

Independent Auditors' Report

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 2015, 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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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.

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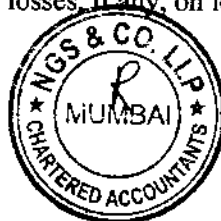
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 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 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of section 164(2) of the Act;
 - f. 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;



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

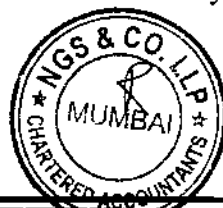


Place: Mumbai
Date: 14 May 2015

Annexure 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 2015, 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 fixed assets have been physically verified by the management during the year as per the phased programme, designed to cover all the items 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.
- (ii) (a) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities and warehouse receipts in respect of commodities held as inventory at reasonable intervals during the year.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records in respect of inventory. No material discrepancies have been noticed on physical verification of stock in trade.
- (iii) (a) As informed, the Company has granted unsecured demand loan to one fellow subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013.
- (b) The above party is regular in repayment of interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loan is repayable on demand. Accordingly paragraph 3 (iii) (c) of the order is not applicable to the Company in respect of repayment of the principal amount.
- (c) There is no overdue amount of more than rupees one lakh in respect of the loan given to the above party covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, we have not observed any major weakness in the internal control system during the course of the audit.



- (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 of the 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, wealth tax, service tax, sales tax, value added 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, 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, wealth tax, sales tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 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 wealth tax, sales tax, service tax, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax on account of dispute, is as follows:

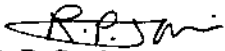
Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4,326,640	A.Y.2012-13	CIT (A)

- (c) According to the information and explanation given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, the Company does not owe any dues to a financial institution, bank or debenture holders. Accordingly, the provisions of clause 3(ix) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, no term loan has been taken by the Company during the previous financial year.



- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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



R. P. Soni

Partner

Membership No.:104796

Place: Mumbai

Date: 14 May 2015



Edelweiss Capital Markets Limited

Balance Sheet

(Currency: Indian Rupees)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	3,000,000	1,800,000
Reserves and surplus	2.2	77,010,096	33,841,913
		<u>80,010,096</u>	<u>35,641,913</u>
Non-current liabilities			
Long-term provisions	2.3	291,000	-
Current liabilities			
Short-term borrowings	2.4	521,747,135	-
Trade payables		97,148,862	728,775
Other current liabilities	2.5	49,341,590	19,080
Short-term provisions	2.6	7,650,733	15,313
		<u>675,888,320</u>	<u>763,168</u>
TOTAL		<u>756,189,416</u>	<u>36,405,081</u>
ASSETS			
Non-current assets			
Fixed assets	2.7		
- Tangible assets		9,065	-
Non-current investments	2.8	33,000	-
Deferred tax assets	2.9	107,285	-
Long-term loans and advances	2.10	105,789	5,932,673
		<u>255,139</u>	<u>5,932,673</u>
Current assets			
Inventories	2.11	56,635,715	-
Trade receivables	2.12	3,198,664	-
Cash and cash equivalents	2.13	1,598,487	956,836
Short-term loans and advances	2.14	20,823,179	29,372,899
Other current assets	2.15	673,678,232	142,673
		<u>755,934,277</u>	<u>30,472,408</u>
TOTAL		<u>756,189,416</u>	<u>36,405,081</u>

Significant accounting policies and notes to the financial statements

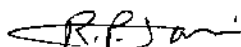
1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.:119850W



