

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 2016, 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

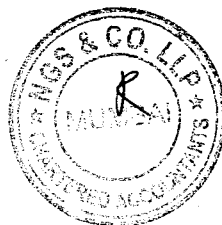
Our responsibility is to express an opinion on these financial statements based on our audit.

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.



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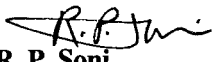
Opinion

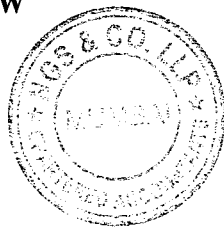
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss 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, 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 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of section 164(2) of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company 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: 10 May 2016

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 2016, 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 and warehouse receipts in respect of commodities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) As informed, during the year the Company has not granted any fresh 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. In respect of unsecured interest bearing loan granted in earlier year to one company covered in the register maintained under Section 189 of the Companies Act, 2013 which have been repaid during the year:
 - (a) In our opinion and according to the information and explanation given to us, the terms and conditions of above loan are prima facie not prejudicial to the interest of the Company.
 - (b) The borrower has been regular in repayment of the principal and payment of interest as stipulated.
 - (c) There is no overdue amount in respect of above loan granted to a company listed in the register maintained under section 189 of the Act.
- (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 loans and advances given and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any activities conducted and services rendered by the Company.



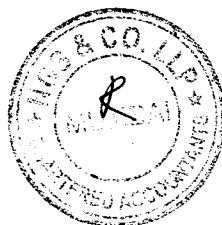
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, services tax, sales tax, value added 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, services tax, sales tax, value added 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 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:

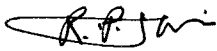
Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4,326,640	A.Y.2012-13	CIT (A)

- (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 give 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 give 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) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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



R. P. Soni
Partner
Membership No.:104796



Place: Mumbai
Date: 10 May 2016

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 2016 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 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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: 10 May 2016

Edelweiss Capital Markets Limited

Balance Sheet

(Currency: Indian Rupees)

	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	63,000,000	3,000,000
Reserves and surplus	2.2	2,019,495	77,010,096
		<u>65,019,495</u>	<u>80,010,096</u>
Non-current liabilities			
Long-term provisions	2.3	93,000	291,000
Current liabilities			
Short-term borrowings	2.4	428,138,212	521,747,135
Trade payables			
Total outstanding due of Micro, Small and Medium enterprises	2.30	-	-
Total outstanding due of creditors other than Micro, Small and Medium enterprises	2.5	1,120,703	97,148,862
Other current liabilities	2.6	59,524,180	49,341,590
Short-term provisions	2.7	6,928,701	7,650,733
		<u>495,711,796</u>	<u>675,888,320</u>
TOTAL		<u>560,824,291</u>	<u>756,189,416</u>
ASSETS			
Non-current assets			
Fixed assets	2.8		
- Tangible assets		14,486	9,065
Non-current investments	2.9	141,672,699	33,000
Deferred tax assets	2.10	36,417	107,285
Long-term loans and advances	2.11	6,914,730	105,789
		<u>148,638,332</u>	<u>255,139</u>
Current assets			
Stock-in-trade	2.12	312,307,034	56,635,715
Trade receivables	2.13	2,069	3,198,664
Cash and cash equivalents	2.14	225,088	1,598,487
Short-term loans and advances	2.15	14,004,383	20,823,179
Other current assets	2.16	85,647,385	673,678,232
		<u>412,185,959</u>	<u>755,934,277</u>
TOTAL		<u>560,824,291</u>	<u>756,189,416</u>

Significant accounting policies and notes to the financial statements.

1 & 2

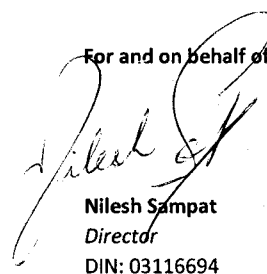
As per our report of even date attached.

