

Edelweiss Capital Markets Limited

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

Edelweiss Capital Markets Limited

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

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To
The Members of Edelweiss Capital Markets Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Edelweiss Capital Markets Limited ("the Company")**, which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its profit and its cash flows for the year ended on that date.



B - 46, 3rd Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400 063.

Tel.: +91. 22. 4217 3337 | Email: info@ngsco.in

www.ngsco.in

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.;
 - e. on the basis of written representations received from the Directors as on 31 March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of section 164(2) of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



R. P. Soni
Partner
Membership No.:104796



Place: Mumbai
Date: 30 April 2018

Annexure A to the Auditors' Report

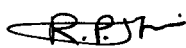
The Annexure referred to in our Independent Auditors' Report to the members of Edelweiss Capital Markets Limited ('the Company') on the financial statements for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own immovable properties, accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any activities conducted and services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, services tax, goods and service tax, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, sales tax, value added tax, duty of excise and duty of custom. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, services tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (b) According to the information and explanation given to us, there are no dues of income tax, service tax, goods and service tax and cess which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution, bank, government and debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, during the year, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company, being registered with Securities And Exchange Board of India as stock broker, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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


R. P. Soni
Partner
Membership No.:104796



Place: Mumbai
Date: 30 April 2018

Annexure B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

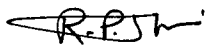
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



R. P. Soni
Partner
Membership No.: 104796



Place: Mumbai
Date: 30 April 2018

Edelweiss Capital Markets Limited

(Currency: Indian Rupees)

	Note	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	6,30,00,000	6,30,00,000
Reserves and surplus	2.2	<u>22,89,54,691</u>	<u>2,45,21,068</u>
		29,19,54,691	8,75,21,068
Non-current liabilities			
Long-term provisions	2.3	29,84,000	16,96,000
Current liabilities			
Short-term borrowings	2.4	25,06,01,695	32,49,01,465
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	2.33	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.5	74,79,377	14,27,667
Other current liabilities	2.6	2,51,44,504	4,33,58,336
Short-term provisions	2.7	<u>1,46,70,726</u>	<u>1,35,01,668</u>
		29,78,96,302	38,31,89,136
TOTAL		<u>59,28,34,993</u>	<u>47,24,06,204</u>
ASSETS			
Non-current assets			
Fixed assets	2.8		
Property plant and equipment		17,34,807	7,40,982
Non-current investments	2.9	4,75,33,010	10,29,75,136
Deferred tax assets (net)	2.10	10,26,284	5,76,457
Long-term loans and advances	2.11	<u>71,59,853</u>	<u>71,59,853</u>
		5,74,53,954	11,14,52,428
Current assets			
Current investments	2.12	5,19,507	97,82,402
Stock-in-trade	2.13	68,79,836	11,27,51,749
Trade receivables	2.14	18,88,68,324	2,21,28,580
Cash and bank balances	2.15	85,31,243	1,11,07,546
Short-term loans and advances	2.16	3,06,87,797	2,13,37,927
Other current assets	2.17	<u>29,98,94,332</u>	<u>18,38,45,572</u>
		53,53,81,039	36,09,53,776
TOTAL		<u>59,28,34,993</u>	<u>47,24,06,204</u>

Significant accounting policies and notes to the financial statements.

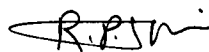
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As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.:119850W



R. P. Soni

Partner

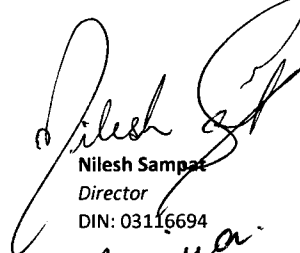
Membership No.:104796

Mumbai

30 April 2018



For and on behalf of the Board of Directors



Nileshe Sampat

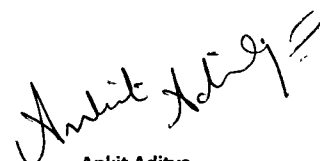
Director

DIN: 03116694



Suzette Pereira

Company Secretary



Ankit Aditya

Director

DIN: 07792371

Mumbai

30 April 2018

Edelweiss Capital Markets Limited

Statement of Profit and Loss

(Currency: Indian Rupees)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations			
Fee and commission income	2.18	16,19,61,538	-
Income from treasury operations	2.19	17,72,30,336	12,61,00,337
Other operating revenue	2.20	2,15,54,013	7,12,583
Other income	2.21	2,708	43,775
Total revenue		36,07,48,595	12,68,56,695
Expenses			
Employee benefit expenses	2.22	4,39,41,311	1,99,55,067
Finance costs	2.23	7,90,23,326	7,78,37,351
Depreciation and amortization expenses	2.8	4,92,058	1,18,324
Other expenses	2.24	2,06,98,105	70,78,706
Total expenses		14,41,54,800	10,49,89,448
Profit before tax		21,65,93,795	2,18,67,247
Tax expense:			
Current tax (Includes excess provision for earlier years Rs. 4,225 (Previous year: Rs. Nil))		2,01,75,775	59,05,714
MAT credit entitlement (Includes entitlement for earlier years Rs. 4,225 (Previous year Rs. Nil))		(75,65,775)	(60,00,000)
Deferred tax benefit		(4,49,828)	(5,40,040)
Profit after tax		20,44,33,623	2,25,01,573
Earnings per equity share (face value Rs.10 per share)	2.30		
Basic		32.45	3.57
Diluted		32.45	3.57

Significant accounting policies and notes to the financial statements.