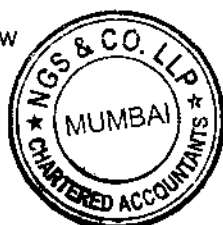
R. P. Soni

Partner

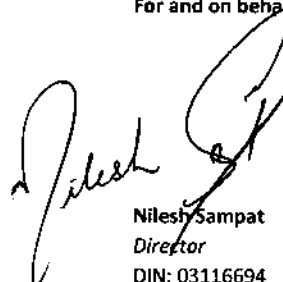
Membership No.:104796

Mumbai

14 May 2015



For and on behalf of the Board of Directors



Nilesh Sampat
Director
DIN: 03116694



Ajay Manglunia
Director
DIN: 02861202

Edelweiss Capital Markets Limited

Statement of Profit and Loss

(Currency: Indian Rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operations			
Income from treasury operations	2.16	580,530,339	114,381,610
Sale of commodities		1,628,880,787	986,266,250
Other operating revenue	2.17	60,139,113	11,937,111
Total revenue		2,269,550,239	1,112,584,971
Expenses			
Purchases of commodities		1,877,015,195	1,020,115,500
Employee benefit expenses	2.18	1,908,785	500,000
Finance costs	2.19	187,533,284	41,191,686
Depreciation and amortization expenses	2.7	385	-
Other expenses	2.20	135,732,119	23,500,728
Total expenses		2,202,189,768	1,085,307,914
Profit before tax		67,360,471	27,277,057
Tax expense:			
Income tax (Includes short provisions for earlier years Rs. Nil (Previous year: Rs. 210,891) and excess provision for earlier years Rs. 573,243 (Previous year: Rs. Nil))		24,299,573	634,252
Deferred tax		(107,285)	65,455
Profit for the year		43,168,183	26,577,350
Earnings per equity share (face value of Rs.10 per share)			
Basic	2.26	233.43	147.65
Diluted		233.43	147.65
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

Partner

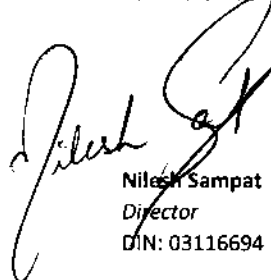
Membership No.:104796

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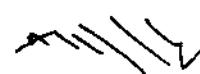
14 May 2015



For and on behalf of the Board of Directors



Nilesh Sampat
Director
DIN: 03116694



Ajay Manglunia

Director

DIN: 02861202

Edelweiss Capital Markets Limited

Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
Profit before taxation	67,360,471	27,277,057
Adjustments for		
Depreciation	385	-
Gratuity and compensated expenses	310,000	-
Interest income	(6,205,337)	(4,881,699)
Interest expense	109,973,265	41,191,526
Operating cash flow before working capital changes	171,438,784	63,586,884
Adjustments for		
(Increase)/decrease in trade receivables	(3,198,663)	11,005,660
Increase in stock in trade	(56,635,715)	-
Increase in loans and advances	(11,993,689)	(301,575)
(Increase)/decrease in other assets	(671,079,255)	240,106,370
Increase/(decrease) in liabilities and provisions	140,360,299	(1,984,086)
Cash (used in)/generated from operations	(431,108,239)	312,413,253
Income tax paid	(15,785,242)	(7,478,524)
Net cash (used in)/generated from operating activities - A	(446,893,481)	304,934,729
B Cash flow from investing activities		
Purchase of fixed assets	(9,450)	-
Investment in partnership firm	(33,000)	-
Interest received	3,749,033	4,739,135
Decrease/(Increase)in loans and advances (net) (Refer note 2)	25,472,381	(27,172,381)
Net cash generated from/(used in) Investing activities - B	29,178,964	(22,433,246)
C Cash flow from financing activities		
Proceeds from issue of share capital including securities premium	1,200,000	-
Proceeds from / Repayment of short term/long term borrowings (net) (Refer note 2)	521,747,135	(241,977,731)
Interest paid	(104,590,967)	(41,508,570)
Net cash generated from/(used in) financing activities - C	418,356,168	(283,486,301)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	641,651	(984,818)
Cash and cash equivalents as at the beginning of the year	956,836	1,941,654
Cash and cash equivalents as at the end of the year (Refer note 1)	1,598,487	956,836

Notes:

1 Cash and cash equivalents include the following: (refer note 2.13)

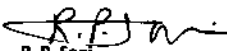
Balances with scheduled banks:

In current accounts	1,598,487	956,836
Cash and cash equivalents	1,598,487	956,836

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

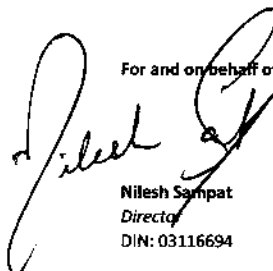
As per our report of even date attached.

For NGS & Co. LLP
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R. P. Soni
Partner
Membership No.:104796
Mumbai
14 May 2015



For and on behalf of the Board of Directors


Nitesh Sampat
Director
DIN: 03116694


Ajay Manglunia
Director
DIN: 02861202

Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015

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), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian rupees.