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


R. P. Soni
Partner
Membership No.:104796



For and on behalf of the Board of Directors


Nilesh Sampat
Director
DIN: 03116694


Ajay Manglunia
Director
DIN: 02861202

Mumbai
10 May 2016

Edelweiss Capital Markets Limited

Statement of Profit and Loss

(Currency: Indian Rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations			
Income from treasury operations	2.17	(10,672,541)	580,530,339
Sale of commodities		2,785,600,219	1,628,880,787
Other operating revenue	2.18	6,714,169	60,139,113
Other income	2.19	559,926	-
Total revenue		2,782,201,773	2,269,550,239
Expenses			
Purchases of commodities		2,704,474,943	1,877,015,195
Employee benefit expenses	2.20	14,577,463	1,908,785
Finance costs	2.21	105,281,620	187,533,284
Depreciation and amortization expenses	2.8	7,229	385
Other expenses	2.22	34,961,126	135,732,119
Total expenses		2,859,302,381	2,202,189,768
(Loss)/profit before tax		(77,100,608)	67,360,471
Tax expense:			
Income tax (Includes excess provision for earlier years Rs. 29,572 (Previous year: Rs. 573,243))		(29,572)	24,299,573
MAT credit entitlement (Includes entitlement for earlier years Rs. 2,151,303 (Previous year Rs. Nil))		(2,151,303)	-
Deferred tax charge/(benefit)		70,868	(107,285)
(Loss)/profit for the year		(74,990,601)	43,168,183
Earnings per equity share (face value Rs.10 per share)			
Basic	2.28	(205.13)	233.43
Diluted		(205.13)	233.43

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

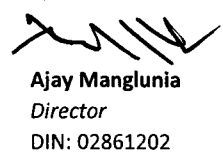


R. P. Soni
Partner
Membership No.:104796



For and on behalf of the Board of Directors


Nilesh Sampat
Director
DIN: 03116694


Ajay Manglunia
Director
DIN: 02861202

Mumbai
10 May 2016

Edelweiss Capital Markets Limited

Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A Cash flow from operating activities		
(Loss)/profit before taxation	(77,100,608)	67,360,471
Adjustments for		
Depreciation	7,229	385
Share of loss from partnership firm	8,701,911	-
Provision for gratuity and compensated absences	(212,000)	310,000
Interest income	(89,204)	(6,205,337)
Interest expense	105,959,939	109,973,265
Operating cash flow before working capital changes	37,267,267	171,438,784
Adjustments for		
Decrease/(increase) in trade receivables	3,196,596	(3,198,663)
Increase in stock in trade	(255,671,319)	(56,635,715)
Decrease/(increase) in loans and advances	784,183	(11,993,689)
Decrease/(increase) in other assets	585,431,979	(671,079,255)
(Decrease)/increase in liabilities and provisions	(100,315,087)	140,360,299
Cash generated from/(used in) operations	270,693,619	(431,108,239)
Income tax paid	(1,001,485)	(15,785,242)
Net cash generated from /(used in) operating activities - A	269,692,134	(446,893,481)
B Cash flow from investing activities		
Purchase of fixed assets	(12,650)	(9,450)
Purchase of investments	(141,639,699)	(33,000)
Contribution in LLP through partner's current account	(3,333,000)	-
Interest received	2,688,071	3,749,033
Decrease in loans and advances (net) (Refer note 2)	1,700,000	25,472,381
Net cash (used in)/generated from investing activities - B	(140,597,278)	29,178,964
C Cash flow from financing activities		
Proceeds from issue of equity share capital	60,000,000	1,200,000
Repayment of/proceeds from short term borrowings (net) (Refer note 2)	(93,608,923)	521,747,135
Interest paid	(96,859,332)	(104,590,967)
Net cash (used in)/generated from financing activities - C	(130,468,255)	418,356,168
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(1,373,399)	641,651
Cash and cash equivalents as at the beginning of the year	1,598,487	956,836
Cash and cash equivalents as at the end of the year (Refer note 1)	225,088	1,598,487

Notes:

1 Cash and cash equivalents include the following:

Balances with scheduled banks:

In current accounts

Cash and cash equivalents (Refer note 2.14)

225,088 1,598,487

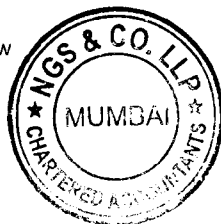
225,088 1,598,487

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
10 May 2016

For and on behalf of the Board of Directors

Nilesh Sampat
Director
DIN: 08116694

Ajay Manglani
Director
DIN: 02861202

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 period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to 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

- 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 dividend 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.

