

Edelweiss Custodial Services Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2017

Edelweiss Custodial Services Limited

Financial Statements together with Auditors' Report

For the year ended 31 March 2017

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B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of Edelweiss Custodial Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Edelweiss Custodial Services Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of 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 and presentation 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.

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.

Independent Auditor's Report (*Continued*)

Edelweiss Custodial Services Limited

Auditor's responsibility (*Continued*)

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its 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;
- e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.29 to the financial statements;



Independent Auditor's Report (*Continued*)

Edelweiss Custodial Services Limited

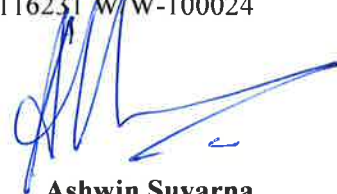
Report on other legal and regulatory requirements (*Continued*)

- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note 2.34 to the financial statements; and
- iii. there were no amounts required to be transferred to Investor Education and Protection Fund by the Company; and
- iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by management- Refer Note 2.36.

For B S R & Associates LLP

Chartered Accountants

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



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai
16 May 2017

Edelweiss Custodial Services Limited

Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Custodial Services Limited

The Annexure referred to in Independent Auditors' Report to the members of Edelweiss Custodial Services Limited ("the Company") on the financial statements for the year ended 31 March 2017, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) 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.
- ii. The Company is a service company primarily engaged in the business of rendering custodial and securities clearing services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- 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.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and securities under Section 185 and 186 of the Act. Accordingly, para 3(iv) of the Order is not applicable.
- v. According to the information and explanation given to us, the Company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed thereunder apply.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to 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, 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 customs duty, value added tax, excise duty and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

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Edelweiss Custodial Services Limited

Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Custodial Services Limited (*Continued*)

- (b) According to the information and explanations given to us, there are no dues of provident fund, income tax and service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government or debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and 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 give to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.



Edelweiss Custodial Services Limited

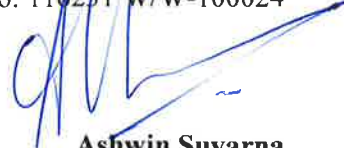
Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Custodial Services Limited (*Continued*)

- 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-IA of the 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
16 May 2017

Edelweiss Custodial Services Limited

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Edelweiss Custodial Services Limited

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 Custodial Services Limited (the "Company") as of 31 March 2017 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 Custodial Services Limited

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Edelweiss Custodial Services Limited (*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 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
16 May 2017

Edelweiss Custodial Services Limited

Balance Sheet as at 31 March 2017

(Currency : Indian rupees)

	Note	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	62,675,000	54,925,000
Reserves and surplus	2.2	805,380,277	597,648,529
		<u>868,055,277</u>	<u>652,573,529</u>
Non-current liabilities			
Deferred tax liabilities (net)	2.3	148,979	-
Long-term provisions	2.4	4,800,694	2,225,898
		<u>4,949,673</u>	<u>2,225,898</u>
Current liabilities			
Short-term borrowings	2.5	414,372,457	2,305,106
Trade payables	2.6	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,227,773	3,572,380
Other current liabilities	2.7	9,516,897,630	23,379,344
Short-term provisions	2.8	17,858,456	545,262
		<u>9,953,356,316</u>	<u>29,802,092</u>
TOTAL		<u>10,826,361,266</u>	<u>684,601,519</u>
ASSETS			
Non-current assets			
Fixed assets	2.9		
(i) Property, Plant and Equipment		2,148,961	691,014
(ii) Intangible assets		14,270,206	2,678,625
(iii) Capital work-in-progress		-	4,298,318
Non-current investments	2.10	628,943,335	529,753,335
Deferred tax assets (net)	2.11	-	448,317
Long-term loans and advances	2.12	17,268,814	20,911,809
Other non-current assets	2.13	17,651,721	15,038,170
		<u>680,283,037</u>	<u>573,819,588</u>
Current assets			
Trade receivables	2.14	33,129,796	1,275,276
Cash and bank balances	2.15	9,853,871,475	105,205,264
Short-term loans and advances	2.16	90,382,885	3,135,366
Other current assets	2.17	168,694,073	1,166,025
		<u>10,146,078,229</u>	<u>110,781,931</u>
TOTAL		<u>10,826,361,266</u>	<u>684,601,519</u>

Significant accounting policies and notes to financial statements

1 & 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



Vishal Madia

Director

DIN : 06865560



Umesh Wadhwa

Director

DIN : 05157099



Pooja Doshi

Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Edelweiss Custodial Services Limited

