

Edelweiss Business Services Limited

Financial Statements

together with Auditors' Report

for the year ended 31 March 2018

Edelweiss Business Services Limited

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

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To
The Members of Edelweiss Business Services Limited
(formerly known as Edelweiss Web Services Limited)

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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



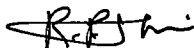
Opinion

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

Report on Other Legal and Regulatory Requirements

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

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



R. P. Soni
Partner
Membership No.:104796



Place: Mumbai
Date: 27 April 2018

Annexure A to the Auditors' Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own immovable properties, accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) Based on our examination of documents and records, the Company does not own any inventory during the year. Therefore, the provisions of clause 3(ii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any activities conducted and services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, services tax, goods and service tax, cess, and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, sales tax, value added tax, duty of excise and duty of custom.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, services tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

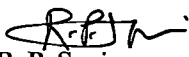


- (b) According to the information and explanation given to us, there are no dues of service tax, goods and service tax and cess which have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax on account of dispute, is as follows:

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	610	A.Y.2013-14	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 given to us and based on our examination of the records of the Company, during the year, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) 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: 27 April 2018

Annexure B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

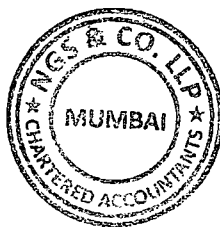
Opinion

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

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



R. P. Soni
Partner
Membership No.: 104796



Place: Mumbai
Date: 27 April 2018

Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Balance Sheet

(Currency : Indian rupees)

	Note	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	42,274,510	72,274,510
Reserves and surplus	2.2	27,413,462	(437,573,397)
		69,687,972	(365,298,887)
Non-current liabilities			
Deferred tax liabilities (Net)	2.3	-	7,690,583
Long-term provisions	2.4	36,649,410	3,554,023
		36,649,410	11,244,606
Current liabilities			
Short-term borrowings	2.5	395,038,389	501,725,505
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	2.30	382,127	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.6	52,026,893	12,821,077
Other current liabilities	2.7	267,619,784	13,639,836
Short-term provisions	2.8	14,856,107	2,115,937
		729,923,300	530,302,355
TOTAL		836,260,682	176,248,074
ASSETS			
Non-current assets			
Fixed assets			
Property, plant and equipments	2.9	72,181,398	17,217,244
Intangible assets	2.9	37,240,736	47,833,168
Intangible assets under development		19,800,713	3,970,300
Long-term loans and advances	2.10	50,476,728	13,887,564
Deferred tax assets (net)	2.11	8,963,811	-
		188,663,386	82,908,276
Current assets			
Trade receivables	2.12	552,551,483	78,625,164
Cash and cash equivalents	2.13	46,880,553	3,683,494
Short-term loans and advances	2.14	48,165,260	10,515,226
Other current assets	2.15	-	515,914
		647,597,296	93,339,798
TOTAL		836,260,682	176,248,074

Significant accounting policies and notes to the financial statements

1 and 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

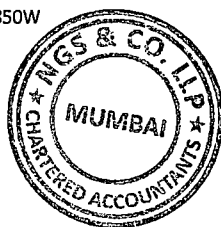
Firm Registration No.: 119850W




R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors



Phanindranath Kakarla

Director

DIN : 02076676

Ajay Manglunia

Director

DIN : 02861202



Brijmohan Bohra

Company Secretary

Mumbai

27 April 2018

Mumbai

27 April 2018

Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Statement of Profit and Loss
(Currency : Indian rupees)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations			
Fee income	2.16	1,248,331,603	69,559,803
Income from treasury operations and investments	2.17	-	(4,921,005)
Other operating revenue	2.18	-	306,661
Other income	2.19	546,892	191,105
Total revenue		1,248,878,495	65,136,564
Expenses			
Employee benefit expenses	2.20	762,637,224	27,819,441
Finance costs	2.21	22,913,270	59,097,152
Depreciation and amortization expenses	2.9	46,069,723	33,114,409
Other expenses	2.22	269,382,183	79,018,035
Total expenses		1,101,002,400	199,049,037
Profit/ (loss) before tax		147,876,095	(133,912,473)
Profit/ (loss) before tax from continuing operation		147,876,095	(54,337,643)
Tax expense:			
Current tax		31,684,878	-
MAT credit entitlement		(18,931,979)	-
Deferred tax (benefit)/ charge		(16,654,394)	5,541,641
Profit/ (loss) after tax from continuing operation		151,777,590	(59,879,284)
Loss from discontinuing operations		-	(79,574,830)
Tax expense of discontinuing operations		-	-
Loss from discontinuing operations (after tax)		-	(79,574,830)
Profit/ (loss) for the year		151,777,590	(139,454,114)
Earnings per equity share: (face value Rs.10 each)			
Basic (in Rupees)	2.25	35.90	(32.99)
Diluted (in Rupees)	2.25	35.90	(32.99)

Significant accounting policies and notes to the financial statements

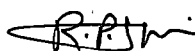
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As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