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 Stock-in-trade

- The securities acquired with the intention of short-term holding and 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 cost or net realisable value, whichever is lower.

1.8 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.



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

1.9 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 dilutive potential equity shares.

1.10 Fixed assets and depreciation

Tangible fixed assets and Capital work in progress

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.

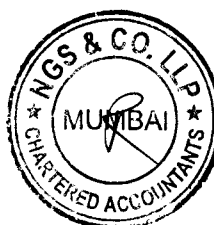
As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the estimated useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule II of the Act for calculating the depreciation. The estimated useful lives of the fixed assets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

Class of assets	Estimated 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

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

Intangible fixed assets

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



Edelweiss Capital Markets Limited

Notes to the financial statements (*continued*)

1. Significant accounting policies (*continued*)

1.11 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.

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*)

1.12 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.

Deferred tax

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

Minimum 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.

1.13 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)

(Currency: Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
2.1 Share capital		
Authorised :		
7,000,000 (Previous year: 5,000,000) Equity shares of Rs. 10 each	70,000,000	50,000,000
3,000,000 (Previous year: 5,000,000) Preference shares of Rs. 10 each	30,000,000	50,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up:		
6,300,000 (Previous year: 300,000) Equity shares of Rs. 10 each	63,000,000	3,000,000
	<u>63,000,000</u>	<u>3,000,000</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	300,000	180,000
Shares issued during the year	6,000,000	120,000
Number of shares outstanding at the end of the year	<u>6,300,000</u>	<u>300,000</u>
Reconciliation of share capital:		
Share capital at the beginning of the year	3,000,000	1,800,000
Share capital issued during the year	60,000,000	1,200,000
Share capital at the end of the year	<u>63,000,000</u>	<u>3,000,000</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	71,810,096	28,641,913
Add: (loss)/profit for the year	(74,990,601)	43,168,183
Net (deficit)/surplus in the statement of profit and loss	<u>(3,180,505)</u>	<u>71,810,096</u>
	<u>2,019,495</u>	<u>77,010,096</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
2.3 Long-term provisions		
Provision for employee benefits		
Gratuity	70,000	212,000
Compensated leave absences	23,000	79,000
	<u>93,000</u>	<u>291,000</u>
2.4 Short-term borrowings		
<i>Unsecured</i>		
Loans and advances from related parties (repayable on demand, at variable rates of interest ranging from 8.47% to 11.50% per annum)	428,138,212	521,747,135
	<u>428,138,212</u>	<u>521,747,135</u>
2.5 Trade payables		
Trade payables from non-related parties	528,140	871,898
Trade payables from related parties (Including sundry creditors and provision for expenses)	592,563	96,276,964
	<u>1,120,703</u>	<u>97,148,862</u>
2.6 Other current liabilities		
Interest accrued and due on borrowings	14,482,905	5,382,298
Premium received on exchange traded options	65,180	34,491,067
Other payables		
Accrued salaries and benefits	4,200,000	-
TDS, service tax and other taxes payable	4,713,178	9,262,785
Book overdraft	30,694,006	-
Payable to partnership firm	5,368,911	205,440
	<u>59,524,180</u>	<u>49,341,590</u>
2.7 Short-term provisions		
Provision for employee benefits		
Compensated leave absences	5,000	19,000
Others		
Provision for taxation (net of advance tax and tax deducted at source)	6,923,701	7,631,733
	<u>6,928,701</u>	<u>7,650,733</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 2015	Additions during the year	As at 31 March 2016	Charge for the year	As at 31 March 2016	As at 31 March 2015
Tangible assets						
Office equipments	9,450	-	9,450	385	4,471	9,065
Computers	-	12,650	12,650	-	3,143	-
Total	9,450	12,650	22,100	385	7,614	9,065
Previous year	-	9,450	9,450	-	385	9,065