Statement of Profit and Loss for the year ended 31 March 2017

(Currency : Indian rupees)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations			
Income from clearing and custody business	2.18	199,440,448	47,302,691
Interest income	2.19	150,166,551	9,149,211
Other income	2.20	97,841	2,074
Total revenue		349,704,840	56,453,976
Expenses			
Employee benefit expenses	2.21	90,805,966	52,157,287
Finance costs	2.22	94,994,646	1,398,964
Depreciation and amortization expenses	2.9	4,099,608	1,160,296
Other expenses	2.23	14,167,321	10,279,409
Total expenses		204,067,541	64,995,956
Profit/(Loss) before tax		145,637,299	(8,541,980)
Tax expense:			
(1) Current tax (excess provision for earlier years Rs. 56,889, previous year Rs. 90,960)		30,942,004	(90,960)
(2) MAT credit entitlement		(633,749)	-
(3) Deferred tax		597,296	(448,317)
Profit/(Loss) after tax		114,731,748	(8,002,703)
Earnings per equity share: (face value of Rs.10 each)			
(1) Basic and diluted (in Rupees)		19.35	(1.48)

Significant accounting policies and notes to financial statements

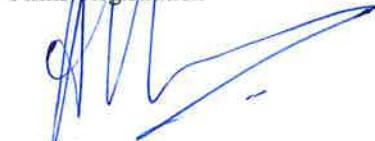
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As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firms' Registration No. 116231W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors



Vishal Madia

Director

DIN : 06865560



Umesh Wadhwa

Director

DIN : 05157099



Pooja Doshi

Company Secretary

Mumbai

16 May 2017

Mumbai

16 May 2017

Edelweiss Custodial Services Limited

Cash Flow Statement for the year ended 31 March 2017

(Currency : Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
A Cash flow from operating activities		
(Loss)/Profit before taxation	145,637,299	(8,541,980)
<i>Adjustments for</i>		
Depreciation	4,099,608	1,160,296
Profit on sale of fixed assets	28,189	-
Interest on inter corporate deposits/ Fixed deposits	(148,930,524)	-
Interest income	(3,022,915)	(9,149,211)
Interest expense	-	1,360,648
Operating cash flow before working capital changes	(2,188,343)	(15,170,247)
Add / (Less): Adjustments for working capital changes		
Increase in trade receivables	(31,854,520)	(188,472)
Increase in other bank balances	(4,400,000,000)	(14,000,000)
(Increase) / Decrease in short term loans and advances	(77,301,517)	1,364,267
Increase in other non current assets	(113,551)	(13,500,000)
(Increase) / Decrease in other current assets	(167,528,048)	2,836.00
Increase / (Decrease) in liabilities and provisions	9,498,003,307	(1,107,700)
Cash used in operations	4,819,017,328	(42,599,316)
Income taxes paid	20,552,900	1,971,329
Net cash generated from / (used in) operating activities - A	4,798,464,428	(44,570,645)
B Cash flow from investing activities		
Purchase of fixed assets	(12,883,913)	(8,771,076)
Sale of fixed assets	4,905	-
Interest on inter corporate deposits/loans	148,930,524	-
Interest received	3,022,915	8,623,661
Increase in non current investment	(99,190,000)	-
Net cash generated from / (used in) investing activities - B	39,884,431	(147,415)
C Cash flow from financing activities		
Proceeds from issue of share capital including securities premium	100,750,000	25,025,000
Proceeds / (Repayment) from unsecured loan	412,067,351	(495,701)
Interest paid	-	(1,360,660)
Net cash generated from financing activities - C	512,817,351	23,168,639
Net increase / (decrease) in cash and cash equivalents (A+B+C)	5,351,166,209	(21,549,421)
Cash and cash equivalent as at the beginning of the year	12,705,264	34,254,685
Cash and cash equivalent as at the end of the year (Refer note 2.15)	5,363,871,475	12,705,264

As per our report of even date attached.

For BSR & Associates LLP

Chartered Accountants

Firms' Registration No. 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors



Vishal Madia

Director

DIN : 06865560



Umesh Wadhwa

Director

DIN : 05157099



Pooja Doshi

Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Edelweiss Custodial Services Limited

Notes to the financial statements

for the year ended 31 March 2017

(Currency: Indian rupees)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with 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 the Schedule III to the Act. The financial statements are presented in Indian rupees.

