

**Edelweiss Broking Limited**

Financial Statements

together with Auditors' Report

for the year ended 31 March 2018

# **Edelweiss Broking Limited**

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

### ***Contents***

Auditors' Report

Balance sheet

Statement of profit and loss

Cash flow statement

Notes to the financial statements

## 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 2018, 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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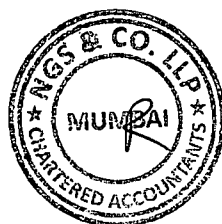
www.ngsco.in

## 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 2018, and its profit and its cash flows for the year ended on that date.

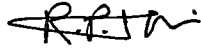
## Report on Other Legal and Regulatory Requirements

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 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of section 164(2) of the Act;
  - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to 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; and
    - 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 depravities segment of the exchange.

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



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

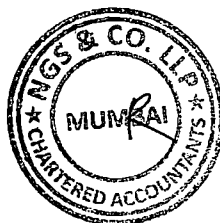


Place: Mumbai  
Date: 27 April 2018

**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 2018, 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of 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, goods and service 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, goods and service tax and cess were in arrears as at 31 March 2018 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 2018, due to registration formalities in progress with respective statutory authorities, as mentioned in note no. 2.35 to financial statement.

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

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,405,961	A.Y.2008-09	ITAT
Income Tax Act, 1961	Income Tax	16,73,574	A.Y.2010-11	CIT (A)
Income Tax Act, 1961	Income Tax	17,86,440	A.Y.2011-12	CIT (A)
Income Tax Act, 1961	Income Tax	10,17,675	A.Y.2012-13	CIT (A)
Income Tax Act, 1961	Income Tax	47,64,690	A.Y.2014-15	CIT (A)
Finance Act, 1994	Service Tax	212,489*	April 2004 to March 2006	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	33,009	October 2007 to March 2008	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	8,604,342*	April 2004 to March 2008	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	446,804	April 2008 up to 15th May 2008	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	1,097,750	April 2008 to March 2009	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	2,973,783	2011-12 to 2013-14	Assist. Commissioner
Finance Act, 1994	Service Tax	1,179,056	F.Y. 2010-11	CESTAT Ahmedabad -
Finance Act, 1994	Service Tax	65,467	F.Y. 2011-12	CESTAT Ahmedabad -

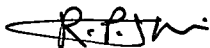
\* net of amounts paid under protest.

- (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 given to us and based on our examination of the records of the Company, during the year, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is 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: 27 April 2018



**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 2018 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.

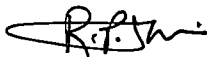
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



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



Place: Mumbai  
Date: 27 April 2018

# Edelweiss Broking Limited

## Balance sheet

(Currency: Indian rupees)

	Note	As at 31 March 2018	As at 31 March 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	1,133,000,000	67,720,000
Reserves and surplus	2.2	315,102,451	1,481,146,532
<b>Non-current liabilities</b>			
Other long term liabilities	2.3	84,659,819	60,817,282
Long-term provisions	2.4	15,769,725	27,136,000
<b>Current liabilities</b>			
Short-term borrowings	2.5	6,338,468,066	4,403,077,602
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	2.38	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.6	7,406,367,931	5,986,287,335
Other current liabilities	2.7	345,674,041	319,375,960
Short-term provisions	2.8	72,882,881	41,896,259
<b>TOTAL</b>		<b>15,711,924,914</b>	<b>12,387,456,970</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	2.9	299,781,238	293,453,645
Intangible assets	2.9	153,971,003	21,605,121
Capital work-in-progress		6,082,874	37,385,867
Intangible assets under development		278,517,670	192,739,057
Non-current investments	2.10	21,137,255	206,547,005
Deferred tax assets (net)	2.11	108,084,620	224,095,707
Long-term loans and advances	2.12	329,663,303	264,667,227
Other non-current assets	2.13	5,416,500	872,000
		<b>1,202,654,463</b>	<b>1,241,365,629</b>
<b>Current assets</b>			
Stock-in-trade	2.14	-	-
Trade receivables	2.15	6,201,172,316	3,192,432,996
Cash and bank balances	2.16	1,932,971,516	1,433,682,713
Short-term loans and advances	2.17	98,340,141	56,213,670
Other current assets	2.18	6,276,786,478	6,463,761,962
		<b>14,509,270,451</b>	<b>11,146,091,341</b>
<b>TOTAL</b>		<b>15,711,924,914</b>	<b>12,387,456,970</b>

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

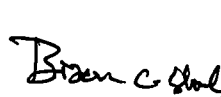
For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No.: 119850W

For and on behalf of Board of Directors



R. P. Soni  
Partner  
Membership No.: 104796






Biren Shah  
Director  
DIN : 01258542



Prashant Mody  
Director  
DIN : 03101048

  
Brijmohan Bohra  
Company Secretary

Mumbai  
27 April 2018

  
Mahadev Gole  
Manager

Mumbai  
27 April 2018

# Edelweiss Broking Limited

## Statement of profit and loss

(Currency: Indian rupees)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Revenue from operations</b>			
Fee and commission income	2.19	2,403,593,375	1,752,994,420
Income from treasury operations	2.20	31,346,195	37,528,073
Interest income	2.21	316,498,217	51,457,929
Other operating revenue	2.22	599,130,303	362,084,221
<b>Other income</b>	2.23	12,389,470	18,871,179
<b>Total revenue</b>		<b>3,362,957,560</b>	<b>2,222,935,822</b>
<b>Expenses</b>			
Employee benefit expenses	2.24	1,572,061,844	1,183,276,675
Finance costs	2.25	356,326,728	210,978,304
Depreciation and amortisation expenses	2.9	82,064,986	75,717,918
Other expenses	2.26	1,222,959,935	613,259,470
<b>Total expenses</b>		<b>3,233,413,493</b>	<b>2,083,232,367</b>
<b>Profit before tax</b>		<b>129,544,067</b>	<b>139,703,455</b>
<b>Tax expense:</b>			
Current tax [includes excess provisions for earlier year Rs. 113,417, (Previous year: Rs. Nil)]		32,746,936	22,755,001
MAT credit entitlement		(25,957,326)	(22,755,001)
Deferred tax charge/ (benefit)		116,011,088	(73,308,207)
<b>Profit for the year</b>		<b>6,743,369</b>	<b>213,011,662</b>
<b>Earnings per equity share:</b>			
Basic and diluted (face value Rs.10 each)	2.29	1.11	43.64
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*

