

Edelweiss Securities Limited

Financial Statements
together with Auditor's Report
for the year ended 31 March 2016

B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditor's Report

To the Members of Edelweiss Securities Limited

Report on the financial statements

We have audited the accompanying financial statements of Edelweiss Securities Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss; the Cash Flow Statement for the year then ended, and a summary of the 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

Independent Auditor's Report (Continued)

Edelweiss Securities Limited

Auditor's responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profits and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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 Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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 statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

Independent Auditor's Report (Continued)

Edelweiss Securities Limited

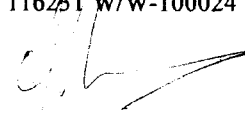
Report on other legal and regulatory requirements (Continued)

- e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.33 to the financial statements;
 - 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 long term derivative contracts - Refer Note 2.42 to the financial statements; and
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116281 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai
12 May 2016

Edelweiss Securities Limited

Annexure A to the Independent Auditor's Report-31 March 2016

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) 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 the 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 deeds of immovable properties are held in the name of the Company.
- ii. (a) With regards to stock-in-trade, the Company has conducted at reasonable intervals during the year, physical verification of equity shares and other securities on the basis of actual verification or on the basis of electronic statements received from depository participants.
- (b) The procedures for physical verification of stock-in-trade followed by management are reasonable and adequate in relation to the size of the company and nature of business.
- (c) The company is maintaining proper records of stock-in-trade. No material discrepancies have been noticed on physical verification of stock-in-trade.
- iii. 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 Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, duty of customs, value added tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, duty of excise and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, duty of customs, value added tax and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

Edelweiss Securities Limited

Annexure A to the Independent Auditor's Report-31 March 2016 (Continued)

- (b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of any disputes.

| Name of the statute | Nature of dues | Amount (Rs. In million) | Period to which the amount relates | Forum where dispute is pending |
|----------------------------|----------------|----------------------------|---------------------------------------|--------------------------------------|
| The Bombay Stamp Act, 1958 | Stamp Duty | 3.54 | F.Y. 2004-05 | Maharashtra State Government |
| The Bombay Stamp Act, 1958 | Stamp Duty | 14.39 | F.Y. 2005-06 | Maharashtra State Government |
| The Bombay Stamp Act, 1958 | Stamp Duty | 5.34 | F.Y. 2006-07 | Maharashtra State Government |
| Income Tax Act, 1961 | Income Tax | 24.39 | A.Y. 2008-09 | High Court (Maharashtra) |
| Income Tax Act, 1961 | Income Tax | 3.26 | A.Y. 2009-10 | High Court (Maharashtra) |
| Income Tax Act, 1961 | Income Tax | 5.45 | A.Y. 2011-12 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 9.09 | F.Y. 2012-13 | Commissioner of Income Tax (Appeals) |

- viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank, government or debenture holder during the year.
- ix. According to the information and explanations given to us and based on our examination of records of the Company, the term loans taken by the Company have been applied for the purpose for which they were raised.
- x. According to the information and explanations given to us, no material 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, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- 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 the Act 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 made private placement of Non-convertible debentures during the year in accordance with Section 42 of Companies Act 2013 and have been used for the purpose for which the funds were raised.

Edelweiss Securities Limited

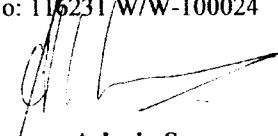
Annexure A to the Independent Auditor's Report-31 March 2016 (Continued)

- 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 any 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 45-1A of Reserve Bank of India Act 1934.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231/W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai
12 May 2016

Edelweiss Securities Limited

Annexure B to the Independent Auditor's Report-31 March 2016

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 Securities Limited (the "Company") as of 31 March 2016 in conjunction with our audit of the 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "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 the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

Auditor's 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 and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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.

Edelweiss Securities Limited

Annexure B to the Independent Auditor's Report-31 March 2016 (Continued)

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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai
12 May 2016

Edelweiss Securities Limited

Balance sheet

as at 31 March 2016

(Currency : Indian rupees in millions)

| | Note | As at 31 March 2016 | As at 31 March 2015 |
|---------------------------------------|------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2.1 | 264.84 | 264.84 |
| Reserves and surplus | 2.2 | 4,245.65 | 4,094.74 |
| | | <u>4,510.49</u> | <u>4,359.58</u> |
| Non-current liabilities | | | |
| Other long term liabilities | 2.3 | 0.26 | 0.60 |
| Long-term provisions | 2.4 | 19.63 | 18.09 |
| Current liabilities | | | |
| Short-term borrowings | 2.5 | 3,967.92 | 4,938.46 |
| Trade / customer accounts payables | 2.6 | 1,935.31 | 1,381.13 |
| Other current liabilities | 2.7 | 10,225.50 | 9,452.91 |
| Short-term provisions | 2.8 | 159.68 | 158.50 |
| TOTAL | | <u><u>20,818.79</u></u> | <u><u>20,309.27</u></u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 2.9 | | |
| (i) Tangible assets | | 342.48 | 352.65 |
| (ii) Intangible assets | | 28.73 | 39.79 |
| (iii) Capital work-in-progress | | 14.92 | 2.68 |
| Non-current investments | 2.10 | 3,077.62 | 2,985.41 |
| Deferred tax assets | 2.11 | 63.02 | 66.53 |
| Long-term loans and advances | 2.12 | 1,046.65 | 984.79 |
| Other non-current assets | 2.13 | 6,623.99 | 6,490.74 |
| | | <u>11,197.41</u> | <u>10,922.59</u> |
| Current assets | | | |
| Stock-in-trade | 2.14 | 0.26 | 1.06 |
| Trade / customer accounts receivables | 2.15 | 852.09 | 649.46 |
| Cash and bank balances | 2.16 | 7,380.68 | 7,903.64 |
| Short-term loans and advances | 2.17 | 397.24 | 296.92 |
| Other current assets | 2.18 | 991.11 | 535.60 |
| | | <u>9,621.38</u> | <u>9,386.68</u> |
| TOTAL | | <u><u>20,818.79</u></u> | <u><u>20,309.27</u></u> |

Significant accounting policies and notes to the financial statements

I & 2

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024

Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors

Kaushik Karani

Director

DIN : 02020023

Sandesh Sawant

Chief Financial Officer

Maneesha Sha Thakur

Director

DIN : 00183101

Pooja Doshi

Company Secretary

Mumbai

12 May 2016

Mumbai

12 May 2016

Edelweiss Securities Limited

Statement of Profit and Loss

for the year ended 31 March 2016

(Currency : Indian rupees in millions)

| | Note | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|------|-------------------------------------|-------------------------------------|
| Revenue from operations | | | |
| Fee and commission income | 2.19 | 1,891.62 | 1,754.70 |
| Income from treasury | 2.20 | (22.23) | 135.41 |
| Interest income | 2.21 | 2,178.64 | 2,048.07 |
| Other operating revenue | 2.22 | 120.00 | 72.74 |
| | | <u>4,168.03</u> | <u>4,010.92</u> |
| Other income | 2.23 | 0.87 | 1.98 |
| Total Revenue | | <u>4,168.90</u> | <u>4,012.90</u> |
| Expenses | | | |
| Employee benefit expenses | 2.24 | 1,721.73 | 1,283.67 |
| Finance costs | 2.25 | 1,310.02 | 1,635.52 |
| Depreciation and amortization expenses | 2.9 | 107.87 | 86.55 |
| Other expenses | 2.26 | 882.37 | 808.71 |
| Total expenses | | <u>4,021.99</u> | <u>3,814.45</u> |
| Profit before tax | | <u>146.91</u> | <u>198.45</u> |
| (1) Current tax: | | 4.59 | 11.14 |
| (includes net excess provision for earlier years of ₹ 0.86 (Previous year: ₹ 0.25)) | | | |
| (2) MAT credit entitlement | | (12.10) | - |
| (includes for earlier years of ₹ 12.10 (Previous year: ₹ Nil)) | | | |
| (3) Deferred tax | | 3.51 | (7.41) |
| Profit for the year | | <u>150.91</u> | <u>194.72</u> |
| Earnings per equity share: | 2.29 | <u>5.76</u> | <u>7.42</u> |
| Basic and diluted (face value of ₹ 10 each) | | | |

Significant accounting policies and notes to the financial statements

I & 2

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024

Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors

Kaushik Karani

Director

DIN : 02020023

Sandesh Sawant

Chief Financial Officer

Maneesha Jha Thakur

Director

DIN : 0183101

Pooja Doshi

Company Secretary

Mumbai
12 May 2016

Mumbai
12 May 2016

Edelweiss Securities Limited

Cash Flow Statement

for the year ended 31 March 2016

(Currency : Indian rupees in millions)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| A Cash flow from operating activities | | |
| Profit before tax | 146.91 | 198.45 |
| Adjustments for | | |
| Depreciation / amortisation | 107.87 | 86.55 |
| Provision for doubtful debts | 0.26 | 22.21 |
| Profit on sale of fixed assets | (1.47) | (0.23) |
| Dividend on long term investment | (0.70) | (0.70) |
| Interest expense | 1,220.69 | 1,356.09 |
| Operating cash flow before working capital changes | 1,473.56 | 1,662.37 |
| Add / (Less): Adjustments for working capital changes | | |
| Increase in trade receivables | (202.89) | (226.75) |
| Decrease in inventories | 0.80 | 780.00 |
| Decrease / (Increase) in loans and advances | 459.60 | (909.07) |
| (Increase) / Decrease in other assets | (455.51) | 258.52 |
| Increase in other non current assets | (133.25) | (4,763.69) |
| Increase in liabilities and provisions | 1,331.17 | 3,478.39 |
| Cash generated from operations | 2,473.48 | 279.76 |
| Income taxes paid | 147.59 | 142.68 |
| Net cash generated from operating activities - A | 2,325.89 | 137.08 |
| B Cash flow from investing activities | | |
| Purchase of fixed assets | (101.15) | (112.45) |
| Sale of fixed assets | 3.74 | 0.85 |
| Purchase of long term investments | (92.21) | (671.11) |
| Dividend on long term investment | 0.70 | 0.70 |
| Net cash used in investing activities - B | (188.92) | (782.01) |
| C Cash flow from financing activities | | |
| Repayment of intercorporate deposit | - | 2,180.00 |
| Repayment of commercial paper | (44,722.99) | (64,011.59) |
| Proceeds from commercial paper | 44,722.99 | 62,039.31 |
| (Repayment of) / Proceeds from loan from Edelweiss Financial Services Limited (refer note 1) | (2,082.23) | 2,327.32 |
| Repayment of loan from fellow subsidiary company | (7.60) | (22.33) |
| Proceeds from / (Repayment of) secured loans (refer note 1) | 740.24 | (3,835.33) |
| Proceeds from other loans | 379.05 | 2,023.20 |
| Interest paid on loans | (1,222.71) | (1,346.26) |
| Dividend paid on equity shares | - | (201.85) |
| Dividend distribution tax paid | - | (40.36) |
| Net cash used in financing activities - C | (2,193.25) | (887.90) |
| Net decrease in cash and cash equivalents (A+B+C) | (56.28) | (1,532.82) |
| Cash and cash equivalent as at the beginning of the year | 819.46 | 2,352.28 |
| Cash and cash equivalent as at the end of the year (refer note 2.16) | 763.18 | 819.46 |

Notes:

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

As per our report of even date attached.