1.2 Use of estimates

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

1.3 Current-non-current classification

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

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within 12 months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within 12 months after the reporting date; or
- d. 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 financial liabilities.

All other liabilities are classified as non-current.



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

1. Significant accounting policies (continued)

1.4 Revenue recognition

- Fee income including advisory fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Income from treasury operations comprises of profit/loss on sale of securities, profit/loss on equity derivatives, commodity derivatives and currency 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 are 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, a valuation technique is 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.
- Interest income is recognised on accrual basis.
- Sale of commodity is recognized when all the significant risks and rewards have been passed to the buyer.
- 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.

1.5 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 are valued at lower of weighted average cost or market value. In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- Stock in trade in the form of commodities are valued at weighted average cost or net realisable value, whichever is lower.

1.6 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) and 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.



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

1. Significant accounting policies (continued)

1.6 Taxation (continued)

Deferred tax

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

Minimum alternative tax (MAT) Credit

MAT credit asset is recognized when 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.

1.7 Fixed assets and depreciation

Tangible fixed 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.

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 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 vehicle	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

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



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (*continued*)

1. Significant accounting policies (*continued*)

1.7 Fixed assets and depreciation (*continued*)

Intangible fixed assets

Intangibles such as software are amortised over a period of 3 years based on its estimated useful life.

1.8 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share as prescribed under section 133 of the Companies Act 2013 ('Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic 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 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.

1.9 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.

1.10 Employee benefits

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

Provident fund

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



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (*continued*)

1. Significant accounting policies (*continued*)

1.10 Employee benefits (*continued*)

Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, 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 recognizes 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 ceiling. The Company recognizes 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.



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.1 Share capital		
Authorised :		
5,000,000 (Previous year: 5,000,000) Equity shares of Rs. 10 each	50,000,000	50,000,000
5,000,000 (Previous year: 5,000,000) Preference shares of Rs. 10 each	50,000,000	50,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up:		
300,000 (Previous year: 180,000) Equity shares of Rs. 10 each	3,000,000	1,800,000
	<u>3,000,000</u>	<u>1,800,000</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	180,000	180,000
Shares issued during the year	120,000	-
Number of shares outstanding at the end of the year	<u>300,000</u>	<u>180,000</u>
Reconciliation of share capital:		
Share capital at the beginning of the year	1,800,000	1,800,000
Share capital issued during the year	1,200,000	-
Share capital at the end of the year	<u>3,000,000</u>	<u>1,800,000</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	28,641,913	2,064,563
Add: Profit for the year	43,168,183	26,577,350
Net surplus in the statement of profit and loss	<u>71,810,096</u>	<u>28,641,913</u>
	<u>77,010,096</u>	<u>33,841,913</u>

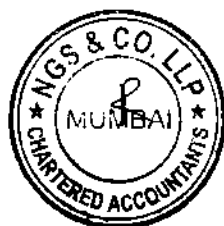


Edelweiss Capital Markets Limited

Notes to the financial statements (*continued*)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.3 Long-term provisions		
Provision for employee benefits		
Gratuity	212,000	-
Compensated leave absences	79,000	-
	<u>291,000</u>	<u>-</u>
2.4 Short-term borrowings		
<i>Unsecured</i>		
Loan from holding company (repayable on demand, at variable rate of interest)	521,747,135	-
	<u>521,747,135</u>	<u>-</u>
2.5 Other current liabilities		
Interest accrued and due on borrowings	5,382,298	-
Premium received on exchange traded options	34,491,067	-
Other payables		
TDS, service tax and other taxes payable	9,262,785	19,080
Others	205,440	-
	<u>49,341,590</u>	<u>19,080</u>
2.6 Short-term provisions		
Provision for employee benefits		
Leave accumulation	19,000	-
Others		
Provision for taxation (Net of advance tax and tax deducted at source Rs. 16,640,075; Previous year: Rs. 145,827)	7,631,733	15,313
	<u>7,650,733</u>	<u>15,313</u>



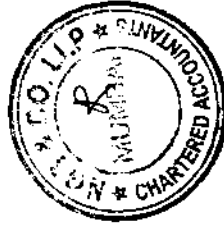
Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency : Indian rupees)

