

Edelweiss Comtrade Limited

Financial Statements

together with Auditors' Report

for the year ended 31 March 2017

Edelweiss Comtrade Limited

Financial statements together with Auditors' Report *for the year ended 31 March 2017*

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G. H. Choksi & Co.

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To,
The Members,
EDELWEISS COMTRADE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **EDELWEISS COMTRADE LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone 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 provision of the Act for safeguarding 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 standalone financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 standalone 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 standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2017 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 Act, 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 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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 our best of our information and according to the explanations given to us :
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. – Refer notes 2.23 to the financial statements
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.- Refer notes 2.35 to the financial statements.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895M]
Chartered Accountants



3
SANDIP A. PARIKH
Partner
Mem. No. 40727

Place : Mumbai
Date : 15th May, 2017

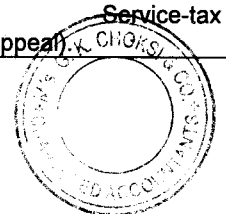
Annexure - A referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals having regard to size of company and nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The company does not have any immovable property and accordingly clause 3 (i)(c) of the order is not applicable on the company.
- (ii) The company does not hold any inventory as at the end of the year. Accordingly, the clauses 3(ii)(a) to (c) of the order are not applicable.
- (iii) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013;
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, wherever applicable with respect to the loans, investments, guarantees and securities.
- (v) According to information and explanations given to us, the Company has not accepted any deposits as defined in The Companies (Acceptance of Deposits) Rules 2014. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.
- (vi) Maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for the class of companies to which the Company belongs.
- (vii) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and Company had no arrears of such outstanding statutory dues as at 31st March, 2017 for a period more than six months from the date they became payable, *other than those stated below:-*

Name of the statute	Nature of dues	Amount in Rs.	Period to which the amount relates	Due date	Date of payment	Remarks, if any
Tamil Nadu Value Added Tax Act 2006	Value Added Tax	57,693	Financial Year 2015-16	20 th July, 2015	Not Paid	--

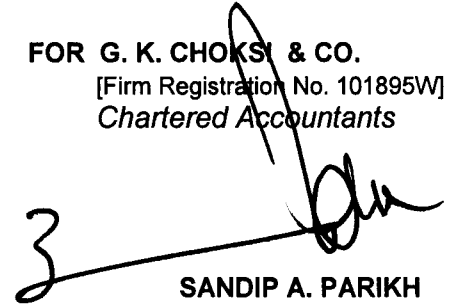
- (b) According to the information and explanations given to us, the company has no disputed outstanding statutory dues as at 31st March, 2017 *other than stated below:-*

Name of the Statute	Nature of Dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4,51,500	A.Y. 2014-15	CIT(A), Ahmedabad
Finance Act, 1994	Service-tax	17,42,396	F.Y. 2004-2005 to F.Y. 2012-2013	Customs, Excise and Service Tax Appellate Tribunal/Commissioner of Service-tax (Appeal)



- (viii) According to the information and explanations given to us, the Company does not have any loans and borrowings from financial institutions, banks, government or dues to debenture holders during the year. Accordingly, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, the company has also not raised money by way of term loans during the year under review.
- (x) According to the information and explanations given to us, no fraud by company or any fraud on the company by its officers and employees have been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (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, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us, 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, 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 G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

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SANDIP A. PARIKH
Partner
Mem. No. 40727

Place : Mumbai
Date : 15th May, 2017



Annexure - B to the Independent Auditors' Report of even date on the standalone Financial Statements of Edelweiss Comtrade Limited.

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 COMTRADE LIMITED** ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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.

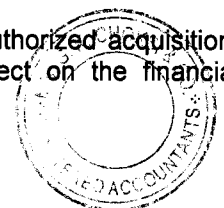
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 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 31st March 2017, 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 G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants


SANDIP A. PARIKH
Partner

Mem. No. 40727

Place : Mumbai

Date : 15th May, 2017



Edelweiss Comtrade Limited

Balance Sheet

(Currency : Indian rupees)