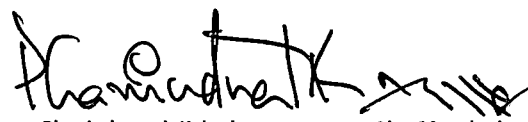
Firm Registration No.: 119850W



R. P. Soni
Partner
Membership No.: 104796



For and on behalf of the Board of Directors



Phanindranath Kakarla
Director
DIN : 02076676

Ajay Manglunia
Director
DIN : 02861202


Brijmohan Bohra
Company Secretary

Mumbai
27 April 2018

Mumbai
27 April 2018

Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Cash Flow Statement
(Currency : Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities		
Profit/ (loss) before taxation	147,876,095	(133,912,473)
<i>Adjustments for</i>		
Depreciation and amortization	46,069,723	33,114,409
Provision for compensated absences	4,129,410	43,000
Provision for gratuity	38,464,977	1,030,000
Profit/ (loss) on sale of fixed assets (net)	(63,490)	30,481
Interest income	-	(306,661)
Interest expense	22,864,894	59,033,255
Operating cash flow before working capital changes	259,341,609	(40,967,989)
Add / (less): Adjustments for working capital changes		
Increase in trade receivables	(473,926,319)	(36,759,736)
Increase/ (decrease) in trade payables	39,587,943	(4,980,632)
Decrease in stock in trade	-	309,188
Increase in long term and short term loans and advances	(42,173,708)	(4,558,620)
Decrease in other current and non current assets	515,914	57,179,496
Increase/ (decrease) in liabilities and provisions	261,045,562	(26,309,518)
Cash generated from/ (used in) operations	44,391,000	(56,087,811)
Income taxes paid	(44,818,388)	(1,278,211)
Net cash used in operating activities - A	(427,388)	(57,366,022)
B Cash flow from investing activities		
Purchase of fixed assets	(107,849,962)	(15,142,947)
Sale of fixed assets	1,641,593	309,750
Interest received	-	332,748
Net cash used in investing activities - B	(106,208,369)	(14,500,449)
C Cash flow from financing activities		
Redemption of preference share capital including premium	(150,000,000)	-
(Repayment)/ proceeds from unsecured loan	(106,687,116)	129,211,232
Interest paid	(26,689,338)	(57,463,442)
Net cash (used in)/ generated from financing activities - C	(283,376,454)	71,747,790
Net decrease in cash and cash equivalents (A+B+C)	(390,012,211)	(118,681)
Adjustment on account of demerger with Edelcap Securities Limited	433,209,269	-
Cash and cash equivalent as at the beginning of the year	3,683,494	3,802,175
Cash and cash equivalent as at the end of the year (Refer note 2.13)	46,880,553	3,683,494

Notes:

1 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



For and on behalf of the Board of Directors

Phanindranath Kakarla
Phanindranath Kakarla
Director
DIN : 02076676

Ajay Manglik
Ajay Manglik
Director
DIN : 02861202

Brijmohan Bohra
Brijmohan Bohra
Company Secretary
Mumbai
27 April 2018

Mumbai
27 April 2018

Edelweiss Business Services Limited

(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements for the year ended 31 March 2018

(Currency: Indian rupees)

1. Significant accounting policies

1.1 Company background and Basis of preparation of financial statements

Edelweiss Business Services Limited (formerly Edelweiss Web Services Limited) ('the company') was incorporated on 28 June 2005. It is a 100% subsidiary of Edelweiss Broking Limited which in turn is a 100% subsidiary of Edelweiss Financial Services Limited.

The Company is engaged in the business of Application Service Provider (ASP) providing business support services. The Company is also owning, maintaining and operating a web based trading platform for securities and commodities.

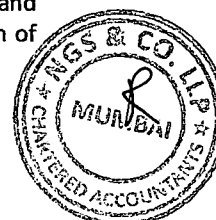
The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section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

1.2 Use of estimates

The preparation of the financial statements in conformity with the GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from the estimates. Any revisions to accounting estimates are recognised prospectively in current or future periods.

1.3 Revenue recognition

- a) Fee income including web based services and business support services are accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty. Interest income is recognised on accrual basis of accounting.
- b) Income from treasury operations and investments comprises of profit/loss on sale of securities and profit/loss on equity, commodity, interest rate and currency derivative instruments.
- c) Profit/loss on sale of securities and commodities is determined based on the weighted average cost of the securities/commodities sold.
- d) 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, 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.
- e) Dividend income is recognised when the right to receive payment is established.
- f) Commodities sales are accounted when all obligations connected with the transfer of risk and rewards to the buyer have been fulfilled after the price has been determined and collection of the receivable is reasonably certain.



Edelweiss Business Services Limited

(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian rupees)

1.4 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 primary 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:

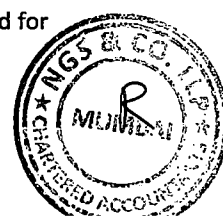
- a. It is expected to be settled in the Company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within 12 months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, results 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

1.5 Derivatives

- 1(a) Outstanding derivative contracts are measured at fair value as at each Balance Sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases, the valuation techniques used as input parameters are observable market data in order to ensure reliability of the fair value measure.
- 1(b) In accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India effective from 1 April 2016, the Company recognises all mark to market gains or losses on derivative contracts in the statement of profit and loss.
- 2 (a) "Margin – Equity Derivative Instrument" representing the initial margin paid and /or additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock futures and equity index/ stock options, which are released on final settlement / squaring – up of the underlying contracts, are disclosed under other current assets. "Margin Deposits – Equity Derivative Instrument" representing the deposit paid in respect of mark to market margin is disclosed under other current assets.
- 2(b) "Equity Index/ Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.



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Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian rupees)

1.6 Inventories

- a) The securities acquired with the intention of short-term holding and trading positions are considered as inventories and disclosed as current assets.
- b) The securities, including from error trades, held as inventories are valued at lower of weighted average cost or market value. In case of units of mutual funds held as inventories, net asset value is considered as fair value.
- c) Inventories in the form of commodities are valued at cost or net realisable value, whichever is lower.

