

# **Edelweiss Custodial Services Limited**

Financial Statements  
together with Auditors' Report  
for the year ended 31 March 2018

# **Edelweiss Custodial Services Limited**

## **Financial Statements together with Auditor's Report**

*For the year ended 31 March 2018*

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# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF EDELWEISS CUSTODIAL SERVICES LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Edelweiss Custodial Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 Standalone Financial Statements

2. 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 standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

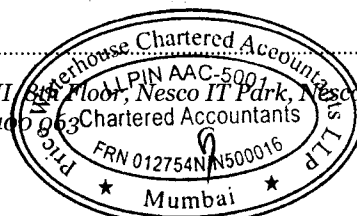
#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. 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 auditors' 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.

Price Waterhouse Chartered Accountants LLP, Nesco IT Building III, 5th Floor, Nesco IT Park, Nesco Complex Gate No. 3 Western Express Highway, Goregaon East, Mumbai – 400 063  
T: +91 (22) 61198000, F: +91 (22) 61198799

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)



# Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT  
To the Members of Edelweiss Custodial Services Limited  
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7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March 31, 2018, and its profit and its cash flows for the year ended on that date.

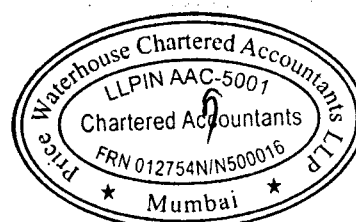
## Other Matter

9. The standalone financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 16, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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 March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.



# Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT  
To the Members of Edelweiss Custodial Services Limited  
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- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone financial statements – Refer Note 2.30;
  - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
Chartered Accountants



Sharad Agarwal  
Partner  
Membership Number: 118522

Mumbai  
May 2, 2018.

# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Edelweiss Custodial Services Limited on the standalone financial statements for the year ended March 31, 2018

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## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

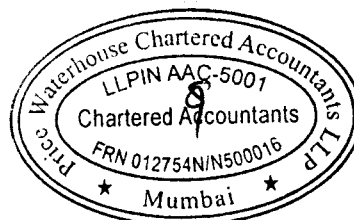
1. We have audited the internal financial controls over financial reporting of Edelweiss Custodial Services Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, aimplmentation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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.



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Edelweiss Custodial Services Limited on the standalone financial statements for the year ended March 31, 2018

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### Meaning of Internal Financial Controls Over Financial Reporting

6. 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

7. 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

8. 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 March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
Chartered Accountants



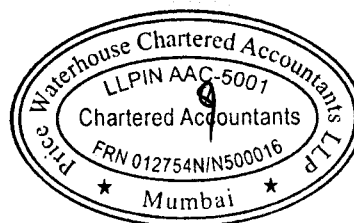
Sharad Agarwal  
Partner  
Membership Number: 118522

# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Edelweiss Custodian Services Limited on the financial statements as of and for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.  
  
(c) The Company does not own any immovable properties as disclosed in Note 2.9 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services primarily engaged in the business of rendering custodial and securities clearing services, and consequently, does not hold any physical inventories. Therefore, the provisions of Clause 3(ii) of the said Order are 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. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, service tax, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.  
  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and service-tax, or value added tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.





# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Edelweiss Custodial Services Limited on the financial statements for the year ended March 31, 2018

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- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- 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, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants



Sharad Agarwal

Partner

Membership Number: 118522

Mumbai

May 2, 2018.

# Edelweiss Custodial Services Limited

## Balance Sheet as at 31 March 2018

(Currency : Indian rupees )

	Note	As at 31 March 2018	As at 31 March 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	62,675,000	62,675,000
Reserves and surplus	2.2	<u>936,882,188</u>	<u>805,380,277</u>
		999,557,188	868,055,277
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	2.3	-	148,979
Long-term provisions	2.4	<u>7,591,236</u>	<u>4,800,694</u>
		7,591,236	4,949,673
<b>Current liabilities</b>			
Short-term borrowings	2.5	303,919,544	414,372,457
Trade payables	2.6	-	-
Total outstanding dues of micro enterprises and small enterprises		62,043,470	4,227,773
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.7	18,208,194,469	9,620,885,434
Other current liabilities	2.8	<u>55,460,457</u>	<u>17,858,456</u>
Short-term provisions		<u>18,629,617,940</u>	<u>10,057,344,120</u>
<b>TOTAL</b>		<u><b>19,636,766,364</b></u>	<u><b>10,930,349,070</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.9		
(i) Property, Plant and Equipment		5,414,349	2,148,961
(ii) Intangible assets		16,908,289	14,270,206
(iii) Capital work-in-progress		700,000	-
Non-current investments	2.10	628,943,335	628,943,335
Deferred tax assets (net)	2.11	1,230,514	-
Long-term loans and advances	2.12	19,615,934	17,268,814
Other non-current assets	2.13	<u>55,000,000</u>	<u>17,651,721</u>
		727,812,421	680,283,037
<b>Current assets</b>			
Current investments	2.14	300,000,000	-
Trade receivables	2.15	539,561,844	137,117,600
Cash and bank balances	2.16	17,373,402,399	9,853,871,475
Short-term loans and advances	2.17	109,312,205	90,382,885
Other current assets	2.18	<u>586,677,495</u>	<u>168,694,073</u>
		18,908,953,943	10,250,066,033
<b>TOTAL</b>		<u><b>19,636,766,364</b></u>	<u><b>10,930,349,070</b></u>

The accompanying notes are an integral part of these financial statements

1 and 2

This is the balance sheet referred to in our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Chartered Accountants

Firms' Registration No. 012754N / N500016

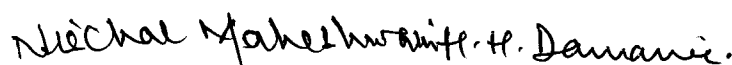


**Sharad Agarwal**  
Partner

Membership No: 118522

Mumbai  
2 May 2018

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



**Nischal Maheshwari**  
Whole Time Director  
DIN : 00279658

**Hemendra Damania**  
Director  
DIN : 03010005

  
**Pooja Boshi**  
Company Secretary

Mumbai  
30 April 2018

# Edelweiss Custodial Services Limited

## Statement of Profit and Loss for the year ended 31 March 2018

(Currency : Indian rupees )

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Revenue from operations</b>			
Income from clearing and custody business	2.19	519,920,899	199,440,448
Interest income	2.20	1,147,777,906	150,166,551
Other income	2.21	1,096,847	97,841
<b>Total revenue</b>		<b>1,668,795,652</b>	<b>349,704,840</b>
<b>Expenses</b>			
Employee benefit expenses	2.22	151,878,968	90,805,966
Finance costs	2.23	721,469,034	94,994,646
Depreciation and amortization expenses	2.9	9,803,145	4,099,608
Other expenses	2.24	89,376,796	14,167,321
<b>Total expenses</b>		<b>972,527,943</b>	<b>204,067,541</b>
<b>Profit before tax</b>		<b>696,267,709</b>	<b>145,637,299</b>
<b>Tax expense:</b>			
(1) Current tax		203,427,597	30,942,004
(includes net excess provision for earlier years of ₹ 826,707 (Previous year: ₹ 56,889))			
(2) MAT credit entitlement		633,749	(633,749)
(3) Deferred tax		(1,379,493)	597,296
<b>Profit after tax</b>		<b>493,585,856</b>	<b>114,731,748</b>
<b>Earnings per equity share (face value of ₹ 10 each)</b>	2.27	<b>78.75</b>	<b>19.35</b>
<b>Basic and diluted (in rupees)</b>			