	Note	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	230,000,000	110,000,000
Reserves and surplus	2.2	(169,016,847)	(98,212,483)
Non-current liabilities			
Long-term provisions	2.3	725,000	994,000
Current liabilities			
Short-term borrowings	2.4	111,794,266	448,485,180
Trade payables			
Total outstanding dues of Micro and Small enterprises	2.34	118,126	-
Total outstanding dues of creditors other than Micro and Small enterprises	2.5	212,330,924	238,865,159
Other current liabilities	2.6	19,297,491	30,705,431
Short-term provisions	2.7	895,665	506,174
TOTAL		406,144,625	731,343,461
ASSETS			
Non-current assets			
Fixed assets	2.8		
Tangible assets		1,503,335	1,883,114
Intangible assets		18,573	-
Deferred tax assets	2.9	7,101,657	6,447,965
Long-term loans and advances	2.10	4,485,431	5,151,760
Other non-current assets	2.11	4,707,000	1,039,000
		17,815,996	14,521,839
Current assets			
Trade receivables	2.12	17,217,494	153,732,188
Cash and bank balances	2.13	40,147,074	114,121,512
Short-term loans and advances	2.14	6,623,910	8,371,107
Other current assets	2.15	324,340,151	440,596,815
		388,328,629	716,821,622
TOTAL		406,144,625	731,343,461

Significant accounting policies and notes to financial statements

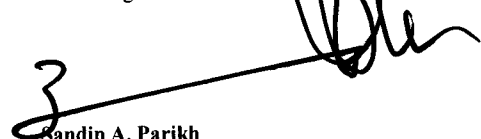
1 & 2

As per our report of even date attached.

For G. K. Choksi & Co.

Chartered Accountants

Firm's Registration No. 101895 W



Sandip A. Parikh

Partner

Membership No: 40727



Mumbai

15 May 2017

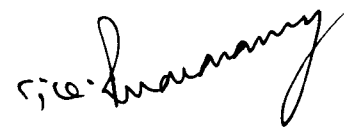
For and on behalf of the Board of Directors



Rajesh Mendon

Director

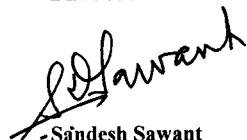
DIN : 07627485



Ramaswamy Krishnan

Director

DIN : 05158707



Sandesh Sawant

Chief Financial Officer

Mumbai

15 May 2017

Edelweiss Comtrade Limited

Statement of Profit and Loss

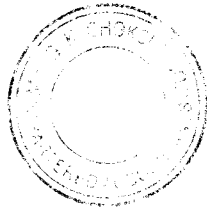
(Currency : Indian rupees)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations			
Fee and commission income	2.16	64,318,457	93,582,102
Income from treasury operations and investments	2.17	(13,549,473)	(207,136,207)
Sale of commodities		-	3,424,575,905
Other operating revenue	2.18	3,941,467	12,267,822
Other income	2.19	2,732,116	3,341,504
Total Revenue		57,442,567	3,326,631,126
Expenses			
Purchases of commodities		-	3,394,419,856
Employee benefit expenses	2.20	72,441,316	89,664,264
Finance costs	2.21	27,209,552	37,853,449
Depreciation and amortization expenses	2.8	748,542	1,169,760
Other expenses	2.22	28,501,212	25,892,920
Total Expenses		128,900,622	3,549,000,249
Loss before tax		(71,458,055)	(222,369,123)
Tax expense:			
Current tax		-	(428,867)
Deferred tax benefit		(653,691)	(483,928)
Loss for the year		(70,804,364)	(221,456,328)
Earnings per equity share:			
Basic and diluted earnings per share (Face value Rs. 10 each)	2.26	(4.35)	(43.72)
Significant accounting policies and notes to financial statements	1 & 2		

As per our report of even date attached.