1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.:119850W

R.P. Soni

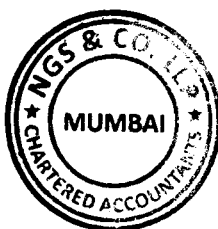
R. P. Soni

Partner

Membership No.:104796

Mumbai

30 April 2018



For and on behalf of the Board of Directors

Nilesh Sampat
Nilesh Sampat
Director
DIN: 03116694

Ankit Aditya
Ankit Aditya
Director
DIN: 07792371

Suzette Pereira
Suzette Pereira
Company Secretary

Mumbai
30 April 2018

Edelweiss Capital Markets Limited

Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities		
Profit before taxation	21,65,93,795	2,18,67,247
Adjustments for		
Depreciation	4,92,058	1,18,324
Share of (profit) / loss from partnership firm	(1,44,74,307)	1,00,50,598
Profit on sale of Investments	(2,38,71,569)	(99,56,440)
Income from investment in fund	(47,76,091)	-
Provision for gratuity and compensated absences	15,44,526	17,85,261
Interest expense	7,74,79,257	7,12,44,452
Operating cash flow before working capital changes	25,29,87,669	9,51,09,442
Adjustments for		
Increase in trade receivables	(16,67,39,746)	(2,21,26,511)
Decrease in stock in trade	10,58,71,913	19,95,55,285
(Increase)/Decrease in loans and advances	(31,95,336)	6,67,760
Increase in other assets	(11,60,48,759)	(10,30,73,187)
Decrease in liabilities and provisions	(43,69,925)	(45,02,707)
Cash generated from operations	6,85,05,816	16,56,30,082
Income tax paid	(1,79,38,500)	(17,61,433)
Net cash generated from operating activities - A	5,05,67,316	16,38,68,649
B Cash flow from investing activities		
Purchase of fixed assets	(14,85,882)	(8,44,821)
Sale of investments	9,95,89,796	8,06,54,002
Purchase of investments	(2,02,76,101)	(3,20,00,000)
Income from investment in fund	47,76,091	-
Settlement of partner's current account	2,37,37,201	(2,52,01,911)
Net cash generated from investing activities - B	10,63,41,105	2,26,07,270
C Cash flow from financing activities		
Repayment of short term borrowings (net) (refer note 2)	(7,42,99,770)	(10,32,36,747)
Interest paid	(8,51,84,954)	(7,72,31,714)
Net cash used in financing activities - C	(15,94,84,724)	(18,04,68,461)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(25,76,303)	60,07,458
Cash and cash equivalents as at the beginning of the year	62,32,546	2,25,088
Cash and cash equivalents as at the end of the year	36,56,243	62,32,546

Notes:

- 1 Cash and cash equivalents include the following:

Balances with scheduled banks:

In current accounts

Cash and cash equivalents

36,56,243	62,32,546
36,56,243	62,32,546

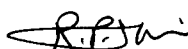
- 2 Net figures have been reported on account of volume of transactions.

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.:119850W



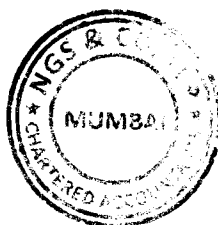
R. P. Soni

Partner

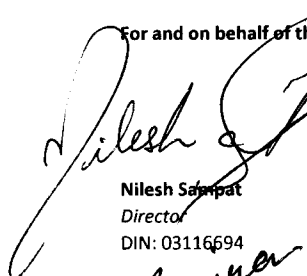

Membership No.:104796

Mumbai

30 April 2018



For and on behalf of the Board of Directors

Nilesh Sampat

Director

DIN: 03116694

Ankit Aditya

Director

DIN: 07792371

 Juliette Pereira

Company Secretary

Mumbai

30 April 2018

Edelweiss Capital Markets Limited

Notes to the financial statements

1. *Significant accounting policies*

1.1 *Basis of preparation of financial statements*

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

1.2 *Use of estimates*

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

1.3 *Current-non-current classification*

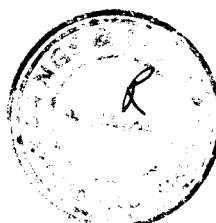
All assets and liabilities are classified into current and non-current.

