

**Edelweiss Comtrade Limited**

Financial Statements  
together with Auditors' Report  
for the year ended 31 March 2016

# **Edelweiss Comtrade Limited**

## **Financial statements together with Auditors' Report** *for the year ended 31 March 2016*

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# *G. K. 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 comprise the Balance Sheet as at March 31, 2016, 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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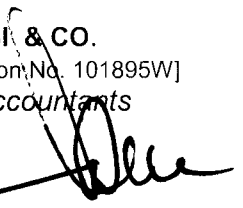
## Opinion

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 31<sup>st</sup> March, 2016 and its loss and its cash flows for the year ended on that date.

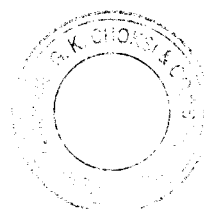
## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to 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.

**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 : 9<sup>th</sup> May, 2016

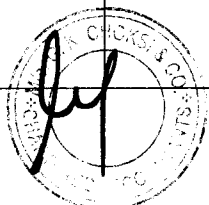
**Annexure - A referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:**

- (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 in 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, 2016 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 ₹	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 <sup>th</sup> July, 2015	Not Paid	--

- (b) According to the information and explanations given to us, the company has no disputed outstanding statutory dues as at 31<sup>st</sup> March, 2016 *other than stated below:-*

Name of the Statute	Nature of Dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3,33,130	A.Y. 2012-2013 to A.Y. 2013-2014	CIT(A), Ahmedabad
Finance Act, 1994	Service-tax	17,42,396	A.Y. 2005-2006 to A.Y. 2013-2014	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*

3

**SANDIP A. PARIKH**

*Partner*

Mem. No. 40727

Place : Mumbai

Date : 9<sup>th</sup> May, 2016



**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 31 March 2016 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.

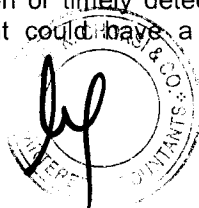
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal 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 31<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR G. K. CHOKSI & CO.**

[Firm Registration No. 101895W]

*Chartered Accountants*

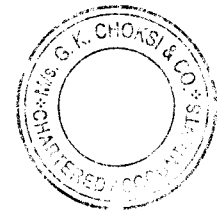
*[Signature]*  
**SANDIP A. PARIKH**

*Partner*

Mem. No. 40727

Place : Mumbai

Date : 9<sup>th</sup> May, 2016





# Edelweiss Comtrade Limited

## Balance Sheet

(Currency : Indian rupees)

	Note	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2.1	110,000,000	50,000,000
(b) Reserves and surplus	2.2	(98,212,483)	123,243,845
<b>Non-current liabilities</b>			
(a) Long-term provisions	2.3	994,000	1,098,000
<b>Current liabilities</b>			
(a) Short-term borrowings	2.4	448,485,180	210,658,150
(b) Trade payables			
Total outstanding dues of Micro, Small and Medium enterprises	2.34	-	-
Total outstanding dues of creditors other than Micro, Small and Medium enterprises	2.5	238,865,159	324,996,468
(c) Other current liabilities	2.6	30,705,431	25,928,488
(d) Short-term provisions	2.7	506,174	317,000
<b>TOTAL</b>		<b>731,343,461</b>	<b>736,241,951</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	2.8		
(i) Tangible assets		1,883,114	3,652,203
(ii) Intangible assets		-	111,405
(b) Deferred tax assets	2.9	6,447,965	5,964,038
(c) Long-term loans and advances	2.10	5,151,760	86,662,414
(d) Other non-current assets	2.11	1,039,000	79,000
		<b>14,521,839</b>	<b>96,469,060</b>
<b>Current assets</b>			
(a) Trade receivables	2.12	153,732,188	18,039,473
(b) Cash and bank balances	2.13	114,121,512	53,361,666
(c) Short-term loans and advances	2.14	8,371,107	8,899,001
(d) Other current assets	2.15	440,596,815	559,472,751
		<b>716,821,622</b>	<b>639,772,891</b>
<b>TOTAL</b>		<b>731,343,461</b>	<b>736,241,951</b>