For G. K. Choksi & Co.
Chartered Accountants
Firm's Registration No. 101895W

Sandip A. Parikh
Partner
Membership No: 40727



Mumbai
15 May 2017

For and on behalf of the Board of Directors

Rajesh Mendon
Director
DIN : 07627485

Ramaswamy Krishnan
Director
DIN : 05158707

Sandesh Sawant
Chief Financial Officer
Mumbai
15 May 2017

Edelweiss Comtrade Limited

Cash Flow Statement

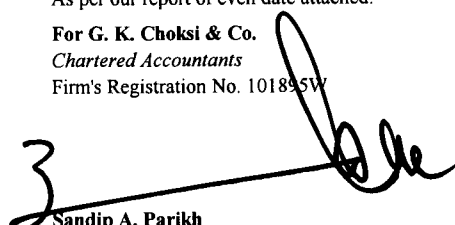
(Currency : Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
A Cash flow from operating activities		
Loss before taxation	(71,458,055)	(222,369,123)
Adjustments for		
Depreciation and amortization expenses	748,542	1,169,760
Provision for doubtful debts	1,979,796	2,175,329
Loss/ (Profit) on sale/ write-off of fixed assets (net)	7,461	(355,446)
Interest income	(689,177)	(5,756,748)
Interest expense	27,209,208	37,852,759
Operating cash flow before working capital changes	(42,202,225)	(187,283,469)
Add / (Less): Adjustments for working capital changes		
Decrease/ (Increase) in trade receivables	134,534,898	(137,868,044)
Decrease in loans and advances	119,027	81,118,081
Decrease in other assets	107,354,597	117,446,023
Increase in liabilities and provisions	(37,219,690)	(82,994,519)
Cash generated from/ (used in) operations	162,586,607	(209,581,928)
Income taxes paid	(2,746,990)	(1,570,509)
Net cash generated from/ (used in) operating activities - A	165,333,597	(208,011,419)
B Cash flow from investing activities		
Purchase of fixed assets	(394,797)	(87,686)
Sale of fixed assets	-	1,153,866
Interest received	649,540	6,470,543
Net cash generated from investing activities - B	254,743	7,536,723
C Cash flow from financing activities		
Proceeds from issue of share capital	120,000,000	60,000,000
(Repayment)/ Proceeds from unsecured loan	(336,690,914)	237,827,030
Interest paid	(28,145,567)	(36,348,606)
Net cash (used in)/ generated from financing activities - C	(244,836,481)	261,478,424
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(79,248,141)	61,003,728
Cash and cash equivalent as at the beginning of the year	113,373,604	52,369,876
Cash and cash equivalent as at the end of the year (refer note 2.13)	34,125,463	113,373,604

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

As per our report of even date attached.

For G. K. Choksi & Co.
Chartered Accountants
Firm's Registration No. 101895W

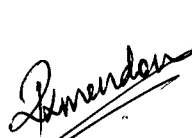


Sandip A. Parikh
Partner
Membership No: 40727

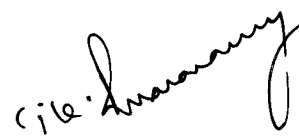


Mumbai
15 May 2017

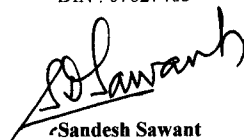
For and on behalf of the Board of Directors



Rajesh Mendon
Director
DIN : 07627485



Ramaswamy Krishnan
Director
DIN : 05158707



Sandesh Sawant
Chief Financial Officer

Mumbai
15 May 2017

Edelweiss Comtrade Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Indian rupees)

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

1.3 Current/ Non-current classification

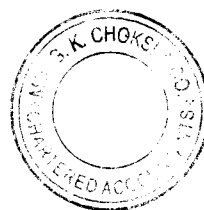
All assets and liabilities are classified into current and non-current Assets.

Asset

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 Comtrade Limited

Notes to the financial statements *(Continued)* for the year ended 31 March 2017

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.4 *Revenue recognition*

- a) Brokerage income on commodities broking is recognised as per contracted rates on execution of transactions on behalf of the customers on the trade date and is net of related sub-brokerage expenses, transaction charges and stock exchange expenses.
- b) Fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- c) Income from treasury operations comprises of profit/loss on derivatives.
 - (i) 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 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.
 - (ii) Profit/loss on error trades in broking business is included in "Income from treasury".
- d) Profit/ loss on sale of commodities is determined based on the weighted average cost of the commodities sold. 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.
- e) Interest income is recognised on accrual basis.

1.5 *Fixed assets and depreciation*

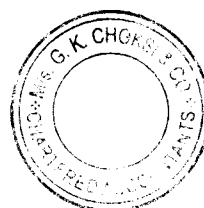
Tangible fixed assets

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Capital work in progress comprises the cost of fixed assets that are not ready for its intended use at the reporting date.

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

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



Edelweiss Comtrade Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian rupees)

1. Significant accounting policies (Continued)

1.5 Fixed assets and depreciation (Continued)

The estimated useful lives of the fixed assets are as follows:

Nature of assets	Useful Life
Furniture and fixtures	10 years
Motor 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

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

Intangible fixed assets are recorded in consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

Intangibles such as software is amortised over a period of 3 years or its estimated useful life whichever is shorter.