For BSR & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024

Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors

Kaushik Karani

Director

DIN : 02070023

Sandesh Sawant

Chief Financial Officer

Manisha Jha Thakur

Director

DIN : 02783101

Pooja Doshi

Company Secretary

Mumbai
12 May 2016

Mumbai
12 May 2016

Edelweiss Securities Limited

Notes to the financial statements

for the year ended 31 March 2016

(Currency : Indian rupees in millions)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

The preparation of the financial statements in conformity with the GAAP requires management to make certain estimates and assumptions that affect the reported amount of assets, liabilities disclosure of contingent liabilities on the date of the financial statement 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 statement. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Current and Non-current classification

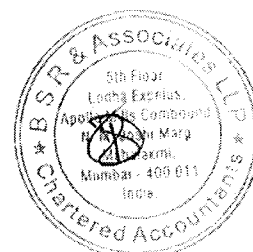
All assets and liabilities are classified into current and non-current

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 twelve 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 twelve 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 twelve months after the reporting date or the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of the liability that could, at the option of the counterparty, results 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 Securities Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2016

(Currency : Indian rupees in millions)

1. Significant accounting policies (*Continued*)

1.4 Revenue recognition

- Brokerage income 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 stock exchange expenses.
- Fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Income from treasury operations comprises of profit/loss on sale of securities, profit/loss on equity and currency derivative instruments.
 - i) Profit/ loss on sale of securities are determined based on the weighted average cost of the securities sold.
 - ii) Realised profit/ loss on closed positions of all derivative instruments is recognised on final settlement on squaring-up of the contracts. All 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, valuation techniques 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.
- Research services fee income is accounted when there is reasonable certainty as to its receipts.
- Interest income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.
- Profit/loss on sale of investment is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- Warehouse charges have been netted off against warehouse expenses.
- Delayed payment charges are recognised on accrual basis.

1.5 Fixed assets and depreciation

Tangible fixed assets and Capital work in progress

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

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



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency : Indian rupees in millions)

1. Significant accounting policies (Continued)

1.5 Fixed assets and depreciation (Continued)

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

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

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

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

Intangible fixed assets

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

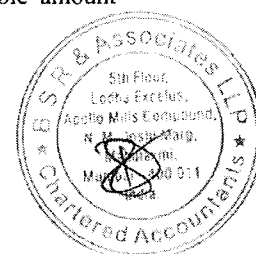
Intangible such as software is amortised over a period of 3 years based on its estimated useful life whichever is shorter.

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

Goodwill is amortised over a period of 5 years.

1.6 Impairment of assets

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



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency : Indian rupees in millions)

1. Significant accounting policies (Continued)

1.7 Stock-in-trade

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

1.8 Investments

Investments are classified into non-current (long term) 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 (long term) investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

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

1.9 Foreign currency transactions

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

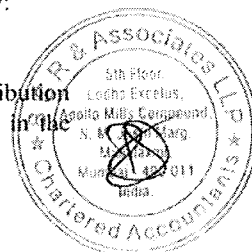
Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated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

1.10 Employee benefits

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

Provident fund

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



Edelweiss Securities Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2016

(Currency : Indian rupees in millions)

1. Significant accounting policies (*Continued*)

1.10 Employee benefits (*Continued*)

Gratuity

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

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

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

Benefits in respect of 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 Leave Absences

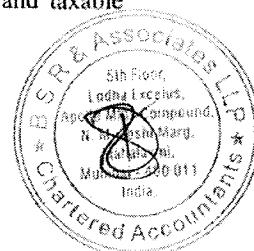
The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated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

Deferred Bonus

The Company has adopted a Deferred Bonus Plan under the 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).

1.11 Taxation

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



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency : Indian rupees in millions)

1. Significant accounting policies (Continued)

1.11 Taxation (Continued)

Current tax

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

Deferred tax

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

Minimum Alternate Tax (MAT) Credit

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

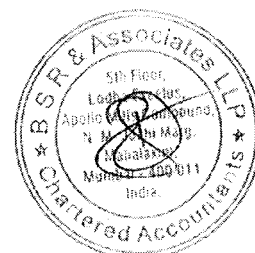
1.12 Operating leases

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

1.13 Earnings per share

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

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



Edelweiss Securities Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2016

(Currency : Indian rupees in millions)

1. Significant accounting policies (*Continued*)

1.14 Provisions and contingences

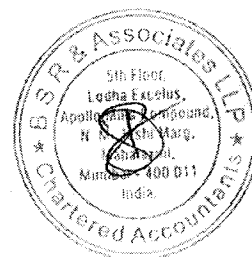
The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present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

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

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

1.15 Presentation of financial assets and liabilities

Financial assets and liabilities are offset and the net amounts are presented in the Balance Sheet where the Company has a legal right to set off the recognised amounts. Such legal rights are by virtue of a binding legal contract or by an irrevocable undertaking executed by the Company. The aforesaid policy is generally applied to offset receivables from and payables to same counterparties; to offset fixed deposits specifically pledged with banks against the borrowings availed from them; and other such similar qualifying arrangements.



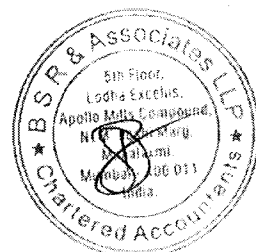
Edelweiss Securities Limited

Notes to the financial statements (Continued)

as at 31 March 2016

(Currency : Indian rupees in millions)

| | As at 31 March 2016 | As at 31 March 2015 |
|---|--------------------------|--------------------------|
| 2.1 Share capital | | |
| Authorised : | | |
| 27,540,000 (Previous year: 27,540,000) equity shares of ₹ 10 each | 275.40 | 275.40 |
| 460,000 (Previous year: 460,000) preference shares of ₹ 10 each | 4.60 | 4.60 |
| | <u>280.00</u> | <u>280.00</u> |
| Issued, Subscribed and Paid up: | | |
| 26,213,676 (Previous year: 26,213,676) equity shares of ₹ 10 each, fully paid-up (the entire Equity Share Capital is held by Edelweiss Financial Services Limited, the holding company and its nominees) | 262.14 | 262.14 |
| 260,000 (Previous year: 260,000) 7% redeemable non-cumulative non-convertible preference shares of ₹ 10 each, fully paid up [All the above 260,000 preference shares of ₹ 10 each are held by Edelweiss Commodities Services Limited, a fellow subsidiary] | 2.60 | 2.60 |
| 9,575 (Previous year: Nil) 9% Non-Cumulative Redeemable Preference Shares of ₹ 10 each, fully paid up (All the above 9,575 Preference Shares of ₹ 10 each are held by Edelweiss Financial Services Limited, the holding Company) | 0.10 | 0.10 |
| | <u>264.84</u> | <u>264.84</u> |
| a. Movement in share capital : | | |
| (i) <i>Equity shares</i> | | |
| | 31 March 2016 | 31 March 2015 |
| | No of shares Amount | No of shares Amount |
| Outstanding at the beginning | 26,213,676 262.14 | 26,213,676 262.14 |
| Shares issued during the year | - - | - - |
| Outstanding at the end of the year | <u>26,213,676 262.14</u> | <u>26,213,676 262.14</u> |
| Shares held by holding / ultimate holding company and / or their subsidiaries / associates | | |
| | 31 March 2016 | 31 March 2015 |
| | No of shares % | No of shares % |
| Edelweiss Financial Services Limited, the holding company | 26,213,676 100% | 26,213,676 100% |
| | <u>26,213,676 100%</u> | <u>26,213,676 100%</u> |
| Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company | | |
| | 31 March 2016 | 31 March 2015 |
| | No of shares % | No of shares % |
| Edelweiss Financial Services Limited and its nominees | 26,213,676 100% | 26,213,676 100% |
| | <u>26,213,676 100%</u> | <u>26,213,676 100%</u> |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

as at 31 March 2016

2.1 Share capital (Continued)

(ii) Preference shares

7% Redeemable Non-Cumulative Non-convertible Preference Shares of ₹ 10 each, fully paid up

| 31 March 2016 | | 31 March 2015 | |
|---------------|--------|---------------|--------|
| No of shares | Amount | No of shares | Amount |
| 260,000 | 2.60 | 260,000 | 2.60 |
| - | - | - | - |
| - | - | - | - |
| 260,000 | 2.60 | 260,000 | 2.60 |

9% Redeemable Non-Cumulative Non-convertible Preference Shares of ₹ 10 each, fully paid up

| 31 March 2016 | | 31 March 2015 | |
|---------------|--------|---------------|--------|
| No of shares | Amount | No of shares | Amount |
| 9,575 | 0.10 | - | - |
| - | - | 9,575 | 0.10 |
| - | - | - | - |
| 9,575 | 0.10 | 9,575 | 0.10 |

9,575 - 9% Redeemable Non-Cumulative Preference Shares of ₹ 10 each to Edelweiss Financial Services Limited, pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh at Hyderabad for acquisition of the Derivatives business of EC Commodity Limited.

7% Non-cumulative Non-convertible Redeemable Preference Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Edelweiss Commodities Services Limited, the fellow subsidiary

| 31 March 2016 | | 31 March 2015 | |
|---------------|------|---------------|------|
| No of shares | % | No of shares | % |
| 260,000 | 100% | 260,000 | 100% |
| 260,000 | 100% | 260,000 | 100% |

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Edelweiss Commodities Services Limited

| 31 March 2016 | | 31 March 2015 | |
|---------------|------|---------------|------|
| No of shares | % | No of shares | % |
| 260,000 | 100% | 260,000 | 100% |
| 260,000 | 100% | 260,000 | 100% |

9% Redeemable non-cumulative preference Shares Preference Shares held by holding / ultimate holding company and / or their subsidiaries / associates

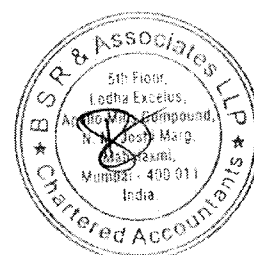
Edelweiss Financial Services Limited, the holding company

| 31 March 2016 | | 31 March 2015 | |
|---------------|------|---------------|------|
| No of shares | % | No of shares | % |
| 9,575 | 100% | 9,575 | 100% |
| 9,575 | 100% | 9,575 | 100% |

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Edelweiss Financial Services Limited

| 31 March 2016 | | 31 March 2015 | |
|---------------|------|---------------|------|
| No of shares | % | No of shares | % |
| 9,575 | 100% | 9,575 | 100% |
| 9,575 | 100% | 9,575 | 100% |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

as at 31 March 2016

2.1 Share capital (Continued)

b. Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share held. In the 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 will be in proportion to the number of equity shares held by the shareholders.