Assets

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

Liabilities

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



Edelweiss Capital Markets Limited

Notes to the financial statements (*continued*)

1. *Significant accounting policies (continued)*

1.4 *Revenue recognition*

- Fee income is accounted on accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Brokerage income is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date.
- Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on derivative instruments.
 - i) Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold.
 - ii) Realised profit/loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards/futures/options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, market intermediary quotes, valuation techniques are used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
- Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- Interest income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.
- Profit / loss from share in partnership firm is accounted for once the amount of the share of profit / loss is ascertained and credited / debited to the Company's account in the books of the partnership firm.
- Commodities sales are accounted when all obligations connected with the transfer of risks and rewards to the buyer have been fulfilled after the price has been determined and collection of the receivable is reasonably certain.
- Income from fund is accounted basis the Statement of Accounts received from respective Funds.

1.5 *Impairment of assets*

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



Edelweiss Capital Markets Limited

Notes to the financial statements (*continued*)

1. *Significant accounting policies (continued)*

1.6 *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 statement of profit and loss of the year.

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

1.7 *Fixed assets and depreciation*

Tangible Assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment, 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.

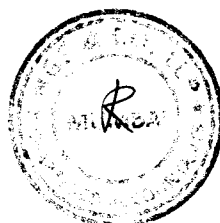
Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

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

Class of assets	Useful Life
Furniture and fittings	10 years
Motor vehicles	8 years
Office equipments	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

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



Edelweiss Capital Markets Limited

Notes to the financial statements (*continued*)

1. *Significant accounting policies (continued)*

1.9 *Borrowing Costs*

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

1.10 *Derivatives*

1 (a) Outstanding derivative contracts are measured at fair value as at each Balance Sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases, the valuation techniques used as input parameters are observable market data in order to ensure reliability of the fair value measure.

1 (b) In accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India effective from 1 April 2016, the Company recognises all mark to market gains or losses on derivative contracts in the statement of profit and loss.

2 (a) "Margin – Equity Derivative Instrument" representing the initial margin paid and /or additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock futures and equity index/ stock options, which are released on final settlement / squaring – up of the underlying contracts, are disclosed under other current assets. "Margin Deposits – Equity Derivative Instrument" representing the deposit paid in respect of mark to market margin is disclosed under other current assets.

2 (b) "Equity Index/ Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.

1.11 *Earnings per share*

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

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



Edelweiss Capital Markets Limited

Notes to the financial statements (*continued*)

1. *Significant accounting policies (continued)*

1.12 *Stock-in-trade*

- The securities acquired with the intention of short-term holding and as trading positions are considered as stock-in-trade and disclosed as current assets.
- The securities held as stock-in-trade under current assets are valued at lower of weighted average cost or market value.
- In case of units of mutual funds, net asset value is considered as fair value.
- Stock-in-trade in the form of commodities are valued at weighted average cost or net realizable value, whichever is lower.

1.13 *Investments*

- Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments.
- Non-current investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.
- Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of 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.

1.14 *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 Capital Markets Limited

Notes to the financial statements (*continued*)

1. *Significant accounting policies (continued)*

1.15 *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

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

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

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

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

Compensated leave absences

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

Deferred bonus

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



Edelweiss Capital Markets Limited

Notes to the financial statements (*continued*)

1. *Significant accounting policies (continued)*

1.16 *Taxation*

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

Current tax

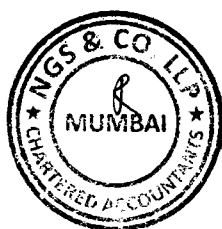
Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred tax

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

Minimum 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 each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
2.1 Share capital		
Authorised :		
7,000,000 (Previous year: 7,000,000) Equity shares of Rs. 10 each	70,000,000	70,000,000
3,000,000 (Previous year: 3,000,000) Preference shares of Rs. 10 each	30,000,000	30,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up:		
63,00,000 (Previous year: 63,00,000) Equity shares of Rs. 10 each	63,000,000	63,000,000
	<u>63,000,000</u>	<u>63,000,000</u>
The entire equity paid up capital is held by Edelweiss Commodities Services Limited, the holding company and its nominees.		
Reconciliation of number of shares outstanding:		
Number of shares outstanding at the beginning of the year	6,300,000	6,300,000
Shares issued during the year	-	-
Number of shares outstanding at the end of the year	<u>6,300,000</u>	<u>6,300,000</u>
Reconciliation of share capital:		
Share capital at the beginning of the year	63,000,000	63,000,000
Share capital issued during the year	-	-
Share capital at the end of the year	<u>63,000,000</u>	<u>63,000,000</u>
The Company has only one class of equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
2.2 Reserves and surplus		
Securities premium account		
Opening balance	5,200,000	5,200,000
Add : Additions during the year	-	-
	<u>5,200,000</u>	<u>5,200,000</u>
Statement of profit and loss		
Opening balance	19,321,068	(3,180,505)
Add: profit for the year	204,433,623	22,501,573
Net surplus in the statement of profit and loss	<u>223,754,691</u>	<u>19,321,068</u>
	<u>228,954,691</u>	<u>24,521,068</u>

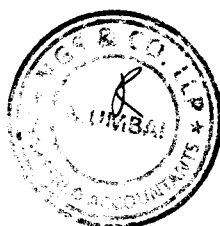


Edelweiss Capital Markets Limited

Notes to the financial statements (*continued*)