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

2.9 Non-current investments - at cost

	As at 31 March 2016			As at 31 March 2015		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Others (quoted)						
Investments in equity instruments of other companies (fully paid up)						
GHCL Limited	10	457,130	61,361,976	-	-	-
Max Financial Services Limited	2	28,182	14,246,613	-	-	-
JK Tyre & Industries Limited	2	81,918	9,179,305	-	-	-
Reliance Communications Limited	5	439,900	36,381,314	-	-	-
Quick Heal Technologies Limited	10	63,771	20,470,491	-	-	-
Others (unquoted)						
Investments in partnership firm						
- Capital account			33,000			33,000
			<u>141,672,699</u>			<u>33,000</u>
Aggregate of unquoted investment						
- At book value			33,000			33,000
Aggregate of quoted investment						
- At carrying value			141,639,699			-
- At market value			105,087,122			-

(a) Details of investments in limited liability partnership firm

Partnership firm	Total Capital	31 March	31 March
	Rs. 100,000 (Previous year Rs. Nil)	2016	2015
Forefront Wealth Advisors LLP	Edelweiss Commodities Services Limited	34%	34%
	Edelweiss Capital Markets Limited	33%	33%
	ECap Equities Limited	33%	33%



Edelweiss Capital Markets Limited

Notes to the financial statements *(continued)*

(Currency: Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
2.10 Deferred tax assets		
Deferred tax assets		
<i>Tax effect of timing differences on account of:</i>		
Difference between book and tax depreciation	770	-
Preliminary expenses	1,730	-
Disallowances under section 43B of the Income Tax Act, 1961	33,917	107,285
	<u>36,417</u>	<u>107,285</u>
2.11 Long-term loans and advances		
Unsecured, considered good		
Other deposits (Current year Rs. 20,000 (Previous year Rs. 20,000), marked as lien in favour of Commissioner of Value Added Tax, Gujarat)	20,000	20,000
Other loans and advances		
Advance income taxes and tax deducted at source (net of income tax provision)	6,894,730	85,789
	<u>6,914,730</u>	<u>105,789</u>
2.12 Stock-in-trade		
Securities		
Equity shares (quoted)	253,031,573	-
Mutual funds (unquoted)	59,275,461	56,635,715
	<u>312,307,034</u>	<u>56,635,715</u>
Aggregate of stock-in-trade in equity shares (quoted)		
- At book value	253,031,573	-
- Market value	262,423,272	-
Aggregate of stock-in-trade in mutual funds (unquoted)		
- At book value	59,275,461	56,635,715



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.12 Stock-in-trade (continued) Details of stock-in-trade

	As at 31 March 2016			As at 31 March 2015		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Securities						
Equity shares (quoted)						
Aegis Logistics Limited	1	68,560	6,646,892	-	-	-
E.I.D.-Parry (India) Limited	1	59,066	11,311,623	-	-	-
Kajaria Ceramics Limited	2	17,821	17,069,845	-	-	-
Spicejet Limited	10	311,500	19,920,425	-	-	-
Balkrishna Industries Limited	2	11,200	6,764,571	-	-	-
SRF Limited	10	8,585	10,425,214	-	-	-
Tube Investments of India Limited	2	14,172	5,485,273	-	-	-
Dhanuka Agritech Limited	2	6,325	3,591,961	-	-	-
Can Fin Homes Limited	10	31,043	32,140,923	-	-	-
Aarti Industries Limited	5	21,098	10,294,658	-	-	-
Relaxo Footwears Limited	1	12,386	4,513,458	-	-	-
Shilpa Medicare Limited	1	13,108	5,610,879	-	-	-
KRBL Limited	1	30,619	6,843,347	-	-	-
Sonata Software Limited	1	4,616	672,782	-	-	-
Ajanta Pharma Limited	2	1,100	1,458,106	-	-	-
Jet Airways (India) Limited	10	91,151	49,886,942	-	-	-
Jagran Prakashan Limited	2	27,589	4,297,172	-	-	-
Solar Industries India Limited	10	2,808	9,199,704	-	-	-
Firstsource Solutions Limited	10	550,274	18,461,693	-	-	-
Motilal Oswal Financial Services Limited	1	13,900	3,798,175	-	-	-
Eclerx Services Limited	10	6,000	7,794,900	-	-	-
Capital First Limited	10	18,174	6,952,307	-	-	-
Hindustan Media Ventures Limited	10	18,671	4,664,949	-	-	-
Gujarat Gas Limited	10	8,442	4,162,928	-	-	-
Fourth Dimension Solutions Limited	10	12,000	1,062,846	-	-	-
			253,031,573			-
Mutual funds (unquoted)						
Birla Sun Life Midcap Fund-Plan-Growth-Regular Plan	10	87,217	12,500,000	10	87,217	12,500,000
Franklin India Prima-Growth option	10	27,874	16,134,766	10	27,874	16,134,766
HDFC mid-cap opportunities fund-Growth option	10	485,909	12,341,234	10	485,909	12,341,234
Sundaram S.M.I.L.E.Fund Regular Plan-Growth	10	286,940	18,299,461	10	286,940	15,659,715
			59,275,461			56,635,715