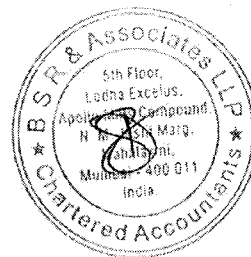
c. Terms of conversion/repayment of 7% non-cumulative non-convertible redeemable preference shares:

The preference shares of the face value of ₹ 10 each were issued at ₹ 1,000 per share. The preference shares are non-cumulative and non-convertible. The preference shares carry a non-cumulative dividend of 7%. The preference shares will be redeemed at ₹ 1,000 per share at the end of 20 years from the allotment, being 22 February 2012.

d. Terms of Redemption of 9% Redeemable Non-Cumulative Preference Shares :

The Preference Shares are non-cumulative.

The Preference Shares carry a non-cumulative dividend of 9%. The Preference Shares will be redeemed at ₹ 10 per share at the end of 20 years from the date of allotment, being May 30, 2014. The Company has the option to redeem the Preference Shares at any time after six months from the date of allotment.



Edelweiss Securities Limited

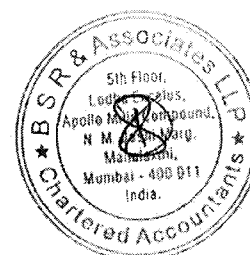
Notes to the financial statements (Continued)

as at 31 March 2016

(Currency : Indian rupees in millions)

2.2 Reserves and surplus

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Securities premium account - opening balance | 1,064.78 | 1,064.78 |
| | 1,064.78 | 1,064.78 |
| General reserve - opening balance | 112.11 | 112.11 |
| | 112.11 | 112.11 |
| Surplus in statement of profit and loss | | |
| Opening balance | 2,917.85 | 2,976.54 |
| Add: Profit for the year | 150.91 | 194.72 |
| Less: Adjustment on account of Accumulated Depreciation (refer note 2.9 (2)) | - | (10.97) |
| Amount available for appropriation | 3,068.76 | 3,160.29 |
| Appropriations: | | |
| Interim dividend | - | 201.85 |
| Dividend distribution tax | - | 40.40 |
| Dividend on preference shares | - | 0.19 |
| | 3,068.76 | 2,917.85 |
| | 4,245.65 | 4,094.74 |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

as at 31 March 2016

(Currency : Indian rupees in millions)

2.3 Other long term liabilities

Others

Deposits from sub-brokers

Trade Payable

| As at 31 March 2016 | As at 31 March 2015 |
|------------------------|------------------------|
|------------------------|------------------------|

0.26

0.26

-

0.34

0.26

0.60

2.4 Long-term provisions

Provision for employee benefits

Compensated leave absences

Deferred bonus

11.94

11.20

6.35

5.55

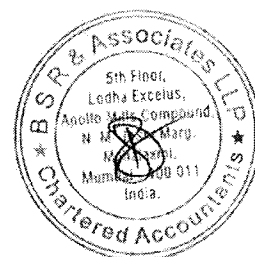
Other provisions

1.34

1.34

19.63

18.09



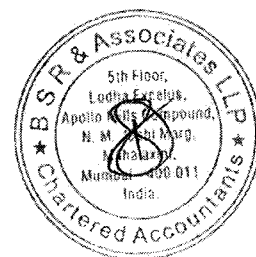
Edelweiss Securities Limited

Notes to the financial statements (Continued)

as at 31 March 2016

(Currency : Indian rupees in millions)

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| 2.5 Short-term borrowings | | |
| <i>Secured</i> | | |
| Bank overdraft | 1,241.77 | 501.53 |
| (Secured by way of pledge of hypothecation of trade receivables and property (refer note 2.34)) | | |
| | <u>1,241.77</u> | <u>501.53</u> |
| <i>Unsecured</i> | | |
| Loans and advances from related parties (repayable on demand, at variable rate of interest) | 323.90 | 2,413.73 |
| Bank overdraft | 2,402.25 | 2,023.20 |
| | <u>2,726.15</u> | <u>4,436.93</u> |
| | <u>3,967.92</u> | <u>4,938.46</u> |
| 2.6 Trade / customer accounts payables | | |
| Micro, small and medium enterprises (refer note 2.38) | - | - |
| Trade payables to other parties (includes trade payables, provision for expenses, customer payables) | 1,935.31 | 1,381.13 |
| | <u>1,935.31</u> | <u>1,381.13</u> |

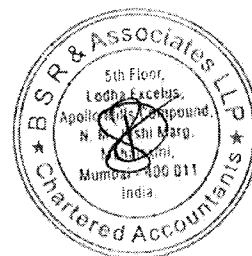


Edelweiss Securities Limited

Notes to the financial statements (Continued)
as at 31 March 2016

(Currency : Indian rupees in millions)

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| 2.7 Other Current Liabilities | | |
| Interest accrued and due on borrowings | 16.22 | 18.24 |
| Interest accrued and due on margin | 2.13 | 17.05 |
| Income received in advance | 4.03 | 1.88 |
| Other Payables | | |
| Accrued salaries and benefits | 471.23 | 382.61 |
| Payable to exchange / clearing house | 263.04 | 100.56 |
| Withholding tax, service tax and other statutory dues payable | 156.66 | 165.69 |
| Margin Payable to client | 9,281.62 | 8,724.34 |
| Book overdraft | 0.99 | 0.02 |
| Others | 29.58 | 42.52 |
| | 10,225.50 | 9,452.91 |
| 2.8 Short-term provisions | | |
| Provision for employee benefits | | |
| Compensated leave absences | 2.62 | 2.51 |
| Deferred bonus | 10.79 | 9.49 |
| Others | | |
| Proposed dividend | - | 0.19 |
| Dividend distribution tax | - | 0.04 |
| Taxation (Net of advance tax and tax deducted at source ₹ 441.64 (Previous year ₹ 441.64)) | 146.27 | 146.27 |
| | 159.68 | 158.50 |



Edelweiss Securities Limited

Notes to the financial statements (Continued) as at 31 March 2016

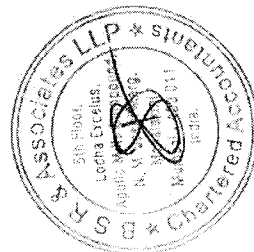
(Currency : Indian rupees in millions)

2.9 Fixed assets

| Description of Assets | As at 1 April 2015 | Additions during the year | Gross Block Deductions / Adjustments during the year | As at 31 March 2016 | Opening Reserve Adjustment | Depreciation For the year | Deductions during the year | As at 31 March 2016 | Net Block | |
|--------------------------|-----------------------|------------------------------|---|------------------------|-------------------------------|------------------------------|-------------------------------|------------------------|------------------------|------------------------|
| | | | | | | | | | As at 31 March 2016 | As at 31 March 2015 |
| Tangible assets | | | | | | | | | | |
| Building | 273.03 | - | - | 273.03 | - | 11.41 | - | 56.24 | 216.78 | 228.21 |
| Leasehold improvements | 45.78 | 3.97 | - | 49.75 | - | 5.66 | - | 40.47 | 9.28 | 10.97 |
| Furniture and Fixtures | 6.51 | 2.85 | 0.42 | 9.94 | - | 1.18 | 0.40 | 5.30 | 3.64 | 1.98 |
| Vehicles | 64.92 | 29.12 | 7.19 | 86.85 | - | 15.41 | 4.98 | 44.72 | 42.13 | 30.63 |
| Office equipment | 45.52 | 4.65 | 0.43 | 49.74 | - | 5.05 | 0.40 | 43.43 | 6.31 | 6.73 |
| Computers | 240.80 | 37.90 | 2.37 | 276.33 | - | 47.68 | 2.36 | 211.99 | 64.34 | 74.12 |
| Total : A | 676.56 | 78.49 | 10.41 | 744.64 | - | 86.39 | 8.14 | 402.15 | 342.48 | 352.65 |
| Intangible assets | | | | | | | | | | |
| Computer software | 65.74 | 10.44 | - | 76.18 | - | 19.60 | - | 50.25 | 25.93 | 35.11 |
| Goodwill | 8.65 | - | - | 8.65 | - | 1.73 | - | 5.85 | 2.80 | 4.53 |
| MCX-Membership | 1.00 | - | - | 1.00 | - | 0.15 | - | 1.00 | - | 0.15 |
| Total : B | 75.39 | 10.44 | - | 85.83 | - | 21.48 | - | 57.10 | 28.73 | 39.79 |
| Grand Total [A+B] | 751.95 | 88.93 | 10.41 | 830.47 | - | 107.87 | 8.14 | 459.25 | 371.21 | 392.34 |
| Previous Year | 640.96 | 112.86 | 1.87 | 751.95 | 16.61 | 86.55 | 1.25 | 359.52 | 392.44 | |

Note :

- Computers gross block includes lease assets ₹ 2.61 on which depreciation is ₹ 0.42 (Previous year ₹ 0.93).
- As per the requirement of the Companies Act, 2013, the Company had evaluated the useful lives of its fixed assets and had computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the Statement of profit and loss of the Company, the depreciation charge for the year ended 31 March 2015 was higher by ₹ 15.05 million and an amount of ₹ 16.61 million had been charged to the opening balance of the retained earnings as at 1st April 2014 in respect of assets whose remaining useful life has expired as at 1 April 2014.