R. P. Soni  
Partner  
Membership No.: 104796



For and on behalf of Board of Directors

*Biren Shah* *Prashant Mody*

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

*Brijmohan Bohra* *Mahadev Gole*

Brijmohan Bohra  
Company Secretary  
Mahadev Gole  
Manager

Mumbai  
27 April 2018

Mumbai  
27 April 2018

# Edelweiss Broking Limited

## Cash flow statement

(Currency: Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A Cash flow from operating activities</b>		
Profit before taxation	129,544,067	139,703,455
Adjustments for:		
Depreciation and amortisation expenses	82,064,986	75,717,918
Provision for doubtful debts/ bad debts written off	24,700,513	(33,327,544)
Loss on sale/ write-off of fixed assets (net)	559,223	1,623,780
Profit on sale of long term investment	(22,390,250)	(12,267,071)
Compensated absences	5,077,725	633,000
Bank guarantee commission charges	4,021,187	260,870
Rental income	(34,226,638)	(43,395,315)
Interest expense	350,407,406	209,232,293
<b>Operating cash flow before working capital changes</b>	<b>539,758,219</b>	<b>338,181,386</b>
Add / (less): Adjustments for working capital changes		
Increase in trade receivables	(3,033,439,832)	(1,703,881,536)
Increase in loans and advances	(64,125,200)	(12,111,041)
Increase in other current assets	(178,501,927)	(4,165,873,048)
Decrease in stock in trade	-	317,366
Increase in trade payables	1,420,080,596	3,276,141,734
Increase/ (decrease) in liabilities and provisions	57,870,371	(5,919,379)
<b>Cash used in operations</b>	<b>(1,258,357,773)</b>	<b>(2,273,144,518)</b>
Income tax paid	(50,061,074)	(32,263,147)
<b>Net cash used in operating activities - A</b>	<b>(1,308,418,847)</b>	<b>(2,305,407,665)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(279,197,657)	(247,844,373)
Sale of fixed assets	3,922,084	3,654,231
Rental income	34,226,638	43,395,315
Sale of investment	57,800,000	176,872,071
Redemption of investments in preference shares	150,000,000	-
<b>Net cash used in investing activities - B</b>	<b>(33,248,935)</b>	<b>(23,922,756)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital including securities premium	1,783,492,550	-
Redemption of preference share capital including premium	(1,891,000,000)	-
Proceeds from short term borrowings (net) (refer note 2)	1,935,390,464	2,780,058,755
Bank guarantee commission paid	(3,999,448)	(2,000,000)
Interest paid	(343,859,892)	(198,514,025)
<b>Net cash generated from financing activities - C</b>	<b>1,480,023,674</b>	<b>2,579,544,730</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>138,355,892</b>	<b>250,214,309</b>
Cash and cash equivalents as at the beginning of the year	545,949,669	295,735,360
Cash and cash equivalents as at the end of the year (refer note 1)	684,305,561	545,949,669

### Notes:

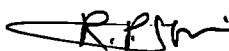
1 Cash and cash equivalents include the following:

Cash in hand	5,934	94,840
Balances with scheduled banks:		
In current accounts	684,299,627	545,854,829
Cash and cash equivalents	684,305,561	545,949,669

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

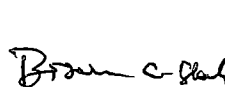


R. P. Soni  
Partner  
Membership No.: 104796

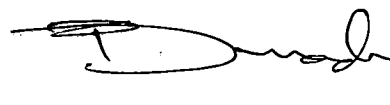


Mumbai  
27 April 2018

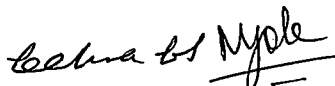
For and on behalf of the Board of Directors



Biren Shah  
Director  
DIN : 01258542



Prashant Mody  
Director  
DIN : 03101048



Brijmohan Bohra  
Company Secretary  
Mumbai  
27 April 2018

  
Mahadev Gole  
Manager

# Edelweiss Broking Limited

## Notes to the financial statements

for the year ended 31 March 2018

(Currency: Indian rupees)

### 1. Significant accounting policies

#### 1.1 Company background and Basis of preparation of financial statements

Edelweiss Broking Limited ("the Company") was incorporated on 7 February 2008. The Company is a 100% subsidiary of Edelweiss Financial Services Limited.

The Company is registered as a trading member with National Exchange of India Limited ('NSEIL'), BSE Limited ('BSE') and Metropolitan Stock Exchange of India Limited (MSEI) and provides broking services to the clients. The Company also registered as Depository Participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and also registered as Repository Participant with National E-Repository Limited (NERL). The Company is also acting as Distributor for Mutual Funds.

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

#### 1.2 Use of estimates

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

#### 1.3 Current / non-current classification

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

##### Assets

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.



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2018

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.4 Revenue recognition

- 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) Profit/ loss on sale of investments/ securities is determined based on the weighted average cost of the Investments/ securities sold and recognised on trade date.
  - ii) Realised profit/ loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, 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.
  - iii) 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 Derivatives

- 1a) Outstanding derivative contracts are measured at fair value as at each Balance Sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases, the valuation techniques used as input parameters are observable market data in order to ensure reliability of the fair value measure.
- b) In accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India effective from 1 April 2016, the Company recognises all mark to market gains or losses on derivative contracts in the statement of profit and loss.
- 2a) "Margin – Equity Derivative Instrument" representing the initial margin paid and /or additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock futures and equity index/ stock options, which are released on final settlement / squaring – up of the underlying contracts, are disclosed under other current assets. "Margin Deposits – Equity Derivative Instrument" representing the deposit paid in respect of mark to market margin is disclosed under other current assets.
- b) "Equity Index/ Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2018

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.6 Fixed assets and depreciation

##### Property, plant and equipments

Property, plant and equipments 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 and Intangibles under development

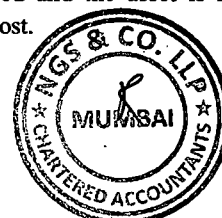
Intangible fixed assets are recorded in consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

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.

#### 1.7 Impairment of assets

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





# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2018

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

#### 1.8 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.

#### 1.9 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.

#### 1.10 Cash and cash equivalents

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

#### 1.11 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. Exchange differences arising on settlement of revenue transactions are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities contracted in foreign currencies are restated at the rate of exchange ruling at the Balance Sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in the Statement of Profit and Loss.

#### 1.12 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 2018

(Currency: Indian rupees)

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

#### 1.12 *Employee benefits (Continued)*

##### **Gratuity**

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

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

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

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

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

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

##### **Compensated absences**

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

##### **Deferred bonus**

The Company has adopted a Deferred Bonus Plan under its Deferred Variable Compensation Plan. A pool of identified senior employees of the Company is entitled for benefits under this plan. Such deferred compensation will be paid in a phased manner over a future period of time. The measurement for the same has been based on actuarial assumptions and principles. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

#### 1.13 *Borrowing Costs*

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



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2018

(Currency: Indian rupees)

### 1. Significant accounting policies (Continued)

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

##### Minimum alternative tax (MAT)

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

#### 1.15 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.

#### 1.16 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 are 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 earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.