1.7 Cash and cash equivalents

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

1.8 Employee benefits

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

Provident fund

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

Gratuity

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

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

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

Compensated Absences

The eligible employees of certain companies of the Group are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit and loss and corresponding liability on account of



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(Currency: Indian rupees)

1.8 Employee benefits (Continued)

Compensated Absences (Continued)

such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits are determined using the projected unit credit method.

1.9 Borrowing Costs

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

1.10 Taxation

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

Current tax

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

Deferred tax

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty with convincing evidence of realisation of the assets. Deferred tax assets are reviewed 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)

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

1.11 Earnings per share

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



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Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian rupees)

1.11 Earnings per share (Continued)

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

1.12 Fixed assets and depreciation/ amortization

The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Property, plant and equipments

Property, plant and equipments acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

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 for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

Nature of assets	Estimated Useful Life
Vehicles	8 years
Office Equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years

Intangible assets and intangible assets under development

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

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



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Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian rupees)

1.13 Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss for the year.

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

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

1.14 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. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

1.15 Provisions and contingencies

The Company creates a provision when there is a 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 Business Services Limited
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Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.1 SHARE CAPITAL		
AUTHORISED :		
6,000,000 (Previous year: 6,000,000) Equity Shares of Rs. 10 each	60,000,000	60,000,000
4,000,000 (Previous year: 4,000,000) Preference Shares of Rs. 10 each	40,000,000	40,000,000
	100,000,000	100,000,000
ISSUED, SUBSCRIBED AND PAID UP:		
4,227,451 (Previous year 4,227,451) Equity Shares of Rs. 10 each fully paid	42,274,510	42,274,510
Nil (Previous year 3,000,000) 9% Non-cumulative Redeemable Preference Shares of Rs. 10 each fully paid up	-	30,000,000
	42,274,510	72,274,510

(the entire paid up share capital is held by Edelweiss Broking Limited, the holding company and its nominees).

a. Movement in share capital :

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount
Equity Shares				
Shares outstanding at the beginning of the year	4,227,451	42,274,510	4,227,451	42,274,510
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	4,227,451	42,274,510	4,227,451	42,274,510
9% Non - cumulative redeemable preference shares of Rs. 10 each fully paid				
Outstanding at the beginning of the year	3,000,000	30,000,000	3,000,000	30,000,000
Shares redeemed during the year	(3,000,000)	(30,000,000)	-	-
Outstanding at the end of the year	-	-	3,000,000	30,000,000

b. Shares held by holding company:

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	%	No. of shares	%
Edelweiss Broking Limited, the holding company and it's nominees	4,227,451	100%	4,227,451	100%
	4,227,451	100%	4,227,451	100%

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

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	%	No. of shares	%
Edelweiss Broking Limited, the holding company and it's nominees	4,227,451	100%	4,227,451	100%
	4,227,451	100%	4,227,451	100%



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Notes to the financial statements (Continued)
(Currency : Indian rupees)

d. Details of redeemable preference shares held by shareholders holding more than 5% of the aggregate shares in the Company

	31 March 2018		31 March 2017	
	No. of shares	%	No. of shares	%
Edelweiss Broking Limited, the holding company	-	-	3,000,000	100%
	-	-	3,000,000	100%

e. Terms/rights attached to equity shares :

The Company has only one class of shares referred to as equity shares having a par value of Rs 10. Each holder of equity shares is entitled to one vote per share. 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.

f. Terms/rights attached to preference shares :

The preference shares carry a non-cumulative dividend of 9%. Preference Shares of Rs.10 each were allotted for cash at a premium of Rs. 40 per share on 15 July 2014. The Preference shares will be redeemed after a period of 3 years from the date of allotment. The shares are redeemed on 14 July 2017 at Rs. 50/- per share.

2.2 RESERVES AND SURPLUS

	As at 31 March 2018	As at 31 March 2017
Capital reserve - opening balance	-	-
Add : Additions on account of demerger (refer note 2.34)	353,634,439	-
Closing balance	353,634,439	-
Capital redemption reserve - opening balance	-	-
Add : Additions during the year	30,000,000	-
Closing balance	30,000,000	-
Securities premium account	120,000,000	120,000,000
Add : Utilized during the year	(120,000,000)	-
Closing Balance	-	120,000,000
Deficit in statement of profit and loss		
Opening balance in Statement of profit and loss	(557,573,397)	(418,119,283)
Add: Adjustment on account of demerger	79,574,830	-
Add: Profit/ (loss) for the year	151,777,590	(139,454,114)
Amount available for appropriation	(326,220,977)	(557,573,397)
Appropriations:		
Transfer to capital redemption reserve	(30,000,000)	-
Net deficit in statement of profit and loss	(356,220,977)	(557,573,397)
	27,413,462	(437,573,397)