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  
9 May 2016



**For and on behalf of the Board of Directors**

*Bmmp*

**Bhounik Mehta**  
Executive Director  
DIN : 01661081

*mehta*

**Tarang Mehta**  
Director  
DIN : 01528135

*Sandesh Sawant*  
**Sandesh Sawant**  
Company Secretary

Mumbai  
9 May 2016

# Edelweiss Comtrade Limited

## Statement of Profit and Loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>I. Revenue from operations</b>			
Fee and commission income	2.16	93,582,102	99,314,435
Income from treasury operations and investments	2.17	(207,136,207)	(869,232)
Sale of commodities		3,424,575,905	-
Other operating revenue	2.18	12,267,822	26,550,581
<b>II. Other income</b>	2.19	3,341,504	456,288
<b>III. Total Revenue</b>		<b>3,326,631,126</b>	<b>125,452,072</b>
<b>IV. Expenses</b>			
Purchases of commodities		3,394,419,856	-
Employee benefit expenses	2.20	89,664,264	86,235,576
Finance costs	2.21	37,853,449	12,245,072
Depreciation and amortization expenses	2.8	1,169,760	1,921,410
Other expenses	2.22	25,892,920	23,496,715
<b>Total Expenses</b>		<b>3,549,000,249</b>	<b>123,898,773</b>
<b>V. (Loss)/ Profit before tax</b>		<b>(222,369,123)</b>	<b>1,553,299</b>
<b>VI. Tax expense:</b>			
(1) Income tax (Includes adjustment of (Excess)/ short provision for earlier years Rs. (428,867) (Previous year : Rs. 32123))		(428,867)	1,845,123
(2) Deferred tax benefit		(483,928)	(284,418)
<b>VII. Loss for the year</b>		<b>(221,456,328)</b>	<b>(7,406)</b>
<b>VIII. Earnings per equity share:</b>			
Basic and diluted earnings per share (Face value Rs. 10 each)	2.26	(43.72)	(0.00)
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  
9 May 2016

For and on behalf of the Board of Directors

**Bhounik Mehta**  
Executive Director  
DIN : 01661081

**Tarang Mehta**  
Director  
DIN : 01528135

**Sandesh Sawant**  
Company Secretary  
Mumbai  
9 May 2016

# Edelweiss Comtrade Limited

## Cash Flow Statement

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A Cash flow from operating activities</b>		
Profit before taxation	(222,369,123)	1,553,299
Adjustments for		
Depreciation and amortization expenses	1,169,760	1,921,410
Provision for doubtful debts	2,175,329	3,866,511
Profit on sale/ write-off of fixed assets (net)	(355,446)	-
Interest income	(5,756,748)	(21,988,246)
Interest expense	37,852,759	12,217,875
<b>Operating cash flow before working capital changes</b>	<b>(187,283,469)</b>	<b>(2,429,151)</b>
Add / (Less): Adjustments for working capital changes		
Increase in trade receivables	(137,868,044)	(2,584,425)
Decrease in loans and advances	81,118,081	105,320,035
Decrease/ (Increase) in other assets	117,446,023	(159,256,725)
Decrease in liabilities and provisions	(82,994,519)	(95,742,360)
<b>Cash used in operations</b>	<b>(209,581,928)</b>	<b>(154,692,626)</b>
Income taxes (refund)/paid	(1,570,509)	4,804,192
<b>Net cash used in operating activities - A</b>	<b>(208,011,419)</b>	<b>(159,496,818)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(87,686)	(571,720)
Sale of fixed assets	1,153,866	-
Interest received	6,470,543	22,190,329
<b>Net cash generated from investing activities - B</b>	<b>7,536,723</b>	<b>21,618,609</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital	60,000,000	-
Proceeds from unsecured loan	237,827,030	153,315,766
Interest paid	(36,348,606)	(11,799,758)
<b>Net cash generated from (used in) financing activities - C</b>	<b>261,478,424</b>	<b>141,516,008</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>61,003,728</b>	<b>3,637,799</b>
Cash and cash equivalent as at the beginning of the year	52,369,876	48,732,077
Cash and cash equivalent as at the end of the year (refer note 2.13)	113,373,604	52,369,876