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
2.13 Trade receivables		
Other debts		
Unsecured, considered good		
Trade receivables from non related parties	-	984,224
Trade receivables from related parties	2,069	2,214,440
	<u>2,069</u>	<u>3,198,664</u>
2.14 Cash and cash equivalents		
Balances with banks		
- in current accounts	225,088	1,598,487
	<u>225,088</u>	<u>1,598,487</u>
2.15 Short-term loans and advances		
<i>Unsecured, considered good</i>		
Loan and advances to others	-	1,700,000
Others		
Advances to others	30,025	-
Prepaid expenses	13,563	15,394
Vendor advances	531	1,655
Cenvat and VAT assets	11,808,961	12,620,214
Advance tax and tax deducted at source (net of income tax provision)	-	6,485,916
MAT credit entitlement	2,151,303	-
	<u>14,004,383</u>	<u>20,823,179</u>
2.16 Other current assets		
Accrued interest on loans given	-	2,598,868
Accrued interest on margin	42,889	1,849,269
Currency options premium paid	1,410,000	2,760,000
Equity index/stock options premium account	-	58,188,652
Margin placed with broker	84,194,496	608,281,443
	<u>85,647,385</u>	<u>673,678,232</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
2.17 Income from treasury operations		
(Loss)/profit on trading of securities (net)	(158,495,523)	65,270,751
(Loss)/profit on trading in equity derivative instruments (net)	(13,845,167)	523,877,709
Profit on trading in commodity derivative instruments (net)	16,227,366	-
Profit/(loss) on trading in currency derivative instruments (net)	4,695,941	(31,280,468)
Profit on trading in interest rate derivatives (net)	17,837,352	21,378,630
Dividend on stock in trade	131,609,401	1,289,157
Share of loss from partnership firm	(8,701,911)	(5,440)
	<u>(10,672,541)</u>	<u>580,530,339</u>
2.18 Other operating revenue		
Interest income on loan	89,204	3,610,247
Interest income on fixed deposits	2,670,761	2,595,090
Interest income on margin with brokers	3,954,204	35,738,768
Interest income on overdue accounts	-	18,195,008
	<u>6,714,169</u>	<u>60,139,113</u>
2.19 Other income		
Excess provision written back	62,567	-
Interest Income - others	497,359	-
	<u>559,926</u>	<u>-</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
2.20 Employee benefit expenses		
Salaries and wages (Refer note 2.31)	14,329,221	1,827,901
Contribution to provident and other funds (Refer note 2.27)	195,254	56,304
Staff welfare expenses	52,988	24,580
	<u>14,577,463</u>	<u>1,908,785</u>
2.21 Finance costs		
Interest on loan from holding company	105,959,939	109,973,265
Interest - others	(678,460)	77,559,991
Financial and bank charges	141	28
	<u>105,281,620</u>	<u>187,533,284</u>
2.22 Other expenses		
Auditors' remuneration (Refer note 2.25)	126,500	115,000
Communication	48,000	60,000
Clearing and custodian charges	307,875	410,000
Electricity charges (Refer note 2.31)	44,997	16,235
Legal and professional fees	428,910	263,440
Membership and subscription	-	573,567
Miscellaneous expenses	28,638	-
Office expenses	32,375	29,542
Printing and stationery	2,095	7,664
Rates and taxes	9,648	4,205
Rent (Refer note 2.31)	407,937	530,979
Repairs and maintenance	500	(20,822)
ROC expenses	1,200	4,050
Security transaction tax	23,258,541	90,001,678
Service tax expenses	1,627,315	5,905,961
Stamp duty	7,477,988	29,402,841
Stock exchange expenses	1,103,007	156,978
Transportation charges	1,000	-
Travelling and conveyance	39,600	49,500
Warehousing charges	15,000	8,221,301
	<u>34,961,126</u>	<u>135,732,119</u>