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Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.3 DEFERRED TAX LIABILITIES (Net)		
Deferred tax liabilities on account of :-		
Difference between book and tax depreciation	-	9,420,053
Total (A)	-	9,420,053
Deferred tax assets on account of :-		
Disallowances under section 43B of the Income Tax Act, 1961	-	1,729,470
Total (B)	-	1,729,470
Net deferred tax liabilities (A-B)	-	7,690,583
2.4 LONG-TERM PROVISIONS		
Provision for employee benefits		
Gratuity (refer note 2.26)	33,126,000	3,168,023
Compensated leave absences	3,523,410	386,000
	36,649,410	3,554,023
2.5 SHORT-TERM BORROWINGS		
<u>Unsecured</u>		
(Due within one year, unless otherwise stated)		
Loans from related parties	395,038,389	501,725,505
(repayable on demand, at variable rate of interest ranging from 10% p.a. (previous year : 10% p.a.))		
	395,038,389	501,725,505
2.6 TRADE PAYABLES		
Trade payables	52,026,893	12,821,077
(includes sundry creditors and provision for expenses)		
	52,026,893	12,821,077
2.7 OTHER CURRENT LIABILITIES		
Interest accrued and due on borrowings	-	3,824,444
Other Payables *		
Accrued salaries and benefits	170,181,690	5,599,014
Withholding tax, service tax and other taxes payable	96,747,729	2,181,954
Book overdraft	-	584,908
Others	690,365	1,449,516
* There are Rs. Nil (Previous year: Rs. Nil) amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act 2013 as at the year end.		
	267,619,784	13,639,836
2.8 SHORT-TERM PROVISIONS		
Provision for employee benefits		
Gratuity (refer note 2.26)	9,833,000	1,326,000
Compensated leave absences	1,109,000	117,000
Others		
Provision for capex	3,914,107	672,937
	14,856,107	2,115,937



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Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.9 FIXED ASSETS

Description of Assets	Gross Block				Depreciation and amortization				Net block	
	As at 1 April 2017	Additions during the year	Deductions/ Adjustments during the year	As at 31 Mar 2018	As at 1 April 2017	Additions during the year	Deductions/ Adjustments during the year	As at 31 Mar 2018	As at 31 Mar 2018	As at 31 March 2017
Property, Plant and Equipment										
Vehicles	5,223,132	10,977,624	3,748,399	12,452,357	3,120,647	3,492,285	2,187,562	4,425,370	8,026,987	2,102,485
Office equipment	643,208	15,583,014	179,259	16,046,963	308,930	2,231,542	162,111	2,378,361	13,668,602	334,278
Computers	39,774,861	48,437,723	31,939	88,180,645	24,994,380	12,732,277	31,821	37,694,836	50,485,809	14,780,481
Total : A	45,641,201	74,998,361	3,959,597	116,679,965	28,423,957	18,456,104	2,381,494	44,498,567	72,181,398	17,217,244
Intangible assets										
Computer software	150,527,294	17,021,187	-	167,548,481	102,694,126	27,613,619	-	130,307,745	37,240,736	47,833,168
Total : B	150,527,294	17,021,187	-	167,548,481	102,694,126	27,613,619	-	130,307,745	37,240,736	47,833,168
Grand Total [A+B]	196,168,495	92,019,548	3,959,597	284,228,446	131,118,083	46,069,723	2,381,494	174,806,312	109,422,134	65,050,412
Previous year	139,252,243	59,192,688	2,276,436	196,168,495	99,939,880	33,114,409	1,936,206	131,118,083	65,050,412	



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Notes to the financial statements (Continued)
(Currency : Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.10 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Security deposits		
Other deposits	325,000	325,000
Other loans and advances		
Prepaid expenses	5,017,339	485,226
Advance income taxes	26,101,323	12,976,251
MAT credit entitlement	19,033,066	101,087
	50,476,728	13,887,564
2.11 DEFERRED TAX ASSETS (Net)		
Deferred tax assets on account of :-		
Disallowances under section 43B of the Income Tax Act, 1961	12,373,767	-
Total (A)	12,373,767	-
Deferred tax liabilities on account of :-		
Difference between book and tax depreciation	3,409,956	-
Total (B)	3,409,956	-
Net deferred tax assets (A-B)	8,963,811	-



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Notes to the financial statements (Continued)
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	As at 31 March 2018	As at 31 March 2017
2.12 TRADE RECEIVABLES		
Other than outstanding for a period exceeding six months		
Unsecured, considered good	552,551,483	78,625,164
	<u>552,551,483</u>	<u>78,625,164</u>
2.13 CASH AND CASH EQUIVALENTS		
Cash in hand	75,775	418
Balances with banks - in current accounts	46,804,778	3,683,076
	<u>46,880,553</u>	<u>3,683,494</u>
2.14 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Prepaid expenses	7,790,018	1,960,203
Loans and advances to employees	4,005,948	2,941,389
Vendor advances	6,402,094	3,428,022
Advance income tax	1,258,200	1,249,762
Advances recoverable in cash or in kind or for value to be received	28,709,000	935,850
	<u>48,165,260</u>	<u>10,515,226</u>
2.15 OTHER CURRENT ASSETS		
Margin placed with broker	-	515,914
	<u>-</u>	<u>515,914</u>



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Notes to the financial statements (Continued)
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	For the year ended 31 March 2018	For the year ended 31 March 2017
2.16 FEE INCOME		
Business support service income	1,031,073,298	11,639,693
Web-based service income	101,780,044	57,920,110
Advisory fees income	115,478,261	-
	<u>1,248,331,603</u>	<u>69,559,803</u>
2.17 INCOME FROM TREASURY OPERATIONS AND INVESTMENTS		
Profit on trading of securities (net)	-	16,519,457
Profit on trading in equity derivative instruments (net)	-	11,469
Loss on trading in currency derivative instruments (net)	-	(21,455,858)
Dividend on stock in trade	-	3,927
	<u>-</u>	<u>(4,921,005)</u>
2.18 OTHER OPERATING REVENUE		
Interest income on margin	-	306,661
	<u>-</u>	<u>306,661</u>
2.19 OTHER INCOME		
Profit on sale of fixed assets (net)	63,490	-
Interest income - others	483,402	191,105
	<u>546,892</u>	<u>191,105</u>
2.20 EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	709,901,428	26,364,299
Contribution to provident and other funds (refer note 2.26)	26,554,332	815,873
Staff welfare expenses (refer note 2.29)	26,181,464	639,269
	<u>762,637,224</u>	<u>27,819,441</u>
2.21 FINANCE COSTS		
Interest on loan from ultimate holding company	-	1,224,846
Interest on loan from fellow subsidiaries	22,864,894	57,808,409
Interest - others	12,019	38,941
Finance and bank charges	36,357	24,956
	<u>22,913,270</u>	<u>59,097,152</u>