Edelweiss Securities Limited

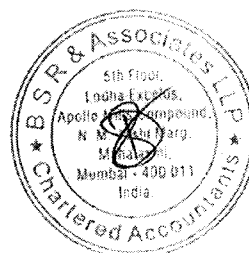
Notes to the financial statements (Continued)

as at 31 March 2016

(Currency : Indian rupees in millions)

2.10 Non-current investments - at cost

| | As at 31 March 2016 | | | As at 31 March 2015 | | |
|---|------------------------|------------|-----------------|------------------------|------------|-----------------|
| | Face value | Quantity | Amount | Face value | Quantity | Amount |
| I. Others (unquoted) | | | | | | |
| A. Investments in equity instruments of subsidiary companies (fully paid up) | | | | | | |
| Edelweiss Comtrade Limited | 10 | 11,000,000 | 110.13 | 10 | 5,000,000 | 50.13 |
| Edelweiss Custodial Services Limited | 10 | 5,492,500 | 614.03 | 10 | 5,300,000 | 589.00 |
| Edelweiss Securities (Hong Kong) Private Limited | HKD 1 | 5,818,566 | 46.61 | HKD 1 | 5,818,566 | 46.61 |
| Edelweiss Financial Services Inc | USD 1 million | 1 | 62.74 | USD 1 million | 1 | 62.74 |
| Burlington Business Solutions Limited | 10 | 18,210,500 | 182.11 | 10 | 18,210,500 | 182.11 |
| Edelweiss Financial Services (UK) Limited | GBP 1 | 75,000 | 7.18 | - | - | - |
| Subtotal (A) | | | <u>1,022.80</u> | | | <u>930.59</u> |
| B. Investments in equity instruments of associate companies (fully paid up) | | | | | | |
| Arum Investments Private Limited | - | - | - | 10 | 1,105,186 | 30.64 |
| Dahlia Commodities Services Private Limited | 10 | 100,000 | 1.00 | 10 | 100,000 | 1.00 |
| Magnolia Commodities Services Private Limited | 10 | 100,000 | 1.00 | 10 | 100,000 | 1.00 |
| Subtotal (B) | | | <u>2.00</u> | | | <u>32.64</u> |
| C. Investments in equity instruments of other companies (fully paid up) | | | | | | |
| Bombay Stock Exchange Limited | 1 | 11,401 | 0.75 | 1 | 11,401 | 0.75 |
| ECL Finance Limited | 10 | 97,416,683 | 532.88 | 10 | 97,416,683 | 532.88 |
| Arum Investments Private Limited | 10 | 1,105,186 | 30.64 | - | - | - |
| Subtotal (C) | | | <u>564.27</u> | | | <u>533.63</u> |
| D. Investments in preference shares of associate companies (fully paid up) | | | | | | |
| <i>0.01% Compulsorily Convertible Non-Cumulative Preference shares</i> | | | | | | |
| Arum Investments Private Limited | - | - | - | 10 | 154,208 | 38.55 |
| Subtotal (D) | | | <u>-</u> | | | <u>38.55</u> |
| E. Investments in preference shares of other companies (fully paid up) | | | | | | |
| <i>(i) 7% Non cumulative non convertible redeemable preference shares</i> | | | | | | |
| Edelweiss Commodities Services Limited | 10 | 1,000,000 | 1,000.00 | 10 | 1,000,000 | 1,000.00 |
| Edelcap Securities Limited | 10 | 22,500,000 | 450.00 | 10 | 22,500,000 | 450.00 |
| | | | <u>1,450.00</u> | | | <u>1,450.00</u> |
| <i>(ii) 0.01% Compulsorily Convertible Non-Cumulative Preference shares</i> | | | | | | |
| Arum Investments Private Limited | 10 | 154,208 | 38.55 | - | - | - |
| | | | <u>38.55</u> | | | <u>-</u> |
| Subtotal (E) (i + ii) | | | <u>1,488.55</u> | | | <u>1,450.00</u> |
| Total (A+B+C+D+E) | | | <u>3,077.62</u> | | | <u>2,985.41</u> |

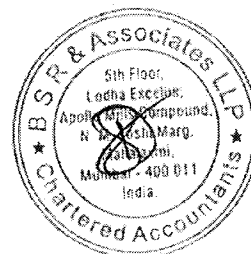


Edelweiss Securities Limited

Notes to the financial statements (Continued)
as at 31 March 2016

(Currency : Indian rupees in millions)

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| 2.11 Deferred tax assets | | |
| Deferred tax assets on account of : | | |
| Difference between book and tax depreciation | 4.80 | 6.70 |
| Provision for doubtful debts/advances | 39.25 | 40.99 |
| Disallowances under section 43B of the Income Tax Act, 1961 | 18.97 | 18.84 |
| | 63.02 | 66.53 |
| 2.12 Long-term loans and advances | | |
| Unsecured, considered good | | |
| Capital advances | 0.52 | - |
| Security deposits | | |
| Rental deposits | 33.96 | 32.71 |
| Deposits placed with/ for exchange/ depositories | 25.46 | 30.56 |
| Other deposits | 12.20 | 12.41 |
| Other loans and advances | | |
| Advance income taxes (Net of provision for taxation ₹ 1,359.88 (previous year ₹ 1,269.47)) | 974.51 | 909.11 |
| | 1,046.65 | 984.79 |
| 2.13 Other non-current assets | | |
| Contribution to gratuity fund (net) (refer note 2.37) | 2.15 | 0.17 |
| Long term deposits with banks (refer note 2.34) | 6,621.84 | 6,490.57 |
| | 6,623.99 | 6,490.74 |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

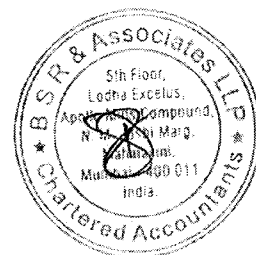
as at 31 March 2016

(Currency : Indian rupees in millions)

2.14 Stock in trade

| Stock in trade | As at 31 March 2016 | | | As at 31 March 2015 | | |
|---|------------------------|----------|-------------|------------------------|----------|-------------|
| | Face Value | Quantity | Amount | Face Value | Quantity | Amount |
| A. Equity shares (quoted) | | | | | | |
| India Bulls Ventures Limited [Formerly known as India Bulls Securities Limited] * | 10 | 25 | 0.00 | 10 | 25 | 0.00 |
| The Phoenix Mills Limited | 2 | 437 | 0.13 | | | |
| | | | <u>0.13</u> | | | <u>0.00</u> |
| B. Equity shares (unquoted) | | | | | | |
| TCS E-serve Limited * | 10 | 1 | 0.00 | 10 | 1 | 0.00 |
| FCI OEN Connectors Limited | 10 | 1 | - | 10 | 1 | - |
| | | | <u>0.00</u> | | | <u>0.00</u> |
| C. Preference shares (unquoted) | | | | | | |
| JSW Ispat Steel Limited (Formerly Ispat industries Limited) | 10 | 6,000 | 0.13 | 10 | 6,000 | 0.13 |
| | | | <u>0.13</u> | | | <u>0.13</u> |
| D. Mutual funds (unquoted) | | | | | | |
| Edelweiss Short Term Income fund - Institutional Plan Growth Option | - | - | - | 10 | 40,777 | 0.43 |
| Edelweiss Gilt Fund - Growth Option | - | - | - | 10 | 50,000 | 0.50 |
| | | | <u>-</u> | | | <u>0.93</u> |
| | | | <u>0.26</u> | | | <u>1.06</u> |
| Aggregate of quoted stock in trade in equity shares | | | | | | |
| - At book value * | | | 0.13 | | | 0.00 |
| - At market value * | | | 0.13 | | | 0.00 |
| Aggregate of unquoted stock in trade in equity shares | | | | | | |
| - At book value * | | | 0.00 | | | 0.00 |
| Aggregate of unquoted stock in trade in preference shares | | | | | | |
| - At book value | | | 0.13 | | | 0.13 |
| Aggregate of unquoted stock in trade in mutual funds | | | | | | |
| - At book value | | | - | | | 0.93 |
| - At net asset value | | | - | | | 1.27 |

* Amount is less than ₹ 0.01 million



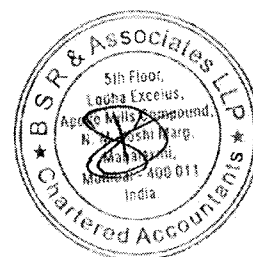
Edelweiss Securities Limited

Notes to the financial statements (Continued)

as at 31 March 2016

(Currency : Indian rupees in millions)

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| 2.15 Trade / customer accounts receivables (refer note 2.34) | | |
| Outstanding for a period exceeding six months | | |
| - Secured, considered good | 3.95 | 2.25 |
| - Unsecured, considered good | 0.01 | 0.01 |
| - Unsecured, considered doubtful | 100.16 | 107.59 |
| | 104.12 | 109.85 |
| Provision for doubtful debts | 100.16 | 107.59 |
| | 3.96 | 2.26 |
| Other debts | | |
| - Unsecured, considered good | 848.13 | 647.20 |
| - Unsecured, considered doubtful | 18.56 | 10.87 |
| | 866.69 | 658.07 |
| Provision for doubtful debts | 18.56 | 10.87 |
| | 848.13 | 647.20 |
| | 852.09 | 649.46 |
| 2.16 Cash and bank balances | | |
| Cash and Cash equivalents | | |
| Cash in hand | 0.28 | 0.19 |
| Balances with banks | | |
| - in Current accounts | 762.90 | 819.27 |
| Other bank balances | | |
| - Short term deposits with banks (refer note 2.34) | 6,617.50 | 7,084.18 |
| (Held as margin money or security against borrowings, guarantees) | 7,380.68 | 7,903.64 |



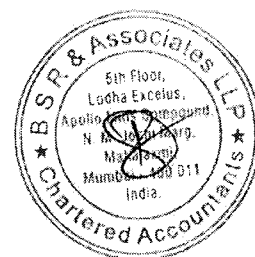
Edelweiss Securities Limited

Notes to the financial statements (Continued)

as at 31 March 2016

(Currency : Indian rupees in millions)

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| 2.17 Short-term loans and advances | | |
| <i>Unsecured, considered good</i> | | |
| Deposits placed with/ for exchange/ depositories | 25.51 | 24.71 |
| Loans and advances to employees | 13.77 | 17.79 |
| Vendor advances | 30.16 | 40.86 |
| Input tax credit | 45.25 | 22.00 |
| Advance tax and tax deducted at source (net of provision for taxation ₹ 10.80 (Previous year ₹ 103.59)) | 147.93 | 68.23 |
| MAT credit entitlement | 100.84 | 90.84 |
| Advances recoverable in cash or in kind or for value to be received | 33.78 | 32.49 |
| | 397.24 | 296.92 |
| 2.18 Other Current Assets | | |
| Accrued interest on fixed deposits | 37.55 | 202.14 |
| Receivable from exchange / clearing house | 953.56 | 333.46 |
| | 991.11 | 535.60 |