(Currency: Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
2.3 Long-term provisions		
Provision for employee benefits		
Gratuity	2,432,000	1,404,000
Compensated leave absences	552,000	292,000
	<u>2,984,000</u>	<u>1,696,000</u>
2.4 Short-term borrowings		
<i>Unsecured</i>		
Loans from related parties (repayable on demand, at variable rate of interest 10% p.a.) (Previous year: 10% p.a.)	250,601,695	324,901,465
	<u>250,601,695</u>	<u>324,901,465</u>
2.5 Trade payables		
Trade payables from non-related parties	953,759	1,407,329
Trade payables from related parties	6,525,618	20,338
	<u>7,479,377</u>	<u>1,427,667</u>
2.6 Other current liabilities		
Interest accrued and due on borrowings	789,946	8,495,643
Premium received on exchange traded options	83,550	26,166,037
Other payables *		
Accrued salaries and benefits	12,700,340	8,000,340
TDS, service tax and other statutory dues	11,291,668	696,316
Others	279,000	-
(* There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31 March 2018 (As at 31 March 2017: Nil))		
	<u>25,144,504</u>	<u>43,358,336</u>
2.7 Short-term provisions		
Provision for employee benefits		
Gratuity	341,340	129,261
Compensated leave absences	102,446	58,000
Others		
Provision for taxation (net of advance tax and tax deducted at source)	14,140,440	13,314,407
Provision for capital expenditure	86,500	-
	<u>14,670,726</u>	<u>13,501,668</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

2.8 Fixed assets

Description of assets	Gross block		Depreciation		Net block	
	As at 1 April 2017	Additions during the year	As at 31 March 2018	Charge for the year	As at 31 March 2018	As at 31 March 2017
Property plant and equipment						
Office equipments	9,450	-	9,450	1,233	1,502	2,735
Computers	857,471	1,485,882	2,343,353	490,825	1,733,305	738,247
Total	866,921	1,485,882	2,352,803	492,058	1,734,807	740,982
Previous year	22,100	844,821	866,921	118,324	740,982	-



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

2.9 Non-current investments - at cost

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Others (quoted)						
Investments in equity instruments of other companies (fully paid up)						
GHCL Limited	-	-	-	10	376,000	50,471,645
Quick Heal Technologies Limited	-	-	-	10	63,771	20,470,491
Others (unquoted)						
Investments in units of fund						
Edelweiss Real Estate Opportunities Fund	10,000	4,750	47,500,000	10,000	3,200	32,000,000
Investments in partnership firm						
- Capital account (refer note below)			33,010			33,000
			47,533,010			102,975,136
Aggregate of unquoted investment						
- At book value			47,533,010			32,033,000
Aggregate of quoted investment						
- At carrying value			-			70,942,136
- At market value			-			114,897,087

Note: Details of investments in limited liability partnership firm

Partnership firm	Total Capital	31 March	31 March
Edelweiss Wealth Advisors LLP	Rs. 100,000 (Previous year Rs. 100,000)	2018	2017
	Edelweiss Commodities Services Limited	34%	34%
	Edelweiss Capital Markets Limited	33%	33%
	ECap Equities Limited	33%	33%

Partnership firm	Total Capital	31 March
Edelweiss Multi Strategy Fund Advisors LLP	Rs. 100,000 (Previous year Rs. 100,000)	2018
	Edelweiss Commodities Services limited	0.01%
	Edelweiss Capital Markets Limited	0.01%
	Edel Investments Limited	0.01%
	Edelweiss Investment Adviser Limited	0.01%
	Edel Land Limited	0.01%
	Vishal Madia	0.01%
	Edelweiss Multi Strategy Funds Management Private Limited	99.94%



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
2.10 Deferred tax assets		
Deferred tax assets		
Others	90,930	-
Disallowances under section 43B of the Income Tax Act, 1961	998,241	623,433
	<u>1,089,171</u>	<u>623,433</u>
Deferred tax liabilities		
Difference between book and tax depreciation	62,887	46,976
	<u>62,887</u>	<u>46,976</u>
	<u>1,026,284</u>	<u>576,457</u>
2.11 Long-term loans and advances		
Deposits placed with/ for exchange/ depositories	125,000	125,000
Other deposits	45,000	45,000
(Current year Rs. 45,000 (Previous year Rs. 45,000), marked as lien in favour of Value Added Tax authorised)		
Other loans and advances		
Advance income taxes and tax deducted at source (net of provision for taxation)	6,989,853	6,989,853
	<u>7,159,853</u>	<u>7,159,853</u>
2.12 Current investments		
Investments in partnership firms	519,507	9,782,402
- Current account (refer note 2.9)		
	<u>519,507</u>	<u>9,782,402</u>
2.13 Stock-in-trade		
Securities		
Equity shares (quoted)	6,879,836	112,751,749
	<u>6,879,836</u>	<u>112,751,749</u>
Aggregate of inventories in equity shares (quoted)		
- At book value	6,879,836	112,751,749
- Market value	9,009,727	131,232,119



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.13 Stock-in-trade (Continued)