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	For the year ended 31 March 2018	For the year ended 31 March 2017
2.22 OTHER EXPENSES		
Advertisement and business promotion	556,072	-
Auditor's remuneration (refer note below)	304,380	717,000
Communication	15,240,913	3,340,915
Computer expenses	13,854,274	602,334
Computer software	20,569,606	33,074,338
Clearing and custodian charges	-	57,375
Electricity charges (refer note 2.29)	9,082,863	1,429,058
Foreign exchange loss (net)	83,901	2,677
Legal and professional fees	122,316,876	14,651,705
Loss on sale/ write-off of fixed assets (net)	-	30,481
Membership and subscription	816,768	11,752
Office expenses	1,631,957	510,768
Rates and taxes	47,904	15,245
Rent (refer note 2.29)	65,566,352	9,553,852
Repairs and maintenance - others (refer note 2.29)	2,743,101	-
ROC Expenses	26,200	-
Security transaction tax	-	69,482
Seminar and conference	120,808	-
Service tax expenses	(6,951,811)	10,697,267
Site related expenses	-	1,972,123
Stamp duty	-	458,391
Stock exchange expenses	-	250,000
Travelling and conveyance	20,109,229	1,228,621
Miscellaneous expenses	393	80,053
Housekeeping and security charges (refer note 2.29)	3,262,397	264,598
	269,382,183	79,018,035
Auditors' remuneration:		
As auditor	270,000	667,000
For reimbursement of expenses	34,380	50,000
	304,380	717,000



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2.23 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”:

i. List of related parties and relationship:

(A) Name of related parties by whom control is exercised :

Edelweiss Financial Services Limited : Ultimate Holding Company
Edelweiss Broking Limited : Holding Company

(B) Fellow subsidiaries with whom transactions have taken place :

EC Commodity Limited
Edelweiss Securities Limited
Edelweiss Commodities Services Limited
Edelweiss Alternative Asset Advisors Limited
Ecap Equities Limited *
ECL Finance Limited
Edel Commodities Limited
Edel Commodities Trading Limited (upto 17 November 2016)
Edelweiss Finvest Private Limited
Edel Finance Company Limited
Edelweiss Comtrade Limited
Edelcap Securities Limited
Edelweiss Asset Management Limited
Edelweiss Custodial Services Limited
Edelweiss Finance & Investments Limited
Edelweiss Global Wealth Management Limited
Edelweiss Housing Finance Limited
Edelweiss Insurance Brokers Limited
Edelweiss Investment Adviser Limited
EFSL Trading Limited
EFSL Comtrade Limited
Edel Land Limited
Edelweiss Capital Markets Limited
Edelweiss Retail Finance Limited
Edelweiss Multi Strategy Funds Management Private Limited
Edelweiss Agri Value Chain Limited
Edel Investments Limited
Edelweiss Tokio Life Insurance Company Limited
Edelweiss Trustee Services Limited
Edelweiss Trusteeship Company Limited
Edelweiss Asset Reconstruction Company Limited
Edelweiss General Insurance Company Limited
Edelweiss Holdings Limited
Edelweiss Multi Strategy Fund Advisors LLP
Edelweiss Wealth Advisors LLP
EFSL Comtrade Limited



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2.23 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”: (Continued)

Alternative Investment Market Advisors Private Limited
EC Global Limited
Edelweiss Capital (Singapore) Pte. Limited
Edelweiss Securities (Hong Kong) Private Limited
EFSL International Limited
Aster Commodities DMCC
EC International Limited
Edelweiss Securities (IFSC) Limited
Edelweiss Commodities Pte Limited (upto 5 December 2017)
Edelweiss International (Singapore) Pte. Limited
Edelweiss Investment Advisors Pte. Limited
Edelweiss Alternative Asset Advisors Pte. Limited
Eternity Business Centre Limited (upto 31 March 2018)
Burlington Business Solutions Limited (upto 31 March 2018)
Olive Business Centre Limited (upto 31 March 2018)
Serenity Business Park Limited (upto 31 March 2018)
Auris Corporate Centre Limited (upto 31 March 2018)

*Pursuant to the Scheme of Amalgamation (“the Scheme”) under Sections 230 to 232 of the Companies Act, 2013 (the Act) and the Rules made there under (the Rules), as sanctioned by the National Company Law Tribunal , Mumbai Bench vide its orders dated 23 August 2017 and the National Company Law Tribunal, Hyderabad Bench vide its order dated 11 April 2018, Olive Business Centre Limited (“the First Transferor Company”), Burlington Business Solutions Limited (“the Second Transferor Company”), Auris Corporate Centre Limited (“the Third Transferor Company”), Serenity Business Park Limited (“the Fourth Transferor Company”) and Eternity Business Centre Limited (“the Fifth Transferor Company”) {collectively referred to as the Transferor Companies}, the wholly owned subsidiaries of ECap Equities Limited, (the Transferee Company) had been amalgamated with the Transferee Company with effect from 1 April 2017 (“the Appointed Date”). The Scheme has been effective from 21 April 2018 (“the Effective Date”).