## Edelweiss Broking Limited

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

for the year ended 31 March 2018

(Currency: Indian rupees)

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

##### 1.17 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 2018	As at 31 March 2017
<b>2.1 Share capital</b>		
<b>Authorised :</b>		
113,300,000 (Previous year: 39,750,000) Equity Shares of Rs. 10 each	1,133,000,000	397,500,000
1,891,000 (Previous year: 10,000,000 ) Preference Shares of Rs. 10 each	18,910,000	100,000,000
	<u>1,151,910,000</u>	<u>497,500,000</u>
<b>Issued, subscribed and paid up:</b>		
113,300,000 (Previous year: 4,881,000) Equity shares of Rs. 10 each, fully paid-up	1,133,000,000	48,810,000
Nil (Previous year: 250,000) 7% Non-cumulative Non-convertible Redeemable Preference Shares Rs. 10 each, fully paid up	-	2,500,000
Nil (Previous year: 1,641,000) 11% Non-cumulative Optionally Convertible Preference Shares Rs. 10 each, fully paid up	-	16,410,000
	<u>1,133,000,000</u>	<u>67,720,000</u>

(All the above 113,300,000 (P.Y. 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	108,419,000	-
Number of shares at the end of the year	<u>113,300,000</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	1,084,190,000	-
Share capital at the end of the year	<u>1,133,000,000</u>	<u>48,810,000</u>

#### ia) Details of Equity shareholders holding more than 5% shares in the Company:

	31 March 2018		31 March 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Edelweiss Financial Services Limited	113,300,000	100%	4,881,000	100%
	<u>113,300,000</u>	<u>100%</u>	<u>4,881,000</u>	<u>100%</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 redeemed during the year	(250,000)	-
Number of shares at the end of the year	<u>-</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 redeemed during the year	(1,641,000)	-
Number of shares at the end of the year	<u>-</u>	<u>1,641,000</u>

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

	31 March 2018		31 March 2017	
	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	-	-	250,000	100%
	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>100%</u>
11% Non-cumulative Optionally Convertible Preference Shares				
Edelweiss Commodities Services Limited	-	-	1,267,000	77.21%
ECL Finance Limited	-	-	-	-
Edelweiss Finance & Investments Limited	-	-	374,000	22.79%
	<u>-</u>	<u>-</u>	<u>1,641,000</u>	<u>100%</u>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2018	As at 31 March 2017
c. <b>Terms/rights attached to equity shares:</b>		
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. <b>Terms of conversion/repayment</b>		
<b>7% Non-cumulative Non-convertible Redeemable Preference Shares:</b>		
The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 1,000 per share. The Preference Shares were allotted on 26 December 2011. The Preference Shares are redeemed on 28 March 2018 at Rs. 1,000/- per share.		
<b>11% Non-cumulative, Optionally Convertible Preference Shares (NOCPS):</b>		
The 11% Non-cumulative, Optionally Convertible Preference Shares (Shares/NOCPS) of the face value of Rs. 10 each were issued at the rate of Rs. 1,000 per share. The NOCPS were allotted on 30 September 2013. The shares are redeemed on 28 March 2018 at Rs. 1,000/- per share.		

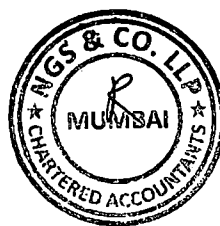


# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2018	As at 31 March 2017
<b>2.2 Reserves and surplus</b>		
Securities premium account		
Opening balance	1,193,033,530	1,193,033,530
Add : Additions during the year	699,302,550	-
Less: Utilisation during the year	(1,872,090,000)	-
Closing balance	20,246,080	1,193,033,530
Surplus in Statement of profit and loss		
Opening balance	288,113,002	75,101,340
Add: Profit for the year	6,743,369	213,011,662
Net Surplus in Statement of profit and loss	294,856,371	288,113,002
	<b>315,102,451</b>	<b>1,481,146,532</b>
<b>2.3 Other long term liabilities</b>		
Others		
Deposits from sub-brokers	84,659,819	60,817,282
	<b>84,659,819</b>	<b>60,817,282</b>
<b>2.4 Long-term provisions</b>		
Provision for employee benefits		
Gratuity ( <i>refer note 2.30</i> )	7,495,000	-
Compensated leave absences	8,274,725	4,376,000
Deferred bonus	-	22,760,000
	<b>15,769,725</b>	<b>27,136,000</b>
<b>2.5 Short-term borrowings</b>		
<i>Secured</i>		
Bank overdraft	-	229,906,641
(Secured by way of pledge of hypothecation of immovable property and it is repayable on demand.)(previous year interest rate ranging from 8.47% to 11.50% p.a.))		
<i>Unsecured</i>		
(Due within one year, unless otherwise stated)		
Loans from related parties	6,338,468,066	4,173,170,961
(repayable on demand, at variable rate of interest at 10% p.a.)(previous year: ranging from 8.47% to 11.50% p.a.))		
	<b>6,338,468,066</b>	<b>4,403,077,602</b>
<b>2.6 Trade payables</b>		
Trade payables	7,406,367,931	5,986,287,335
(includes sundry creditors, provision for expenses, customer payables)		
	<b>7,406,367,931</b>	<b>5,986,287,335</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2018	As at 31 March 2017
<b>2.7 Other current liabilities</b>		
Interest accrued and due on borrowings	27,795,472	21,247,958
Income received in advance	-	231,983
Other payables *		
Accrued salaries and benefits	248,256,871	222,612,707
Withholding tax, service tax and other statutory dues payable	62,496,698	35,171,593
Advances from customers	543,831	362,949
Book overdraft	317	32,540,305
Retention money payable	1,105,766	249,146
Others	5,475,086	6,959,319
* There are Rs. Nil (Previous year: Rs. Nil) amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act 2013 as at the year end.		
	<b>345,674,041</b>	<b>319,375,960</b>
<b>2.8 Short-term provisions</b>		
Provision for employee benefits		
Compensated absences	2,750,000	1,571,000
Deferred bonus	68,315,000	38,255,000
Others		
Provision for taxation (net of advance income taxes and tax deducted at sources)	1,817,881	2,070,259
	<b>72,882,881</b>	<b>41,896,259</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 2017	Additions during the year	Deductions during the year	As at 31 March 2018	As at 1 April 2017	Additions during the year	Deductions during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
<b>A) Property, plant and equipment</b>										
Building	262,532,930	-	-	262,532,930	64,496,280	9,901,832	-	74,398,112	188,134,818	198,036,650
Leasehold improvements	39,507,243	11,264,397	512,525	50,259,115	27,125,560	5,929,818	275,317	32,780,061	17,479,054	12,381,683
Furniture and fixtures	12,200,986	5,730,854	300,376	17,631,464	6,544,164	2,266,875	183,302	8,627,737	9,003,727	5,656,822
Vehicles	26,844,553	4,648,776	9,419,721	22,073,608	13,050,757	5,203,324	6,506,476	11,747,605	10,326,003	13,793,796
Office equipment	43,847,509	9,240,352	13,414,406	39,673,455	34,826,560	6,524,137	12,856,230	28,494,467	11,178,988	9,020,949
Computers	179,141,261	49,242,735	46,509,917	181,874,079	124,577,516	39,492,229	45,854,314	118,215,431	63,658,648	54,563,745
<b>Total : A</b>	<b>564,074,482</b>	<b>80,127,114</b>	<b>70,156,946</b>	<b>574,044,651</b>	<b>270,620,837</b>	<b>69,318,215</b>	<b>65,675,639</b>	<b>274,263,413</b>	<b>299,781,238</b>	<b>293,453,645</b>
<b>B) Intangible assets</b>										
Computer software	172,030,278	145,112,653	-	317,142,931	150,425,157	12,746,771	-	163,171,928	153,971,003	21,605,121
MCX membership card	2,000,000	-	-	2,000,000	2,000,000	-	-	2,000,000	-	-
<b>Total : B</b>	<b>174,030,278</b>	<b>145,112,653</b>	<b>-</b>	<b>319,142,931</b>	<b>152,425,157</b>	<b>12,746,771</b>	<b>-</b>	<b>165,171,928</b>	<b>153,971,003</b>	<b>21,605,121</b>
<b>Grand total [A+B]</b>	<b>738,104,760</b>	<b>225,239,767</b>	<b>70,156,946</b>	<b>893,187,582</b>	<b>423,045,994</b>	<b>82,064,986</b>	<b>65,675,639</b>	<b>439,435,340</b>	<b>453,752,241</b>	<b>315,058,766</b>
Previous year	712,527,110	72,819,431	47,241,781	738,104,760	389,291,851	75,717,918	41,963,775	423,045,994	315,058,766	