2.7 Fixed assets

Description of Assets	Gross Block			Depreciation			Net Block		
	As at 1 April 2014	Additions during the year	Deductions / adjustments during the year	As at 31 March 2015	As at 1 April 2014	Charged for the year	Deductions during the year	As at 31 March 2015	As at 31 March 2014
Tangible assets									
Office equipment	-	9,450	-	9,450	-	385	-	385	9,065
Total :	-	9,450	-	9,450	-	385	-	385	9,065
Previous Year	-	-	-	-	-	-	-	-	-



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

2.8 Non-current investments - at cost

	As at 31 March 2015 Amount	As at 31 March 2014 Amount
Investments in partnership firm		
- Capital account	33,000	-
	<u>33,000</u>	<u>-</u>
Aggregate of unquoted investment		
- At book value	33,000	-

(a) Details of investments in partnership firm

Partnership firm	Total Capital	31 March 2015	31 March 2014
Forefront Wealth Advisors LLP	Rs. 100,000 (Previous year Rs. Nil)		
	Edelweiss Commodities Services Limited	34%	-
	Edelweiss Capital Markets Limited	33%	-
	ECap Equities Limited	33%	-



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.9 Deferred tax assets		
Deferred tax assets		
<i>Tax effect of timing differences on account of:</i>		
Disallowances under section 43B of the Income Tax Act, 1961	<u>107,285</u>	-
	<u>107,285</u>	-
2.10 Long-term loans and advances		
Unsecured, considered good		
Other deposits	20,000	20,000
(Current year Rs. 20,000 (Previous year Rs. 20,000), marked as lien in favour of Commissioner of Value Added Tax, Gujarat)		
Other loans and advances		
Advance income taxes and tax deducted at source (Net of income tax provision Rs. 3,288,531; Previous year: Rs. 281,037)	85,789	5,912,673
	<u>105,789</u>	<u>5,932,673</u>
2.11 Inventories		
Securities		
Mutual funds (unquoted)	56,635,715	-
	<u>56,635,715</u>	-
Aggregate of stock-in-trade in mutual funds (unquoted)		
- At book value	56,635,715	-
- Net asset value	75,135,849	-



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.11 Inventories (continued)