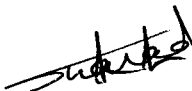
The accompanying notes are an integral part of these financial statements 1 and 2

This is the statement of profit and loss referred to in our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Chartered Accountants

Firms' Registration No. 012754N / N500016

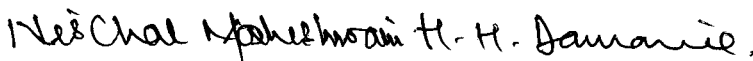


**Sharad Agarwal**

Partner

Membership No: 118522

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



**Nischal Maheshwari**

Whole Time Director

DIN : 00279658

**Hemendra Damania**

Director

DIN : 03010005



**Pooja Doshi**  
Company Secretary

Mumbai

2 May 2018

Mumbai

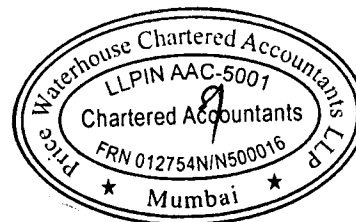
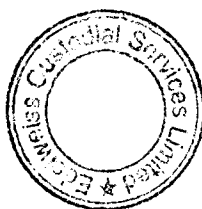
30 April 2018

# Edelweiss Custodial Services Limited

## Cash Flow Statement for the year ended 31 March 2018

(Currency : Indian rupees )

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A Cash flow from operating activities</b>		
Profit before taxation	696,267,709	145,637,299
<i>Adjustments for</i>		
Depreciation	9,803,145	4,099,608
Provision for doubtful debts	200,689	-
Profit on sale of fixed assets	(346,204)	28,189
Interest on deposits	(782,641,506)	(35,558,630)
Interest income	(116,204)	(3,022,915)
Interest expense	52,472,602	49,987,881
<b>Operating cash flow before working capital changes</b>	<b>(24,359,769)</b>	<b>161,171,432</b>
Add / (Less): Adjustments for working capital changes		
Increase in trade receivables	(402,644,933)	(31,854,520)
Increase in loans and advances	(2,684,390,386)	(4,477,301,517)
Increase in other non current assets	(37,445,267)	(113,551)
Increase in other current assets	(417,879,776)	(167,528,048)
Increase in liabilities and provisions	8,654,019,968	9,488,909,406
<b>Cash generated from operations</b>	<b>5,087,299,837</b>	<b>4,973,283,202</b>
Income taxes paid	170,051,185	20,552,900
<b>Net cash generated from operating activities - A</b>	<b>4,917,248,652</b>	<b>4,952,730,302</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(17,144,341)	(12,883,913)
Sale of fixed assets	1,083,929	4,905
Interest on deposits	782,641,506	35,558,630
Interest received	109,545	3,022,915
Purchase of non current investment	-	(99,190,000)
Purchase of current investment	(300,000,000)	-
<b>Net cash generated from investing activities - B</b>	<b>466,690,639</b>	<b>(73,487,463)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital including securities premium	-	100,750,000
(Repayment) / proceeds from unsecured loan (refer note 1)	(110,452,913)	412,067,351
Dividend paid to shareholders	(300,840,000)	-
Dividend distribution tax paid	(61,243,945)	-
Interest paid	(59,041,990)	(40,893,979)
<b>Net cash (used in) / generated from financing activities - C</b>	<b>(531,578,848)</b>	<b>471,923,372</b>



# Edelweiss Custodial Services Limited

## Cash Flow Statement for the year ended 31 March 2018 (Continued)

(Currency : Indian rupees )

	For the year ended 31 March 2018	For the year ended 31 March 2017
Net increase in cash and cash equivalents (A+B+C)	<u>4,852,360,443</u>	<u>5,351,166,211</u>
Cash and cash equivalent as at the beginning of the year	5,363,871,475	12,705,264
Cash and cash equivalent as at the end of the year (refer note 2.16 )	10,216,231,918	5,363,871,475

Notes:

- 1 Net figures have been reported on account of volume of transactions.
- 2 Component of cash and cash equivalents

### Cash and Cash equivalents

Balances with banks

in current accounts

in fixed deposits with original maturity less than 3 months

10,216,231,918

5,313,871,475

-

50,000,000

10,216,231,918

5,363,871,475

- 3 The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements" specified under Section 133 of Companies Act ,2013 read with Paragraph 7 of the Companies (Accounts) Rules,2014.

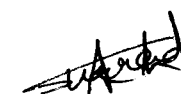
This is the cash flow statement referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firms' Registration No. 012754N / N500016

For and on behalf of the Board of Directors



Sharad Agarwal

Partner

Membership No: 118522

Nischal Maheshwari H. H. Damania

Nischal Maheshwari

Whole Time Director

DIN : 00279658

Hemendra Damania

Director

DIN : 03010005



Pooja Dooshi

Company Secretary

Mumbai

2 May 2018

Mumbai

30 April 2018

# Edelweiss Custodial Services Limited

## Notes to the financial statements

for the year ended 31 March 2018

(Currency: Indian rupees)

### 1. Significant accounting policies

#### 1.1 Company background

Edelweiss Custodial Services Limited ('the Company') was incorporated on 16 October 2008. It is a 100% subsidiary of Edelweiss Securities Limited which in turn is a 100% subsidiary of Edelweiss Financial Services Limited.

The business of the Company is to provide custodial services for the clearing and settlement of securities and financial instruments. The Company is registered as a clearing member for derivative segment with National Stock Exchange of India Limited ('NSEIL'), BSE Limited ('BSE') and Metropolitan Stock Exchange of India Limited ('MSEI') and provides clearing services to its clients.

#### 1.2 Basis of preparation of financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuance to section 133 of the Companies Act, 2013 read with Rule 7(1) of the Companies (Accounts) Rules, 2014, till the standards of accounting or an addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

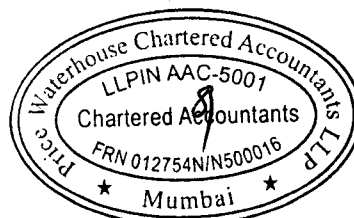
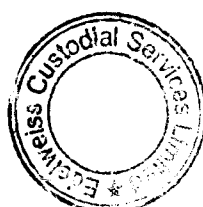
All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division I) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for proceeding and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

#### 1.3 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.

#### 1.4 Revenue Recognition

- Fee income is recognised on accrual basis of accounting.
- 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.
- Dividend income is recognised when the right to receive payment is established.