1.6 Impairment of assets

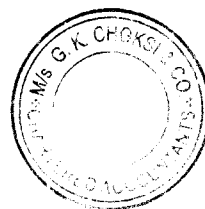
The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of cash generating unit 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.

1.7 Employee benefits

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

Provident fund

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



Edelweiss Comtrade Limited

Notes to the financial statements *(Continued)* for the year ended 31 March 2017

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.7 *Employee benefits (Continued)*

Gratuity

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

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.

Benefits in respect of funded gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

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 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.

1.8 *Tax*

Tax expense comprises current tax (i.e. amount of tax for the period 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 period).

Current tax

Provision for income 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 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.



Edelweiss Comtrade Limited

Notes to the financial statements *(Continued)* for the year ended 31 March 2017

(Currency: Indian rupees)

1. *Significant accounting policies (Continued)*

1.8 *Tax (Continued)*

Minimum alternative tax (MAT)

MAT credit asset is recognised where there is convincing evidence that the asset can be realised 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.

1.9 *Operating leases*

Lease payments for assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

1.10 *Earnings per share*

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

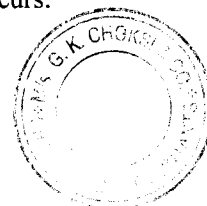
Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year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

1.11 *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 Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.1 Share capital		
Authorised :		
23,000,000 (Previous year: 15,000,000) Equity Shares of Rs. 10 each	<u>230,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid up:		
23,000,000 (Previous year: 11,000,000) Equity Shares of Rs. 10 each, fully paid-up	<u>230,000,000</u>	<u>110,000,000</u>
	<u>230,000,000</u>	<u>110,000,000</u>

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

a. Reconciliation of number of shares outstanding:

Number of shares outstanding at the beginning	11,000,000	5,000,000
Shares issued during the year	<u>12,000,000</u>	<u>6,000,000</u>
Number of shares at the end	<u>23,000,000</u>	<u>11,000,000</u>

b. Reconciliation of Share Capital:

Share Capital at the beginning of the year	110,000,000	50,000,000
Share Capital issued during the year	<u>120,000,000</u>	<u>60,000,000</u>
Share Capital at the end of the year	<u>230,000,000</u>	<u>110,000,000</u>

c. Terms/rights attached to equity shares:

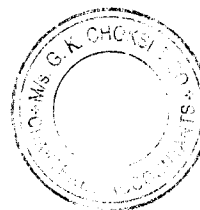
The Company has only one class of shares referred to as equity shares having a par value of Rs 10. Each holder of equity shares is entitled to one vote per share held.

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

Opening Balance in Statement of Profit and Loss	(98,212,483)	123,243,845
Less: Loss for the year	<u>(70,804,364)</u>	<u>(221,456,328)</u>
Closing Balance in Statement of Profit and Loss	<u>(169,016,847)</u>	<u>(98,212,483)</u>

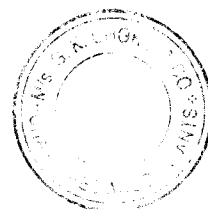


Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.3 Long-term provisions		
Compensated absense	725,000	994,000
	<u>725,000</u>	<u>994,000</u>
2.4 Short-term borrowings		
<u>Unsecured</u>		
Loans from related parties (Repayable on demand at variable rate of interest)	111,794,266	448,485,180
	<u>111,794,266</u>	<u>448,485,180</u>
2.5 Trade payables		
Trade payables (includes sundry creditors, provision for expenses, customer payables)	212,330,924	238,865,159
	<u>212,330,924</u>	<u>238,865,159</u>
2.6 Other current liabilities		
Interest accrued and due on borrowings	1,117,178	2,053,537
Other payables		
Accrued salaries and benefits	12,149,050	21,109,362
Payable to exchange / clearing house (net)	163,067	163,067
Withholding taxes, service tax and other statutory dues payable	3,459,362	6,493,866
Book overdraft	1,084,567	23,332
Others	1,324,267	862,267
	<u>19,297,491</u>	<u>30,705,431</u>
2.7 Short-term provisions		
Provision for employee benefits		
Compensated absense	221,000	284,000
Others		
Provision for taxation (net of advance income taxes/Refund of Rs. 13,665,668 (Previous year Rs. 15,929,775))	674,665	222,174
	<u>895,665</u>	<u>506,174</u>