Accordingly, all the related party transactions entered during the year and the outstanding balances thereof as stated at the end of the year relating to the Transferor Companies are considered to be entered with the Transferee Company and accordingly included in the related party transactions disclosure of the Company.



Edelweiss Business Services Limited
(Formerly known as Edelweiss Web Services Limited)

Notes to the financial statements (Continued)
for the year ended 31 March 2018
(Currency : Indian rupees)

2.23 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”:(Continued)

ii. Transactions with related parties :				
Sr. No.	Nature of Transaction	Related party name	31 March 2018	31 March 2017
	Capital account transactions			
1	Redemption of preference shares invested by (including share premium)	Edelweiss Broking Limited	150,000,000	-
	Current account transactions			
2	Short term loan taken from (refer note 1 below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	- 281,014,475	36,102,313 7,256,354,980
3	Short term loan repaid to (refer note 1 below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	- 388,221,994	198,616,586 6,954,629,475
4	Long term loan repaid to (refer note 1 below)	Edelweiss Investment Adviser Limited	-	10,000,000
5	Margin placed with (refer note 1 below)	Edelweiss Securities Limited Others	- -	44,075,556 315,879
6	Margin withdrawn from (refer note 1 below)	Edelweiss Securities Limited Edelweiss Custodial Services Limited Edelweiss Broking Limited	209,908 303,130 -	101,601,283 - 12,749
7	Nomination deposit given to	Edelweiss Financial Services Limited	200,000	-
8	Nomination deposit received from	Edelweiss Financial Services Limited	200,000	-
	Other transactions			
9	Business support service charges from	Edelweiss Broking Limited Edelweiss Agri Value Chain Limited ECL Finance Limited Others	163,536,707 69,398,247 107,169,876 668,285,917	2,273,648 1,111,110 691,489 3,321,113
10	Web-based service charges from	Edelweiss Broking Limited Others	97,849,798 3,930,246	53,520,680 4,399,430
11	Processing charges from	Edelweiss Broking Limited Edelweiss Securities Limited ECL Finance Limited Edelweiss Agri Value Chain Limited Others	- - - - -	573,240 272,040 286,780 227,180 840,280
12	Interest income on margin placed with	Edelweiss Securities Limited Edelweiss Custodial Services Limited	- -	306,005 656
13	Interest expenses on loan from	Edelweiss Commodities Services Limited Others	22,864,894 -	56,680,738 2,352,517
14	Brokerage paid to	Edelweiss Broking Limited	-	600
15	Clearing charges paid to	Edelweiss Securities Limited	-	57,375
16	Rent paid to	Edelweiss Commodities Services Limited Eternity Business Centre Limited ECap Equities Limited Others	32,753,407 - 17,023,017 1,140,317	4,061,490 5,492,362 - -
17	Cost reimbursements recovered from	EFSL Trading Limited	205,003	-
18	Cost reimbursements paid to	Edelweiss Commodities Services Limited Edelweiss Financial Services Limited Eternity Business Centre Limited ECap Equities Limited Edelweiss Securities Limited	22,340,864 1,368,468 - 1,383,415 2,825,264	1,070,563 545,841 358,495 - -
19	Other reimbursement Received from	ECL Finance Limited Edelweiss Securities Limited Edelweiss Financial Services Limited Edelweiss Broking Limited Others	27,097,636 19,383,148 11,449,551 28,048,642 89,593,433	1,371,067,992 834,676,552 613,225,316 540,059,068 1,647,929,054



Edelweiss Business Services Limited
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Notes to the financial statements (Continued)
for the year ended 31 March 2018
(Currency : Indian rupees)

2.23 Disclosure as required by Accounting Standard 18 – "Related Party Disclosure":(Continued)

II. Transactions with related parties :				
Sr. No.	Nature of Transaction	Related party name	31 March 2018	31 March 2017
20	Other reimbursement paid to	Edelweiss Financial Services Limited	-	17,268,084
		Edelweiss Commodities Services Limited	500	4,987,281
		Edelweiss Securities Limited	58,428	96,049
		Edelweiss Housing Finance Limited	38,799	-
		Edelweiss Alternative Asset Advisors Limited	21,834	-
		ECL Finance Limited	14,373	-
		Others	-	1,041,885
21	Purchase of fixed assets from	Edelweiss Securities Limited	6,432,520	-
		Edelweiss Global Wealth Management Limited	1,298,618	-
		Others	3,745,423	-
22	Sale of fixed assets to	Edelweiss Commodities Services Limited	-	75,748
		Edelweiss Broking Limited	983,365	149,331
		Edelweiss Custodial Services Limited	449,462	-
<u>Balances with related parties</u>				
23	Short term loan taken from	Edelweiss Commodities Services Limited	395,038,389	501,725,505
24	Trade payables to	Edelweiss Commodities Services Limited	6,022,828	-
25	Interest accrued and due on borrowings	Edelweiss Commodities Services Limited	-	3,824,445
26	Other payable to	Edelweiss Custodial Services Limited	-	682,000
27	Trade receivables from	Edelweiss Broking Limited	120,653,161	63,794,573
		ECL Finance Limited	58,148,586	1,110,334
		Others	362,043,180	13,545,780
28	Other receivables from	Edelweiss Finvest Private Limited	-	116,000
		ECL Finance Limited	5,442,000	277,000
		Edelweiss Commodities Services Limited	5,213,000	105,000
		Edelweiss Comtrade Limited	1,218,000	109,000
		Edelweiss Securities Limited	7,144,000	117,000
		Others	9,452,000	111,000
29	Prepaid expenses to	Edelweiss Financial Services Limited	-	212,634
30	Margin placed from broker	Edelweiss Securities Limited	-	209,904
		Edelweiss Custodial Services Limited	-	303,130

Note :

- 1) The Intra group company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed/refund received with/from related parties are disclosed based on the maximum incremental amount given/taken and placed/refund received during the reporting period.
- 2) Disclosure under section 186(4) of the Companies Act, 2013 for loans and guarantee : Loans have been given for general business purpose.