# Edelweiss Custodial Services Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2018

(Currency: Indian rupees)

### 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.

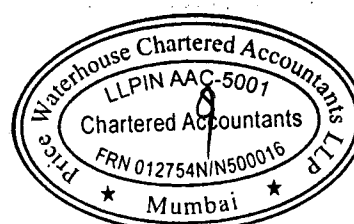
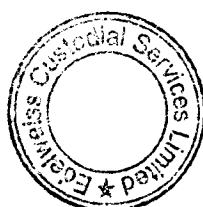
Losses arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost, are recognised in the statement of profit and loss.

### 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.

### 1.7 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 2018

(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 Cash and cash equivalents

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

### 1.9 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.

Non-monetary assets and liabilities are carried at historical cost using exchange rate on the date of the transaction.

### 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*

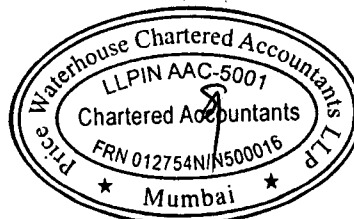
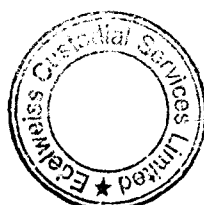
The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the statement of profit and loss.

#### *Gratuity*

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

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity 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.





# Edelweiss Custodial Services Limited

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

for the year ended 31 March 2018

(Currency: Indian rupees)

### 1.10 Employee benefits (*Continued*)

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

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

#### *Compensated Absences*

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

### 1.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition / construction of qualifying assets are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.12 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*

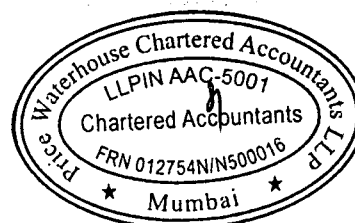
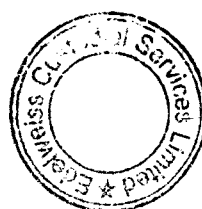
The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset 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 with convincing evidence 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.

### 1.13 Earnings per share

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



# Edelweiss Custodial Services Limited

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

for the year ended 31 March 2018

(Currency: Indian rupees)

### 1.13 Earnings per share (*Continued*)

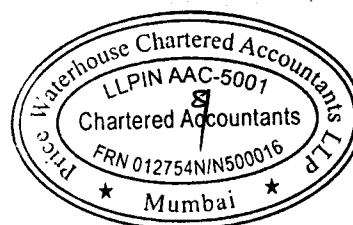
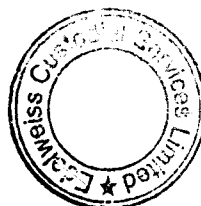
Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year 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.

### 1.14 Provisions and contingencies

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

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

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



# Edelweiss Custodial Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees )

	As at 31 March 2018	As at 31 March 2017
<b>2.1 Share capital</b>		
Authorised :		
10,000,000 (previous year:10,000,000) equity shares of ₹ 10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid up:		
6,267,500 (previous year: 6,267,500) equity shares of ₹ 10 each, fully paid-up	<u>62,675,000</u>	<u>62,675,000</u>
	<u>62,675,000</u>	<u>62,675,000</u>

### a. Movement in equity share capital :

	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning	6,267,500	62,675,000	5,492,500	54,925,000
Shares issued during the year	-	-	775,000	7,750,000
As at the end of the year	6,267,500	62,675,000	6,267,500	62,675,000

### b. Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

	As at 31 March 2018			As at 31 March 2017		
	No of shares	Amount	%	No of shares	Amount	%
Edelweiss Securities Limited, the holding company	6,267,500	62,675,000	100%	6,267,500	62,675,000	100%
	6,267,500	62,675,000	100%	6,267,500	62,675,000	100%

### c. Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company:

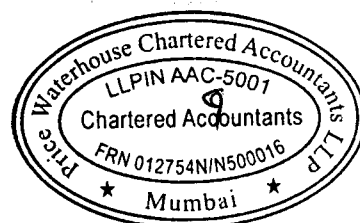
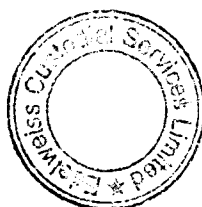
	As at 31 March 2018		As at 31 March 2017	
	No of shares	%	No of shares	%
Edelweiss Securities Limited, the holding company	6,267,500	100%	6,267,500	100%
	6,267,500	100%	6,267,500	100%

### 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 ₹ 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 2018	As at 31 March 2017
Securities premium account - opening balance	652,100,000	559,100,000
Add : Additions during the year	-	93,000,000
	<u>652,100,000</u>	<u>652,100,000</u>
Opening balance surplus in statement of profit and loss	153,280,277	38,548,529
Add: Profit for the year	493,585,856	114,731,748
Net surplus in statement of accounts	<u>646,866,133</u>	<u>153,280,277</u>
Appropriations:		
Interim dividend	300,840,000	-
Dividend distribution tax	61,243,945	-
	<u>284,782,188</u>	<u>153,280,277</u>
	<u>936,882,188</u>	<u>805,380,277</u>

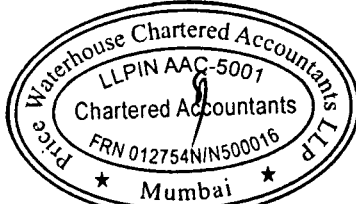
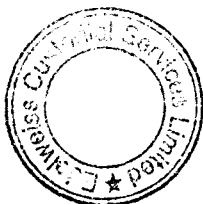


# Edelweiss Custodial Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees )

	As at 31 March 2018	As at 31 March 2017
<b>2.3 DEFERRED TAX LIABILITIES</b>		
Deferred tax assets on account of :-		
Disallowances under section 43B of the Income Tax Act, 1961	-	1,839,524
<b>Total (A)</b>	-	1,839,524
Deferred tax liabilities on account of :-		
Difference between book and tax depreciation	-	(1,988,503)
<b>Total (B)</b>	-	(1,988,503)
<b>Net Deferred tax Liabilities (A-B)</b>	-	148,979
<b>2.4 Long-term provisions</b>		
Provision for employee benefits		
Gratuity (refer note 2.34)	6,496,000	4,074,694
Compensated leave absences	1,095,236	726,000
	<b>7,591,236</b>	<b>4,800,694</b>
<b>2.5 Short-term borrowings</b>		
<u>Unsecured</u>		
Loans and advances from related parties	303,919,544	414,372,457
(repayable on demand, at variable interest rate at 10% p.a. (Previous year: ranging from 10.00% to 11.09% p.a.))		
	<b>303,919,544</b>	<b>414,372,457</b>
<b>2.6 Trade payables</b>		
Micro and Small Enterprises (refer note 2.33)	-	-
Others	62,043,470	4,227,773
(includes Sundry Creditors, provision for expenses and customer payables)		
	<b>62,043,470</b>	<b>4,227,773</b>
<b>2.7 Other Current Liabilities</b>		
Interest accrued and due on borrowings	2,550,762	9,120,150
Interest accrued and due on margin	23,877,296	6,843,138
Other payables *:		
Accrued salaries and benefits	68,019,755	49,024,650
Payable to exchange / clearing house	9,951,481	173,638
Statutory remittances	72,295,750	6,656,432
Payable to client	18,030,908,354	9,548,481,790
Book overdraft	-	487,122
Others	591,071	98,514
* There are ₹ Nil (Previous year: ₹ Nil) amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act 2013 as at the year end.		
	<b>18,208,194,469</b>	<b>9,620,885,434</b>
<b>2.8 Short-term provisions</b>		
Provision for employee benefits :		
Gratuity (refer note 2.34)	1,092,000	619,000
Compensated leave absences	235,000	144,000
Others		
Provision for taxation (net of advance tax and tax deducted at source ₹ 149,702,359 (Previous year ₹ Nil)	54,125,057	16,058,362
Provision for capital expenditure	8,400	1,037,094
	<b>55,460,457</b>	<b>17,858,456</b>



