision for taxation	(71,622,964)	16,110,383
	<b>Profit after taxation</b>	<b>134,357,236</b>	<b>61,849,051</b>
III	<b>Segment assets</b>		
	Agency business	5,247,491,590	5,318,737,171
	Capital based business	579,611,637	341,152,005
	Unallocated	314,117,528	246,289,175
	<b>Total</b>	<b>6,141,220,755</b>	<b>5,906,178,351</b>
IV	<b>Segment liabilities</b>		
	Agency business	4,793,889,019	4,670,043,176
	Capital based business	-	-
	Unallocated	11,476,866	34,637,541
	<b>Total</b>	<b>4,805,365,885</b>	<b>4,704,680,717</b>
V	<b>Capital expenditure (including capital work-in-progress)</b>		
	Agency business	138,544,427	92,109,283
	Capital based business	-	-
	Unallocated	-	-
	<b>Total</b>	<b>138,544,427</b>	<b>92,109,283</b>
VI	<b>Depreciation and amortisation</b>		
	Agency business	53,051,703	52,982,433
	Capital based business	10,971,560	-
	Unallocated	-	-
	<b>Total</b>	<b>64,023,263</b>	<b>52,982,433</b>
VII	<b>Other non cash expenditure</b>		
	Agency business	87,756,022	36,574,241
	Capital based business	1,758	-
	Unallocated	-	-
	<b>Total</b>	<b>87,757,780</b>	<b>36,574,241</b>



# Edelweiss Broking Limited

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

for the year ended 31 March 2016

(Currency: Indian rupees)

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

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

Edelweiss Financial Services Limited - Holding company

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

Edelweiss Web Services Limited

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

Edel Finance Company Limited

Edelweiss Financial Advisors Limited\* (upto December 9, 2014)

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

Edelweiss Securities Limited

EC Commodity Limited

Edelweiss Commodities Services Limited

ECL Finance Limited

Edelweiss Finance & Investments Limited

Edelweiss Global Wealth Management Limited

ECap Equities Limited

Edelweiss Tokio Life Insurance Company Limited

Edel Commodities Limited

Edelcap Securities Limited

Edelweiss Asset Management Limited

Edelweiss Capital Markets Limited

Edelweiss Comtrade Limited

Edelweiss Custodial Services Limited

Edelweiss Housing Finance Limited

Edelweiss Insurance Brokers Limited

Edelweiss Investment Adviser Limited

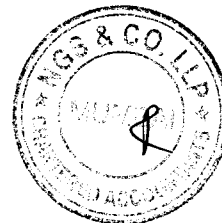
Edelweiss Agri Value Chain Limited (Formerly known as Edelweiss Integrated Commodity Management Limited)

Eternity Business Centre Limited

Olive Business Centre Limited

Forefront Capital Management Private Limited

Forefront Alternate Investment Advisors LLP





# Edelweiss Broking Limited

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

for the year ended 31 March 2016

(Currency: Indian rupees)

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

\*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 had been amalgamated with the Company with effect from 1 October 2013 (“the Appointed Date”). The scheme had come into effect from 9 December 2014 (“the Effective Date”). Accordingly, the financial statements of the Company for the year ended 31 March 2015 had 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 2016

(Currency: Indian rupees)