Edelweiss Business Services Limited

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Notes to the financial statements for the year ended 31 March 2018 (Continued)
(Currency: Indian rupees)

2.24 Segment reporting

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

Segment	Activities Covered
Agency business	Business support services, Web based services
Capital based business	Income from treasury operations, income from investments and dividend income, (now discontinued - refer note 2.34)

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis. Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

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

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

Sr No	Particulars	31 March 2018	31 March 2017
I	Segment revenue		
	a) Agency business	1,248,797,407	69,750,908
	b) Capital based business	-	(4,614,344)
	c) Unallocated	81,088	-
	Total Income	1,248,878,495	65,136,564
II	Segment results		
	a) Agency business	147,795,007	(54,337,643)
	b) Capital based business	-	(79,574,830)
	c) Unallocated	81,088	-
	Total	147,876,095	(133,912,473)
	Profit/ (loss) before taxation	147,876,095	(133,912,473)
	Less : Provision for taxation	(3,901,495)	(5,541,641)
	Profit/ (loss) after taxation	151,777,590	(139,454,114)
III	Segment assets		
	a) Agency Business	780,904,282	161,405,060
	b) Capital based business	-	515,914
	c) Unallocated	55,356,400	14,327,100
	Total	836,260,682	176,248,074
IV	Segment liabilities		
	a) Agency business	766,572,710	152,590,234
	b) Capital based business	-	381,266,144
	c) Unallocated	-	7,690,583
	Total	766,572,710	541,546,961
V	Capital expenditure		
	a) Agency business	107,849,961	15,192,688
	b) Capital based business	-	-
	c) Unallocated	-	-
	Total	107,849,961	15,192,688



Edelweiss Business Services Limited

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Notes to the financial statements for the year ended 31 March 2018 (Continued)
(Currency: Indian rupees)

2.24 Segment reporting (Continued)

Sr No	Particulars	31 March 2018	31 March 2017
VI	Depreciation and amortisation		
	a) Agency business	46,069,723	24,143,567
	b) Capital based business	-	8,970,842
	c) Unallocated	-	-
	Total	46,069,723	33,114,409
VII	Other non-cash expenses other than depreciation and amortisation		
	a) Agency business	14,419,082	782,320
	b) Capital based business	-	290,680
	c) Unallocated	-	-
	Total	14,419,082	1,073,000

2.25 Earnings per share

In accordance with Accounting Standard 20 – "Earnings Per Share" prescribed by Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below :

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Profit/ (loss) for the year as per statement of profit and loss	151,777,590	(139,454,114)
b) Calculation of weighted average number of equity shares of Rs. 10 each:		
- Number of shares outstanding at the beginning of the year	4,227,451	4,227,451
- Number of shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	4,227,451	4,227,451
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	4,227,451	4,227,451
c) Number of dilutive potential equity shares	-	-
d) Basic and Diluted earnings per share (in Rs.)	35.90	(32.99)

The basic and diluted earnings per share are the same as there are no dilutive/ potential equity shares issued or outstanding as at 31 March 2018.



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Notes to the financial statements for the year ended 31 March 2018 (Continued)
(Currency: Indian rupees)

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

A) Defined contribution plan (Provident fund):

Amount of Rs. 25,221,030/- (Previous year: Rs. 789,085/-) is recognised as expenses and included in "Employee benefits expenses" – note 2.20 in the statement of profit and loss.

B) Defined benefit plan - Gratuity

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

Expenses recognised in the Statement of Profit and Loss:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	6,947,000	576,000
Interest cost	2,191,000	256,000
Past service cost	1,902,000	-
Actuarial (gain)/ loss	(750,000)	198,000
Employer Expense	10,290,000	1,030,000

Balance Sheet

Reconciliation of defined benefit obligation (DBO):

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of DBO at the start of the year	4,494,000	3,220,000
Transfer In/ (Out)	28,709,000	244,000
Interest cost	2,191,000	256,000
Current service cost	6,947,000	576,000
Past service cost	1,902,000	-
Benefit paid	(534,000)	-
Actuarial (gain)/ loss	(750,000)	198,000
Present value of DBO at the end of the year	42,959,000	4,494,000

Net Liability/ (Asset) recognised in the Balance Sheet:

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of DBO	42,959,000	4,494,000
Fair value of plan assets	-	-
Net Liability	42,959,000	4,494,000
Unrecognized past service cost	-	-
Liability recognized in the Balance Sheet	42,959,000	4,494,000
Less: Unrecognised past service cost	-	-
Liability / (Asset) recognised in the Balance Sheet	42,959,000	4,494,000
Of which, Short term provision	9,833,000	1,326,000



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Notes to the financial statements for the year ended 31 March 2018 (Continued)
(Currency: Indian rupees)

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

Experience Adjustments:

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Defined Benefit Obligation	42,959,000	4,494,000	3,220,000	2,254,000	1,752,000
Fair value of Plan Assets	-	-	-	-	-
(Deficit)/ Surplus	(42,959,000)	(4,494,000)	(3,220,000)	(2,254,000)	(1,752,000)
Experience Adjustment on Plan Liabilities: (Gain)/Loss	(1000)	62,000	350,000	(65,000)	248,000
Experience Adjustment on Plan Assets: Gain/ (Loss)	N.A.	N.A.	N.A.	N.A.	N.A.