1.2 Use of estimates

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

1.3 Current-non-current classification

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

Assets

An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 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

1.4 Revenue Recognition

- Fee income is recognised on accrual basis of accounting.
- Interest on delayed payment is recognised on accrual basis.
- Interest income is recognised on accrual basis of accounting.
- Profit / loss earned 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.



Edelweiss Custodial Services Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Indian rupees)

1.4 Revenue Recognition (*Continued*)

- Dividend income is recognised when the right to receive payment is established.

1.5 Fixed assets and depreciation/ amortization

Property, Plant and Equipment and Capital work in progress

Property, Plant and Equipment 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.

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

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

Intangible fixed assets

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

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

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.

Investments

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



Edelweiss Custodial Services Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Indian rupees)

1.7 Investments (*Continued*)

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 or 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

1.8 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.

1.9 Employee benefits

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

Provident fund

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

Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefits 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. This 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 carried out by an independent actuary using the Projected Unit Credit Method which recognizes each period of service that give 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.

Compensated Absences

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



Edelweiss Custodial Services Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Indian rupees)

1.10 Taxation

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

Current tax

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

Deferred tax

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

Minimum Alternative Tax (MAT) Credit

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

1.11 Earnings per share

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

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

1.12 Provisions and contingencies

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

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



Edelweiss Custodial Services Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2017

(Currency: Indian rupees)

1.12 Provisions and contingencies *(Continued)*

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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.1 Share capital		
Authorised :		
10,000,000 (previous year: 10,000,000) equity shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid up:		
6,267,500 (previous year: 5,492,500) equity shares of Rs. 10 each, fully paid-up	<u>62,675,000</u>	<u>54,925,000</u>
	<u>62,675,000</u>	<u>54,925,000</u>
a. Movement in equity share capital :		
	As at 31 March 2017	As at 31 March 2016
	No of shares	No of shares
Outstanding at the beginning	5,492,500	5,300,000
Shares issued during the year	775,000	192,500
As at the end of the year	6,267,500	5,492,500
	Amount	Amount
	54,925,000	53,000,000
	7,750,000	1,925,000
	62,675,000	54,925,000
b. Shares held by holding / ultimate holding company and / or their subsidiaries / associates:		
	As at 31 March 2017	As at 31 March 2016
	No of shares	No of shares
Edelweiss Securities Limited, the holding company	6,267,500	5,492,500
	%	%
	100%	100%
	6,267,500	5,492,500
	100%	100%
c. Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company:		
	As at 31 March 2017	As at 31 March 2016
	No of shares	No of shares
Edelweiss Securities Limited, the holding company	6,267,500	5,492,500
	%	%
	100%	100%
	6,267,500	5,492,500
	100%	100%
d. Terms/rights attached to equity shares :		
The Company has only one class of equity shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
2.2 Reserves and surplus	As at 31 March 2017	As at 31 March 2016
Securities premium account - opening balance	559,100,000	536,000,000
Add : Additions during the year	<u>93,000,000</u>	<u>23,100,000</u>
	652,100,000	559,100,000
Opening balance surplus in statement of profit and loss	38,548,529	46,551,232
Add: Profit / (Loss) for the year	<u>114,731,748</u>	<u>(8,002,703)</u>
Net surplus in statement of accounts	153,280,277	38,548,529
	<u>805,380,277</u>	<u>597,648,529</u>



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.3 DEFERRED TAX LIABILITIES		
Deferred tax assets on account of :-		
Disallowances under section 43B of the Income Tax Act, 1961	1,839,524	-
Total (A)	1,839,524	-
Deferred tax liabilities on account of :-		
Difference between book and tax depreciation	(1,988,503)	-
Total (B)	(1,988,503)	-
Net Deferred tax Liabilities (A-B) (refer note 2.11)	148,979	-
2.4 Long-term provisions		
Provision for employee benefits		
Gratuity	4,074,694	1,802,898
Compensated leave absences	726,000	423,000
	4,800,694	2,225,898
2.5 Short-term borrowings		
<u>Unsecured</u>		
Loans and advances from related parties (refer note 2.25)	414,372,457	2,305,106
	414,372,457	2,305,106
2.6 Trade payables		
Micro and Small Enterprises (refer note 2.31)	-	-
Others	4,227,773	3,572,380
(includes Sundry Creditors, provision for expenses & customer payables)		
	4,227,773	3,572,380
2.7 Other Current Liabilities		
Interest accrued and due on borrowings	9,120,150	26,249
Interest accrued and due on margin	6,843,138	-
Other payables :		
Accrued salaries and benefits	49,024,650	23,058,828
Payable to exchange / clearing house (net)	173,638	-
Statutory remittances	6,656,432	292,317
Payable to client (net)	9,444,493,986	-
Book overdraft	487,122	-
Others	98,514	1,950
	9,516,897,630	23,379,344
2.8 Short-term provisions		
Provision for employee benefits :		
Gratuity	619,000	237,000
Compensated leave absences	144,000	82,000
Provision for taxation (net of advance tax and tax deducted at source Rs. Nil; Previous year Rs. 23,647,381)	16,058,362	-
Provision for capital expenditure	1,037,094	226,262
	17,858,456	545,262