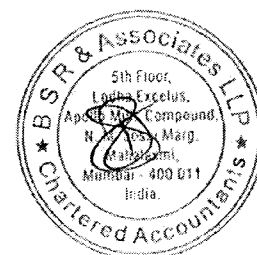


Edelweiss Securities Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2016

(Currency : Indian rupees in millions)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| 2.19 Fee and commission income | | |
| Income from broking (refer note 2.40) | 1,376.81 | 1,517.09 |
| Advisory and other fees | 514.81 | 237.61 |
| | <u>1,891.62</u> | <u>1,754.70</u> |
| 2.20 Income from treasury operations and investments | | |
| Loss on trading of securities (net) | (155.61) | (46.11) |
| Loss on trading in equity derivative instruments (net) | (0.89) | (2.53) |
| Profit / (loss) on trading in currency derivative instruments (net) | 2.21 | (7.59) |
| Dividend on stock in trade | 131.36 | 190.94 |
| Dividend on long term Investment | 0.70 | 0.70 |
| | <u>(22.23)</u> | <u>135.41</u> |
| 2.21 Interest Income | | |
| On loan to subsidiary companies | 0.08 | 1.90 |
| On intercorporate deposits | 174.39 | 484.32 |
| On fixed deposits | 1,988.44 | 1,557.71 |
| On debt instrument | 0.03 | 0.21 |
| On others | 15.70 | 3.93 |
| | <u>2,178.64</u> | <u>2,048.07</u> |
| 2.22 Other operating revenue | | |
| Delayed payment charges | 120.00 | 72.74 |
| | <u>120.00</u> | <u>72.74</u> |
| 2.23 Other income | | |
| Miscellaneous income | 0.22 | 1.20 |
| Interest income - others | 0.65 | 0.78 |
| | <u>0.87</u> | <u>1.98</u> |

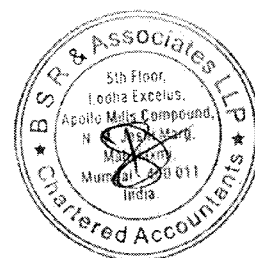


Edelweiss Securities Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2016

(Currency : Indian rupees in millions)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| 2.24 Employee benefit expenses | | |
| Salaries and wages (refer note 2.35) | 1,615.52 | 1,188.19 |
| Contribution to provident and other funds (refer note 2.37) | 50.31 | 36.23 |
| Staff welfare expenses | 55.90 | 59.25 |
| | <u>1,721.73</u> | <u>1,283.67</u> |
| 2.25 Finance costs | | |
| Interest on bank overdraft | 301.59 | 240.79 |
| Interest on loan from holding company | 620.76 | 597.86 |
| Interest on loan from fellow subsidiaries | 0.40 | 1.49 |
| Interest on margin | 89.33 | 279.45 |
| Interest - others | 1.73 | 0.66 |
| Discount on commercial paper | 249.65 | 483.52 |
| Financial and bank charges | 46.56 | 31.75 |
| | <u>1,310.02</u> | <u>1,635.52</u> |

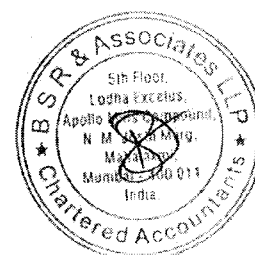


Edelweiss Securities Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2016

(Currency : Indian rupees in millions)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| 2.26 Other expenses | | |
| Advertisement and business promotion | 33.49 | 45.34 |
| Auditors' remuneration | 2.25 | 2.03 |
| Bad- debts and advances written off | 5.46 | 0.49 |
| Commission and brokerage | 8.58 | 7.37 |
| Communication | 86.56 | 61.79 |
| Computer expenses | 16.02 | 14.77 |
| Computer software | 52.29 | 41.42 |
| Contribution towards corporate social responsibility (refer note 2.41) | 0.40 | 6.05 |
| Clearing and custodian charges | - | 0.04 |
| Dematerialisation charges | 4.35 | 3.19 |
| Directors' sitting fees | 0.34 | 0.18 |
| Donation | 0.02 | 0.01 |
| Electricity charges (refer note 2.35) | 37.53 | 31.77 |
| Foreign exchange loss (net) | 0.73 | 0.51 |
| Insurance | 0.95 | 0.80 |
| Legal and professional fees | 76.38 | 82.85 |
| Loss on sale/ write-off of fixed assets (net) | (1.47) | (0.23) |
| Membership and subscription | 66.74 | 49.44 |
| Office expenses | 124.15 | 97.72 |
| Postage and courier | 2.57 | 1.46 |
| Printing and stationery | 7.68 | 9.82 |
| Provision for doubtful debts | 0.26 | 22.21 |
| Rates and taxes | 6.15 | 1.26 |
| Rating support fees | 22.80 | 22.05 |
| Rent (refer note 2.35) | 156.12 | 133.62 |
| Repairs and maintenance - others | 3.20 | 1.39 |
| Security transaction tax | - | 0.01 |
| Seminar and conference | 14.92 | 15.02 |
| Service tax expenses | 31.34 | 41.21 |
| Site related expenses (refer note 2.35) | 0.28 | 0.25 |
| Stamp duty | 22.51 | 19.02 |
| Stock exchange expenses | 2.86 | 1.88 |
| Travelling and conveyance | 92.16 | 88.45 |
| Wealth Tax | - | 0.28 |
| Miscellaneous expenses | 4.75 | 5.24 |
| | 882.37 | 808.71 |
| Auditor's Remuneration | | |
| As statutory auditor | 2.00 | 1.84 |
| For other services | 0.13 | 0.09 |
| For reimbursement of expenses | 0.12 | 0.10 |
| | 2.25 | 2.03 |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees in millions)

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:

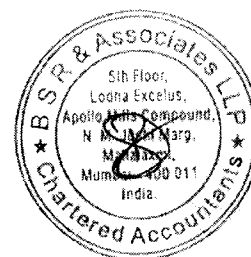
| Segment | Activities covered |
|------------------------|---|
| Agency business | Broking and advisory services |
| Capital based business | Income from treasury operations and income from investment and dividend |

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:



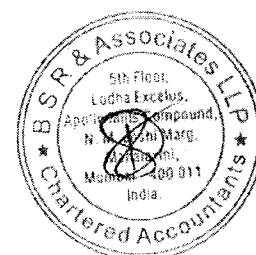
Edelweiss Securities Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

2.27 Segment reporting (Continued)

| Particulars | For the Year Ended March 31, 2016 | For the Year Ended March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| I Segment Revenue | | |
| a) Agency business | 4,013.97 | 3,565.74 |
| b) Capital based business | 154.93 | 447.16 |
| c) Unallocated | - | - |
| Total Income | 4,168.90 | 4,012.90 |
| II Segment Results | | |
| a) Agency business | 143.26 | 121.09 |
| b) Capital based business | 5.90 | 79.39 |
| c) Unallocated | (2.25) | (2.03) |
| Total | 146.91 | 198.45 |
| Profit before taxation | 146.91 | 198.45 |
| Less : Provision for taxation | 4.59 | 11.14 |
| Less : MAT credit entitlement | (12.10) | - |
| Less : Deferred tax | 3.51 | (7.41) |
| Profit after taxation | 150.91 | 194.72 |
| Particulars | For the Year Ended March 31, 2016 | For the Year Ended March 31, 2015 |
| III Segment Assets | | |
| a) Agency business | 16,390.68 | 16,109.19 |
| b) Capital based business | 3,096.56 | 3,043.37 |
| c) Unallocated | 1,331.55 | 1,156.71 |
| Total | 20,818.79 | 20,309.27 |
| IV Segment Liabilities | | |
| a) Agency business | 15,893.75 | 13,565.93 |
| b) Capital based business | 111.62 | 2,071.56 |
| c) Unallocated | 302.93 | 312.19 |
| Total | 16,308.30 | 15,949.69 |
| V Capital Expenditure | | |
| a) Agency business | 85.63 | 99.62 |
| b) Capital based business | 3.30 | 13.23 |
| c) Unallocated | - | - |
| Total | 88.93 | 112.86 |
| VI Depreciation and Amortisation | | |
| a) Agency business | 103.86 | 76.70 |
| b) Capital based business | 4.01 | 10.15 |
| c) Unallocated | - | - |
| Total | 107.87 | 86.55 |
| VII Non cash expenditure other than depreciation | | |
| a) Agency business | 16.40 | 32.64 |
| b) Capital based business | 0.41 | 1.32 |
| c) Unallocated | - | - |
| Total | 16.81 | 33.66 |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees in millions)

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) Names of related parties by whom control is exercised

Edelweiss Financial Services Limited Holding company

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

Edelweiss Comtrade Limited

Edelweiss Securities (Hong Kong) Private Limited

Edelweiss Financial Services Inc

Edelweiss Custodial Services Limited

Burlington Business Solutions Limited

Edelweiss Financial Services (UK) Limited (w.e.f. August 27, 2015)

(C) Fellow subsidiaries with whom the Company has transactions:

Arum Investments Private Limited (w.e.f. March 30, 2016)

EC Commodity Limited

Ecap Equities Limited

ECL Finance Limited

Edel Commodities Limited

Edel Commodities Trading Limited

Edel Finance Company Limited

Edel Investments Limited

Edel Land Limited

Edelcap Securities Limited

Edelweiss Web Services Limited

Edelweiss Alternative Asset Advisors Limited

Edelweiss Asset Management Limited

Edelweiss Broking Limited

Edelweiss Capital Market Limited

Edelweiss Commodities Pte Limited

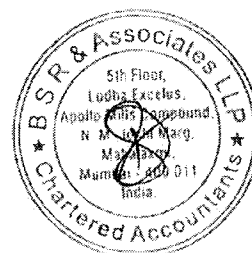
Edelweiss Commodities Services Limited

Edelweiss Finance & Investments Limited

Edelweiss Global Wealth Management Limited

Edelweiss Housing Finance Limited

Edelweiss Insurance Brokers Limited



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees in millions)

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 :

(C) Fellow subsidiaries with whom the Company has transactions: (Continued)

Edelweiss Agree Value Chain Limited (Formerly known as Edelweiss Integrated Commodities Management Limited)

Edelweiss Investment Adviser Limited

Edelweiss Metals Limited

Edelweiss Retail Finance Limited

Edelweiss Tokio Life Insurance Company Limited

Edelweiss Web Services Limited

EFSL Commodities Limited

EFSL Comtrade Limited

Eternity Business Centre Limited

Forefront Wealth Advisors LLP

(C) Fellow subsidiaries with whom the Company has transactions: (Continued)

Olive Business Centre Limited

Serenity Business Park Limited

(D) Associate companies with whom the Company has transactions:

Magnolia Commodities Services Private Limited

Dahlia Commodities Services Private Limited

Arum Investments Private Limited (upto March 29, 2016)

(E) Key Management Personnel (KMP):

Mr. Vikas Khemani Executive Director (upto March 30, 2015)

Mr. Vikas Khemani Chief Executive Officer (w.e.f. July 20, 2015)

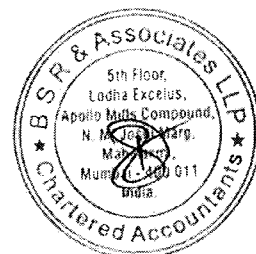
Mr. Deepak Mundra Executive Director (upto April 23, 2015)

(F) Relatives of Key Management Personnel (KMP):

Mr. Vijay Khemani

Ms. Sushiladevi Khemani

Ms. Swati Khemani



Note : During the previous year Edelweiss Financial Advisors Limited (“Transferor Company”), had been amalgamated with Edelweiss Broking Limited (“Transferee Company”) with effect from 01 October 2013 (“the Appointed Date”) vide a court order. All related party transactions transacted during the previous year and the outstanding balances thereof as at the end of the previous year relating to the Transferor Company were considered to be transacted with the Transferee Company and accordingly included in the previous year related party transactions disclosure of the Company.