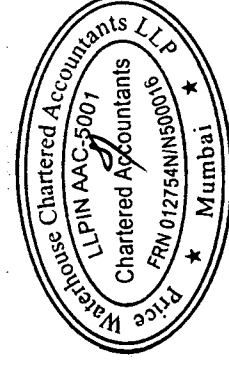
## Edelweiss Custodial Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees )

#### 2.9 Fixed assets

Description of Assets	Gross Block			Depreciation / amortisation			Net Block	
	As at 1 April 2017	Additions during the year	Deductions/Adjustm ent during the year	As at 31 March 2018	As at 1 April 2017	Additions during the year	As at 31 March 2018	As at 31 March 2018
<b>Property, Plant and Equipment</b>								
Vehicles	-	1,025,069	1,025,069	-	-	288,841	288,841	-
Office Equipment	69,100	36,749	17,100	88,749	51,218	22,529	15,603	30,605
Computers	3,221,754	5,766,655	-	8,988,409	1,090,675	2,513,990	-	5,383,744
<b>Total : A</b>	<b>3,290,854</b>	<b>6,828,473</b>	<b>1,042,169</b>	<b>9,077,158</b>	<b>1,141,893</b>	<b>2,825,360</b>	<b>304,444</b>	<b>5,414,349</b>
<b>Intangible assets</b>								
Computer software	18,354,994	9,615,868	-	27,970,862	4,084,788	6,977,785	-	11,062,573
<b>Total : B</b>	<b>18,354,994</b>	<b>9,615,868</b>	<b>-</b>	<b>27,970,862</b>	<b>4,084,788</b>	<b>6,977,785</b>	<b>-</b>	<b>16,908,289</b>
<b>Total (A + B)</b>	<b>21,645,848</b>	<b>16,444,341</b>	<b>1,042,169</b>	<b>37,048,020</b>	<b>5,226,681</b>	<b>9,803,145</b>	<b>304,444</b>	<b>22,322,638</b>



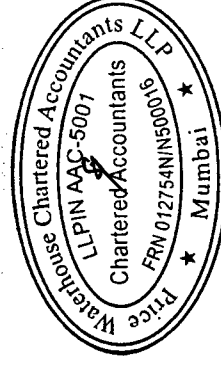
## Edelweiss Custodial Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees )

#### 2.9 Fixed assets (Continued)

Description of Assets	Gross Block			Depreciation / amortisation			Net Block	
	As at 1 April 2016	Additions during the year	Deductions/Adjstm ent during the year	As at 31 March 2017	As at 1 April 2015	Additions during the year	Deductions/Adjstm ent during the year	As at 31 March 2017
<b>Tangible assets</b>								
Office Equipment	77,800	-	8,700	69,100	39,089	15,434	3,305	51,218
Computers	1,091,446	2,285,953	1,55,645	3,221,754	439,143	779,478	1,27,946	1,090,675
<b>Total : A</b>	1,169,246	2,285,953	1,64,345	3,290,854	478,232	794,912	1,31,251	1,141,893
<b>Intangible assets</b>								
Computer software	3,458,716	14,896,278	-	18,354,994	780,092	3,304,696	-	4,084,788
<b>Total : B</b>	3,458,716	14,896,278	-	18,354,994	780,092	3,304,696	-	4,084,788
<b>Total (A + B)</b>	4,627,962	17,182,231	1,64,345	21,645,848	1,258,324	4,099,608	1,31,251	5,226,681
								16,419,167



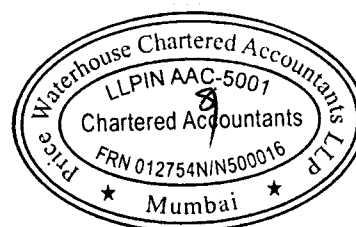
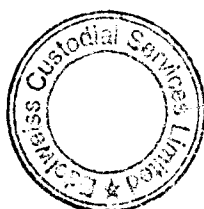
# Edelweiss Custodial Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees )

### 2.10 Details of non-current investments

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>I. Others (unquoted)</b>						
Edelweiss Asset Reconstruction Company Limited	10	54,459,142	628,943,335	10	54,459,142	628,943,335
			<u>628,943,335</u>			<u>628,943,335</u>
Aggregate of unquoted investment						
At carrying value			628,943,335			628,943,335
Aggregate provisions for diminution in value of investments			-			-



# Edelweiss Custodial Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees )

	As at 31 March 2018	As at 31 March 2017
<b>2.11 Deferred tax assets</b>		
Deferred tax assets on account of :-		
Disallowances under section 43B of the Income Tax Act, 1961	2,596,991	-
<b>Total (A)</b>	<b>2,596,991</b>	<b>-</b>
Deferred tax liabilities on account of :-		
Difference between book and tax depreciation	1,366,477	-
<b>Total (B)</b>	<b>1,366,477</b>	<b>-</b>
<b>Net Deferred tax Assets (A-B)</b>	<b>1,230,514</b>	<b>-</b>
<b>2.12 Long-term loans and advances</b>		
<u>Unsecured, considered good</u>		
Deposits placed with exchange/ depositories	17,300,000	16,100,000
Advance income taxes (net of provision for taxation ₹ Nil (previous year ₹ 11,359,720))	2,315,934	1,168,814
	<b>19,615,934</b>	<b>17,268,814</b>
<b>2.13 Other non-current assets</b>		
Accrued interest on fixed deposits	-	367,426
Long term deposits with banks	55,000,000	17,284,295
	<b>55,000,000</b>	<b>17,651,721</b>





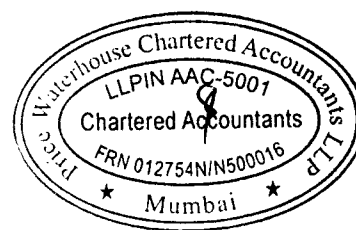
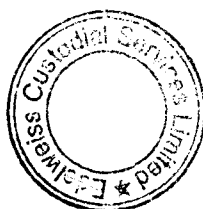
# Edelweiss Custodial Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees )

### 2.14 Details of current investments

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>I. Others (quoted)</b>						
JM High Liquidity Fund - Direct - Growth	10	6,314,713	300,000,000	-	-	-
			<u>300,000,000</u>			<u>-</u>
Aggregate of quoted investment						
At carrying value			300,000,000			-
Aggregate provisions for diminution in value of investments			-			-