Details of Inventories

	As at 31 March 2015			As at 31 March 2014		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<u>Mutual funds (unquoted)</u>						
Birla Sun Life Midcap Fund-Plan-Growth-Regular Plan	10	87,217	12,500,000	-	-	-
Franklin India Prima-Growth option	10	27,874	16,134,766	-	-	-
HDFC mid-cap opportunities fund-Growth option	10	485,909	12,341,234	-	-	-
Sundaram S.M.I.L.E.Fund-Growth	10	286,940	15,659,715	-	-	-
			<u>56,635,715</u>			<u>-</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.12 Trade receivables		
Other debts		
Unsecured, considered good		
Trade receivables from non related parties	984,224	-
Trade receivables from related parties	2,214,440	-
	<u>3,198,664</u>	<u>-</u>
2.13 Cash and cash equivalents		
Balances with banks		
- in current accounts	1,598,487	956,836
	<u>1,598,487</u>	<u>956,836</u>
2.14 Short-term loans and advances		
<i>Unsecured, considered good</i>		
Loan and advances to others	1,700,000	27,172,381
Other loans and advances		
Rental deposits	-	300,000
Prepaid expenses	15,394	5,082
Vendor advances	1,655	-
Cenvat and VAT assets	12,620,214	338,493
Advance tax and tax deducted at source (Net of income tax provision Rs. Nil; Previous year: Rs. 3,288,531)	6,485,916	85,789
MAT credit entitlement	-	1,471,154
	<u>20,823,179</u>	<u>29,372,899</u>
2.15 Other current assets		
Accrued interest on loans given	2,598,868	142,564
Accrued interest on margin	1,849,269	109
Currency options premium paid	2,760,000	-
Equity Index/Stock Options Premium Account	58,188,652	-
Margin placed with broker	608,281,443	-
	<u>673,678,232</u>	<u>142,673</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.16 Income from treasury operations		
Profit on trading of securities (net)	65,270,751	66,202,507
Profit/(loss) on trading in equity derivative instruments (net)	523,877,709	(63,526,452)
Loss on trading in commodity derivative instruments (net)	-	(60,550,000)
(Loss)/profit on trading in currency derivative instruments (net)	(9,901,838)	145,095,361
Dividend on stock in trade	1,289,157	27,160,194
Share of loss in partnership firm	(5,440)	-
	<u>580,530,339</u>	<u>114,381,610</u>
2.17 Other operating revenue		
Interest income on loan	3,610,247	4,881,699
Interest income on fixed deposits	2,595,090	-
Interest income on margin with brokers	35,738,768	7,055,412
Interest income on overdue accounts	18,195,008	-
	<u>60,139,113</u>	<u>11,937,111</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.18 Employee benefit expenses		
Salaries and wages (Refer note 2.28)	1,827,901	500,000
Contribution to provident and other funds	56,304	-
Staff welfare expenses	24,580	-
	<u>1,908,785</u>	<u>500,000</u>
2.19 Finance costs		
Interest on loan from holding company	109,973,265	41,277,480
Interest - others	77,559,991	(85,954)
Financial and bank charges	28	160
	<u>187,533,284</u>	<u>41,191,686</u>
2.20 Other expenses		
Auditors' remuneration (Refer note 2.23)	115,000	100,000
Bad- debts written off	-	90,000
Communication	60,000	-
Clearing and custodian charges	410,000	190,000
Dematerialisation charges	-	20,500
Electricity charges (Refer note 2.28)	16,235	-
Legal and professional fees	263,440	46,740
Membership and subscription	573,567	-
Office expenses	29,542	78,302
Printing and stationery	7,664	1,339
Rates and taxes	4,205	3,100
Rating support fees	-	4,400,000
Rent (Refer note 2.28)	530,979	750,975
Repairs and maintenance	(20,822)	17,116
ROC Expenses	4,050	-
Security transaction tax	90,001,678	11,946,698
Seminar and conference	-	-
Service tax expenses	5,905,961	1,567,902
Site related expenses	-	-
Stamp duty	29,402,841	4,280,187
Stock exchange expenses	156,978	7,869
Travelling and conveyance	49,500	-
Warehousing charges	8,221,301	-
	<u>135,732,119</u>	<u>23,500,728</u>



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian Rupees)

2.21 Segment reporting

The Company has operated only in one business segment during the year viz. capital based business comprising of trading and investment activities. Therefore, the Company has only one reportable business segment, the results of which are disclosed in the financial statements. Since business operations of the Company are concentrated in India, the Company is considered to operate only in domestic segment and therefore there is no reportable geographical segment.

2.22 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)	EFSL Comtrade Limited Edelweiss Web Services Limited Edelweiss Securities Limited Edelweiss Financial Advisors Limited (upto 09 December 2014) Edel Commodities Trading Limited Edel Land Limited Edelweiss Global Wealth Management Limited Edelweiss Integrated Commodity Management Limited (from 24 July 2014)
Enterprise over which significant influence is exercised	Forefront Wealth Advisors LLP (Partnership firm) (from 03 September 2014)

ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2015	Amount 31 March 2014
	Capital Account Transactions during the year			
1	Investment in partnership firm	Forefront Wealth Advisors LLP	33,000	-
2	Issue of equity share capital to	Edelweiss Commodities Services Limited	1,200,000	-
3	Short term loans taken from (refer note below)	Edelweiss Commodities Services Limited	2,040,141,473	3,116,500,000
4	Short term loans repaid to (refer note below)	Edelweiss Commodities Services Limited	1,518,394,338	3,358,477,731
5	Long term loans given to (refer note below)	Edelweiss Commodities Services Limited EFSL Comtrade Limited	- 673,000,000	115,000,000 -
6	Long term loans repaid by (refer note below)	Edelweiss Commodities Services Limited EFSL Comtrade Limited	- 673,000,000	115,000,000 -
7	Short term loans given to (refer note below)	Edelweiss Commodities Services Limited	-	6,844,538
8	Short term loans repaid by (refer note below)	Edelweiss Commodities Services Limited	-	6,844,538



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian Rupees)

2.22 Related Parties (continued)

ii. Transactions with related parties (continued)