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.9 Fixed assets

Description of Assets	Gross Block			Depreciation			Net Block As at 31 March 2017
	As at 1 April 2016	Additions during the year	Deductions/Adjustm ent during the year	As at 31 March 2017	Additions during the year	Deductions/Adjustm ent during the year	
Property, Plant and Equipment							
Office Equipment	77,800	-	8,700	69,100	15,434	3,305	17,882
Computers	10,91,446	22,85,953	1,55,645	32,21,754	7,79,478	1,27,946	21,31,079
Total : A	11,69,246	22,85,953	1,64,345	32,90,854	7,94,912	1,31,251	21,48,961
Intangible assets							
Computer software	34,58,716	1,48,96,278	-	1,83,54,994	33,04,696	-	1,42,70,206
Total : B	34,58,716	1,48,96,278	-	1,83,54,994	33,04,696	-	1,42,70,206
Total	46,27,962	1,71,82,231	1,64,345	2,16,45,848	40,99,608	1,31,251	1,64,19,167



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.9 Fixed assets (Continued)

Description of Assets	Gross Block			Depreciation			Net Block As at 31 March 2016
	As at 1 April 2015	Additions during the year	Deductions/Adjustm ent during the year	As at 31 March 2016	Additions during the year	Deductions/Adjustm ent during the year	As at 31 March 2016
Property, Plant and Equipment							
Office Equipment	43,800	34,000		77,800			38,711
Computers	1,11,405	9,80,041	-	10,91,446	3,56,272	-	6,52,303
Total : A	1,55,205	10,14,041	-	11,69,246	3,80,204	-	6,91,014
Intangible assets							
Computer software	-	34,58,716	-	34,58,716	7,80,092	-	26,78,624
Total : B	-	34,58,716	-	34,58,716	7,80,092	-	26,78,624
Total	1,55,205	44,72,757	-	46,27,962	11,60,296	-	33,69,638



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.10 Details of non-current investments

	As at 31 March 2017			As at 31 March 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Others (unquoted)						
Edelweiss Asset Reconstruction Company Limited	10	54,459,142	628,943,335	10	49,909,142	529,753,335
		<u>54,459,142</u>	<u>628,943,335</u>		<u>49,909,142</u>	<u>529,753,335</u>



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.11 Deferred tax assets		
Deferred tax assets on account of :-		
Disallowances under section 43B of the Income Tax Act, 1961	-	880,789
Total (A)	-	880,789
Deferred tax liabilities on account of :-		
Difference between book and tax depreciation	-	432,472
Total (B)	-	432,472
Net Deferred tax Assets (A-B) (refer note 2.3)	-	448,317
2.12 Long-term loans and advances		
Deposits placed with exchange/ depositories	16,100,000	16,100,000
Advance income taxes [net of provision for taxation Rs. 11,359,720 (previous year Rs.31,436,692)]	1,168,814	4,811,809
	17,268,814	20,911,809
2.13 Other non-current assets		
Accrued interest on fixed deposits	367,426	253,875
Long term deposits with banks	17,284,295	14,784,295
	17,651,721	15,038,170
2.14 Trade receivables		
Other debts		
Unsecured, considered good	33,129,796	1,275,276
	33,129,796	1,275,276
2.15 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	5,313,871,475	12,705,264
- in fixed deposits with original maturity less than 3 months	50,000,000	-
	5,363,871,475	12,705,264
Other Bank Balances		
-Short term bank deposits with banks less than 12 months	4,490,000,000	92,500,000
	9,853,871,475	105,205,264
2.16 Short-term loans and advances		
Other loans and advances		
Deposits placed with/ for exchange/ depositories	25,900,000	200,000
Prepaid expenses	46,776,464	362,419
Loans and advances to employees	1,147,059	-
Vendor advances	1,824,526	699,307
Input tax credit	10,020,153	707,900
Advance income tax [net of provision for taxation Rs.Nil ; (previous year Rs.11,359,720)]	2,315,933	1,165,740
MAT credit entitlement	633,749	-
Advances recoverable in cash or in kind or for value to be received	1,765,001	-
	90,382,885	3,135,366
2.17 Other current assets		
Accrued interest on fixed deposits	43,355,559	1,166,025
Receivable from exchange / clearing house (net)	125,338,514	-
	168,694,073	1,166,025