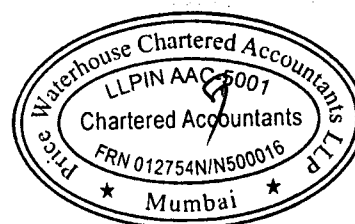
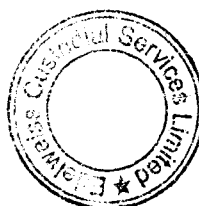


# Edelweiss Custodial Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees )

	As at 31 March 2018	As at 31 March 2017
<b>2.15 Trade receivables</b>		
Unsecured, considered good		
Outstanding for a period not exceeding six months	-	-
Others	539,561,844	137,117,600
	<u>539,561,844</u>	<u>137,117,600</u>
Unsecured, considered doubtful		
Outstanding for a period exceeding six months	200,689	-
Others	-	-
	<u>200,689</u>	<u>-</u>
Provision for doubtful debts	200,689	-
	<u>-</u>	<u>-</u>
	<u>539,561,844</u>	<u>137,117,600</u>
<b>2.16 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	10,216,231,918	5,313,871,475
- in fixed deposits with original maturity less than 3 months	-	50,000,000
	<u>10,216,231,918</u>	<u>5,363,871,475</u>
<b>Other Bank Balances</b>		
-Short term bank deposits with banks less than 12 months	7,157,170,481	4,490,000,000
	<u>17,373,402,399</u>	<u>9,853,871,475</u>
<b>2.17 Short-term loans and advances</b>		
<b>Unsecured, considered good</b>		
Other loans and advances		
Deposits placed with exchange	20,900,000	25,900,000
Prepaid expenses	49,677,721	46,776,464
Loans and advances to employees	978,004	1,147,059
Vendor advances	95,518	1,824,526
Input tax credit	28,975,868	10,020,153
Advance income tax (net of provision for taxation ₹ 32,156,091 (previous year ₹ Nil))	5,859,097	2,315,933
MAT credit entitlement	-	633,749
Advances recoverable in cash or in kind or for value to be received	2,825,997	1,765,001
	<u>109,312,205</u>	<u>90,382,885</u>
<b>2.18 Other current assets</b>		
<b>Unsecured, considered good</b>		
Accrued interest on fixed deposits	67,384,677	43,355,559
Receivable from exchange	519,292,818	125,338,514
	<u>586,677,495</u>	<u>168,694,073</u>

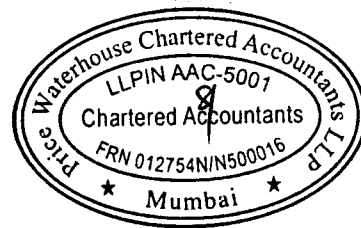


# Edelweiss Custodial Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees )

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>2.19 Income from clearing and custody business</b>		
Custody fees	13,480,678	7,886,941
Clearing Fees	154,189,002	67,393,256
Interest on delayed payment	352,251,219	124,160,251
	<u>519,920,899</u>	<u>199,440,448</u>
<b>2.20 Interest income</b>		
On deposits	1,144,531,547	148,930,524
On others	3,246,359	1,236,027
	<u>1,147,777,906</u>	<u>150,166,551</u>
<b>2.21 Other income</b>		
Profit on sale of fixed assets (net)	346,204	-
Miscellaneous income	750,643	97,841
	<u>1,096,847</u>	<u>97,841</u>

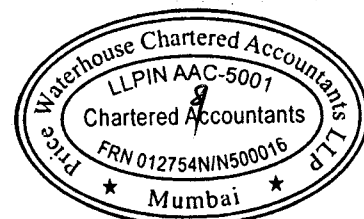


# Edelweiss Custodial Services Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees )

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>2.22 Employee benefit expenses</b>		
Salaries, wages and bonus	146,357,825	89,014,235
Contribution to provident and other funds	3,740,273	1,244,575
Staff welfare expenses	1,780,870	547,156
	<u>151,878,968</u>	<u>90,805,966</u>
<b>2.23 Finance costs</b>		
Interest on loan from holding company	-	170,928
Interest on loan from fellow subsidiaries	52,468,787	49,413,761
Interest on margin	548,901,622	14,113,104
Interest - others	3,815	403,192
Financial and bank charges	118,689,918	30,893,661
Interest on shortfall in payment of Advance Income Tax	1,404,892	-
	<u>721,469,034</u>	<u>94,994,646</u>
<b>2.24 Other expenses</b>		
Advertisement and business promotion	4,526,453	140,511
Auditors' remuneration (refer below )	1,399,300	547,270
Bad- debts and advances written off	3,621	-
Communication expenses	2,504,582	1,863,188
Computer expenses	469,770	227,006
Computer software	7,323,037	1,433,528
Contribution towards corporate social responsibility	100,000	-
Dematerialisation charges	3,749,909	849,268
Electricity charges	1,792,168	150,359
Foreign exchange loss (net)	101,037	54,462
Legal and professional fees	41,620,405	3,028,174
Loss on sale/ write-off of fixed assets (net)	-	28,189
Membership and subscription	1,762,437	1,503,196
Office expenses	147,256	28,443
Printing and stationery	293,293	164,241
Provision for doubtful debts	200,689	-
Rates and taxes	4,630	4,500
Rent (refer note 2.32)	13,903,158	2,030,155
Repairs and maintenance - others	56,990	7,500
ROC expenses	-	8,400
Seminar & Conference	697,709	-
Service tax expenses	682,226	211,028
Stock exchange expenses	1,553,637	447,207
Travelling and conveyance	6,295,354	1,361,595
Miscellaneous expenses	3,757	79,101
Housekeeping and security charges	185,378	-
	<u>89,376,796</u>	<u>14,167,321</u>
<b>Auditors' remuneration:</b>		
As Auditors	1,368,820	510,000
For reimbursement of expenses	30,480	37,270
	<u>1,399,300</u>	<u>547,270</u>



# Edelweiss Custodial Services Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

(Currency: Indian rupees)

### 2.25 Segment reporting

The Company has two business segments.

1. The Company is in the business of providing custodial services and clearing and settlement services for securities and financial instruments.

2. The Company also holds investments in equity shares of a fellow subsidiary, and in Mutual Funds which combined is also another business segment. The segment revenue, segment asset and segment result of this segment is less than 10% of combined revenue, assets and result of both the segments. Hence this segment is not identified as a reportable segment as defined under para 27 of 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.