Actuarial assumptions at the balance sheet date:

Particulars	31 March 2018	31 March 2017
Discount rate	7%	6.6%
Salary escalation	7%	7%
Withdrawal / Attrition rate (based on categories)		
Senior	13%p.a	13%p.a
Mid	30%p.a	30%p.a
Junior	60%p.a	60%p.a

2.27 Contingent liabilities and commitments (to the extent not provided for):

Contingent liabilities

Taxation matters in respect of which appeal is pending Rs. 610 (previous year Rs. 610).

The Company's pending litigations comprise of proceedings pending with Income Tax, customs, sales tax/VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) towards software development charges is Rs. 71,698,590 (Previous year Rs.339,000).



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Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian rupees)

2.28 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

2.29 Cost Sharing

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

2.30 Details of dues to micro enterprises and Small enterprises

Trade Payables includes Rs. 382,127 (Previous year: Nil) payable to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to Suppliers registered under this act.

2.31 Foreign currency transactions

- The Company has incurred expenditure in foreign currency Rs. 6,976,268 during the year ended 31 March 2018 (Previous year: Rs. 1,392,897)
- The Company has earned income in foreign currency Rs. 23,797,467 during the year ended 31 March 2018 (Previous year: Nil)

2.32 Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to Notification No. G.S.R. 308(E) dated 31 March, 2017 : As at 31 March 2018

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	Not applicable	Not applicable	Not applicable
(+) Permitted receipts			
(-) Permitted payments			
(-) Amount deposited in Banks			
Closing cash in hand as on 30.12.2016			
Note: <i>For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8 November, 2016.</i>			



Edelweiss Business Services Limited

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Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian rupees)

- 2.32** Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to Notification No. G.S.R. 308(E) dated 31 March 2017 (Continued) : As at 31 March 2017

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2,000	418	2,418
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	2,000	-	2,000
Closing cash in hand as on 30.12.2016	-	418	418
Note: For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8 November, 2016.			

- 2.33** Details of Inventories

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening Stock		
Equity shares	-	309,188
Total (a)	-	309,188
Purchase		
Equity shares	-	50,975,144
Total (b)	-	50,975,144
Sales		
Equity shares	-	67,803,789
Total (c)	-	67,803,789
Closing Stock		
Equity shares	-	-
Total (d)	-	-
Profit on sale of Securities (c+d-a-b)	-	16,519,457



Edelweiss Business Services Limited

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Notes to the financial statements for the year ended 31 March 2018 (Continued)
(Currency: Indian rupees)

2.34 Discontinued operations on account of demerger

Pursuant to the Scheme of Arrangement ("the Scheme") under Section 230 to 232 of the Companies Act, 2013, sanctioned by the National Company Law Tribunal, Mumbai bench vide its order dated 10 August, 2017 and the Company Law Tribunal, Hyderabad bench vide its order dated 01 December 2017, the capital based business of the Company ("the Demerged Company") has been demerged to Edelcap Securities Limited ("the Resulting Company") with effect from 1 April 2016 ("the Appointed Date"). The scheme has come into effect from 15 December 2017 ("the Effective Date"). Accordingly, the financial statements of the Company for the year ended 31 March 2018 had been prepared taking into account the effect of the said Order.

The resulting company issued Preference shares to the shareholders of the demerged company i.e. Edelweiss Broking Limited. The demerger had resulted in the transfer of the following assets and liabilities of capital based business as at the Appointed Date:

Particulars	Amount (Rs.) as at 31 March 2016
Inventories	309,188
Cash and bank balances	3,776,074
Long-term loans and advances	325,000
Short-term loans and advances	1,200,000
Other current assets	57,721,498
Total Assets (A)	63,331,760

Particulars	Amount (Rs.) as at 31 March 2016
Long-term borrowings	10,000,000
Long-term provisions	2,618,920
Short-term borrowings	362,514,274
Trade payables	17,679,504
Other current liabilities	23,117,661
Short-term provisions	1,035,840
Total Liabilities (B)	416,966,199
Net Capital Reserve on demerger (B-A)	353,634,439

The net deficit of the value of Net Assets has been recorded as Capital Reserve in the books of accounts of the Company.



Edelweiss Business Services Limited

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Notes to the financial statements for the year ended 31 March 2018 (Continued)
(Currency: Indian rupees)

2.35 Previous year comparatives

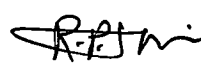
Previous year's figures have been regrouped and rearranged wherever necessary to confirm to current year's presentation / classification.

As per our report date attached

For NGS & Co. LLP

Chartered Accountants

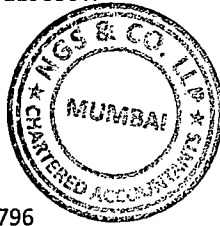
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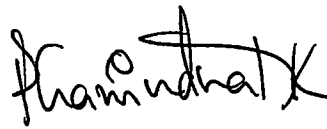
R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors



Phanindranath Kakarla

Director

DIN : 02076676



Ajay Mangtunia

Director

DIN : 02861202



Brijmohan Bohra

Company Secretary

Mumbai

27 April 2018

Mumbai

27 April 2018