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.18 Income from clearing and custody business		
Advisory fees	-	43,440,385
Custody fees	7,886,941	3,862,306
Clearing Fees	67,393,256	-
Interest on delayed payment	124,160,251	-
	199,440,448	47,302,691
2.19 Interest income		
On deposits	148,930,524	9,149,211
On others	1,236,027	-
	150,166,551	9,149,211
2.20 Other income		
Miscellaneous income	97,841	2,074
	97,841	2,074
2.21 Employee benefit expenses		
Salaries and wages	89,014,235	51,036,186
Contribution to provident and other funds	1,244,575	753,504
Staff welfare expenses	547,156	367,597
	90,805,966	52,157,287
2.22 Finance costs		
Interest on loan from holding company	170,928	1,294,665
Interest on loan from fellow subsidiaries	49,413,761	65,983
Interest on margin	14,113,104	-
Interest - others	403,192	148
Financial and bank charges	30,893,661	38,168
	94,994,646	1,398,964
2.23 Other expenses		
Advertisement and business promotion	140,511	-
Auditors' remuneration (refer below)	547,270	205,100
Communication expenses	1,863,188	590,095
Computer expenses	227,006	-
Computer software	1,433,528	1,055,444
Dematerialisation charges	849,268	-
Electricity charges	150,359	534,907
Foreign exchange loss (net)	54,462	-
Legal and professional fees	3,028,174	495,497
Loss on sale/ write-off of fixed assets (net)	28,189	-
Membership and subscription	1,503,196	1,600,000
Office expenses	28,443	-
Printing and stationery	164,241	-
Rates and taxes	4,500	-
Rent (refer note 2.35)	2,030,155	4,546,775
Repairs and maintenance - others	7,500	-
ROC expenses	8,400	-
Service tax expenses	211,028	223,607
Stock exchange expenses	447,207	-
Travelling and conveyance	1,361,595	728,580
Miscellaneous expenses	79,101	299,404
	14,167,321	10,279,409
Auditors' remuneration:		
For Statutory audit and limited review	510,000	200,000
For reimbursement of expenses	37,270	5,100
	547,270	205,100



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

(Currency: Indian rupees)

2.24 Segment reporting

The Company is in the business of providing custodial services for the clearing and settlement of securities and financial instruments and hence operates only in one business segment. Since business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

As the Company's business activity falls within a primary business segment, the financial statements are reflective of the information required under Accounting Standard 17 on Segment Reporting as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

(A) Names of related parties by whom control is exercised

Edelweiss Financial Services Limited	Ultimate Holding company
Edelweiss Securities Limited	Holding company

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

EC Commodity Limited
Ecap Equities Limited
ECL Finance Limited
Edel Investments Limited
Edelcap Securities Limited
Edelweiss Agri Value Chain Limited
Edelweiss Alternative Asset Advisors Limited
Edelweiss Asset Reconstruction Company Limited
Edelweiss Broking Limited
Edelweiss Business Services Limited [Formerly known as Edelweiss Web Services Limited]
Edelweiss Capital Market Limited
Edelweiss Commodities Services Limited
Edelweiss Comtrade Limited
Edelweiss Finance & Investments Limited
Edelweiss Finvest Private Limited [Formerly known as Arum Investments Private Limited]



Edelweiss Custodial Services Limited

Notes to the financial statements (*continued*)

For the year ended 31 March 2017

(Currency: Indian rupees)

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

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

Edelweiss Global Wealth Management Limited

Edelweiss Wealth Advisors LLP [formerly known as Forefront Wealth Advisors LLP]

EFSL Commodities Limited

EFSL Comtrade Limited

EFSL Trading Limited [formerly known as EFSL Commodities Limited]

Serenity Business Park Limited

(D) Enterprises in which fellow subsidiary companies exercise significantly influence with whom the Company has transactions:

Dahlia Commodities Services Private Limited

Magnolia Commodities Services Private Limited



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

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

(ii) Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	31 March 2017	31 March 2016
	Capital account transactions			
1	Issue of Share Capital (Including securities premium)	Edelweiss Securities Limited	100,750,000	25,025,000
2	Short term loans taken from (refer note 1)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	5,374,403 5,214,408,570	37,356,297 10,000,000
3	Short term loans repaid to (refer note 1)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	7,679,509 4,800,036,113	37,851,998 10,000,000
	Current account transactions			
4	Margin received from (refer note 1)	Dahlia Commodities Services Private Limited EC Commodity Limited ECap Equities Limited ECL Finance Limited Edel Investments Limited Edelcap Securities Limited Edelweiss Agri Value Chain Limited Edelweiss Capital Markets Limited Edelweiss Finance & Investments Limited Edelweiss Financial Services Limited Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited) Edelweiss Global Wealth Management Limited Edelweiss Commodities Services Limited Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited) EFSL Commodities Limited EFSL Comtrade Limited Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP) Magnolia Commodities Services Private Limited Serenity Business Park Limited Edelweiss Broking Limited Styrax Commodities Limited	97,138,524 353,570,427 147,824,406 2,206,044,716 96,966,739 1,931,383,191 16,958,078 44,902,965 135,494,489 21,429,383 335,251,546 37,382,734 25,385,877 303,130 1,175,334,650 148,692,527 89,430,096 1,354,368,277 104,426,819 7,851,537,498 -	- -
5	Margin paid to (refer note 1)	Dahlia Commodities Services Private Limited EC Commodity Limited ECap Equities Limited ECL Finance Limited Edel Investments Limited Edelcap Securities Limited Edelweiss Capital Markets Limited Edelweiss Finance & Investments Limited Edelweiss Financial Services Limited Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited) Edelweiss Global Wealth Management Limited Edelweiss Commodities Services Limited EFSL Commodities Limited EFSL Comtrade Limited Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP) Magnolia Commodities Services Private Limited Serenity Business Park Limited Edelweiss Broking Limited	6,281,263 - 23,207,751 1,568,435,043 826,936 2,065,477,244 162,605,180 14,461,816 5,485,493 53,324,681 35,002,598 480,547 887,336,264 37,542,673 4,544,666 1,262,285,870 1,829,758 4,446,344,132	- - - - - - - - - - - - - - - - - - -
6	Interest Expenses on loan from	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	170,928 49,413,761	1,294,665 65,983
7	Interest expenses on margin placed by	Edelweiss Financial Services Limited Magnolia Commodities Services Private Limited Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited) Edelweiss Agri Value Chain Limited Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP) Edelweiss Commodities Services Limited Dahlia Commodities Services Private Limited Serenity Business Park Limited EFSL Comtrade Limited Edelcap Securities Limited Edel Investments Limited Edelweiss Capital Markets Limited EC Commodity Limited EFSL Trading Limited (formerly known as EFSL Commodities Limited) ECL Finance Limited ECap Equities Limited Edelweiss Finance & Investments Limited Edelweiss Global Wealth Management Limited Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	19,204 1,251,671 360,780 3,633 165,079 27,877 89,795 74,397 226,228 13,600 1,500 100,750 145,075 100,000 1,103,196 1,014,640 25,656 11,010 41,032	- - - - - - - - - - - - - - - - - - -