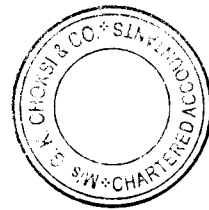
Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.8 Fixed assets

Description of Assets	Gross Block			Depreciation/ Amortisation			Net Block		
	As at 1 April 2016	Additions	Deductions	As at 31 March 2017	As at 1 April 2016	Additions	Deductions	As at 31 March 2017	As at 31 March 2016
Tangible assets									
Furniture and Fixtures	66,000	-	-	66,000	24,190	10,818	-	30,992	41,810
Office equipment	160,755	-	2,150	158,605	104,541	26,002	1,676	29,738	56,214
Vehicles	4,994,420	-	-	4,994,420	3,480,274	490,501	-	1,023,645	1,514,146
Computers	1,115,851	370,159	138,648	1,347,362	844,907	215,156	131,661	418,960	270,944
Total : A	6,337,026	370,159	140,798	6,566,387	4,453,912	742,477	133,337	1,503,335	1,883,114
Intangible assets									
Computer software	4,566,198	24,638	-	4,590,836	4,566,198	6,065	-	18,573	-
Total : B	4,566,198	24,638	-	4,590,836	4,566,198	6,065	-	18,573	-
Grand Total [A+B]	10,903,224	394,797	140,798	11,157,223	9,020,110	748,542	133,337	1,521,908	1,883,114



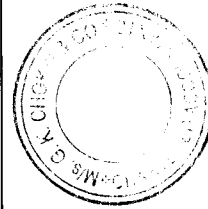
Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.8 Fixed assets (Continued)

Description of Assets	Gross Block			Depreciation/ Amortisation			Net Block		
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
Tangible assets									
Furniture and Fixtures	66,000	-	-	66,000	9,593	14,597	-	41,810	56,407
Office equipment	133,605	27,150	-	160,755	59,369	45,172	-	56,214	74,236
Vehicles	7,028,819	-	2,034,399	4,994,420	3,943,095	773,159	1,235,980	1,514,146	3,085,724
Computers	1,055,315	60,536	-	1,115,851	619,479	225,428	-	270,944	435,836
Total : A	8,283,739	87,686	2,034,399	6,337,026	4,631,536	1,058,356	1,235,980	1,883,114	3,652,203
Intangible assets									
Computer software	4,566,198	-	-	4,566,198	4,454,794	111,404	-	-	111,404
Total : B	4,566,198	-	-	4,566,198	4,454,794	111,404	-	-	111,404
Grand Total [A+B]	12,849,937	87,686	2,034,399	10,903,224	9,086,330	1,169,760	1,235,980	1,883,114	3,763,607

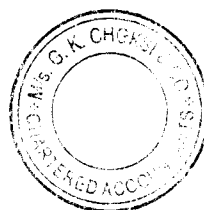


Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.9 Deferred taxes		
Deferred tax assets		
Difference between book and tax depreciation	544,906	547,616
Provision for doubtful debts/ advances	5,854,579	5,242,822
Disallowances under section 43B of the Income Tax Act, 1961	292,314	394,902
Others	409,858	262,625
	<u>7,101,657</u>	<u>6,447,965</u>
2.10 Long-term loans and advances		
Security deposits		
Rental deposits	-	280,000
Deposits placed with/ for exchange/ depositories	2,500,000	2,700,000
Other deposits	520,000	450,000
Other loans and advances		
Prepaid expenses	7,930	-
Advance income taxes	1,457,501	1,721,760
(net of provision for taxation of Rs. 34,353,139 (Previous year: Rs. 34,353,139))		
	<u>4,485,431</u>	<u>5,151,760</u>
2.11 Other non-current assets		
Gratuity fund	707,000	289,000
Long term deposits with banks (refer note 2.24) (held as margin money with maturity exceeding 12 months)	4,000,000	750,000
	<u>4,707,000</u>	<u>1,039,000</u>
2.12 Trade receivables		
Debtors outstanding for a period exceeding six months		
Secured, considered good	11,120,707	13,769,230
Unsecured, considered doubtful	18,540,623	14,842,943
	<u>29,661,330</u>	<u>28,612,173</u>
Provision for doubtful debts	18,540,623	14,842,943
	<u>11,120,707</u>	<u>13,769,230</u>
Other debts		
Secured, considered good	5,263,310	139,962,958
Unsecured, considered good	833,477	-
Unsecured, considered doubtful	406,235	2,124,119
	<u>6,503,022</u>	<u>142,087,077</u>
Provision for doubtful debts	406,235	2,124,119
	<u>6,096,787</u>	<u>139,962,958</u>
	<u>17,217,494</u>	<u>153,732,188</u>