Details of Stock-in-trade

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Securities						
Equity shares (quoted)						
Aegis Logistics Limited	-	-	-	1	32,335	3,235,780
SRF Limited	-	-	-	10	4,000	4,857,409
TI Financial Holdings Ltd	-	-	-	2	3,524	1,470,740
Dhanuka Agritech Limited	-	-	-	2	7,025	4,754,846
Aarti Industries Limited	5	1,601	847,971	5	4,964	2,629,188
Relaxo Footwears Limited	-	-	-	1	12,386	4,906,732
Sonata Software Limited	-	-	-	1	4,616	778,488
Ajanta Pharma Limited	-	-	-	2	200	280,992
Jagran Prakashan Limited	-	-	-	2	27,589	4,297,172
Solar Industries India Limited	-	-	-	2	9,440	6,185,556
Motilal Oswal Financial Services Limited	-	-	-	1	18,960	11,443,034
Hindustan Media Ventures Limited	-	-	-	10	13,671	3,537,316
Max Ventures and Industries Limited	-	-	-	10	5,636	-
Max India Limited	-	-	-	2	46,818	4,799,948
 Gujarat Narmada Valley Fertilizers and Chemicals Limited	-	-	-	10	25,246	6,771,503
Nesco Limited	2	11,000	4,951,865	10	10,568	23,786,960
VST Industries Limited	-	-	-	10	424	1,170,714
Jubilant Life Sciences Limited	-	-	-	1	17,446	13,953,311
Chemcrux Enterprises Limited	-	-	-	10	24,000	432,000
Shankara Building Products Limited	-	-	-	10	29,261	13,460,060
Total Transport Systems Limited	10	24,000	1,080,000	-	-	-
			6,879,836			112,751,749



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
2.14 Trade receivables		
Other debts		
Unsecured, considered good	188,868,324	-
Trade receivables from related parties	-	22,128,580
	<u>188,868,324</u>	<u>22,128,580</u>
2.15 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	3,656,243	6,232,546
Other bank balance		
In fixed deposits, held as margin money or security against borrowings, guarantees (Refer note 2.36)	4,875,000	4,875,000
	<u>8,531,243</u>	<u>11,107,546</u>
2.16 Short-term loans and advances		
Others		
Prepaid expenses	248,880	79,447
Vendor advances	208,542	306,991
Cenvat and VAT assets	12,311,836	11,847,718
MAT credit entitlement	14,305,836	8,151,303
Advances recoverable in cash or in kind or for value to be received	3,612,703	952,468
	<u>30,687,797</u>	<u>21,337,927</u>
2.17 Other current assets		
Accrued interest on fixed deposits	18,555	18,895
Accrued interest on margin	709,856	16,939
Currency options premium paid	-	5,345,000
Margin placed with broker	299,165,921	178,464,738
	<u>299,894,332</u>	<u>183,845,572</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.18 Fee and commission income		
Referral and other fees	161,961,538	-
	<u>161,961,538</u>	<u>-</u>
2.19 Income from treasury operations		
(Loss)/profit on trading of securities (net)	(9,354,108)	154,089,220
Profit on trading in equity derivative instruments (net)	3,291,094	1,689,342
Profit/(loss) on trading in currency derivative instruments (net)	26,592,269	(13,083,820)
(Loss)/profit on trading in interest rate derivatives (net)	(246,958)	397,722
Profit/(loss) on sale of long term investment	28,647,660	(9,956,440)
Income from investment in fund	4,776,091	-
Dividend on stock in trade	109,049,981	3,014,911
Share of profit/(loss) from partnership firm	14,474,307	(10,050,598)
	<u>177,230,336</u>	<u>126,100,337</u>
2.20 Other operating revenue		
Interest income on fixed deposits	353,434	71,715
Interest income on margin with brokers	21,200,579	640,868
	<u>21,554,013</u>	<u>712,583</u>
2.21 Other income		
Excess provision written back	-	27,625
Interest Income - others	2,708	16,150
	<u>2,708</u>	<u>43,775</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.22 Employee benefit expenses		
Salaries and wages	41,913,929	18,877,939
Contribution to provident and other funds (refer note 2.29)	1,068,062	494,934
Staff welfare expenses	959,320	582,194
	43,941,311	19,955,067
2.23 Finance costs		
Interest on loan from holding company	77,479,257	70,767,173
Interest - others	729,626	6,592,729
Financial and bank charges	3	170
Interest on shortfall in payment of advance income tax	814,440	477,279
	79,023,326	77,837,351
2.24 Other expenses		
Auditors' remuneration (refer note 2.27)	185,000	185,000
Communication	342,124	395,360
Computer expenses	75,918	5,580
Computer software	118,484	411,429
Clearing and custodian charges	35,100	143,550
Dematerialisation charges	4,500	-
Directors' sitting fees	200,000	190,000
Electricity charges (refer note 2.34)	379,719	91,395
Legal and professional fees (refer note 2.34)	11,648,058	676,075
Membership and subscription	1,127,465	150,000
Miscellaneous expenses	-	1,143
Office expenses	10,308	8,636
Printing and stationery	3,728	60,539
Rates and taxes	8,253	37,228
Rent (refer note 2.34)	2,433,623	1,209,755
Repairs and maintenance (refer note 2.34)	63,058	568
ROC expenses	1,200	4,200
Security transaction tax	610,304	1,053,959
Service tax expenses	2,097,888	369,213
Stamp duty	170,350	1,510,446
Stock exchange expenses	144,029	36,113
Transportation charges	-	200
Travelling and conveyance	929,824	541,392
Warehousing charges	-	(3,075)
Housekeeping and security charges (refer note 2.34)	109,172	-
	20,698,105	7,078,706