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

(D) Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	2016	2015
<b>Capital account transactions</b>				
1	Investment in Equity shares of	Edel Finance Company Limited Auris Corporate Centre Limited	30,000,000 -	- 164,605,000
2	Investment in Preference shares of	Edelweiss Web Services Limited	-	150,000,000
<b>Current account transactions</b>				
3	Loans taken from (refer note 1 below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	1,043,196,212 423,559,961	3,566,704,774 28,600,000
4	Loan repaid to (refer note 1 below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	2,269,398,127 -	1,466,360,566 525,100,000
5	Loans given to (refer note 1 and 2 below)	Auris Corporate Centre Limited	8,200,000	-
6	Loans repaid from (refer note 1 below)	Auris Corporate Centre Limited	8,200,000	-
7	Nomination deposit given to	Auris Corporate Centre Limited Edel Finance Company Limited	300,000 -	- 200,000
8	Nomination deposit received from	Auris Corporate Centre Limited Edel Finance Company Limited	300,000 200,000	- -
9	Margin placed by (refer note 1 below)	Edelweiss Asset Management Limited Edelweiss Web Services Limited	2,613,516 2,552	- 1,549
10	Margin refunded to (refer note 1 below)	Edelweiss Asset Management Limited Edelcap Securities Limited Others	2,613,516 - 2,552	- 17,351,729 537
<b>Secondary market transactions with broker</b>				
11	Amount paid/ debits with broker	Edelweiss Securities Limited	29,266,270,262	10,584,104,690
12	Amount received/ credits with broker	Edelweiss Securities Limited	30,060,532,233	9,756,742,701
<b>Secondary market transactions acting as a broker</b>				
13	Amount paid/ debits by client	Edelweiss Asset Management Limited ECL Finance Limited Others	54,309,427 - 51,001	- 260,999,339 567,596
14	Amount received/ credits by client	Edelweiss Asset Management Limited ECL Finance Limited Others	54,309,427 - 48,092	- 261,055,951 567,036
<b>Advisory and other fees</b>				
15	Commission income received from	Edelweiss Tokio Life Insurance Company Limited	14,955,414	19,095,730
16	Fee income received from	Edelweiss Securities Limited ECL Finance Limited	128,267,041 -	32,870,360 54,924,351
17	Referral and other fees income from	Forefront Capital Management Private Limited Forefront Alternate Investment Advisors LLP	401,956 1,645,702	- -
18	Commission and brokerage expenses to	Edelweiss Securities Limited	45,465,767	-
19	Interest received on loan from	Auris Corporate Centre Limited	77,484	2,702
20	Rental income from	Edelweiss Securities Limited Ecap Equities Limited Edelweiss Commodities Services Limited Others	19,901,175 4,621,225 832,125 896,700	- - 2,163,759 -
21	Electricity expenses recovered from	Edelweiss Securities Limited Ecap Equities Limited Others	3,514,521 816,293 156,385	- - -



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

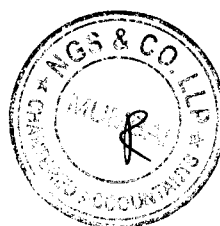
for the year ended 31 March 2016

(Currency: Indian rupees)

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

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

Sr. No.	Nature of Transaction	Related Party Name	2016	2015
22	Net amount received on settlement of forward contracts	Edelweiss Capital Markets Limited	10,170,000	-
	<b>Reimbursement paid</b>			
23	Shared staff cost from	Edelweiss Securities Limited	-	36,400,000
24	Interest paid on loan from	Edelweiss Financial Services Limited	209,206,703	114,482,530
		Edelweiss Commodities Services Limited	185,873	14,492,079
25	Interest on margin	ECap Equities Limited	-	171,140
26	Clearing charges paid to	Edelweiss Securities Limited	-	220,000
27	Electricity expenses paid to	Edelweiss Commodities Services Limited	6,934,138	6,022,275
28	Sale of scrap	Edelweiss Insurance Brokers Limited	5,947	-
		Edelweiss Housing Finance Limited	5,917	-
		Others	166	-
29	Sale of assets	Edelweiss Global Wealth Management Limited	8,000	-
30	Full and final recovery	Edelweiss Asset Management Limited	12,500	-
		Edelweiss Investment Advisors Limited	436	-
31	Insurance expenses paid to	Edelweiss Financial Services Limited	13,269,310	5,756,939
32	Legal and professional fees - Processing fees paid to	Edelweiss Web Services Limited	1,263,220	1,043,770
33	Website related charges to	Edelweiss Web Services Limited	32,618,421	29,512,000
34	Rent received from	Edel Commodities Limited	-	7,209
35	Rent paid to	Olive Business Centre Limited	10,714,560	-
		Edelweiss Commodities Services Limited	4,031,531	3,011,515
		Eternity Business Centre Limited	1,715,520	-
36	Other reimbursements paid to	Edelweiss Financial Services Limited	312,316,352	181,166,587
		Edelweiss Web Services Limited	53,436,065	-
		Others	634,666	15,079,206
37	Other reimbursements recovered from	Edelweiss Web Services Limited	53,436,065	-
		Edelweiss Financial Services Limited	312,316,352	181,166,583
		Others	172,886	15,079,206
	<b>Balances with related parties</b>			
38	Equity shareholder capital held by	Edelweiss Financial Services Limited	48,810,000	48,810,000
39	Preference shareholder capital held by	Edelweiss Agri Value Chain Limited	2,500,000	2,500,000
		Edelweiss Commodities Services Limited	6,670,000	6,670,000
		ECL Finance Limited	6,000,000	6,000,000
		Edelweiss Finance & Investments Limited	3,740,000	3,740,000
40	Short term borrowings from	Edelweiss Financial Services Limited	968,468,904	2,194,670,819
		Edelweiss Commodities Services Limited	424,559,961	1,000,000
41	Trade payables to	Edelweiss Web Services Limited	36,159,048	32,767,918
		Olive Business Centre Limited	11,196,715	-
		Edelweiss Financial Services Limited	284,369	10,027,751
		Edelweiss Securities Limited	-	51,629,372
		Others	1,825,684	11,700
	<b>Other current liabilities</b>			
42	Interest accrued and due on loan taken	Edelweiss Financial Services Limited	10,401,697	6,981,805
		Others	127,993	5,954
43	Other payables	EC Commodity Limited	590,000	-
		Forefront Capital Management Private Limited	199,000	-
		ECL Finance Limited	181,000	-
		Edelweiss Financial Services Limited	-	1,000,000
		Others	1,000	75,000