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2015	Amount 31 March 2014
9	Nomination deposits received from	Edelweiss Commodities Services Limited	200,000	-
10	Margins placed with (refer note below)	Edelweiss Securities Limited	1,518,316,994	272,907,533
11	Margins withdrawn from (refer note below)	Edelweiss Securities Limited	907,828,296	513,097,941
		Edelweiss Financial Advisors Limited	-	10,000,000
	Current Account Transactions during the year			
12	Purchase of commodities from	Edelweiss Commodities Services Limited	1,877,015,195	1,020,115,500
13	Sale of commodities to	Edelweiss Commodities Services Limited	-	986,266,250
		Edel Commodities Trading Limited	87,572,557	-
		Edel Land Limited	292,826,699	-
		EFSL Comtrade Limited	917,349,975	-
		Edelweiss Web Services Limited	331,131,556	-
14	Interest income on loans given to	Edelweiss Commodities Services Limited	-	3,976,204
		EFSL Comtrade Limited	2,876,384	-
15	Interest income on margins placed with	Edelweiss Securities Limited	35,738,768	6,898,683
		Edelweiss Financial Advisors Limited	-	156,712
16	Interest income on delayed payments to	Edel Commodities Trading Limited	1,086,802	-
		Edel Land Limited	3,641,955	-
		EFSL Comtrade Limited	9,883,256	-
		Edelweiss Web Services Limited	3,582,995	-
17	Net amount incurred on settlement of forward contracts	Edelweiss Global Wealth Management Limited	-	18,100,000
18	Warehousing income from	Edel Commodities Trading Limited	273,700	-
		Edel Land Limited	957,950	-
		EFSL Comtrade Limited	2,524,500	-
		Edelweiss Web Services Limited	1,047,200	-
19	Interest expense on loan taken from	Edelweiss Commodities Services Limited	109,973,265	41,277,480
20	Interest paid on delayed payments to	Edelweiss Commodities Services Limited	76,850,986	-
21	Reimbursements paid to	Edelweiss Financial Services Limited	10,205,627	9,375,303
		Edelweiss Commodities Services Limited	400	-
		Edelweiss Web Services Limited	600	-
22	Clearing charges paid to	Edelweiss Securities Limited	410,000	-



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian Rupees)

2.22 Related Parties (continued)

ii. Transactions with related parties (continued)

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2015	Amount 31 March 2014
23	Rating support fees paid to	Edelweiss Financial Services Limited	-	4,400,000
24	Cost reimbursements paid to	Edelweiss Securities Limited	500,500	500,500
		Edelweiss Commodities Services Limited	144,864	-
25	Processing fees paid to	Edelweiss Web Services Limited	380	-
26	Warehousing expense paid to	Edelweiss Integrated Commodity Management Limited	147,333	-
		Edelweiss Commodities Services Limited	12,535,334	-
27	Share of loss from partnership firm	Forefront Wealth Advisors LLP	5,440	-
	Balances with Related Parties			
28	Short term loans taken from	Edelweiss Commodities Services Limited	521,747,135	-
29	Trade payables to	Edelweiss Securities Limited	511,800	562,262
		Edelweiss Financial Services Limited	39,431	-
		Edelweiss Commodities Services Limited	95,593,133	-
		Edelweiss Web Services Limited	389	-
		Forefront Wealth Advisors LLP	5,440	-
		Edelweiss Integrated Commodity Management Limited	132,600	-
30	Interest payable on loans taken from	Edelweiss Commodities Services Limited	5,382,298	-
31	Nomination deposits payable to	Edelweiss Commodities Services Limited	200,000	-
32	Investments in partnership firm	Forefront Wealth Advisors LLP	33,000	-
33	Trade receivables from	Edelweiss Securities Limited	2,207,255	-
34	Interest receivable on loans given to	EFSL Comtrade Limited	2,588,745	-
35	Interest receivable on margins placed with	Edelweiss Securities Limited	1,849,269	-
36	Margins placed with	Edelweiss Securities Limited	608,281,443	-

Note: 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.