### Note:

1 Cash and cash equivalents include the following:

Balances with banks:

In current accounts

113,373,604	52,369,876
<b>113,373,604</b>	<b>52,369,876</b>

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  
9 May 2016

For and on behalf of the Board of Directors

*Bhoomik Mehta*

Bhoomik Mehta  
Executive Director  
DIN : 01661081

*Tarang Mehta*

Tarang Mehta  
Director  
DIN : 01528135

*Sandesh Sawant*  
Sandesh Sawant  
-Company Secretary  
Mumbai  
9 May 2016

# Edelweiss Comtrade Limited

## Notes to the financial statements for the year ended 31 March 2016

(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 2016

(Currency: Indian rupees)

### 1. *Significant accounting policies (Continued)*

#### 1.4 *Revenue recognition*

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.

- a) Fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- b) 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".
- c) 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.
- d) 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 2016

(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 2016

(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 2016

(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 2016	As at 31 March 2015
<b>2.1 Share capital</b>		
<b>Authorised :</b>		
15,000,000 (Previous year: 5,000,000) Equity Shares of Rs. 10 each	<u>150,000,000</u>	<u>50,000,000</u>
<b>Issued, Subscribed and Paid up:</b>		
11,000,000 (Previous year: 5,000,000) Equity Shares of Rs. 10 each, fully paid-up	<u>110,000,000</u>	<u>50,000,000</u>
	<u>110,000,000</u>	<u>50,000,000</u>
(The entire paid up capital is held by Edelweiss Securities Limited, the holding company and its nominees.)		
<b>a. Reconciliation of number of shares outstanding:</b>		
Number of shares outstanding at the beginning	5,000,000	5,000,000
Shares issued during the year	<u>6,000,000</u>	<u>-</u>
Number of shares at the end	<u>11,000,000</u>	<u>5,000,000</u>
<b>b. Reconciliation of Share Capital:</b>		
Share Capital at the beginning of the year	50,000,000	50,000,000
Share Capital issued during the year	<u>60,000,000</u>	<u>-</u>
Share Capital at the end of the year	<u>110,000,000</u>	<u>50,000,000</u>
<b>c. Terms/rights attached to equity shares:</b>		
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.		
<b>2.2 Reserves and surplus</b>		
Opening Balance in Statement of Profit and Loss	123,243,845	123,251,251
Less: Loss for the year	<u>(221,456,328)</u>	<u>(7,406)</u>
Closing Balance in Statement of Profit and Loss	<u>(98,212,483)</u>	<u>123,243,845</u>

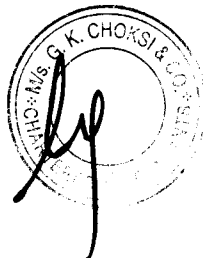


# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.3 Long-term provisions</b>		
Compensated absense	994,000	1,098,000
	<u>994,000</u>	<u>1,098,000</u>
<b>2.4 Short-term borrowings</b>		
<u>Unsecured</u>		
Loans and advances from related parties (Repayable on demand at variable rate of interest)	448,485,180	210,658,150
	<u>448,485,180</u>	<u>210,658,150</u>
<b>2.5 Trade payables</b>		
Trade payables (includes sundry creditors, provision for expenses, customer payables)	238,865,159	324,996,468
	<u>238,865,159</u>	<u>324,996,468</u>
<b>2.6 Other current liabilities</b>		
Interest accrued and due on borrowings	2,053,537	549,384
Other payables		
Accrued salaries and benefits	21,109,362	19,854,895
Payable to exchange / clearing house (net)	163,067	163,067
Withholding taxes, service tax and other statutory dues payable	6,493,866	4,140,795
Advances from customers	-	573,080
Book overdraft	23,332	-
Others	862,267	647,267
	<u>30,705,431</u>	<u>25,928,488</u>
<b>2.7 Short-term provisions</b>		
Provision for employee benefits		
Compensated absense	284,000	316,000
Others		
Provision for taxation (net of advance income taxes of Rs. 15,929,775 (Previous year Rs. Nil))	222,174	1,000
	<u>506,174</u>	<u>317,000</u>