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2018	As at 31 March 2017
<b>2.10 Non-current investments - at cost</b>		
<b>Others (unquoted)</b>		
Investments in equity instruments of subsidiary company (fully paid up)	21,137,255	56,547,005
Investments in preference shares of subsidiary companies (fully paid up)	-	150,000,000
	<u>21,137,255</u>	<u>206,547,005</u>
<b>Aggregate of unquoted investment</b>		
- At book value	21,137,255	206,547,005

	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Others (unquoted)</b>						
Investments in equity instruments of subsidiary (fully paid up)						
Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	10	4,227,451	21,137,255	10	4,227,451	21,137,255
Edel Finance Company Limited	-	-	-	100	340,000	35,409,750
Investments in preference shares of subsidiary (fully paid up)						
Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	-	-	-	10	3,000,000	150,000,000
Edelcap Securities Limited	10	5,000	-	-	-	-
			<u>21,137,255</u>			<u>206,547,005</u>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2018	As at 31 March 2017
<b>2.11 Deferred tax assets</b>		
Difference between book and tax depreciation	-	1,624,974
Provision for doubtful debts/advances	83,581,301	80,497,537
Disallowances under section 43B of the Income Tax Act, 1961	24,753,994	22,139,646
Accumulated losses	-	119,739,391
Others	1,269,482	94,159
	<u>109,604,777</u>	<u>224,095,707</u>
<b>Deferred tax liabilities</b>		
Difference between book and tax depreciation	(1,520,157)	-
	<u>(1,520,157)</u>	<u>-</u>
	<u>108,084,620</u>	<u>224,095,707</u>
<b>2.12 Long-term loans and advances</b>		
<b>Security deposits</b>		
Rental deposits	65,385,985	43,468,034
Deposits placed with/ for exchange/ depositories	27,817,174	27,317,174
Other deposits	6,851,503	6,454,559
<b>Other loans and advances</b>		
Prepaid expenses	2,861,307	1,240,893
Advance income taxes (net of provision for taxation)	114,445,418	99,841,977
MAT credit entitlement	112,301,916	86,344,590
	<u>329,663,303</u>	<u>264,667,227</u>
<b>2.13 Other non-current assets</b>		
Gratuity (refer note 2.30)	-	872,000
Long term deposits with banks (refer note 2.34) (held as margin money or security against borrowings, guarantees)	5,416,500	-
	<u>5,416,500</u>	<u>872,000</u>

	As at 31 March 2018			As at 31 March 2017		
<b>2.14 Stock-in-trade</b>	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Details of Inventories</b>						
Equity shares (Unquoted) (refer note 2.39)						
Sterlite Power Limited	2	20	-	2	20	-
			<u>-</u>			<u>-</u>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2018	As at 31 March 2017
<b>2.15 Trade receivables</b>		
Debtors outstanding for a period exceeding six months		
Secured, considered good	75,129,265	47,603,041
Unsecured, considered doubtful	265,139,265	221,199,058
	<u>340,268,530</u>	<u>268,802,099</u>
Less: Provision for doubtful debts	<u>(265,139,265)</u>	<u>(221,199,058)</u>
	75,129,265	47,603,041
Other debts		
Secured, considered good	1,253,011,635	3,128,510,857
Unsecured, considered good	4,873,031,416	16,319,098
Unsecured, considered doubtful	2,749,519	22,268,070
	<u>6,128,792,570</u>	<u>3,167,098,025</u>
Less: Provision for doubtful debts	<u>(2,749,519)</u>	<u>(22,268,070)</u>
	6,126,043,051	3,144,829,955
	<u>6,201,172,316</u>	<u>3,192,432,996</u>
<b>2.16 Cash and bank balances</b>		
Cash and cash equivalents		
Cash in hand	5,934	94,840
Balances with banks		
- in Current accounts	684,299,627	545,854,829
Other bank balances		
- Short term deposits with banks (refer note 2.34)	1,248,665,955	887,733,044
(held as margin money or security against borrowings, guarantees)		
	<u>1,932,971,516</u>	<u>1,433,682,713</u>



# Edelweiss Broking Limited

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

(Currency: Indian rupees)