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

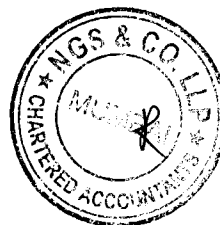
2.28 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (Continued):

(D) Transactions with related parties (Continued) :

Sr. No.	Nature of Transaction	Related Party Name	2016	2015
44	Investments in equity shares of	Edelweiss Web Services Limited	21,137,255	21,137,255
		Auris Corporate Centre Limited	164,605,000	164,605,000
		Edel Finance Company Limited	35,409,750	5,409,750
45	Investments in preference shares of	Edelweiss Web Services Limited	150,000,000	150,000,000
46	Trade receivables from	Edelweiss Securities Limited	55,823,740	-
		Edelweiss Tokio Life Insurance Company Limited	2,054,802	2,396,601
		Edelweiss Commodities Services Limited	872,941	2,214,824
		Others	8,374,665	284,421
47	Other advances to be recovered from	Edelweiss Securities Limited	2,272,000	861,000
		Edelweiss Financial Services Limited	4,937,253	2,854,876
		Edelweiss Investment Adviser Limited	-	446,000
		Edelweiss Comtrade Limited	437,000	148,000
		Edel Finance Company Limited	-	200,000
		Others	99,000	89,000
<b>Other current assets</b>				
48	Receivable from exchanges/ clearing houses (net)	Edelweiss Securities Limited	2,322,408,832	1,528,146,861

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

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



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.29 Earnings per share

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

Particulars	2016	2015
a) Shareholders earnings (as per statement of profit and loss)	134,357,236	61,849,051
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)	27.53	12.67

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

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

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

Amount of Rs. 24,250,575 (Previous year: Rs. 18,045,522) is recognized as expense and included in "Employee benefit expenses" – note 2.24 to the statement of profit and loss.

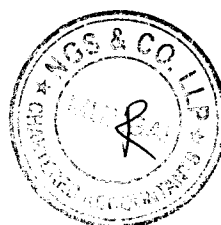
#### B) Defined benefit plan (Gratuity):

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

Statement of profit and loss

Net employee benefits expenses:

Particulars	2016	2015
Current service cost	5,550,000	3,671,000
Interest on defined benefit obligation	2,088,000	1,403,000
Expected return on plan assets	(2,055,000)	(1,880,000)
Actuarial loss	9,898,000	2,325,000
<b>Total included in Employee benefit expenses</b>	<b>15,481,000</b>	<b>5,519,000</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

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

#### Balance sheet

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

Particulars	As at 31 March 2016	As at 31 March 2015
Liability at the beginning of the year	24,232,000	10,017,000
Acquisition adjustment	-	5,643,000
Interest cost	2,088,000	1,403,000
Transfer in	2,540,000	469,000
Current service cost	5,550,000	3,671,000
Benefits paid	(4,873,000)	(1,466,000)
Actuarial loss on obligations	9,278,000	4,495,000
<b>Liability at the end of the year</b>	<b>38,815,000</b>	<b>24,232,000</b>