Edelweiss Securities Limited

Notes to the financial statements (Continued)

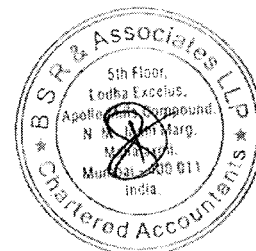
for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18- "Related Party Disclosure": (Continued)

ii. Transactions with related parties :

| Sr. No. | Nature of Transaction | Related Party Name | 2016 | 2015 |
|---|--|--|-----------|-----------|
| Capital account transactions during the year | | | | |
| 1 | Issue of preference shares to | Edelweiss Financial Services Limited | - | 0.10 |
| 2 | Investment in equity shares of | Edelweiss Comtrade Ltd | 60.00 | - |
| | | Edelweiss Financial Services (UK) Limited | 7.18 | - |
| | | Edelweiss Custodial Services Limited | 25.03 | 39.00 |
| | | Burlington Business Solutions Limited | - | 182.11 |
| 3 | Investment in preference shares of | Edelcap Securities Limited | - | 450.00 |
| Current account transaction | | | | |
| 4 | Short term loans taken from (refer note 1 and 3) | Edelweiss Financial Services Limited | 11,027.40 | 13,496.81 |
| 5 | Short term loans repaid to (refer note 1 and 3) | Edelweiss Financial Services Limited | 13,109.63 | 11,169.48 |
| | | Others - Fellow Subsidiaries | 7.60 | 22.33 |
| 6 | Short term loans given to (refer note 1 and 3) | Burlington Business Solutions Limited | 8.20 | 0.18 |
| 7 | Short term loans repaid by (refer note 1 and 3) | Edelweiss Custodial Services Limited | - | 85.50 |
| | | Burlington Business Solutions Limited | 8.20 | 0.18 |
| 8 | Commercial papers issued to | Edelweiss Commodities Services Limited | 39,750.35 | 53,619.23 |
| 9 | Commercial papers redeemed by | Edelweiss Commodities Services Limited | 5,350.00 | 1,000.00 |
| Secondary market transaction | | | | |
| 10 | Margin received from (refer note 1) | Edelweiss Web Services Limited | 65.60 | 5,851.58 |
| | | Edelweiss Broking Limited | 3,084.21 | 2,341.49 |
| | | ECL Finance Limited | 1,988.66 | 1,892.73 |
| | | Edelcap Securities Limited | 1,725.46 | 6.80 |
| | | Ecap Equities Limited | 289.06 | 1,657.29 |
| | | Edel Commodities Trading Limited | 2,368.15 | 125.69 |
| | | EFSI Comtrade Limited | 2,832.43 | 625.14 |
| | | Others - Holding | 54.37 | 58.30 |
| | | Others - Subsidiaries | 107.36 | 44.10 |
| | | Others - Fellow Subsidiaries | 3,644.10 | 4,395.87 |
| | | Others - Associates | 182.75 | 295.89 |
| | | Others - Key Management Personnel | - | 9.29 |
| | | Others - Relatives of Key Management Personnel | 2.72 | 100.58 |
| 11 | Margin paid to (refer note 1) | Edelweiss Broking Limited | 2,289.94 | 1,514.13 |
| | | ECL Finance Limited | 1,369.09 | 1,704.73 |
| | | Edelcap Securities Limited | 1,654.13 | 914.77 |
| | | Ecap Equities Limited | 262.56 | 1,936.09 |
| | | Edel Commodities Trading Limited | 2,288.05 | 69.50 |
| | | Edel Investments Limited | 257.21 | 1,360.33 |
| | | Edelweiss Web Services Limited | 4,122.16 | 1,737.28 |
| | | Others - Holding | 64.33 | 1.49 |
| | | Others - Subsidiaries | 61.04 | - |
| | | Others - Fellow Subsidiaries | 4,518.32 | 3,194.06 |
| | | Others - Associates | 137.16 | 182.39 |
| | | Others - Key Management Personnel | - | 9.29 |
| | | Others - Relatives of Key Management Personnel | 2.62 | 100.58 |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

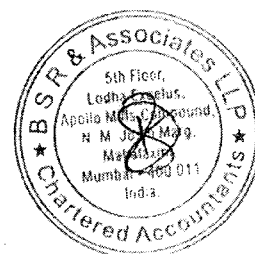
for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18- "Related Party Disclosure": (Continued)

ii. Transactions with related parties : (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 2016 | 2015 |
|---|--|--|-----------|-----------|
| Capital account transactions during the year | | | | |
| 12 | Credited for equity segment (refer note 1) | Ecap Equities Limited | 685.55 | 28,725.00 |
| | | ECL Finance Limited | 1,212.97 | 18,894.74 |
| | | Arum Investments Private Limited | 38,401.12 | - |
| | | Others - Fellow Subsidiaries | 2,107.16 | 14,669.72 |
| | | Others - Associates | 133.34 | 4,265.16 |
| | | Others - Relatives of Key Management Personnel | 5.59 | - |
| 13 | Debited for equity segment (refer note 1) | Edelweiss Investments Limited | 634.26 | 18.08 |
| | | Edelweiss Commodities Services Limited | 457.25 | 2,259.86 |
| | | Ecap Equities Limited | 750.85 | 28,730.79 |
| | | ECL Finance Limited | 820.50 | 19,028.49 |
| | | Others - Fellow Subsidiaries | 943.49 | 13,065.52 |
| | | Others - Associates | 133.05 | 4,264.67 |
| | | Others - Key Management Personnel Relatives | 30.87 | - |
| 14 | Purchase of debt instruments from | ECL Finance Limited | - | 507.97 |
| | | Edelweiss Finance & Investments Limited | 531.59 | 319.57 |
| 15 | Brokerage income earned from | ECL Finance Limited | 42.62 | 0.15 |
| | | Ecap Equities Limited | 31.45 | 53.81 |
| | | Edelweiss Capital Markets Limited | 10.65 | 46.45 |
| | | Edelweiss Web Services Limited | 17.27 | 60.42 |
| | | EFSL Comtrade Limited | 37.73 | 4.30 |
| | | Others - Holding | 0.43 | 0.24 |
| | | Others - Subsidiaries | 1.42 | 0.02 |
| | | Others - Fellow Subsidiaries | 55.75 | 29.14 |
| | | Others - Associates | 2.21 | 1.32 |
| | | Others - Key Management Personnel | - | 0.04 |
| | | Others - Relatives of Key Management Personnel | 0.03 | 0.11 |
| 16 | Clearing charges income received from | Ecap Equities Limited | 0.30 | 0.37 |
| | | Edelweiss Capital Markets Limited | 0.28 | 0.41 |
| | | Others - Holding | 0.14 | 0.14 |
| | | Others - Subsidiaries | 0.18 | 0.02 |
| | | Others - Fellow Subsidiaries | 3.42 | 2.39 |
| | | Others - Associates | 0.34 | 0.32 |
| 17 | Brokerage and commission expenses paid to | Ecap Equities Limited | 7.15 | 5.09 |
| | | Edelweiss Broking Limited | 128.27 | 32.87 |
| | | Others - Fellow Subsidiaries | 0.51 | 0.27 |
| 18 | Interest income on loan given to | Edelweiss Custodial Services Limited | - | 1.89 |
| | | Burlington Business Solutions Limited @ | 0.08 | 0.00 |
| 19 | Interest expenses on loan taken from | Edelweiss Financial Services Limited | 620.76 | 597.86 |
| | | Others - Fellow Subsidiaries | 0.40 | 1.49 |
| 20 | Warehousing income received from | Edelweiss Commodities Services Limited | 166.81 | 128.61 |
| | | Others - Subsidiaries | 0.03 | 0.05 |
| | | Others - Fellow Subsidiaries | 9.91 | 7.51 |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

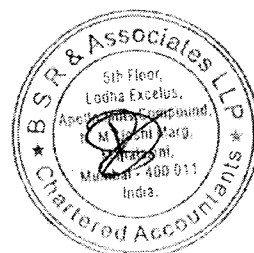
for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18- "Related Party Disclosure": (Continued)

ii. Transactions with related parties : (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 2016 | 2015 |
|---|--|--|-------|-------|
| Capital account transactions during the year | | | | |
| 21 | Interest expenses on margin placed by | ECL Finance Limited | 13.05 | 51.44 |
| | | Ecap Equities Limited | 1.83 | 26.69 |
| | | Edelweiss Capital Markets Limited | 3.95 | 35.74 |
| | | EFSL Comtrade Limited | 7.69 | 10.27 |
| | | Edelweiss Web Services Limited | 9.23 | 67.72 |
| | | Others - Holding | 0.60 | 1.38 |
| | | Others - Subsidiaries | 0.95 | 0.01 |
| | | Others - Fellow Subsidiaries | 26.01 | 46.89 |
| | | Others - Associates | 1.71 | 5.63 |
| 22 | Interest expenses on commercial papers issued to | Edelweiss Commodities Services Limited | 43.42 | 69.51 |
| 23 | Interest expenses on lease | Edel Finance Company Limited | 0.07 | 0.16 |
| 24 | Management fees income on NLD received | ECL Finance Limited (on behalf of clients) | 4.07 | 6.80 |
| | | Edelweiss Finance and Investments Limited (on behalf of clients) | 3.29 | 4.37 |
| 25 | Brokerage and Commission received | Edelweiss Financial Services Limited | 35.30 | - |
| | | Edelweiss Broking Limited | 45.47 | - |
| 26 | Dividend income received from | Edelweiss Commodities Services Limited | 0.70 | 0.70 |
| 27 | Rating fees expenses paid to | Edelweiss Financial Services Limited | 22.80 | 22.05 |
| 28 | Legal and professional fees expenses paid to | Edelweiss Financial Services Inc. | 6.87 | - |
| | | Edelweiss Investment Advisors Private Limited | 6.50 | - |
| 29 | Contribution towards corporate social responsibility | Edelgive Foundation | 0.40 | 6.05 |
| 30 | Database charges expenses recovered from | Edelweiss Tokio Life Insurance Company Limited | 0.05 | 0.01 |
| 31 | Communication expenses recovered from | Edelweiss Tokio Life Insurance Company Limited | 1.98 | 1.04 |
| 32 | Computer expenses recovered from | Edelweiss Tokio Life Insurance Company Limited | 0.13 | 1.06 |
| 33 | Electricity expenses paid to | Edelweiss Commodities Services Limited | 16.72 | 17.95 |
| | | Edelweiss Broking Limited | 3.51 | - |
| 34 | Insurance expenses recovered from | Edelweiss Tokio Life Insurance Company Limited | - | 5.17 |
| 35 | Insurance expenses paid to | Edelweiss Financial Services Limited | 3.39 | 7.04 |
| 36 | Membership & subscription expenses recovered from | Edelweiss Tokio Life Insurance Company Limited | 0.01 | 0.01 |
| 37 | Office expenses recovered from | Edelweiss Tokio Life Insurance Company Limited | 0.19 | 0.21 |
| 38 | Printing & stationary expenses recovered from | Edelweiss Tokio Life Insurance Company Limited | 0.04 | 0.01 |
| 39 | Repairs & maintenance expenses recovered from | Edelweiss Tokio Life Insurance Company Limited @ | - | 0.00 |
| 40 | Staff welfare expenses recovered from | Edelweiss Tokio Life Insurance Company Limited @ | 0.00 | - |
| 41 | Legal & prof. fees exps recovered from | Edelweiss Tokio Life Insurance Company Limited | 0.02 | - |
| 42 | Cost reimbursements paid to | Edelweiss Financial Services Limited | 36.41 | 17.90 |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