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.23 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.

2.24 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 Edel Commodities Trading Limited Edel Land Limited Edelweiss Broking Limited Edelweiss Agri Value Chain Limited (formerly known as Edelweiss Integrated Commodity Management Limited)
Enterprise over which significant influence is exercised	Forefront Wealth Advisors LLP (Partnership firm)

ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	For the year ended 31 March 2016	For the year ended 31 March 2015
	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	60,000,000	1,200,000
	Current account transactions during the year			
3	Short term loans taken from (refer note below)	Edelweiss Commodities Services Limited	5,104,809,736	2,040,141,473
4	Short term loans repaid to (refer note below)	Edelweiss Commodities Services Limited	5,246,677,650	1,518,394,338
5	Long term loans given to (refer note below)	EFSL Comtrade Limited	-	673,000,000
6	Long term loans repaid by (refer note below)	EFSL Comtrade Limited	-	673,000,000
7	Short term loans given to (refer note below)	Edelweiss Financial Services Limited EFSL Comtrade Limited	98,258,991 3,600,000	- -
8	Short term loans repaid by (refer note below)	Edelweiss Financial Services Limited EFSL Comtrade Limited	50,000,000 3,600,000	- -



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.24 Related Parties (continued)

ii. Transactions with related parties (continued)

Sr. No.	Nature of Transaction	Related Party Name	For the year ended 31 March 2016	For the year ended 31 March 2015
9	Nomination deposits received from	Edelweiss Commodities Services Limited	-	200,000
10	Nomination deposits received returned back to	Edelweiss Commodities Services Limited	200,000	-
11	Margins placed with (refer note below)	Edelweiss Securities Limited	521,327,912	1,518,316,994
12	Margins withdrawn from (refer note below)	Edelweiss Securities Limited	1,079,049,022	907,828,296
13	Purchase of commodities from	Edelweiss Commodities Services Limited	-	1,877,015,195
14	Sale of commodities to	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
15	Interest income on loans given to	EFSL Comtrade Limited	-	2,876,384
16	Interest income on margins placed with	Edelweiss Securities Limited	3,954,204	35,738,768
17	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
18	Net amount incurred on settlement of forward contracts with	Edelweiss Broking Limited	10,170,000	-
19	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
20	Interest expense on loan taken from	Edelweiss Commodities Services Limited	99,367,584	109,973,265
		Edelweiss Financial Services Limited	6,592,355	-
21	Interest paid on delayed payments to	Edelweiss Commodities Services Limited	-	76,850,986
22	Reimbursements paid to	Edelweiss Financial Services Limited	11,666,533	10,205,627
		Edelweiss Commodities Services Limited	-	400
		Edelweiss Web Services Limited	414,624	600
23	Clearing charges paid to	Edelweiss Securities Limited	280,000	410,000



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.24 Related Parties (continued)

ii. Transactions with related parties (continued)