## Edelweiss Comtrade Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees)

#### 2.8 Fixed assets

Description of Assets	Gross Block		Depreciation		Net Block	
	As at 1 April 2015	Additions during the year	Deductions during the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
<b>Tangible assets</b>						
Furniture and Fixtures	66,000	-	-	14,597	24,190	56,407
Office equipment	133,605	27,150	-	45,172	104,541	74,237
Vehicles	7,028,819	-	2,034,399	773,159	3,480,275	3,085,724
Computers	1,055,315	60,536	-	225,428	844,907	435,836
<b>Total : A</b>	<b>8,283,739</b>	<b>87,686</b>	<b>2,034,399</b>	<b>1,058,355</b>	<b>4,453,912</b>	<b>3,652,203</b>
<b>Intangible assets</b>						
Computer software	4,566,198	-	-	111,404	4,566,198	111,405
<b>Total : B</b>	<b>4,566,198</b>	<b>-</b>	<b>-</b>	<b>111,404</b>	<b>4,566,198</b>	<b>111,405</b>
<b>Grand Total [A+B]</b>	<b>12,849,937</b>	<b>87,686</b>	<b>2,034,399</b>	<b>1,169,760</b>	<b>9,020,110</b>	<b>3,763,608</b>
Previous Year	12,278,217	571,720	-	1,921,410	9,086,329	3,763,608



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.9 Deferred taxes</b>		
<b>Deferred tax assets</b>		
Difference between book and tax depreciation	547,616	605,937
Provision for doubtful debts/ advances	5,242,822	4,890,590
Disallowances under section 43B of the Income Tax Act, 1961	394,902	467,511
Others	262,625	-
	<u>6,447,965</u>	<u>5,964,038</u>
<b>2.10 Long-term loans and advances</b>		
<b><u>Unsecured</u></b>		
Loans and advances to related parties	-	80,000,000
Security deposits		
Rental deposits	280,000	280,000
Deposits placed with/ for exchange/ depositories	2,700,000	2,700,000
Other deposits	450,000	450,000
Other loans and advances		
Advance income taxes	1,721,760	3,232,414
(net of provision for taxation of Rs. 34,353,139 (Previous year: Rs. 36,166,139))		
	<u>5,151,760</u>	<u>86,662,414</u>
<b>2.11 Other non-current assets</b>		
Gratuity fund	289,000	79,000
Long term deposits with banks (held as margin money)	750,000	-
	<u>1,039,000</u>	<u>79,000</u>
<b>2.12 Trade receivables</b>		
Debtors outstanding for a period exceeding six months		
Secured, considered good	13,769,230	13,333,066
Unsecured, considered doubtful	14,842,943	12,547,085
	<u>28,612,173</u>	<u>25,880,151</u>
Provision for doubtful debts	<u>14,842,943</u>	<u>12,547,085</u>
	<u>13,769,230</u>	<u>13,333,066</u>
Other debts		
Secured, considered good	139,962,958	4,574,306
Unsecured, considered good	-	132,101
Unsecured, considered doubtful	2,124,119	2,244,647
	<u>142,087,077</u>	<u>6,951,054</u>
Provision for doubtful debts	<u>2,124,119</u>	<u>2,244,647</u>
	<u>139,962,958</u>	<u>4,706,407</u>
	<u>153,732,188</u>	<u>18,039,473</u>