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

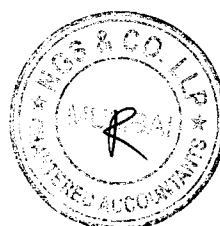
Particulars	As at 31 March 2016	As at 31 March 2015
Fair value of plan assets at the beginning of the year	28,277,000	6,066,000
Acquisition adjustment	-	15,621,000
Expected return on plan asset	2,055,000	1,880,000
Contributions	15,035,000	4,006,000
Benefits paid	(4,873,000)	(1,466,000)
Actuarial (loss)/gain	(620,000)	2,170,000
<b>Fair value of plan assets at the end of the year</b>	<b>39,874,000</b>	<b>28,277,000</b>

Amount recognised in the balance sheet:

Particulars	2016	2015	2014	2013	2012
Liability at the end of the year	38,815,000	24,232,000	10,017,000	5,786,129	2,901,156
Fair value of plan assets at the end of the year	39,874,000	28,277,000	6,066,000	4,736,662	4,411,985
<b>Amount recognized in balance sheet - assets/ (liability)</b>	<b>1,059,000</b>	<b>4,045,000</b>	<b>(3,951,000)</b>	<b>(1,049,467)</b>	<b>1,510,829</b>

Experience adjustment :

Particulars	2016	2015	2014	2013	2012
On plan liabilities: loss	8,763,000	3,119,000	883,000	2,231,000	552,547
On plan assets: (loss)/ gain	(672,000)	2,170,000	309,000	204,000	23,130
<b>Estimated contribution for next year</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>1,000,000</b>	<b>Nil</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

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

Principle actuarial assumptions at the balance sheet date:

Particulars	As at	As at
	31 March 2016	31 March 2015
Discount rate	7.40%	7.80%
Salary escalation	7.00%	7.00%
Employee attrition rate range	13.00%-60.00%	13.00%-60.00%

### 2.31 Auditors' remuneration

Particulars	As at	As at
	31 March 2016	31 March 2015
As statutory auditor	670,000	550,000
For reimbursement of expenses	22,911	-
<b>Total</b>	<b>692,911</b>	<b>550,000</b>

### 2.32 Foreign currency transactions

The Company has incurred expenditure in foreign currency Rs. 186,691 during the year ended 31 March 2016 (Previous year: Rs. 24,350).

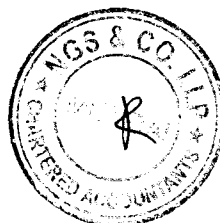
### 2.33 Operating leases

The Company has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2016 aggregated to Rs. 101,208,693 (Previous year: Rs. 73,163,933) which has been included under the head Operating expenses – Rent under note 2.26 in the statement of profit and loss.

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

Particulars	As at	As at
	31 March 2016	31 March 2015
<b>Minimum lease payments for non cancellable lease</b>		
- not later than one year	13,034,259	8,731,782
- later than one year and not later than five years	6,330,048	8,286,311
- later than five years	-	-
<b>Total</b>	<b>19,364,307</b>	<b>17,018,093</b>

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 2016

(Currency: Indian rupees)

### 2.34 Contingent liabilities and commitments

#### (i) *Contingent liabilities*

- In respect of taxation matters – Rs. 115,314,619 (Previous year: Rs. 134,768,955).
- Claims against the Company not acknowledged as debts Rs. 48,178,857 (Previous year: Rs. 43,956,640).

#### (ii) *Capital commitments*

Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. 286,089,000 (net of advances) (Previous year : Rs. 54,272,000).

### 2.35 Additional disclosure on fixed deposits

- 1) Fixed deposits aggregating to Rs. 662,000,000 (Previous year: Rs. 1,530,036,596) have been pledged with exchanges for meeting margin requirement.
- 2) Fixed deposits aggregating to Rs. 9,952,706 (Previous year: Rs. 11,100,000) have been pledged with exchanges for meeting base capital requirement.
- 3) Fixed deposits aggregating to Rs. 13,923,226 (Previous year: Rs. 4,763,637) have been pledged with exchanges towards arbitration.

2.36 Out of the total amount payable on account of profession tax, work contract tax as on 31 March 2016, a sum of Rs. 17,561 (Previous year: Rs. 31,886), Rs. 282,830 (Previous year: Rs. 262,360) respectively is outstanding for more than six months where the registration formalities are in progress. The same shall be deposited on obtaining the registration.

### 2.37 Cost sharing

Edelweiss Commodities Services Limited, the fellow subsidiary company, incurs expenditure like 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 note 2.26 include reimbursements paid and are net of the reimbursements received based on the management's best estimate.