	As at 31 March 2018	As at 31 March 2017
<b>2.17 Short-term loans and advances</b>		
Prepaid expenses	14,990,061	11,032,085
Loans and advances to employees	13,378,677	11,728,714
Vendor advances	13,652,662	13,115,061
Cenvat and VAT assets	35,575,158	15,012,137
Advance tax and tax deducted at source (net of provision for taxation)	2,458,319	-
Advances recoverable in cash or in kind or for value to be received	18,285,264	5,325,673
	<b>98,340,141</b>	<b>56,213,670</b>
<b>2.18 Other current assets</b>		
Accrued interest on fixed deposits	7,070,494	961,911
Receivable from exchanges/ clearing houses (net)	2,591,655,451	2,988,661,917
Margin placed with clearing house	3,678,060,533	3,474,138,134
	<b>6,276,786,478</b>	<b>6,463,761,962</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>2.19 Fee and commission income</b>		
Income from broking (refer note 2.37)	1,888,187,670	1,378,185,785
Advisory and other fees (refer note 2.40)	515,405,705	374,808,635
	<u>2,403,593,375</u>	<u>1,752,994,420</u>
<b>2.20 Income from treasury operations</b>		
Profit on trading of securities (net) (refer note 2.39)	9,836,675	19,739,362
(Loss) / Profit on trading in equity derivative instruments (net)	(880,730)	5,521,640
Profit on sale of long term investment	22,390,250	12,267,071
	<u>31,346,195</u>	<u>37,528,073</u>
<b>2.21 Interest income</b>		
On fixed deposits	72,239,559	50,540,859
On margin with brokers	242,780,214	-
On others	1,478,444	917,070
	<u>316,498,217</u>	<u>51,457,929</u>
<b>2.22 Other operating revenue</b>		
Delayed payment charges	564,903,665	318,688,906
Rental income	34,226,638	43,395,315
	<u>599,130,303</u>	<u>362,084,221</u>
<b>2.23 Other income</b>		
Miscellaneous income	12,389,470	18,871,179
	<u>12,389,470</u>	<u>18,871,179</u>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees)

For the year ended  
31 March 2018

For the year ended  
31 March 2017

### 2.24 Employee benefit expenses

Salaries and wages	1,440,362,135	1,086,755,406
Contribution to provident and other funds (refer note 2.30)	69,078,167	43,800,418
Staff welfare expenses (refer note 2.36)	62,621,542	52,720,851
	<b>1,572,061,844</b>	<b>1,183,276,675</b>

### 2.25 Finance costs

Interest on bank overdraft	5,562,908	2,320,233
Interest on loan from holding company	23,616,870	38,369,520
Interest on loan from fellow subsidiaries	321,227,628	168,542,540
Interest - others	7,518	618,346
Financial and bank charges	5,911,804	1,127,665
	<b>356,326,728</b>	<b>210,978,304</b>

### 2.26 Other expenses

Advertisement and business promotion	230,831,851	82,907,514
Auditors' remuneration (refer note below)	1,208,115	1,083,455
Bad- debts and advances written off	278,856	257,944
Commission and brokerage	398,313	498,993
Communication	83,852,551	60,274,024
Computer expenses	15,026,739	9,172,742
Computer software	40,175,784	22,745,547
Dematerialisation charges	14,551,041	11,590,057
Directors' sitting fees	170,000	170,000
Contribution towards corporate social responsibility (refer note 2.42)	789,378	500,000
Electricity charges (refer note 2.36)	31,465,199	23,776,266
Foreign exchange loss (net)	13,074	10,803
Insurance	1,416,075	1,807,968
Legal and professional fees	233,324,366	39,510,482
Loss on sale/ write-off of fixed assets (net)	559,223	1,623,780
Membership and subscription	869,477	504,011
Office expenses (refer note 2.36)	107,550,465	75,076,793
Postage and courier	7,553,009	7,316,063
Printing and stationery	17,099,774	14,179,525
Provision for doubtful debts	24,421,657	(33,585,488)
Rates and taxes	107,496	1,381,481
Rent (refer note 2.36)	164,753,955	121,898,947
Repairs and maintenance - others (refer note 2.36)	17,552,957	11,390,728
ROC expenses	4,908,675	3,200
Seminar and conference	12,171,640	2,411,998
Service tax expenses	(9,906,445)	20,961,089
Site related expenses	98,229,298	54,115,333
Stamp duty	6,012,405	4,130,313
Stock exchange expenses	1,515,389	1,497,297
Travelling and conveyance	88,707,355	59,307,696
Miscellaneous expenses	8,284,478	4,193,283
Housekeeping and security charges (refer note 2.36)	13,418,090	10,230,513
Operating losses	5,649,695	2,317,113
	<b>1,222,959,935</b>	<b>613,259,470</b>

#### Auditors' remuneration:

As auditor	976,000	1,026,000
For other services	180,000	25,000
For reimbursement of expenses	52,115	32,455
	<b>1,208,115</b>	<b>1,083,455</b>



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2018

(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 2018

(Currency: Indian rupees)

### 2.27 Segment reporting (Continued)

#### Business segment

	Particulars	31 March 2018	31 March 2017
I	<b>Segment revenue</b>		
	<b><u>Income from external customers</u></b>		
	Agency business	3,291,830,633	2,138,243,317
	Capital based business	71,126,927	84,692,505
	Unallocated	-	-
	<b>Total income</b>	<b>3,362,957,560</b>	<b>2,222,935,822</b>
II	<b>Segment result</b>		
	Agency business	123,043,244	120,571,742
	Capital based business	6,500,823	19,131,713
	Unallocated	-	-
	<b>Total</b>	<b>129,544,067</b>	<b>139,703,455</b>
	<b>Profit before taxation</b>	<b>129,544,067</b>	<b>139,703,455</b>
	Less : Provision for taxation	122,800,698	(73,308,207)
	<b>Profit after taxation</b>	<b>6,743,369</b>	<b>213,011,662</b>
III	<b>Segment assets</b>		
	Agency business	15,392,109,902	11,572,019,088
	Capital based business	209,272,073	405,155,608
	Unallocated	110,542,939	410,282,274
	<b>Total</b>	<b>15,711,924,914</b>	<b>12,387,456,970</b>
IV	<b>Segment liabilities</b>		
	Agency business	14,255,185,930	10,828,038,771
	Capital based business	6,818,652	8,481,409
	Unallocated	1,817,881	2,070,258
	<b>Total</b>	<b>14,263,822,463</b>	<b>10,838,590,438</b>
V	<b>Capital expenditure (including capital work-in-progress)</b>		
	Agency business	193,936,774	228,843,154
	Capital based business	-	-
	Unallocated	-	-
	<b>Total</b>	<b>193,936,774</b>	<b>228,843,154</b>
VI	<b>Depreciation and amortization</b>		
	Agency business	70,777,500	65,294,936
	Capital based business	11,287,486	10,422,982
	Unallocated	-	-
	<b>Total</b>	<b>82,064,986</b>	<b>75,717,918</b>
VII	<b>Other non cash expenditure other than depreciation and amortization</b>		
	Agency business	29,648,454	(32,718,661)
	Capital based business	129,784	24,117
	Unallocated	-	-
	<b>Total</b>	<b>29,778,238</b>	<b>(32,694,544)</b>