Sr. No.	Nature of Transaction	Related Party Name	For the year ended 31 March 2016	For the year ended 31 March 2015
24	Cost reimbursements paid to	Edelweiss Securities Limited	500,500	500,500
		Edelweiss Commodities Services Limited	481,572	144,864
25	Processing fees paid to	Edelweiss Web Services Limited	2,720	380
26	Warehousing expense paid to	Edelweiss Agri Value Chain Limited	-	147,333
		Edelweiss Commodities Services Limited	-	12,535,334
27	Contribution in partnership firm through current account	Forefront Wealth Advisors LLP	3,333,000	-
28	Share of loss from partnership firm	Forefront Wealth Advisors LLP	8,701,911	5,440
	Balances with related parties		As at 31 Mar 2016	As at 31 Mar 2015
29	Short term loans taken from	Edelweiss Commodities Services Limited	379,879,221	521,747,135
		Edelweiss Financial Services Limited	48,258,991	-
30	Trade payables to	Edelweiss Securities Limited	559,794	511,800
		Edelweiss Financial Services Limited	-	39,431
		Edelweiss Commodities Services Limited	29,926	95,593,133
		Edelweiss Web Services Limited	2,843	389
		Forefront Wealth Advisors LLP	-	5,440
		Edelweiss Agri Value Chain Limited	-	132,600
31	Interest payable on loans taken from	Edelweiss Commodities Services Limited	14,076,399	5,382,298
		Edelweiss Financial Services Limited	406,507	-
32	Nomination deposits payable to	Edelweiss Commodities Services Limited	-	200,000
33	Partner's Current Account - debit balance	Forefront Wealth Advisors LLP	5,368,911	5,440
34	Investments in partnership firm	Forefront Wealth Advisors LLP	33,000	33,000
35	Trade receivables from	Edelweiss Securities Limited	-	2,207,255
		Edelweiss Financial Services Limited	2,068	-
36	Interest receivable on loans given to	EFSL Comtrade Limited	-	2,588,745
37	Interest receivable on margins placed with	Edelweiss Securities Limited	42,889	1,849,269
38	Margins placed with	Edelweiss Securities Limited	84,194,496	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.

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)

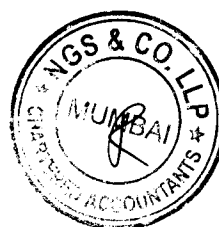
(Currency: Indian Rupees)

2.25 Auditors' remuneration

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
As auditors	126,500	115,000
Total	126,500	115,000

2.26 Details of purchase, sale and change in stock-in-trade:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
a) Securities		
Opening stock		
Equity shares	-	-
Mutual fund	56,635,715	-
Others	-	-
Subtotal	56,635,715	-
Purchase		
Equity shares	433,834,346	2,845,696,774
Mutual fund	600,000,000	774,000,000
Others	-	50,000,000
Subtotal	1,033,834,346	3,669,696,774
Sales		
Equity shares	174,903,164	2,834,657,849
Mutual fund	444,764,340	792,689,738
Others	-	50,984,223
Subtotal	619,667,504	3,678,331,810
Closing stock		
Equity shares	253,031,573	-
Mutual fund	59,275,461	56,635,715
Others	-	-
Subtotal	312,307,034	56,635,715
(Loss)/profit on trading of securities	(158,495,523)	65,270,751



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.26 Details of purchase, sale and change in stock-in-trade (continued):

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
b) Commodities		
Opening stock		
Bullion	-	-
Agri	-	-
Subtotal	-	-
Purchase		
Bullion	2,704,474,943	-
Agri	-	1,877,015,195
Subtotal	2,704,474,943	1,877,015,195
Sales		
Bullion	2,785,600,219	-
Agri	-	1,628,880,787
Subtotal	2,785,600,219	1,628,880,787
Closing stock		
Bullion	-	-
Agri	-	-
Subtotal	-	-
Profit/(loss) on trading of commodities	81,125,276	(248,134,408)



Edelweiss Capital Markets Limited

Notes to the financial statements *(continued)*

(Currency: Indian Rupees)

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

A) Defined contribution plan (provident fund)

Amount of Rs. 195,254 (Previous year: Rs. 56,304) is recognised as expenses and included in "employee benefit" – Notes 2.20 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 2016	For the year ended 31 March 2015
Current service cost	23,000	59,000
Interest on defined benefit obligation	17,000	8,000
Actuarial gain	(184,000)	54,000
Total included in employee benefit expenses	(144,000)	121,000