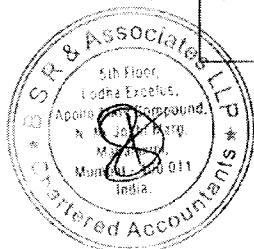
for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18- "Related Party Disclosure": (Continued)

ii. Transactions with related parties : (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 2016 | 2015 |
|---|--|--|----------|--------|
| Capital account transactions during the year | | | | |
| 43 | Cost reimbursements recovered from | Edelweiss Broking Limited | - | 36.40 |
| | | Edel Commodities Trading Limited | 0.50 | 0.50 |
| | | Edel Land Limited | 0.50 | 0.50 |
| | | EFSL Commodities Limited | 0.50 | 0.50 |
| | | EFSL Comtrade Limited | 0.50 | 0.50 |
| | | Edelweiss Capital Markets Limited | 0.50 | 0.50 |
| | | Edel Investments Limited | 0.50 | 0.50 |
| | | Dahlia Financial Services Limited | 0.50 | 0.50 |
| | | Magnolia Financial Services Private Limited | 0.50 | 0.50 |
| | | Others - Fellow Subsidiaries | 0.40 | 5.00 |
| | | Edelweiss Financial Services Limited | - | 201.85 |
| 44 | Dividend paid on equity shares of | Edelweiss Web Services Limited | 1,209.95 | 58.43 |
| 45 | Other Reimbursements paid to | Others - Holding | 7.43 | 1.07 |
| | | Others - Fellow Subsidiaries | 0.52 | 0.29 |
| 46 | Other Reimbursements recovered from | Edelweiss Financial Services Limited | 36.57 | - |
| | | Edelweiss Commodities Services Limited | 25.11 | - |
| | | Others - Fellow Subsidiaries | 1.30 | - |
| 47 | Software charges expenses recovered from | Edelweiss Tokio Life Insurance Company Limited | 0.11 | 0.20 |
| 48 | Remuneration paid to (refer note 2) | Key Management Personnel | 79.99 | 17.69 |
| 49 | Rent expenses paid to | Edelweiss Commodities Services Limited | 88.03 | 97.62 |
| | | Edelweiss Broking Limited | 19.90 | - |
| 50 | Processing fees expenses paid to | Edelweiss Web Services Limited | 0.68 | 0.67 |
| 51 | Web site related expenses paid to | Edelweiss Web Services Limited | 0.07 | 0.23 |
| 52 | Rent recovered from | Edelweiss Tokio Life Insurance Company Limited | 3.00 | 3.00 |
| 53 | Transfer of gratuity liability to | Edelweiss Broking Limited | 2.28 | 0.86 |
| | | Edelweiss Tokio Life Insurance Company Limited | - | 0.86 |
| | | Ecap Equities Limited | 4.11 | - |
| | | Edelweiss Commodities Services Limited | 0.92 | - |
| | | Others - Holding | 0.06 | 0.01 |
| | | Others - Subsidiaries | 0.01 | 0.23 |
| | | Others - Fellow Subsidiaries | 2.14 | 0.87 |
| | | Others - Associates | - | 0.26 |
| 54 | Transfer of gratuity assets to | EC Commodity Limited | - | 0.16 |
| | | ECL Finance Limited | - | 0.31 |
| | | Edelweiss Financial Services Limited | 0.18 | - |
| | | Edelweiss Investments Advisors Limited | 0.02 | - |
| | | Others - Fellow Subsidiaries | 0.01 | 0.04 |
| | | Others - Associates | - | 0.01 |
| 55 | Nomination deposit received from | Edelweiss Financial Services Limited | 0.20 | 0.50 |
| | | Edelweiss Custodial Services Limited | - | 0.10 |
| | | Burlington Business Solutions Limited | 0.30 | - |
| 56 | Nomination deposit paid to | Edelweiss Financial Services Limited | 0.20 | 0.30 |
| | | Edelweiss Custodial Services Limited | - | 0.10 |
| | | Burlington Business Solutions Limited | 0.30 | - |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

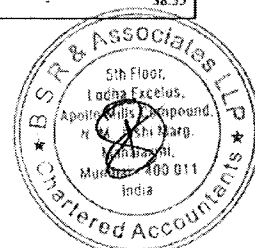
for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18- "Related Party Disclosure": (Continued)

ii. Transactions with related parties : (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 2016 | 2015 |
|---------|--|--|----------|----------|
| | Balances with related parties | | | |
| 57 | Other long term liabilities payable to | Edel Finance Company Limited | - | 0.34 |
| 58 | Short term loans taken from (refer note 1 & 3) | Edelweiss Financial Services Limited | 323.90 | 2,406.13 |
| | | Edelweiss Retail Finance Limited | - | 7.50 |
| | | Others - Fellow Subsidiaries | - | 0.10 |
| 59 | Trade payables to | ECL Finance Limited | 598.14 | 206.69 |
| | | Edelweiss Web Services Limited | 1.78 | 79.28 |
| | | Others - Holding | 12.12 | 27.22 |
| | | Others - Subsidiaries | 3.03 | 1.45 |
| | | Others - Fellow Subsidiaries | 131.78 | 25.50 |
| | | Others - Associates | 1.33 | 3.04 |
| | | Others - Relatives of Key Management Personnel | 0.10 | - |
| 60 | Accrued interest expenses on loan taken | Edelweiss Financial Services Limited | 16.21 | 18.16 |
| | | Others - Fellow Subsidiaries | 0.01 | 0.08 |
| 61 | Accrued interest expenses on margin placed by | ECL Finance Limited | 0.38 | 1.92 |
| | | Edelweiss Capital Markets Limited | 0.04 | 1.85 |
| | | Edelweiss Web Services Limited | 0.03 | 8.53 |
| | | EFSL Commodities Ltd | 0.16 | 1.31 |
| | | EFSL Comtrade Limited | 0.36 | 0.16 |
| | | Others - Holding | 0.02 | 0.10 |
| | | Others - Subsidiaries | 0.03 | 0.01 |
| | | Others - Fellow Subsidiaries | 0.48 | 1.70 |
| | | Others - Associates | 0.09 | 0.24 |
| 62 | Margins payable to clients | Edelweiss Broking Limited | 2,322.41 | 1,528.15 |
| | | Edelweiss Web Services Limited | 56.43 | 4,035.27 |
| | | ECL Finance Limited | 1,011.51 | 390.63 |
| | | EFSL Comtrade Limited | 1,422.06 | 79.36 |
| | | Others - Subsidiaries | 89.07 | 42.65 |
| | | Others - Fellow Subsidiaries | 2,324.26 | 1,497.90 |
| | | Others - Associates | 162.97 | 116.26 |
| 63 | Other payables to | Edelweiss Broking Limited | 2.28 | 0.86 |
| | | Edelweiss Tokio Life Insurance Company Limited | - | 0.86 |
| | | Ecap Equities Limited | 4.11 | - |
| | | Edelweiss Commodities Services Limited | 0.92 | - |
| | | Others - Holding | 0.06 | 0.01 |
| | | Others - Subsidiaries | 0.01 | 0.23 |
| | | Others - Fellow Subsidiaries | 2.14 | 0.87 |
| | | Others - Associates | - | 0.26 |
| 64 | Short term provisions (proposed dividend) | Edelweiss Commodities Services Limited | - | 0.18 |
| | | Others - Holding | - | 0.01 |
| 65 | Investments in preference shares in | Edelweiss Commodities Services Limited | 1,000.00 | 1,000.00 |
| | | Edelcap Securities Limited | 450.00 | 450.00 |
| | | Others - Fellow Subsidiaries | 38.55 | - |
| | | Others - Associates | - | 38.55 |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18- "Related Party Disclosure": (Continued)

ii. Transactions with related parties : (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 2016 | 2015 |
|---------|--|--|--------|--------|
| | Balances with related parties | | | |
| 66 | Investments in equity shares | ECL Finance Limited | 532.88 | 532.88 |
| | | Edelweiss Custodial Services Limited | 614.03 | 589.00 |
| | | Burlington Business Solutions Limited | 182.11 | 182.11 |
| | | Others - Subsidiaries | 257.29 | 159.47 |
| | | Others - Associates | 2.00 | 32.64 |
| 67 | Trade receivables from | Edelweiss Finance & Investments Limited @ | 0.00 | 190.74 |
| | | Edelweiss Commodities Services Limited | - | 29.75 |
| | | Edelweiss Broking Limited | - | 51.73 |
| | | Edelweiss Agree Value Chain Limited | 3.45 | 3.50 |
| | | Edelweiss Tokio Life Insurance Company Limited | 2.99 | - |
| | | Others - Subsidiaries | - | 0.59 |
| | | Others - Fellow Subsidiaries | 0.56 | 8.73 |
| | | Others - Associates | - | 0.46 |
| 68 | Advances recoverable in cash or in kind from | EC Commodity Limited | - | 0.16 |
| | | ECL Finance Limited | - | 0.31 |
| | | Edelweiss Financial Services Limited | 0.18 | - |
| | | Edelweiss Investment Advisors Limited | 0.02 | - |
| | | Others - Fellow Subsidiaries | 0.01 | 0.04 |
| | | Others - Associates | - | 0.01 |
| 69 | Accrued salaries and benefits payable | Key Management Personnel | 72.50 | 4.15 |
| | Off balance sheet item | | | |
| 70 | Corporate guarantee given by | Edelweiss Financial Services Limited | 140.00 | - |

@ Amount is less than ₹ 0.01 million

Note - 1 : The Intra group company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties, credited/debited for equity segment 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 : Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis.