Edelweiss Capital Markets Limited

(Currency: Indian Rupees)

2.25 Segment reporting

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

Segment	Activities covered
Capital based business	Income from treasury operations, income from investments and dividend income
Agency business	Advisory services

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

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

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

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
I Segment revenue		
a) Capital based business	198,787,057	-
b) Agency business	161,961,538	126,856,695
Total	360,748,595	126,856,695
Less : Inter segment revenue	-	-
Total income	360,748,595	126,856,695
II Segment results		
a) Capital based business	83,313,308	-
b) Agency business	134,094,930	21,867,247
c) Unallocated	(814,443)	-
Total	216,593,795	21,867,247
Profit before taxation	216,593,795	21,867,247
Less : Provision for taxation	12,160,172	(634,326)
Profit after taxation	204,433,623	22,501,573



Edelweiss Capital Markets Limited

(Currency: Indian Rupees)

2.25 Segment reporting (continued)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
III Segment assets		
a) Capital based business	517,681,165	472,406,204
b) Agency business	49,175,612	-
c) Unallocated	25,978,216	-
Total	592,834,993	472,406,204
IV Segment liabilities		
a) Capital based business	270,512,484	384,885,136
b) Agency business	12,869,384	-
c) Unallocated	17,498,434	-
Total	300,880,302	384,885,136
V Capital expenditure (Including capital work-in-progress)		
a) Capital based business	818,781	844,821
b) Agency business	667,101	-
Total	1,485,882	844,821
VI Depreciation and amortisation		
a) Capital based business	271,144	118,324
b) Agency business	220,914	-
Total	492,058	118,324
VII Significant non-cash expenses other than depreciation and amortisation		
a) Capital based business	540,605	837,261
b) Agency business	440,458	-
Total	981,063	837,261



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.26 Related parties

In accordance with Accounting Standard 18 on Related party transactions notified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

i. List of related parties and relationship:

Name of related parties by whom control is exercised	Edelweiss Financial Services Limited (Ultimate holding company) Edelweiss Commodities Services Limited (Holding company)
Fellow subsidiaries (with whom transactions have taken place)	Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited) EFSL Trading Limited Edelweiss Securities Limited Edelweiss Custodial Services Limited Edel Commodities Limited ECL Finance Limited Edelcap Securities Limited ECap Equities Limited Edelweiss Finance & Investments Limited Edelweiss Broking Limited
Enterprise over which significant influence is exercised	Edelweiss Wealth Advisors LLP Edelweiss Multi Strategy Fund Advisors LLP

ii. Transactions with related parties :

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2018	For the year ended 31 March 2017
	Capital account transactions during the year			
1	Investment in Partnership firm	Edelweiss Multi Strategy Fund Advisors LLP	10	-
	Current account transactions during the year			
2	Short term loans taken from (refer note below)	Edelweiss Commodities Services Limited	10,920,914,345	7,521,992,500
3	Short term loans repaid to (refer note below)	Edelweiss Commodities Services Limited Edelweiss Financial Services Limited	10,995,214,113 -	7,576,970,256 48,258,991
4	Margins placed with (refer note below)	Edelweiss Securities Limited Edelweiss Custodial Services Limited	65,359,869 320,324,676	480,085,712 187,584,410



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.26 Related parties (continued)

ii. Transactions with related parties (continued)

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2018	For the year ended 31 March 2017
5	Margins withdrawn from (refer note below)	Edelweiss Securities Limited	98,295,289	499,916,064
		Edelweiss Custodial Services Limited	188,819,430	19,923,735
6	Interest income on margins placed with	Edelweiss Securities Limited	15,628	619,063
		Edelweiss Custodial Services Limited	21,184,951	21,805
7	Reimbursements received from	Edelweiss Financial Services Limited	1,727,073	-
8	Interest expense on loan taken from	Edelweiss Commodities Services Limited	77,479,257	69,623,633
		Edelweiss Financial Services Limited	-	1,143,540
9	Reimbursements paid to	Edelweiss Financial Services Limited	-	4,998,303
		Edelweiss Commodities Services Limited	1,720,701	894,033
		Edelweiss Business Services Limited	587,764	4,291,035
10	Clearing charges paid to	Edelweiss Securities Limited	-	137,800
		Edelweiss Custodial Services Limited	35,100	5,750
11	Brokerage paid to	Edelweiss Securities Limited	43,594	284,134
12	Professional fees paid to	Edelweiss Business Services Limited	11,223,082	-
13	Cost reimbursements recovered from	Edelweiss Financial Services Limited	3,000	-
		Edelweiss Securities Limited	97,000	-
		Edelcap Securities Limited	938,000	-
		Edelweiss Commodities Services Limited	61,000	-
		ECL Finance Limited	307,000	-
14	Cost reimbursements paid to	Edelweiss Securities Limited	342,637	-
		Edelweiss Commodities Services Limited	732,205	392,509
		Edelweiss Financial Services Limited	131,844	222,882
		Edelweiss Business Services Limited	-	16,149
		Edelweiss Broking Limited	1,163,940	908,641
		EFSL Trading Limited	932,891	-
		ECap Equities Limited	94,000	-
		Edelcap Securities Limited	290,000	-