Since business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment

### 2.26 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

Edel Land Limited

Edelcap Securities Limited

EdelGive Foundation

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]

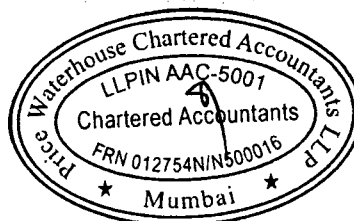
Edelweiss Capital Market Limited

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 2018

(Currency: Indian rupees)

**2.26 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 Investment Adviser Limited

Edelweiss Multi Strategy Funds Management Private Limited

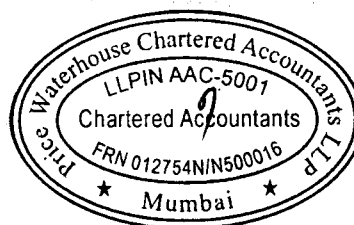
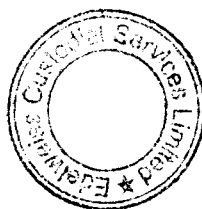
Edelweiss Wealth Advisors LLP [formerly known as Forefront Wealth Advisors LLP]

EFSL Commodities Limited

EFSL Comtrade Limited

EFSL Trading Limited [formerly known as EFSL Commodities Limited]

Serenity Business Park Limited (merged with Ecap Equities Limited w.e.f 1<sup>st</sup> April 2017)



# Edelweiss Custodial Services Limited

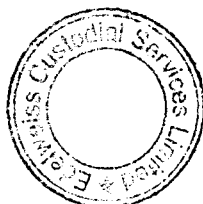
## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 2.26 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 2018	31 March 2017
<b><u>Capital account transactions</u></b>				
1	Issue of Share Capital (Including securities premium)	Edelweiss Securities Limited	-	100,750,000
2	Short term loans taken from (refer note 1)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	- 3,338,540,000	5,374,403 5,214,408,570
3	Short term loans repaid to (refer note 1)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	- 3,448,992,456	7,679,509 4,800,036,113
<b><u>Current account transactions</u></b>				
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 Edelvalue Partners 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 Edel Land Limited Edelweiss Investment Advisers Limited Edelweiss Securities Limited	124,431,282 505,325,442 2,996,956,444 236,069,589 145,926,375 6,218,199,295 - 33,188,575 320,324,676 51,919,136 6,507,595 11,066,003 - 135,957,324 - 136,578,049 616,360,567 - 960,763 1,010,393,125 - 3,377,752,381 297,754,484 758,508,225 397,671,147	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 repaid 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	130,266,967 - 1,944,719,976 747,428,881 120,281,915 5,940,645,385 188,819,430 57,314,291 12,182,904 277,607,798 2,380,136 100,969,722 423,688,913 658,922,085 85,846,193 - - 3,104,885,211	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



## Edelweiss Custodial Services Limited

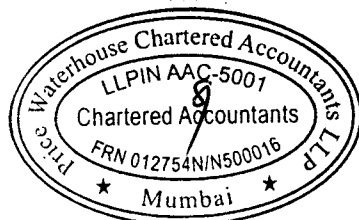
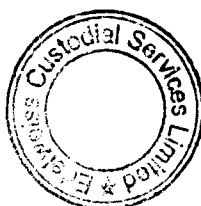
### Notes to the financial statements (Continued)

(Currency : Indian rupees)

#### 2.26 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 2018	31 March 2017
5	Margin paid to (refer note 1) (Continued)	Edel Land Limited	17,688,650	-
		Edelweiss Agri Value Chain Limited	45,403,180	-
		Edelweiss Investment Advisers Limited	666,406,528	-
		Edelweiss Securities Limited	55,874,773	-
		Edelweiss Business Services Limited	303,130	-
6	Interest Expenses on loan from	Edelweiss Financial Services Limited		170,928
		Edelweiss Commodities Services Limited	52,468,787	49,413,761
7	Interest expenses on margin placed by	Edelweiss Financial Services Limited	463,710	19,204
		Magnolia Commodities Services Private Limited	9,292,295	1,251,671
		Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)	2,356,995	360,780
		Edelweiss Agri Value Chain Limited	905,453	3,633
		Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP)	1,215,085	165,079
		Edelweiss Commodities Services Limited	2,517,237	27,877
		Dahlia Commodities Services Private Limited	4,880,594	89,795
		Serenity Business Park Limited	-	74,397
		EFSL Comtrade Limited	8,659,010	226,228
		Edelcap Securities Limited	66,783,196	13,600
		Edel Investments Limited	7,288,503	1,500
		Edelweiss Capital Markets Limited	21,184,951	100,750
		EC Commodity Limited	14,965,534	145,075
		EFSL Trading Limited (formerly known as EFSL Commodities Limited )	2,173,391	100,000
		ECL Finance Limited	16,659,242	1,103,196
		ECap Equities Limited	50,264,171	1,014,640
		Edelweiss Finance & Investments Limited	3,485,145	25,656
		Edelweiss Global Wealth Management Limited	49,132	11,010
		Edel Land Limited	7,146,315	-
		Edelweiss Broking Limited	242,750,391	-
		Edelweiss Investment Advisers Limited	5,604,840	-
		Edelweiss Securities Limited	17,311,784	-
		Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	8,072	41,032
8	Clearing charges income received from	Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)	110,000	20,000
		Dahlia Commodities Services Private Limited	245,000	15,000
		EC Commodity Limited	105,000	30,000
		Ecap Equities Limited	265,000	35,000
		Ecl Finance Limited	240,000	35,000
		Edel Investments Limited	155,000	15,000
		Edelcap Securities Limited	190,000	25,000
		Edelweiss Capital Markets Limited	30,000	5,000
		Edelweiss Commodities Services Limited	195,000	10,000
		Edelweiss Finance & Investments Limited	145,000	30,000
		Edelweiss Financial Services Limited	60,000	10,000
		EFSL Commodities Limited	60,000	35,000
		Efsl Comtrade Limited	245,000	35,000
		Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP)	55,000	10,000
		Magnolia Commodities Services Private Limited	275,000	20,000
		Serenity Business Park Limited	-	15,000





## Edelweiss Custodial Services Limited

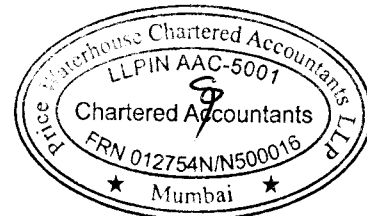
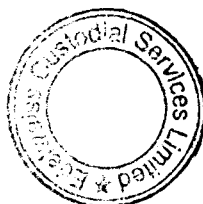
### Notes to the financial statements (Continued)

(Currency : Indian rupees)