## **Edelweiss Broking Limited**

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

*for the year ended 31 March 2018*

(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 Business Services Limited

Edel Finance Company Limited (up to 28 March 2018)

**(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

Edelweiss Multi Strategy Funds Management Private Limited

Edelweiss Retail Finance Limited

Edelweiss Trustee Services Limited



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2018

(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):**

Edelweiss Securities (IFSC) Limited

Edelweiss Multi Strategy Fund Advisors LLP

Edelweiss Alternative Asset Advisors Limited

Edelweiss Finvest Private Limited

EFSL Trading Limited

Edelweiss Asset Reconstruction Company Limited (w.e.f. 17 September 2016)

Edel Land Limited

EdelGive Foundation

Eternity Business Centre Limited (upto 31 March 2018)

Olive Business Centre Limited (upto 31 March 2018)

Auris Corporate Centre Limited (upto 31 March 2018)

Burlington Business Solutions Limited (upto 31 March 2018)

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

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



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2018

(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):**

**(F) Transactions with related parties :**

Sr. No.	Nature of Transaction	Related party name	2017-18	2016-2017
<b>Capital account transactions</b>				
1	Issue of equity shares to (including share premium)	Edelweiss Financial Services Limited	1,783,492,550	-
2	Redemption of preference shares invested by (including share premium)	Edelweiss Commodities Services Limited	1,267,000,000	-
		Edelweiss Finvest Private Limited	374,000,000	-
		Edelweiss Agri Value Chain Limited	250,000,000	-
3	Investment in Equity shares sold to	ECap Equities Limited	-	176,872,071
		Edelweiss Financial Services Limited	57,800,000	-
4	Investment in preference shares (Refer note 3 below)	Edelcap Securities Limited	-	-
<b>Current account transactions</b>				
5	Loans taken from (refer note 1 below)	Edelweiss Financial Services Limited	-	2,302,080,685
		Edelweiss Commodities Services Limited	7,423,560,874	2,060,514,733
6	Loan repaid to (refer note 1 below)	Edelweiss Financial Services Limited	2,573,549,589	697,000,000
		Edelweiss Commodities Services Limited	2,684,715,000	885,452,503
7	Nomination deposit given to	Edel Finance Company Limited	400,000	-
		Auris Corporate Centre Limited	-	200,000
		Edelweiss Financial Services Limited	-	300,000
		Edelweiss Business Services Limited	-	100,000
8	Nomination deposit received from	Edel Finance Company Limited	400,000	-
		Auris Corporate Centre Limited	-	200,000
		Edelweiss Financial Services Limited	-	300,000
		Edelweiss Business Services Limited	-	100,000
9	Margin placed by (refer note 1 below)	Edelweiss Business Services Limited	-	12,749
10	Margin refunded to (refer note 1 below)	Edelweiss Business Services Limited	-	12,749
<b>Secondary market transactions with clearing house</b>				
11	Margin placed with	Edelweiss Custodial Services Limited	3,377,752,381	7,851,537,498
		Edelweiss Securities Limited	-	4,482,084,430
12	Margin withdrawn from	Edelweiss Custodial Services Limited	3,104,885,211	4,446,344,132
		Edelweiss Securities Limited	68,944,768	6,735,501,138
<b>Secondary market transactions acting as a broker</b>				
13	Amount paid/ debits by client	Edelweiss Business Services Limited	-	1,243,001
14	Amount received/ credits by client	Edelweiss Business Services Limited	-	1,245,459
<b>Other transactions</b>				
15	Brokerage income received from	Edelweiss Business Services Limited	-	600
16	Commission income received from	Edelweiss Tokio Life Insurance Company Limited	23,768,241	16,128,901
17	Fee income received from	Edelweiss Securities Limited	125,202,142	443,784,522
		Edelweiss Housing Finance Limited	-	36,981,413
		Edelweiss Multi Strategy Funds Management Private Limited	8,557,022	-
18	Rental income from	Edelweiss Securities Limited	8,300,073	21,756,197
		Edelcap Securities Limited	7,045,917	2,651,608
		ECap Equities Limited	5,080,288	8,139,863
		Others	13,077,443	10,001,981
19	Commission and brokerage expenses paid to	Olive Business Centre Limited	-	12,788,828
		Auris Corporate Centre Limited	-	4,195,430
		Burlington Business Solutions Limited	-	4,021,826
20	Interest paid on loan from	Edelweiss Financial Services Limited	23,616,870	38,369,520
		Edelweiss Commodities Services Limited	321,227,628	168,542,540
21	Interest received on margin	Edelweiss Custodial Services Limited	242,750,391	-
		Edelweiss Securities Limited	29,823	-
22	Rent paid to	ECap Equities Limited	56,344,088	-
		Eternity Business Centre Limited	-	45,630,000
		Edelweiss Commodities Services Limited	11,876,116	6,936,697
		Others	1,760,435	-