Note - 3 : Loan received from holding company / fellow subsidiary companies and loan given to subsidiary companies are for the general corporate business.



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.29 Earnings per share

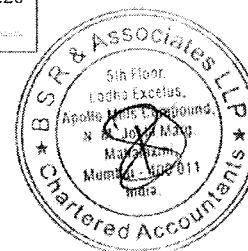
In accordance with Accounting Standard 20 on Earnings Per Share as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| a) Shareholders earnings (as per statement of profit and loss) | 150.91 | 194.72 |
| Less: Preference dividend declared by the Company (including dividend distribution tax) | Nil | 0.23 |
| Net profit for the year attributable to equity shareholders | 150.91 | 194.49 |
| b) <i>Calculation of weighted average number of equity shares of Rs 10 each:</i> | | |
| – Number of shares outstanding at the beginning of the year | 26,213,676 | 26,213,676 |
| – Number of shares issued during the year | - | - |
| Total number of equity shares outstanding at the end of the year | 26,213,676 | 26,213,676 |
| Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) | 26,213,676 | 26,213,676 |
| c) Basic and diluted earnings per share (in Rupees) (a/b) | 5.76 | 7.42 |

2.30 Foreign currency transactions

The Company has undertaken the following transactions in foreign currency during the year.

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| Expenditure incurred in foreign currency (on accrual basis) | | |
| Communication | 0.40 | - |
| Membership & subscription charges | 4.27 | 0.48 |
| Seminar & conference expenses | 1.30 | 5.10 |
| Computer software | 9.80 | 10.25 |
| Travel | 12.45 | 5.85 |
| Professional fees | 27.74 | 28.66 |
| Computer expenses | - | 0.01 |
| Capital expenses | 2.15 | 3.61 |
| Total | 58.11 | 53.96 |
| Income earned in foreign currency (on accrual basis) | | |
| Research fee income | 71.81 | 58.28 |
| Total | 71.81 | 58.28 |



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.31 Operating leases

The Company has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2016 aggregated to Rs. 156.12 million (Previous year Rs. 133.62 million) (refer note 2.26) which has been included under the head Operating and other expenses – Rent in the statement of profit and loss.

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

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Minimum lease payments for non cancellable lease | | |
| - not later than one year | 2.47 | 7.57 |
| - later than one year and not later than five years | Nil | 1.97 |
| Total | 2.47 | 9.54 |

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

2.32 Capital commitments (to the extent not provided for)

Estimated amount of contracts remaining to be executed on capital account and not provided for – Rs.6.43 million (net of advances) (Previous year: Rs. 7.83 million).

2.33 Contingent liabilities (to the extent not provided for)

- a) The Company has provided bank guarantees aggregating to Rs. 3,330.00 million (Previous year: Rs. 2,980.00 million) as on 31 March 2016 to The National Stock Exchange of India Limited for meeting margin requirements.

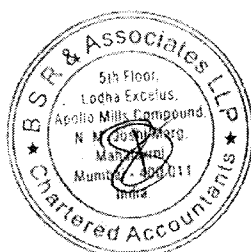
The Company has pledged fixed deposits with banks aggregating of Rs. 1,665.00 million (Previous year: Rs. 1,490.00 million) for obtaining the above bank guarantees.

- b) The Company has provided bank guarantees aggregating to Rs. 100.00 million (Previous year: Rs. 100.00 million) as on 31 March 2016 to The Bombay Stock Exchange of India Limited for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of Rs. 50.00 million (Previous year: Rs. 50.00 million) for obtaining the above bank guarantees.

- c) Taxation matters in respect of which appeal is pending – Rs. 95.30 million (Previous year: Rs. 300.23 million).

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with income tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

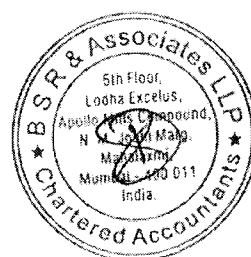
(Currency: Indian rupees in millions)

2.34 Encumbrances' on fixed deposits, debtors and property held by the Company

- a) Fixed deposits aggregating to Rs. 11,233.30 million (previous year: Rs. 9,314.32 million) have been pledged with exchanges for meeting base capital requirement.
- b) Fixed deposits aggregating to Rs. 5,524.70 million (previous year: Rs. 14,601.90 million) have been pledged with banks for securing bank overdrafts.
- c) Fixed deposits aggregating to Rs. 1,715.00 million (previous year: Rs. 1,540.00 million) have been pledged with banks for availing bank guarantees.
- d) Fixed deposits aggregating to Rs. Nil (Previous year: Rs. 0.06 million) have been pledged with Commissioner of Value Added Tax for VAT Registration.
- e) Fixed deposits aggregating to Rs. Nil (Previous year: Rs. 0.03 million) have been pledged with Commissioner of Sales Tax for Sales Tax Registration.
- f) As at 31 March 2016, receivables aggregating to Rs. 1,669.20 million (Previous year: Rs. 1,875.00 million) were hypothecated against bank overdraft.
- g) As at 31 March 2016, property aggregating to Rs. 364.80 million (Previous year: Rs. 364.80 million) were hypothecated against bank overdraft.
- h) Other Non Current Assets comprises of Long Term Fixed Deposits with banks aggregating to Rs. 9,355.50 million (Previous year: Rs. 6,490.57 million). The Company has the ability to liquidate these fixed deposits before the maturity date, if and when needed, to meet its obligation.

2.35 Cost Sharing

Edelweiss Financial Services Limited, being the holding company within the Edelweiss Group along with fellow subsidiaries Edelweiss Commodities Services Limited and Edelweiss Web Services Limited incurs expenditure like common senior management compensation cost, rent expenditure, electricity expenses and site related expenses etc. which is for the common benefit of itself and certain fellow subsidiary companies. This cost so expended is reimbursed by the Company on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. On the same lines, operational cost expended by the Company for the benefit of fellow subsidiaries and associate companies is recovered as reimbursement by the Company from the subsidiaries and associate companies on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads in notes 2.24 and 2.26 include reimbursements paid and are net of the reimbursements received based on the management's best estimate.



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees in millions)

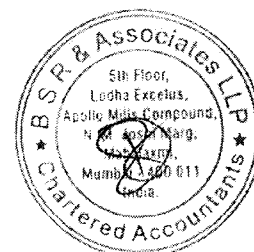
2.36 Quantitative details of inventories

| Particulars | For the year ended 31 March 2016 Amount | For the year ended 31 March 2015 Amount |
|--|---|---|
| Opening stock | | |
| Equity shares | - | - |
| Preference shares | 0.13 | 0.13 |
| Debentures | - | - |
| Mutual fund (unquoted) | 0.93 | 780.93 |
| Subtotal (a) | 1.06 | 781.06 |
| Purchase | | |
| Equity shares | 412.07 | 546.33 |
| Preference shares | - | - |
| Debentures | 1,903.28 | 1,525.62 |
| Mutual fund (unquoted) | 400.00 | 3,070.00 |
| Subtotal (b) | 2,715.35 | 5,138.95 |
| Sales | | |
| Equity shares | 407.88 | 546.16 |
| Preference shares | - | - |
| Debentures | 1,904.03 | 1,525.84 |
| Mutual fund (unquoted) | 248.63 | 3,803.84 |
| Subtotal (c) | 2,560.53 | 5,875.84 |
| Closing stock | | |
| Equity shares | 0.13 | - |
| Preference shares | 0.13 | 0.13 |
| Debentures | - | - |
| Mutual fund (unquoted) | - | 0.93 |
| Subtotal (d) | 0.26 | 1.06 |
| Profit / (Loss) on sale of securities | (155.61) | (46.11) |

2.37 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

A) Defined contribution plan (Provident fund and national pension scheme)

Amount of Rs. 40.06 million (Previous year: Rs. 29.05 million) is recognised as expenses in "Employee benefit expenses" – note 2.24 in the statement of profit and loss.



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.37 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

B) Defined benefit plan (Gratuity)

Experience adjustment

| Experience Adjustment : | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Particulars | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 | As at 31 March 2013 | As at 31 March 2012 |
| Defined benefit obligation | 68.64 | 67.97 | 53.97 | 45.98 | 22.68 |
| Fair value of plan assets | 70.78 | 68.15 | 49.32 | 40.20 | 37.42 |
| Surplus/(deficit) | 2.14 | 0.18 | (4.65) | (5.78) | 14.74 |
| Experience adjustment on plan liabilities: (Gain)/ Loss | (1.68) | 0.38 | 1.93 | 14.62 | (6.12) |
| Experience adjustment on plan assets: Gain/ (Loss) | (2.21) | 8.70 | 2.20 | 2.09 | 0.08 |

Principal actuarial assumptions at the balance sheet date

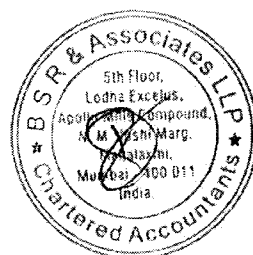
| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Discount rate | 7.4% | 7.8% |
| Salary escalation | 7% | 7% |
| Employee attrition rate | 13% to 25% | 13% to 25% |
| Expected return of plan assets | 7.8% | 8% |
| Mortality rate | IALM 2006-08 (Ult.) | IALM 2006-08 (Ult.) |

2.38 Details of dues to micro, small and medium enterprises

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

2.39 Securities received from clients as collateral for margins are held by the Company in its own name in fiduciary capacity

2.40 Brokerage income is disclosed net of related stock exchange expenses Rs. 241.92 million (previous year Rs. 262.15 million).



Edelweiss Securities Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian rupees in millions)

2.41 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. 6.69 million.


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 | 0.40 million | 6.29 million | 6.69 million |


2.42 The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.


2.43 The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A (2) of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal and is defending its position. Due to the lack of clarity on legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the company, if any, at this stage cannot be estimated. The Company has been advised by its tax counsel that it has a good chance in sustaining its position.

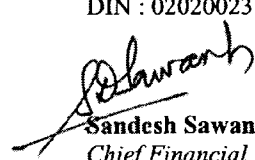
For B S R & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W/W-100024

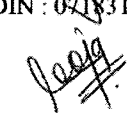

Ashwin Suvarna
Partner
Membership No: 109503

For and on behalf of the Board of Directors


Kaushik Karani
Director
DIN : 02020023


Maneesha Jha Thakur
Director
DIN : 07183101


Sandesh Sawant
Chief Financial Officer


Pooja Doshi
Company Secretary

Mumbai
12 May 2016

Mumbai
12 May 2016