#### 2.26 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 2018	31 March 2017
9	Cost reimbursement paid to	Edelweiss Financial Services Limited	337,772	436,105
		Edelweiss Commodities Services Limited	5,970,670	102,660
		Edelweiss Broking Limited	2,951,439	2,077,854
		Edelweiss Securities Limited	6,185,634	-
		ECL Finance Limited	25,956	-
		Edelweiss Global Wealth Management Limited	22,626	-
		Ecap Equities Limited	422,135	-
		Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	34,899,749	49,328
10	Donation given to	EdelGive Foundation	100,000	-
11	Paid towards ESOP	Edelweiss Commodities Services Limited	35,106,236	-
12	Interim dividend paid to	Edelweiss Securities Limited	300,840,000	-
13	Received towards ESOP from	Edelweiss Financial Services Limited	35,209,424	-
14	Nomination deposits received from	Edelweiss Asset Reconstruction Company Limited	400,000	-
15	Custody Fees Income received from	Edelweiss Multi Strategy Funds Management pvt Ltd	645,682	-
16	Fund Accounting Fee Income received from	Edelweiss Multi Strategy Funds Management pvt Ltd	251,670	-
17	Fixed Assets purchased from	Edelweiss Business Services Limited	540,138	-
		Edelweiss Securities Limited	334,437	-
		Edelweiss Finance and Investments Limited	180,493	-
18	Transfer of gratuity liability to	Edelweiss Securities Limited	1,469,000	-
		Edel Commodities Limited	40,000	-
		Edelweiss Commodities Services Limited	672,000	-
		Edelweiss Comtrade Limited	405,000	-
19	Transfer of gratuity liability from	EC Commodity Limited	300,000	-
	<b>Balances with related parties</b>			
20	Prepaid expenses	Edelweiss Financial Services Limited	-	160,080
21	Short Term Loans Taken from	Edelweiss Commodities Services Limited	303,919,544	414,372,457
22	Trade Payables to	Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	20,927,640	51,795
		Edelweiss Financial Services Limited	11,372,682	-
		Edelweiss Broking Limited	15,528,017	-
		Edelweiss Securities Limited	2,075,909	-
		Edelweiss Commodities Services Limited	2,195,361	-
		ECL Finance Limited	21,088	-
		Ecap Equities Limited	61,268	-
		Edelweiss Investment Adviser Limited	563,132	-
		Edel Land Limited	432,300	-
23	Other payables on account of gratuity to	EFSL Trading Limited (formerly known as EFSL Commodities Limited )	-	9,000
		EC Commodity Limited	300,000	-
24	Accrued interest expenses on margin placed by	EFSL Comtrade Limited	629,090	36,653
		Edelcap Securities Limited	3,086,638	122,202
		Edelweiss Global Wealth Management Limited	-	939
		Dahlia Commodities Services Private Limited	135,841	21,598
		EC Commodity Limited	941,161	113,974
		Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	-	120
		Serenity Business Park Limited	-	27,078
		Ecap Equities Limited	2,975,506	39,561
		Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP)	-	33,272
		Edelweiss Finance & Investments Limited	155,117	38,504



## Edelweiss Custodial Services Limited

### Notes to the financial statements (Continued)

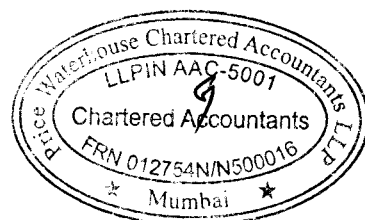
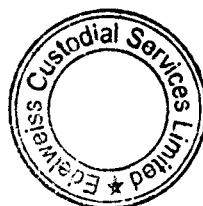
(Currency : Indian rupees)

#### 2.26 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 2018	31 March 2017
24	Accrued interest expenses on margin placed by (Continued)	Edelweiss Capital Markets Limited	709,856	7,591
		ECL Finance Limited	271,408	163,365
		Edelweiss Agri Value Chain Limited	8,302	3,270
		Magnolia Commodities Services Private Limited	1,018,648	336,716
		EFSL Commodities Limited	1,400	222,084
		Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)	15,520	112,359
		Edel Investments Limited	270,990	30,379
		Edelweiss Commodities Services Limited	-	8,197
25	Margins payable to clients	Edelweiss Securities Limited	343,887,958	2,091,584
		Edelweiss Broking Limited	3,678,060,536	3,405,193,367
		Dahlia Commodities Services Private Limited	85,021,576	90,857,261
		EC Commodity Limited	858,895,869	353,570,427
		ECap Equities Limited	1,279,450,184	124,616,656
		ECL Finance Limited	126,250,381	637,609,673
		Edel Investments Limited	121,784,263	96,139,803
		Edelcap Securities Limited	1,329,645,500	593,092,821
		Edelweiss Agri Value Chain Limited	4,743,473	16,958,078
		Edelweiss Capital Markets Limited	299,165,921	167,660,675
		Edelweiss Finance & Investments Limited	115,637,518	121,032,673
		Edelweiss Financial Services Limited	10,268,581	15,943,890
		Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)	15,385,069	281,926,865
		Edelweiss Global Wealth Management Limited	-	2,380,136
		Edelweiss Commodities Services Limited	59,892,931	24,905,329
		Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	-	303,130
		EFSL Commodities Limited	887,522	287,998,386
		EFSL Comtrade Limited	68,588,336	111,149,855
		Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP)	-	84,885,430
		Magnolia Commodities Services Private Limited	1,102,475,532	92,082,407
		Serenity Business Park Limited	-	102,597,061
		Edel Land Limited	280,065,834	-
		Edelweiss Investment Advisers Limited	92,101,697	-
26	Trade receivables from	Edelweiss Financial Services Limited	-	21,477
		Edelweiss Securities Limited	-	1,000
		Edelweiss Multi Strategy Funds Management Private Limited	200,221	-
27	Advances recoverable on account of gratuity from	Edelweiss Alternative Asset Advisors Limited	-	84,000
		Edelweiss Finance & Investments Limited	-	867,000
		Edelweiss Securities Limited	1,469,000	132,000
		Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited)	-	682,000
		Edel Commodities Limited	40,000	-
		Edelweiss Commodities Services Limited	672,000	-
		Edelweiss Comtrade Limited	405,000	-
28	Investments in equity shares of	Edelweiss Asset Reconstruction Company Limited	628,943,335	628,943,335
29	Interest accrued and due on borrowings	Edelweiss Commodities Services Limited	2,550,762	9,120,150
30	Corporate guarantee received from	Edelweiss Financial Services Limited	16,750,000,000	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 2018

(Currency: Indian rupees)

### 2.27 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 2018	For the year ended 31 March 2017
(a)	Profit after tax (as per Statement of Profit and Loss)	493,585,856	114,731,748
	Less: dividend on preference share including dividend distribution tax	Nil	Nil
	Net profit for the year attributable to equity shareholders	493,585,856	114,731,748
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each		
	Number of shares outstanding at the beginning of the year	6,267,500	5,492,500
	Number of Shares issued during the year	-	775,000
	Total number of equity shares outstanding at the end of the year	6,267,500	6,267,500
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	6,267,500	5,927,774
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	78.75	19.35

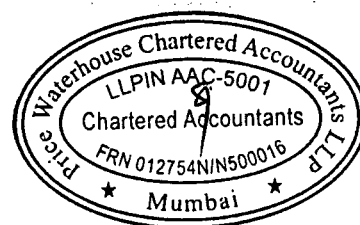
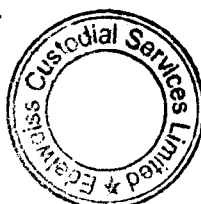
### 2.28 Foreign currency

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Expenditure incurred in foreign currency (on accrual basis)</b>		
Software maintenance expenses	1,315,739	91,287
<b>Total</b>	<b>1,315,739</b>	<b>91,287</b>
<b>Income earned in foreign currency (on accrual basis)</b>		
Custody fee income	11,274,675	7,676,466
<b>Total</b>	<b>11,274,675</b>	<b>7,676,466</b>

### 2.29 Capital commitments (to the extent not provided for)

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 197,440 (Previous year: ₹ 434,000).