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2018

(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):**

**(F) Transactions with related parties (Continued) :**

Sr. No.	Nature of Transaction	Related party name	2017-2018	2016-2017
23	Business support service charges paid to	Edelweiss Business Services Limited	163,536,707	2,846,888
24	Website related charges paid to	Edelweiss Business Services Limited	97,849,798	53,520,680
25	Purchase of securities from	Edelweiss Commodities Services Limited	1,727,781,644	-
		Edelweiss Finance & Investments Limited	112,672,433	9,380,098
		ECap Equities Limited	20,811,845	-
		Edelweiss Multi Strategy Funds Management Private Limited	17,942,503	-
26	Sale of securities to	Edelweiss Commodities Services Limited	246,839,332	-
27	Donation paid to	EdelGive Foundation	589,378	500,000
28	Cost reimbursement recovered from	ECap Equities Limited	6,786,545	372,273
		Edelweiss Comtrade Limited	6,697,135	13,167
		ECL Finance Limited	5,287,594	103,666
		Edelweiss Investment Adviser Limited	4,142,446	-
		Edelweiss Financial Services Limited	3,067,646	-
		Others	2,529,058	1,498,873
29	Cost reimbursement paid to	Edelweiss Securities Limited	15,931,766	-
		Edelweiss Financial Services Limited	6,939,728	21,993,834
		Edelweiss Commodities Services Limited	4,311,382	3,143,713
		Eternity Business Centre Limited	-	2,929,802
		Others	73,755	-
30	Other reimbursements paid to	Edelweiss Commodities Services Limited	88,239,772	93,838,865
		Edelweiss Business Services Limited	28,048,642	540,973,162
		Edelweiss Financial Services Limited	594,638	91,264,001
		Others	4,113,512	227,461
31	Other reimbursements recovered from	Edelweiss Business Services Limited	-	1,010,921
		Others	-	109,138
32	Fixed assets purchased from	Edelweiss Tokio Life Insurance Company Limited	-	149,077
		Edelweiss Securities Limited	2,364,037	-
		Edelweiss Business Services Limited	1,171,989	-
		Edelweiss Comtrade Limited	661,586	-
		Edelweiss Finance & Investment Limited	507,034	-
		Others	76,165	-
33	Sale of fixed assets to	Edelweiss Business Services Limited	893,261	57,621
		Edelweiss Financial Services Limited	467,400	-
		Edelweiss Agri Value Chain Limited	-	25,699
		Edelweiss Insurance Brokers Limited	-	56,409
		Edelweiss Asset Reconstruction Company Limited	161,722	58,898
<b>Balances with related parties</b>				
34	Short term borrowings from	Edelweiss Financial Services Limited	-	2,573,549,589
		Edelweiss Commodities Services Limited	6,338,468,066	1,599,621,372
35	Trade payables to	Edelweiss Business Services Limited	120,653,161	63,794,573
		ECap Equities Limited	13,080,287	-
		Olive Business Centre Limited	-	14,707,152
		Others	8,637,822	9,591,982
36	Interest accrued and due on loan taken	Edelweiss Financial Services Limited	-	8,190,470
		Edelweiss Commodities Services Limited	27,795,472	13,057,488
36	Other payables to	Edelweiss Business Services Limited	804,000	40,000
		Edelweiss Asset Reconstruction Company Limited	-	631,000
		Edelweiss Multi Strategy Fund Advisors LLP	3,000	738,000
		Others	154,000	86,000
37	Investments in equity shares of	Edelweiss Business Services Limited	21,137,255	21,137,255
		Edel Finance Company Limited	-	35,409,750
38	Investments in preference shares of	Edelweiss Business Services Limited	-	150,000,000



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2018

(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):

(F) Transactions with related parties (Continued) :

Sr. No.	Nature of Transaction	Related party name	2017-18	2016-2017
39	Trade receivables from	Edelweiss Securities Limited	19,739,768	9,324,839
		Edelweiss Custodial Services Limited	15,528,016	-
		Edelweiss Tokio Life Insurance Company Limited	2,786,757	2,496,065
		ECL Finance Limited	4,320,345	1,284,596
		Others	18,077,986	139,635
40	Other advances to be recovered from	Edelweiss Securities Limited	4,271,356	174,000
		Edelweiss Financial Services Limited	-	1,072,699
		Edelweiss Finance & Investments Limited	63,000	448,000
		Edelweiss Comtrade Limited	2,335,000	905,000
		Edelweiss Global Wealth Management Limited	6,877,000	-
		Others	1,213,700	449,000
41	Margin placed with	Edelweiss Securities Limited	-	68,992,124
		Edelweiss Custodial Services Limited	3,678,060,536	3,405,193,367

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.

Note 3: 5000, 7% Non-cumulative non-convertible redeemable preference shares of Rs. 10 each received as consideration towards demerger of Capital business of Edelweiss Business Services Limited (subsidiary company).



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2018

(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	2018	2017
a) Shareholders earnings (as per statement of profit and loss)	6,743,369	213,011,662
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)	108,419,000	-
Total number of equity shares outstanding at the end of the year	113,300,000	4,881,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	6,069,153	4,881,000
c) Basic and diluted earnings per share (in rupees) (a/b)	1.11	43.64

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. 48,278,656 (Previous year: Rs. 32,196,848) 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	2018	2017
Current service cost	11,498,000	6,673,000
Past service cost	3,195,000	-
Interest cost	3,720,000	2,885,000
Expected return on plan assets	(2,777,000)	(2,548,000)
Actuarial loss	1,932,000	3,001,000
<b>Total included in Employee benefit expenses</b>	<b>17,568,000</b>	<b>10,011,000</b>



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2018

(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 2018	As at 31 March 2017
Liability at the beginning of the year	42,569,000	38,815,000
Interest cost	3,720,000	2,885,000
Transfer in	13,799,000	176,000
Current service cost	11,498,000	6,673,000
Past service cost	3,195,000	-
Benefits paid	(3,207,000)	(11,052,000)
Actuarial loss on obligations	2,344,000	5,072,000
<b>Liability at the end of the year</b>	<b>73,918,000</b>	<b>42,569,000</b>

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

Particulars	As at 31 March 2018	As at 31 March 2017
Fair value of plan assets at the beginning of the year	43,441,000	39,874,000
Expected return on plan asset	2,777,000	2,548,000
Contributions	23,000,000	10,000,000
Benefits paid	(3,207,000)	(11,052,000)
Actuarial gain	412,000	2,071,000
<b>Fair value of plan assets at the end of the year</b>	<b>66,423,000</b>	<b>43,441,000</b>

Amount recognised in the balance sheet:

Particulars	2018	2017	2016	2015	2014
Liability at the end of the year	73,918,000	42,569,000	38,815,000	24,232,000	10,017,000
Fair value of plan assets at the end of the year	66,423,000	43,441,000	39,874,000	28,277,000	6,066,000
<b>Amount recognized in balance sheet - assets/ (liability)</b>	<b>(7,495,000)</b>	<b>872,000</b>	<b>1,059,000</b>	<b>4,045,000</b>	<b>(3,951,000)</b>

Experience adjustment :

Particulars	2018	2017	2016	2015	2014
On plan liabilities: loss	3,613,000	3,795,000	8,763,000	3,119,000	883,000
On plan assets: gain/ (loss)	76,000	1,933,000	(672,000)	2,170,000	309,000
<b>Estimated contribution for next year</b>	<b>7,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>





# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2018

(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 31 March 2018	As at 31 March 2017
Discount rate	7.00%	6.60%
Salary escalation	7.00%	7.00%
Employee attrition rate range	13.00%-60.00%	13.00%-60.00%

### 2.31 Foreign currency transactions

The Company has incurred expenditure in foreign currency Rs. 3,829,513 during the year ended 31 March 2018 (Previous year: Rs. 60,889).