Balance sheet

Details of provision for gratuity:

	As at 31 Mar 2016	As at 31 Mar 2015
Liability at the end of the year	70,000	212,000
Amount in balance sheet	70,000	212,000



Edelweiss Capital Markets Limited

Notes to the financial statements (*continued*)

(Currency: Indian Rupees)

2.27 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 2016	For the year ended 31 March 2015
Liability at the beginning of the year	212,000	-
Transfer in / (out)	2,000	91,000
Interest cost	17,000	8,000
Current service cost	23,000	59,000
Actuarial (gain)/loss on obligations	(184,000)	54,000
Liability at the end of the year	70,000	212,000

Non-current liability at the end of the year 70,000/-

Current liability at the end of the year Nil

Amount recognised in the balance sheet:

	As at 31 Mar 2016	As at 31 Mar 2015
Liability at the end of the year	70,000	212,000
Fair value of plan assets at the end of year	-	-
Amount recognized in balance sheet	70,000	212,000

Experience adjustment:

	For the year ended 31 March 2016	For the year ended 31 March 2015
On plan liabilities (gain)/loss	(186,000)	-
On plan assets (gain)/loss	-	-
Estimated contribution for next year	(186,000)	-



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

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

Principle actuarial assumptions at the balance sheet date:

	For the year ended 31 March 2016	For the year ended 31 March 2015
Discount rate current	7.40%	7.80%
Salary escalation current	7.00%	7.00%
Employees attrition rate	13%-25%	13%-25%

2.28 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 2016	For the year ended 31 March 2015
(a)	Profit after tax (as per statement of profit and loss)	(74,990,601)	43,168,183
	Less: dividend on preference share capital	-	-
	Net profit for the year attributable to equity shareholders	(74,990,601)	43,168,183
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each		
	Number of shares outstanding at the beginning of the year	300,000	180,000
	Number of Shares issued during the year	6,000,000	120,000
	Total number of equity shares outstanding at the end of the year	6,300,000	300,000
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	365,574	184,932
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	(205.13)	233.43

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



Edelweiss Capital Markets Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.29 The following currency futures have open interests as on the balance sheet date:

Open interests currency futures-USD INR as on the balance sheet date

Sr. No.	Name of future	As at 31 March 2016		As at 31 March 2015	
		Number of contracts	Number of units involved	Number of contracts	Number of units involved
1	Short position	12,780	12,780,000	-	-

Open interests rate futures-IRC as on the balance sheet date

Sr. no.	Name of future	As at 31 March 2016		As at 31 March 2015	
		Number of contracts	Number of units involved	Number of contracts	Number of units involved
1	Short position	1,000	2,000,000	-	-

The following currency option contracts are outstanding as on balance sheet date:

	As at 31 March 2016	As at 31 March 2015
Total premium carried forward (Net of provision made)	1,410,000	-

The following index/equity stock option contracts are outstanding as on the balance sheet date:

	As at 31 March 2016	As at 31 March 2015
Total premium carried forward (Net of provision made)	(65,180)	-

2.30 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 (*continued*)

(Currency: Indian Rupees)

2.31 *Cost Sharing*

Fellow subsidiary, Edelweiss Securities Limited (ESL), incurs common senior management compensation cost, which are for the benefit of the Company. This cost so expended is reimbursed by the Company on the basis of number of employees and time spent by employees of the ESL, actual identifications etc. Accordingly, and as identified appropriately, the expenditure heads in note 2.20 are gross of the reimbursement.

Edelweiss Commodities Services Limited (ECSL), being the holding company incurs expenditure like electricity and rent which are for the benefit of the Company. These costs so expended are reimbursed by the Company on the basis of area occupied by employees of the ECSL, actual identifications etc. Accordingly, and as identified appropriately, the expenditure heads in note 2.22 are gross of the reimbursement.

2.32 *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).

2.33 *Capital commitments and contingent liabilities*

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

2.34 *Previous year comparatives*

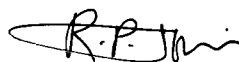
Previous year figures have been regrouped and rearranged wherever necessary.

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
10 May 2016