# Edelweiss Custodial Services Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

(Currency: Indian rupees)

### 2.30 Contingent liabilities (to the extent not provided for)

- a) The Company has provided bank guarantees aggregating to ₹ 15,850,000,000 (Previous year: ₹ 9,950,000,000) as on 31 March 2018 to The National Stock Exchange of India Limited for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of ₹ 1,254,886,186 (Previous year: ₹ 745,000,000) for obtaining the above bank guarantees.

- b) The Company has provided bank guarantees aggregating to ₹ 500,000,000 (Previous year: ₹ 550,000,000) as on 31 March 2018 to The Bombay Stock Exchange of India Limited for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of ₹ 50,000,000 (Previous year: ₹ 55,000,000) for obtaining the above bank guarantees.

- c) The Company has provided bank guarantees aggregating to ₹ 400,000,000 (Previous year: ₹ 400,000,000) as on 31 March 2018 to Metropolitan Stock Exchange Of India Ltd for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of ₹ 30,000,000 (Previous year: ₹ 40,000,000) 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.

### 2.31 Encumbrances' on fixed deposits held by the Company

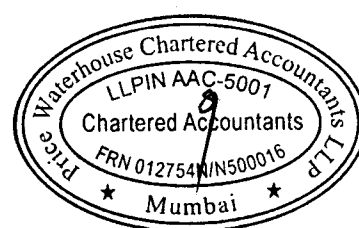
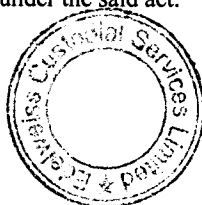
- a) Fixed deposits aggregating to ₹ 5,876,000,000 (previous year: ₹ 3,716,000,000) have been pledged with exchanges for meeting margin and deposit requirement.
- b) Fixed deposits aggregating to ₹ 1,334,886,186 (previous year: ₹ 840,000,000) have been pledged with banks for availing bank guarantees.
- c) Other Non-current assets comprises of Long Term Fixed Deposits with banks aggregating to ₹ 5,500,000 (Previous year: ₹ 17,284,295). The Company has the ability to liquidate these fixed deposits before the maturity date, if and when needed, to meet its obligation.

### 2.32 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads in note 2.22 and 2.24 include reimbursements paid based on the management's best estimate.

### 2.33 Details of dues to micro and small enterprises

Trade Payables includes ₹ Nil (Previous year: ₹ 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.



# Edelweiss Custodial Services Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

(Currency: Indian rupees)

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

#### A) Defined contribution plan - Provident fund

Amount of ₹ 3,731,631 (Previous year: ₹ 1,243,783) is recognised as expenses in "Employee benefit expenses" – note 2.22 in the statement of profit and loss.

#### B) Defined benefit plan - Gratuity

The following tables summarize the components of the net benefit expenses recognized in the 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 2018	For the year ended 31 March 2017
Current service cost	1,165,000	520,000
Interest on defined benefit obligation	491,000	281,000
Expected return on plan assets	-	-
Net actuarial losses/(gains) recognized in the year	-	-
Past service cost	424,000	-
Actuarial (gains) / losses	34,000	97,000
<b>Total included in 'Employee Benefit Expense'</b>	<b>2,114,000</b>	<b>898,000</b>

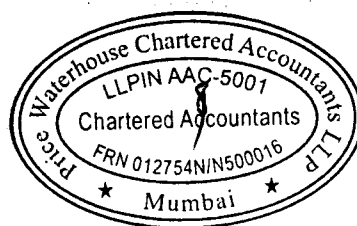
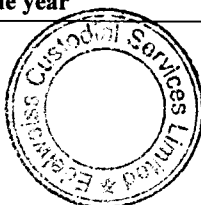
#### Balance Sheet

##### Details of provision for gratuity:

Particulars	As at 31 March 2018	As at 31 March 2017
Liability at the end of the year	7,588,000	4,694,000
Fair value of plan assets at the end of the year	-	-
Difference	7,588,000	4,694,000
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
<b>Amount in Balance Sheet</b>	<b>7,588,000</b>	<b>4,694,000</b>
<b>Of which, Short term provision</b>	<b>1,092,000</b>	<b>619,000</b>

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

Particulars	As at 31 March 2018	As at 31 March 2017
Liability at the beginning of the year	4,694,000	2,040,000
Interest cost	491,000	281,000
Current service cost	1,165,000	520,000
Transfer In / (Out)	2,521,000	1,756,000
Past service cost (vested benefit)	424,000	-
Benefit paid	(1,741,000)	-
Actuarial (gain)/loss on obligations	34,000	97,000
<b>Liability at the end of the year</b>	<b>7,588,000</b>	<b>4,694,000</b>



# Edelweiss Custodial Services Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

(Currency: Indian rupees)

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

(Continued)

#### B) Defined benefit plan – Gratuity (Continued)

##### Experience Adjustment:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Defined Benefit Obligation	7,588,000	4,694,000	2,040,000	1,841,000	911,000
Fair Value of Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(7,588,000)	(4,694,000)	(2,040,000)	(1,841,000)	(911,000)
Experience Adjustment on Plan Liabilities: (Gain) / (Loss)	250,000	8,000	(12,000)	207,000	69,000
Experience Adjustment on Plan Assets: Gain/ (Loss)	NA	NA	NA	NA	NA

##### Principle actuarial assumptions at the balance sheet date:

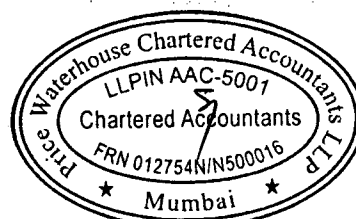
Particulars	As at 31 March 2018	As at 31 March 2017
Discount rate current	7.3%	6.8%
Salary escalation current	7%	7%
Employees attrition rate (based on categories)	13%-25%	13%-25%
Mortality Rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)
Expected average remaining working lives of employees	5 years	5 years

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

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

2.37 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 30<sup>th</sup> 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	-	-	-



# Edelweiss Custodial Services Limited

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

For the year ended 31 March 2018

(Currency: Indian rupees)

**2.37 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 30<sup>th</sup> November, 2017: (*Continued*)**

\* 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 8<sup>th</sup> November, 2016.

**2.38 Previous year comparatives**

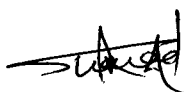
Previous year's figures have been regrouped and rearranged wherever necessary to confirm to current year's presentation / classification.

Signature to notes forming on integral part of the financial statements.

**For Price Waterhouse Chartered Accountants LLP**

*Chartered Accountants*

Firms' Registration No. 012754N / N500016


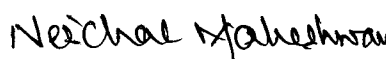


**Sharad Agarwal**

*Partner*

Membership No: 118522

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



**Nischal Maheshwari**

*Whole Time Director*

DIN : 00279658

**Hemendra Damania**

*Director*

DIN : 03010005



**Pooja Doshi**

Company Secretary

Mumbai

2 May 2018

Mumbai

30 April 2018