### 2.32 Operating leases

The Company has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2018 aggregated to Rs. 182,419,354 (Previous year: Rs. 121,898,947) 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 31 March 2018	As at 31 March 2017
<b>Minimum lease payments for non cancellable lease</b>		
- not later than one year	31,500,823	14,491,377
- later than one year and not later than five years	33,776,440	6,711,514
- later than five years	-	-
<b>Total</b>	<b>65,277,263</b>	<b>21,202,891</b>

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

### 2.33 Contingent liabilities and commitments

#### (i) Contingent liabilities

- In respect of taxation matters – Rs. 32,583,477 (Previous year: Rs. 91,720,017).
- Claims against the Company not acknowledged as debts Rs. 60,156,641 (Previous year: Rs. 47,554,878).
- The Company have provided bank guarantees aggregating to Rs. 420,000,000 (Previous year Rs. 420,000,000) as on 31 March 2018 to The National Stock Exchange of India Limited for meeting margin requirement.  
The Company have pledged fixed deposits with bank aggregating to Rs. 210,000,000 (Previous year Rs. 210,000,000) for obtaining the above bank guarantees.



## **Edelweiss Broking Limited**

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

*for the year ended 31 March 2018*

(Currency: Indian rupees)

#### **2.33 Contingent liabilities and commitments (Continued)**

- The Company have provided bank guarantees aggregating to Rs. 80,000,000 (Previous year Rs. 80,000,000) as on 31 March 2018 to The Bombay Stock Exchange of India Limited for meeting margin requirement.

The Company have pledged fixed deposits with bank aggregating to Rs. 40,000,000 (Previous year Rs. 40,000,000) for obtaining the above bank guarantees.

##### **(ii) Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. 112,072,981 (net of advances) (Previous year: Rs. 301,437,000).

#### **2.34 Additional disclosure on fixed deposits**

- 1) Fixed deposits aggregating to Rs. 960,000,000 (Previous year: Rs. 600,000,000) have been pledged with exchanges for meeting margin requirement.
- 2) Fixed deposits aggregating to Rs. 14,375,000 (Previous year: Rs. 14,375,000) have been pledged with exchanges for meeting base capital requirement.
- 3) Fixed deposits aggregating to Rs. 23,377,677 (Previous year: Rs. 19,358,044) have been pledged with exchanges towards arbitration.
- 4) Fixed deposits aggregating to Rs. 250,000,000 (Previous year: Rs. 250,000,000) have been pledged with bank for availing bank guarantees.

- 2.35** Out of the total amount payable on account of profession tax as on 31 March 2018, a sum of Rs. 1,020 (Previous year: Rs. 9,341) is outstanding for more than six months where the registration formalities are in progress. The same shall be deposited on obtaining the registration.

#### **2.36 Cost sharing**

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees. On the same lines, certain costs expended by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 2.24 and 2.26 include reimbursements paid and are net of reimbursements received based on the management's best estimate.

- 2.37** Brokerage income is disclosed net of related (i) sub-brokerage expenses Rs. 477,704,921 (Previous year: Rs. 337,094,950); and (iii) stock exchange expenses Rs. (5,749,592) (Previous year: Rs. (2,659,642)).



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2018

(Currency: Indian rupees)

#### 2.38 Details of dues to Micro enterprises and Small 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.

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

Particulars	2018	2017
<b>Opening stock</b>		
Equity shares	-	317,366
Debt Instruments	-	-
<b>Subtotal</b>	-	317,366
<b>Purchase</b>		
Equity shares	418,807,933	886,114,641
Debt Instruments	15,922,558,397	2,950,409,123
<b>Subtotal</b>	16,341,366,330	3,836,523,764
<b>Sales</b>		
Equity shares	414,134,569	877,141,250
Debt Instruments	15,937,068,436	2,979,439,242
<b>Subtotal</b>	16,351,203,005	3,856,580,492
<b>Closing stock</b>		
Equity shares	-	-
Debt Instruments	-	-
<b>Subtotal</b>	-	-
<b>Profit on trading of securities</b>	<b>9,836,675</b>	<b>19,739,362</b>

2.40 Fee and commission income includes commission earned for selling life insurance policies Rs. 23,768,241 (Previous year Rs. 16,128,901)

2.41 The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal/s and is defending its position. Based on the favorable outcome in Appellate proceedings in the past and as advised by the tax advisors, company is reasonably certain about sustaining its position in the pending cases, hence the possibility of outflow of resources embodying economic benefits on this ground is remote



## Edelweiss Broking Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2018

(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. 2,375,114 (Previous year Rs. 2,123,532).
- 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	789,378 (500,000)	Nil Nil	789,378 (500,000)

The Company is a wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 177,841,968 (Previous year: Rs.115,684,300) (representing more than 2% of the consolidated profit of the group) was spent towards CSR activities during the year ended March 31, 2018, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2018.

Figures in the bracket are in respect of previous year.

#### 2.43 Disclosures relating to Specified Bank Notes\* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to Notification No. G.S.R. 308(E) dated 31 March, 2017 : As at 31 March 2018

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	Not applicable	Not applicable	Not applicable
(+) Permitted receipts			
(-) Permitted payments			
(-) Amount deposited in Banks			
Closing cash in hand as on 30.12.2016			
<i>Note:</i>			
<i>For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.</i>			



# Edelweiss Broking Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2018

(Currency: Indian rupees)

**2.43 Disclosures relating to Specified Bank Notes\* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to Notification No. G.S.R. 308(E) dated 31 March, 2017 (Continued): As at 31 March 2017**

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	52,000	456	52,456
(+) Permitted receipts	-	72,491	72,941
(-) Permitted payments	-	5,000	5,000
(-) Amount deposited in Banks	52,000	10,501	62,501
Closing cash in hand as on 30.12.2016	-	57,896	57,896
<i>Note:</i>  <i>For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.</i>			

**2.44 Previous year comparatives**

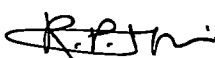
Previous year's numbers have been regrouped and rearranged wherever necessary to confirm to current year's presentation / classification.

As per our report of even date attached.

**For NGS & Co. LLP**

Chartered Accountants

Firm Registration No.: 119850W



**R. P. Soni**

Partner

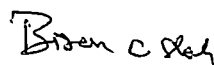
Membership No.: 104796



Mumbai

Date : 27 April 2018

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



**Biren Shah**

Director

DIN : 01258542



**Prashant Mody**

Director

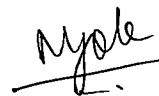
DIN : 03101048



**Brijmohan Bohra**  
Company Secretary

Mumbai

Date : 27 April 2018



**Mahadev Gole**  
Manager