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

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

(ii) Transactions with related parties :				
Sr. No.	Nature of Transaction	Related Party Name	31 March 2017	31 March 2016
8	Clearing charges income received from	Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)	20,000	-
		Dahlia Commodities Services Private Limited	15,000	-
		EC Commodity Limited	30,000	-
		Ecap Equities Limited	35,000	-
		Ecl Finance Limited	35,000	-
		Edel Investments Limited	15,000	-
		Edelcap Securities Limited	25,000	-
		Edelweiss Capital Markets Limited	5,000	-
		Edelweiss Commodities Services Limited	10,000	-
		Edelweiss Finance & Investments Limited	30,000	-
		Edelweiss Financial Services Limited	10,000	-
		EFSL Commodities Limited	35,000	-
		Efsl Comtrade Limited	35,000	-
		Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP)	10,000	-
		Magnolia Commodities Services Private Limited	20,000	-
		Serenity Business Park Limited	15,000	-
9	Electricity paid to	Edelweiss Financial Services Limited	-	146,250
		Edelweiss Commodities Services Limited	24,388	-
		Edelweiss Broking Limited	125,971	-
10	Rent paid	Edelweiss Commodities Services Limited	78,272	4,028,597
		Edelweiss Broking Limited	1,951,883	-
11	Cost reimbursement paid to	Edelweiss Financial Services Limited	436,105	-
12	Legal & Professional Charges paid to	Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	36,528	19,060
13	Processing fees paid to	Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	12,800	-
Balances with related parties				
14	Prepaid expenses	Edelweiss Financial Services Limited	160,080	-
15	Short Term Loans Taken from	Edelweiss Financial Services Limited	-	2,305,106
		Edelweiss Commodities Services Limited	414,372,457	-
16	Trade Payables to	Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	51,795	19,917
		Edelweiss Comtrade Limited	-	193,000
		Edelweiss Broking Limited	-	1,112,985
17	Other payables to	EFSL Trading Limited (formerly known as EFSL Commodities Limited)	9,000	-
18	Accrued interest expenses on margin placed by	EFSL Comtrade Limited	36,653	-
		Edelcap Securities Limited	122,202	-
		Edelweiss Global Wealth Management Limited	939	-
		Dahlia Commodities Services Private Limited	21,598	-
		EC Commodity Limited	113,974	-
		Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	120	-
		Ecap Equities Limited	39,561	-
		Serenity Business Park Limited	27,078	-
		Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP)	33,272	-
		Edelweiss Finance & Investments Limited	38,504	-
		Edelweiss Capital Markets Limited	7,591	-
		ECL Finance Limited	163,365	-
		Edelweiss Agri Value Chain Limited	3,270	-
		Magnolia Commodities Services Private Limited	336,716	-
		EFSL Commodities Limited	222,084	-
		Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)	112,359	-
		Edel Investments Limited	30,379	-
		Edelweiss Commodities Services Limited	8,197	-



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

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

(ii) Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	31 March 2017	31 March 2016
19	Margins payable to clients	Edelweiss Securities Limited	2,091,584	-
		Edelweiss Broking Limited	3,405,193,367	-
		Dahlia Commodities Services Private Limited	90,857,261	-
		EC Commodity Limited	353,570,427	-
		ECap Equities Limited	124,616,656	-
		ECL Finance Limited	637,609,673	-
		Edel Investments Limited	96,139,803	-
		Edelcap Securities Limited	593,092,821	-
		Edelweiss Agri Value Chain Limited	16,958,078	-
		Edelweiss Capital Markets Limited	167,660,675	-
		Edelweiss Finance & Investments Limited	121,032,673	-
		Edelweiss Financial Services Limited	15,943,890	-
		Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)	281,926,865	-
		Edelweiss Global Wealth Management Limited	2,380,136	-
		Edelweiss Commodities Services Limited	24,905,329	-
		Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	303,130	-
		EFSL Commodities Limited	287,998,386	-
		EFSL Comtrade Limited	111,149,855	-
		Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP)	84,885,430	-
		Magnolia Commodities Services Private Limited	92,082,407	-
		Serenity Business Park Limited	102,597,061	-
20	Trade receivables from	Edelweiss Financial Services Limited	21,477	-
		Edelweiss Securities Limited	1,000	9,000
21	Advances recoverable from	Edelweiss Alternative Asset Advisors Limited	84,000	-
		Edelweiss Finance & Investments Limited	867,000	-
		Edelweiss Securities Limited	132,000	-
		Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	682,000	-
22	Investments in equity shares of	Edelweiss Asset Reconstruction Company Limited	628,943,335	529,753,335
23	Interest accrued and due on borrowings	Edelweiss Financial Services Limited	-	26,249
		Edelweiss Commodities Services Limited	9,120,150	-
24	Corporate guarantee received from	Edelweiss Financial Services Limited	1,090,000,000	-

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 during the reporting period.



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

(Currency: Indian rupees)

2.26 Earnings per share

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

	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
a)	Net profit/ (loss) as per Profit and Loss account	114,731,748	(8,002,703)
b)	Calculation of weighted average number of Equity Shares of Rs 10 each:		
	– Number of shares at the beginning of the year	5,492,500	5,300,000
	– Shares issued during the year (number of shares issued)	775,000	192,500
	Total number of equity shares outstanding at the end of the year.	6,267,500	5,492,500
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	5,927,774	5,396,776
	Nominal value per share	10	10
c)	Basic and diluted earnings per share (in rupees) (a/b)	19.35	(1.48)

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

2.27 Foreign currency

The Company has earned income in foreign currency during the year ended 31 March 2017 of. Rs. 7,676,466 (previous year Rs.3,732,426). The Company has incurred expenditure of Rs. 91,287. in foreign currency during the year ended 31 March 2017 (previous year Rs. 369,518).