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.26 Related Parties (continued)

ii. Transactions with related parties (continued)

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2018	For the year ended 31 March 2017
15	Processing fees paid to	Edelweiss Business Services Limited	-	3,220
16	Contribution in partnership firm through current account	Edelweiss Wealth Advisors LLP	-	25,201,911
17	Payment by Partnership firm through current account	Edelweiss Wealth Advisors LLP	23,737,202	-
18	Share of profit from partnership firm	Edelweiss Multi Strategy Fund Advisors LLP	2,280	-
		Edelweiss Wealth Advisors LLP	14,472,027	-
19	Share of loss from partnership firm	Edelweiss Wealth Advisors LLP	-	10,050,598
20	Purchase of fixed assets from	Edelweiss Securities Limited	44,913	-
		ECap Equities Limited	13,454	-
		EFSL Trading Limited	81,166	-
	Balances with related parties			
21	Short term loans taken from	Edelweiss Commodities Services Limited	250,601,695	324,901,465
22	Trade payables to	Edelweiss Broking Limited	323,987	-
		Edelweiss Commodities Services Limited	237,634	-
		Edelweiss Business Services Limited	5,698,439	20,338
		EFSL Trading Limited	265,558	-
23	Interest payable on loans taken from	Edelweiss Commodities Services Limited	789,947	8,495,642
24	Other payables to	Edelweiss Securities Limited	185,000	-
		ECap Equities Limited	94,000	-



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

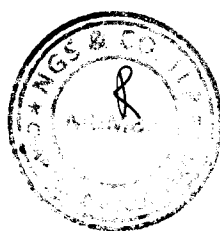
2.26 Related Parties (continued)

ii. Transactions with related parties (continued)

Sr. No.	Nature of transaction	Related party name	As at 31 Mar 2018	As at 31 Mar 2017
25	Partner's current account - receivable from	Edelweiss Wealth Advisors LLP	517,227	9,782,402
		Edelweiss Multi Strategy Fund Advisors LLP	2,280	-
26	Investments in partnership firm	Edelweiss Wealth Advisors LLP	33,000	33,000
		Edelweiss Multi Strategy Fund Advisors LLP	10	-
27	Trade receivables from	Edelweiss Securities Limited	-	22,128,580
28	Other receivable from	Edelweiss Securities Limited	-	98,000
		Edelweiss Finance & Investments Limited	-	523,000
		ECL Finance Limited	307,000	139,000
		Edel Commodities Limited	-	188,000
		Edelweiss Financial Services Limited	3,000	-
		Edelcap Securities Limited	648,000	-
		Edelweiss Commodities Services Limited	61,000	-
29	Interest receivable on margins placed with	Edelweiss Securities Limited	-	9,348
		Edelweiss Custodial Services Limited	709,856	7,591
30	Margins placed with	Edelweiss Securities Limited	-	3,321,521
		Edelweiss Custodial Services Limited	299,165,921	167,660,675

Note: 1. Loan given/taken to/from related parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.

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



Edelweiss Capital Markets Limited
Notes to the financial statements (continued)
(Currency: Indian Rupees)

2.27 Auditors' remuneration

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
As auditors	185,000	185,000
Total	185,000	185,000

2.28 Details of purchase, sale and change in stock-in-trade of securities

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening stock		
Equity shares	112,751,749	253,031,573
Mutual fund	-	59,275,461
Subtotal	112,751,749	312,307,034
Purchase		
Equity shares	253,204,029	630,422,107
Mutual fund	5,320,000,000	-
Subtotal	5,573,204,029	630,422,107
Sales		
Equity shares	452,129,990	909,242,319
Mutual fund	5,217,591,843	74,824,293
Subtotal	5,669,721,833	984,066,612
Closing stock		
Equity shares	6,879,837	112,751,749
Mutual fund	-	-
Subtotal	6,879,837	112,751,749
(Loss)/profit on trading of securities	(9,354,108)	154,089,220



Edelweiss Capital Markets Limited

Notes to the financial statements *(continued)*

(Currency: Indian Rupees)

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

A) Defined contribution plan (provident fund)

Amount of Rs. 10,68,062 (Previous year: Rs. 494,934) is recognised as expenses and included in "employee benefit" – Notes 2.22 in the statement of profit and loss.