During the previous year, Edelweiss Securities Limited, the fellow subsidiary company, incurred 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 the Company. Accordingly, and as identified appropriately, the expenditure heads in Note 2.24 included these reimbursements.





# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

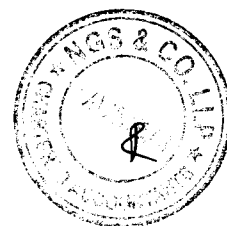
### 2.38 Detail of purchases, sales and change in inventory

Particulars	2016	2015
<b>Opening stock</b>		
Equity shares	112,691	8,437
Mutual funds	-	-
<b>Subtotal</b>	<b>112,691</b>	<b>8,437</b>
<b>Purchase</b>		
Equity shares	127,107,995	157,294,067
Mutual funds	-	1,935,000,001
<b>Subtotal</b>	<b>127,107,995</b>	<b>2,092,294,068</b>
<b>Sales</b>		
Equity shares	125,204,947	155,575,331
Mutual funds	-	1,991,661,120
<b>Subtotal</b>	<b>125,204,947</b>	<b>2,147,236,451</b>
<b>Closing stock</b>		
Equity shares	317,366	112,691
Mutual funds	-	-
<b>Subtotal</b>	<b>317,366</b>	<b>112,691</b>
<b>(Loss)/ Profit on trading of securities</b>	<b>(1,698,373)</b>	<b>55,046,637</b>

### 2.39 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 had 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 had been prepared taking into account the effect of the said Order.

As per the Scheme, the Company was 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 had 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 2016

(Currency: Indian rupees)

### 2.39 On account of merger (Continued)

Particulars	Amount (Rs.) F.Y. 2013-14
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
<b>Total assets</b>	<b>1,595,649,090</b>
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
<b>Total liabilities</b>	<b>891,530,760</b>
<b>Net assets</b>	<b>704,118,330</b>
Cost of investments by the Company in the transferor entity	1,640,164,800
<b>Net Goodwill generated on Amalgamation (adjusted against securities premium account of the Company)</b>	<b>936,046,470</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.39 On account of merger (Continued)

No consideration was 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, had been debited to the securities premium account of the Company as mentioned in the Order.

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

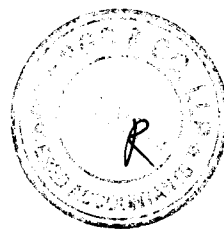
The loss incurred by the transferor company between the Appointed Date and 31 March 2014 (as per the table below), had been adjusted to the statement of profit and loss of the Company as at 1 April 2014.

Particulars	Amount (Rs.) F.Y. 2013-14
Total income	170,581,661
Total expenses	198,044,984
<b>Loss before tax</b>	<b>(27,463,323)</b>
<b>Loss after tax</b> (adjusted to the statement of profit and loss of the Company as at 1 April, 2014)	<b>(21,226,085)</b>

### 2.40 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.

2.41 Brokerage income is disclosed net of related (i) sub-brokerage expenses Rs. 256,347,053 (Previous year: Rs. 300,092,573); and (iii) stock exchange expenses Rs. (1,751,330) (Previous year: Rs. (5,105,990)).



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.42 Corporate Social Responsibility (CSR)

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

- a. Gross amount required to be spent by the Company during the year was Rs. 736,773.
- b. Amount spent during the year on:

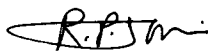
Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Constructions / acquisition of any assets	Nil	Nil	Nil
(ii)	On purpose other than (i) above	1,200,000	Nil	1,200,000

As per our report of even date attached.

**For NGS & Co. LLP**

Chartered Accountants

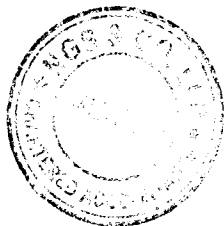
Firm Registration No.: 119850W



**R. P. Soni**

Partner

Membership No.: 104796



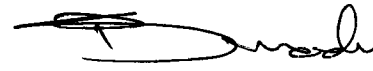
**For and on behalf of the Board of Directors**



**Biren Shah**

Director

DIN : 01258542



**Prashant Mody**

Director

DIN : 03101048



**Brijmohan Bohra**

Company Secretary

Mumbai

Date : 12 May 2016

Mumbai

Date : 12 May 2016