2.28 Capital commitments (to the extent not provided for)

Estimated amount of contracts remaining to be executed on capital account and not provided for – Rs.434,000 (Previous year: Nil).

2.29 Contingent liabilities (to the extent not provided for)

- a) The Company has provided bank guarantees aggregating to Rs. 9,950,000,000 (Previous year: Rs. Nil) as on 31 March 2017 to The National Stock Exchange of India Limited for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of Rs. 745,000,000 (Previous year: Rs. Nil) for obtaining the above bank guarantees.



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

(Currency: Indian rupees)

2.29 Contingent liabilities (to the extent not provided for) (Continued)

- b) The Company has provided bank guarantees aggregating to Rs. 550,000,000 (Previous year: Rs. Nil) as on 31 March 2017 to The Bombay Stock Exchange of India Limited for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of Rs. 55,000,000 (Previous year: Rs. Nil) for obtaining the above bank guarantees.

- c) The Company has provided bank guarantees aggregating to Rs. 400,000,000 (Previous year: Rs. Nil) as on 31 March 2017 to Metropolitan Stock Exchange Of India Ltd for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of Rs. 40,000,000 (Previous year: Rs. Nil) for obtaining the above bank guarantees.

The Company's pending litigations comprise of proceedings pending with income tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its 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.

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

- a) Fixed deposits aggregating to Rs. 3,716,000,000 (previous year: Rs. Nil) have been pledged with exchanges for meeting base capital requirement.
- b) Fixed deposits aggregating to Rs. 840,000,000 (previous year: Rs. Nil) have been pledged with banks for availing bank guarantees.
- c) Other Non Current Assets comprises of Long Term Fixed Deposits with banks aggregating to Rs. 17,284,295 (Previous year: Rs. 14,784,295). The Company has the ability to liquidate these fixed deposits before the maturity date, if and when needed, to meet its obligation.

2.31 Details of dues to micro and small enterprises

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

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

A) Defined contribution plan - Provident fund

Amount of Rs. 1,243,783 (Previous year: Rs. 753,072) is recognised as expenses in "Employee benefit expenses" – note 2.21 in the statement of profit and loss.



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

(Currency: Indian rupees)

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

B) Defined benefit plan - Gratuity

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

Statement of Profit and Loss account

Net employee benefits expenses:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	520,000	241,000
Interest on defined benefit obligation	281,000	129,000
Expected return on plan assets	-	-
Net actuarial losses/(gains) recognized in the year	-	-
Past service cost	-	-
Actuarial (gains) / losses	97,000	14,000
Total included in 'Employee Benefit Expense'	898,000	384,000

Balance Sheet

Details of provision for gratuity:

Particulars	As at 31 March 2017	As at 31 March 2016
Liability at the end of the year	4,694,000	2,040,000
Fair value of plan assets at the end of the year	-	-
Difference	4,694,000	2,040,000
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
Amount in Balance Sheet	4,694,000	2,040,000

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

Particulars	As at 31 March 2017	As at 31 March 2016
Liability at the beginning of the year	2,040,000	1,841,000
Interest cost	281,000	129,000
Current service cost	520,000	241,000
Transfer In / (Out)	1,756,000	(185,000)
Past service cost (vested benefit)	-	-
Benefit paid	-	-
Actuarial (gain)/loss on obligations	97,000	14,000
Liability at the end of the year	4,694,000	2,040,000



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

(Currency: Indian rupees)

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

Experience Adjustment:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
On Plan Liabilities: (Gain)/ Loss	8,000	(12,000)	207,000	69,000	-
On Plan Assets: Gain/ (Loss)	-	-	-	-	-
Estimated Contribution for next year	Nil	Nil	Nil	Nil	Nil

Principle actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2017	As at 31 March 2016
Discount rate current	7%	7.4%
Salary escalation current	6.8%	7%
Employees attrition rate (based on catagories)	13%-25%	13%-25%

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

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

2.35 Cost sharing

Edelweiss Financial Services Limited, being the ultimate holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 2015-16), Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 2.23 include reimbursements paid and are net of reimbursements received based on the management's best estimate.



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

(Currency: Indian rupees)

2.36 Disclosure relating to Specified Bank notes* (SBN's) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to notification No. G.S.R. 308(E) dated 30th November, 2017:

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

* For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

Firms' Registration No.: 116231W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors



Vishal Madia

Director

DIN : 06865560



Umesh Wadhwa

Director

DIN : 05157099



Pooja Doshi

Company Secretary

Mumbai

16 May 2017

Mumbai

16 May 2017