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.13 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in Current accounts	34,125,463	113,373,604
Other bank balances		
- Short term deposits with banks (refer note 2.24)	6,021,611	747,908
	40,147,074	114,121,512
2.14 Short-term loans and advances		
Other loans and advances		
Rental deposits	280,000	-
Prepaid expenses	543,774	659,436
Loans and advances to employees	608,372	657,857
Vendor advances	1,256,997	1,412,510
Input tax credits	1,096,149	903,282
Advance income taxes	1,517,872	3,548,112
(net of provision for taxation of Nil (Previous year: Rs. 1,368,484))		
Advances recoverable in cash or in kind or for value to be received	1,320,746	1,189,910
	6,623,910	8,371,107
2.15 Other current assets		
Accrued interest on fixed deposits	52,497	12,859
Accrued interest on margin	-	33,078
Receivable from exchange / clearing house (net)	324,287,654	350,140,207
Margin placed with broker	-	90,410,671
	324,340,151	440,596,815



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.16 Fee and commission income		
Income from commodities broking	64,289,439	91,816,226
Fee income	29,018	1,765,876
	<u>64,318,457</u>	<u>93,582,102</u>
2.17 Income from treasury operations and investments		
Loss on trading in Commodity derivative instruments (net)	(84,223)	(1,171,245)
Loss on trading in currency derivative instruments (net)	(30,560,115)	(191,165,119)
Profit / (loss) on trading in interest rate derivative (net)	17,094,865	(14,799,843)
	<u>(13,549,473)</u>	<u>(207,136,207)</u>
2.18 Other operating revenue		
Interest income on loan to fellow subsidiary company	-	5,586,885
Interest income on fixed deposits	294,460	88,431
Interest income on margin with brokers	515,291	952,015
Delayed payment charges	3,131,716	5,640,491
	<u>3,941,467</u>	<u>12,267,822</u>
2.19 Other income		
Profit on sale of fixed assets (net)	-	355,446
Miscellaneous income	2,337,399	2,904,626
Interest income - others	394,717	81,432
	<u>2,732,116</u>	<u>3,341,504</u>



Edelweiss Comtrade Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.20 Employee benefit expenses		
Salaries and wages	66,948,176	80,238,890
Contribution to provident and other funds	3,593,081	7,566,592
Staff welfare expenses	1,900,059	1,858,782
	<u>72,441,316</u>	<u>89,664,264</u>
2.21 Finance costs		
Interest on loan from holding company	5,942,149	35,130,503
Interest on loan from fellow subsidiaries	21,266,512	2,716,394
Interest - others	547	5,862
Financial and bank charges	344	690
	<u>27,209,552</u>	<u>37,853,449</u>
2.22 Other expenses		
Advertisement and business promotion	100,827	114,833
Auditors' remuneration (refer note 2.32)	370,000	265,000
Commission and brokerage	115,654	-
Communication	1,041,475	761,146
Computer expenses	96,310	139,633
Computer software	412,016	754,315
Clearing & custodian charges	194,900	319,275
Dematerialisation charges	-	(5,341)
Electricity charges (refer note 2.33)	370,805	378,474
Insurance	237,630	155,448
Legal and professional fees	4,542,636	4,886,553
Loss on sale/ write-off of fixed assets (net)	7,461	-
Membership and subscription	17,500	20,709
Office expenses	849,466	477,582
Postage and courier	1,036,518	1,189,275
Printing and stationery	66,528	100,178
Provision for doubtful debts	1,979,796	2,175,329
Rates and taxes	51,102	52,148
Rent (refer note 2.33)	3,603,910	3,268,428
Repairs and maintenance - others	7,387	244,058
ROC Expenses	611,200	753,000
Seminar & Conference	43,352	1,500
Service tax expenses	243,893	776,057
Site related expenses	4,344,450	-
Stamp duty	1,152,781	3,700,342
Stock exchange expenses	316,434	2,108,618
Travelling and conveyance	3,350,619	3,180,906
Warehousing charges	(14,024)	15,379
Miscellaneous expenses	52,725	60,075
Operating losses	3,297,861	-
	<u>28,501,212</u>	<u>25,892,920</u>