B) Defined benefit plan (gratuity):

The following tables summarise the components of the net employee benefit expenses recognised in the statement of profit and loss and amounts recognised in the balance sheet for the gratuity benefit plan.

Statement of profit and loss of the year

Net employees benefit expenses (recognised in employee cost):

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	420,617	277,261
Interest on defined benefit obligation	155,000	75,000
Actuarial (gain)/Loss	(195,000)	163,000
Past Service Cost	296,000	-
Total included in employee benefit expenses	676,617	515,261

Balance sheet

Details of provision for gratuity:

	As at 31 Mar 2018	As at 31 Mar 2017
Liability at the end of the year	2,773,340	1,533,261
Amount in balance sheet	2,773,340	1,533,261



Edelweiss Capital Markets Limited
Notes to the financial statements (continued)
(Currency: Indian Rupees)

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

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
Liability at the beginning of the year	1,533,261	70,000
Transfer in / (out)	740,000	948,000
Benefits Paid	(176,538)	-
Interest cost	155,000	75,000
Current service cost	420,617	277,261
Past service cost	296,000	-
Actuarial (gain)/loss on obligations	(195,000)	163,000
Liability at the end of the year	2,773,340	1,533,261

Non-current liability at the end of the year – Rs. 24,32,000/-

Current liability at the end of the year – Rs. 341,340/-

Amount recognised in the balance sheet:

	As at 31 Mar 2018	As at 31 Mar 2017
Liability at the end of the year	2,773,340	1,533,261
Fair value of plan assets at the end of year	-	-
Amount recognized in balance sheet	2,773,340	1,533,261

Experience adjustment:

	For the year ended 31 March 2018	For the year ended 31 March 2017
On plan liabilities (gain)/loss	(103,000)	103,000
On plan assets (gain)/loss	-	-
Estimated contribution for next year	(103,000)	103,000

Principle actuarial assumptions at the balance sheet date:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate current	7.30%	6.80%
Salary escalation current	7.00%	7.00%
Employees attrition rate	13%-25%	13%-25%



Edelweiss Capital Markets Limited
Notes to the financial statements (continued)
(Currency: Indian Rupees)

2.30 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)	204,433,623	22,501,573
	Less: dividend on preference share capital	-	-
	Net profit for the year attributable to equity shareholders	204,433,623	22,501,573
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each		
	Number of shares outstanding at the beginning of the year	6,300,000	6,300,000
	Number of Shares issued during the year	-	-
	Total number of equity shares outstanding at the end of the year	6,300,000	6,300,000
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	6,300,000	6,300,000
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	32.45	3.57

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

2.31 The following derivative contracts have open interests as at the balance sheet date:

a) Open interests in currency futures as at 31 March 2018: Nil

Open interests in currency futures as at 31 March 2017:

		Long Position		Short Position	
Currency Pair	Maturity grouping	Number of contracts	Number of units	Number of contracts	Number of units
USD INR	< 1 month	-	-	51,500	51,500,000



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.31 The following derivative contracts have open interests as at the balance sheet date:

b) Option contracts outstanding as at 31 March 2018:

Option type	Premium Paid (Net of provision made)	Premium Received (Net of provision made)
Currency	-	(83,550)

Option contracts outstanding as at 31 March 2017:

Option type	Premium Paid (Net of provision made)	Premium Received (Net of provision made)
Equity Index	-	(69,875)
Currency	5,345,000	(26,096,163)

2.32 Capital commitments and contingent liabilities

The Company has capital commitments of Rs. 425,532/- (Previous year Rs.71,000/-) towards fixed assets as at the balance sheet date and there are no contingent liabilities as at the balance sheet date (Previous year Rs. Nil).

2.33 Details of dues to micro, and small enterprises

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

2.34 Cost Sharing

Edelweiss Financial Services Limited, being the ultimate 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, area occupied, actual identifications, etc. Accordingly, and as identified by the management, the expenditure heads in notes 2.24 include reimbursements paid based on the management's best estimate.



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.35 Earnings and expenditure in foreign currency

The Company did not have any earnings or expenditure in foreign currency during the reporting year (previous year Rs. Nil).

2.36 Additional disclosure on fixed deposits

The Company has pledged fixed deposits aggregating to Rs. 4,875,000 (Previous year: Rs. 4,875,000) with Bombay Stock Exchange for meeting margin requirements.

2.37 Disclosure on specified bank notes (SBN's) pursuant to notification as per amended Schedule III of the Companies Act, 2013:

As at 31 March 2018: Not Applicable

As at 31 March 2017:

	SBNs	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 Capital Markets Limited
Notes to the financial statements (*continued*)
(Currency: Indian Rupees)

2.38 Previous year comparatives

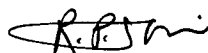
Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.:119850W



R .P. Soni

Partner

Membership No.:104796



Mumbai

30 April 2018

For and on behalf of the Board of Directors



Nilesh Sampat
Director
DIN: 03116694



Ankit Aditya
Director
DIN: 07792371



Suzette Pereira
Company Secretary

Mumbai

30 April 2018