Edelweiss Capital Markets Limited

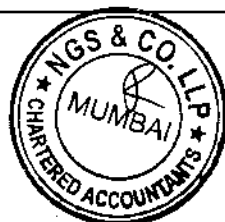
Notes to the financial statements for the year ended 31 March 2015 (continued)

2.23 Auditors' remuneration

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
As Auditors	115,000	100,000
Total	115,000	100,000

2.24 Details of purchase, sale and change in stock in trade:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Securities		
Opening stock		
Equity shares	-	-
Mutual fund	-	-
Others	-	-
Subtotal	-	-
Purchase		
Equity shares	2,845,696,774	2,889,179,627
Mutual fund	774,000,000	-
Others	50,000,000	-
Subtotal	3,669,696,774	2,889,179,627
Sales		
Equity shares	2,834,657,849	2,955,382,134
Mutual fund	792,689,738	-
Others	50,984,223	-
Subtotal	3,678,331,810	2,955,382,134
Closing stock		
Equity shares	-	-
Mutual fund	56,635,715	-
Others	-	-
Subtotal	56,635,715	-
Profit on trading of securities	65,270,751	66,202,507



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 *(continued)*

2.24 Details of purchase, sale and change in stock in trade: *(continued)*

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Commodities		
Opening stock		
Bullion	-	-
Agri	-	-
Subtotal	-	-
Purchase		
Bullion	-	1,020,115,500
Agri	1,877,015,195	-
Subtotal	1,877,015,195	1,020,115,500
Sales		
Bullion	-	986,266,250
Agri	1,628,880,787	-
Subtotal	1,628,880,787	986,266,250
Closing stock		
Bullion	-	-
Agri	-	-
Subtotal	-	-
Loss on trading of commodities	(248,134,408)	(33,849,250)



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

2.25 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 2015	For the year ended 31 March 2014
Liability at the beginning of the year	-	-
Transfer in / (out)	91,000	-
Interest cost	8,000	-
Current service cost	59,000	-
Actuarial (gain)/loss on obligations	54,000	-
Liability at the end of the year	212,000	-

Non-current liability at the end of the year 212,000/-

Current liability at the end of the year Nil

Amount recognised in the balance sheet:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Liability at the end of the year	212,000	-
Fair value of plan assets at the end of year	-	-
Amount recognized in balance sheet	212,000	-

Principle actuarial assumptions at the balance sheet date:

	For the year ended 31 March 2015	For the year ended 31 March 2014
Discount rate current	7.80%	-
Salary escalation current	7.00%	-
Employees attrition rate	13%-25%	-



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

2.26 Earnings per share

In accordance with Accounting Standard 20 on Earnings per share as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:			
	Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
(a)	Profit after tax (as per statement of profit and loss)	43,168,183	26,577,350
	Less: dividend on preference share capital	-	-
	Net profit for the year attributable to equity shareholders	43,168,183	26,577,350
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each		
	Number of shares outstanding at the beginning of the year	180,000	180,000
	Number of Shares issued during the year	120,000	-
	Total number of equity shares outstanding at the end of the year	300,000	180,000
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	184,932	180,000
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	233.43	147.65

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

2.27 Details of dues to micro, small and medium enterprises

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



Edelweiss Capital Markets Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

2.28 Cost Sharing

Fellow subsidiaries, Edelweiss Securities Limited (ESL) and Edelweiss Commodities Services Limited (ECSL), incur expenditure like common senior management compensation cost, electricity and rent which is for the benefit of the Company. These costs so expended are reimbursed by the Company on the basis of number of employees, area occupied and time spent by employees of ESL and ECSL for the Company, actual identifications etc. Accordingly, and as identified appropriately, the expenditure heads in note 2.18 and 2.20 are gross of the reimbursement.

2.29 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).

2.30 Operating leases

The Company has taken premises on operating lease. Gross rental expenses for the year ended 31 March 2015 aggregated to Rs. 399,900 (Previous year Rs. 750,975) which has been included under the head operating and other expenses – rent in the statement of profit and loss.

2.31 Capital commitments and contingent liabilities

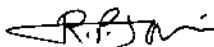
The Company has no capital commitments and contingent liabilities as at the balance sheet date (Previous year Rs. Nil).

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



For and on behalf of the Board of Directors



Nilesh Sampat

Director

DIN: 03116694



Ajay Manglunia

Director

DIN: 02861202

Mumbai

14 May 2015