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.13 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
- in Current accounts	113,373,604	52,369,876
<b>Other bank balances</b>		
- Short term deposits with banks	747,908	991,790
	<u>114,121,512</u>	<u>53,361,666</u>
<b>2.14 Short-term loans and advances</b>		
Other loans and advances		
Prepaid expenses	659,436	1,171,316
Loans and advances to employees	506,412	1,097,905
Vendor advances	1,412,510	1,058,835
Input tax credits	903,282	1,387,160
Advance income taxes	3,548,112	2,957,926
(net of provision for taxation of Rs. 1,368,484 (Previous year: Rs. 12,971,849))		
Advances recoverable in cash or in kind or for value to be received	1,341,355	1,225,859
	<u>8,371,107</u>	<u>8,899,001</u>
<b>2.15 Other current assets</b>		
Accrued interest on fixed deposits	12,859	12,907
Accrued interest on loans given	-	713,747
Accrued interest on margin	33,078	5,844
Receivable from exchange / clearing house (net)	350,140,207	514,644,458
Margin placed with broker	90,410,671	44,095,795
	<u>440,596,815</u>	<u>559,472,751</u>



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.16 Fee and commission income</b>		
Income from commodities broking	91,816,226	89,678,911
Fee income	1,765,876	9,635,524
	<u>93,582,102</u>	<u>99,314,435</u>
<b>2.17 Income from treasury operations and investments</b>		
Profit / (loss) on trading in Commodity derivative instruments (net)	(1,171,245)	84,092
Profit/ (loss) on trading in currency derivative instruments (net)	(191,165,119)	(953,324)
Profit / (loss) on trading in interest rate derivative (net)	(14,799,843)	-
	<u>(207,136,207)</u>	<u>(869,232)</u>
<b>2.18 Other operating revenue</b>		
Interest income on loan to fellow subsidiary company	5,586,885	21,670,553
Interest income on fixed deposits	88,431	153,909
Interest income on margin with brokers	952,015	6,493
Delayed payment charges	5,640,491	4,719,626
	<u>12,267,822</u>	<u>26,550,581</u>
<b>2.19 Other income</b>		
Profit on sale of fixed assets (net)	355,446	-
Miscellaneous income	2,904,626	292,504
Interest income - others	81,432	163,784
	<u>3,341,504</u>	<u>456,288</u>



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.20 Employee benefit expenses</b>		
Salaries and wages	80,238,890	80,592,810
Contribution to provident and other funds (refer note 2.27)	7,566,592	4,883,660
Staff welfare expenses	1,858,782	759,106
	<u>89,664,264</u>	<u>86,235,576</u>
<b>2.21 Finance costs</b>		
Interest on loan from holding company	35,130,503	9,888,184
Interest on loan from fellow subsidiaries	2,716,394	2,305,293
Interest - others	5,862	24,398
Financial and bank charges	690	27,197
	<u>37,853,449</u>	<u>12,245,072</u>
<b>2.22 Other expenses</b>		
Advertisement and business promotion	114,833	78,489
Auditors' remuneration (refer note 2.32)	265,000	220,000
Bad- debts and advances written off	-	57,445
Communication	761,146	222,488
Computer expenses	139,633	23,068
Computer software	754,315	1,116,580
Clearing & custodian charges	319,275	135,000
Dematerialisation charges	(5,341)	50,119
Electricity charges (refer note 2.33)	378,474	478,110
Insurance	155,448	399,445
Legal and professional fees	4,886,553	7,555,566
Membership and subscription	20,709	39,200
Office expenses	477,582	213,835
Postage and courier	1,189,275	275,659
Printing and stationery	100,178	17,738
Provision for doubtful debts	2,175,329	3,866,511
Rates and taxes	52,148	46,797
Rent (refer note 2.33)	3,268,428	4,383,182
Repairs and maintenance - others	244,058	54,200
ROC Expenses	753,000	5,314
Seminar & Conference	1,500	3,000
Service tax expenses	776,057	139,309
Stamp duty	3,700,342	31,447
Stock exchange expenses	2,108,618	1,189,295
Travelling and conveyance	3,180,906	2,862,695
Warehousing charges	15,379	27,255
Wealth Tax	-	1,000
Miscellaneous expenses	60,075	3,968
	<u>25,892,920</u>	<u>23,496,715</u>



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued) for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.23 Contingent liabilities and commitments

#### (i) Contingent liabilities

- a) Claims against the Company not acknowledged as debt Rs. 867,115 (Previous year: Rs. 264,519).
- b) Taxation matters in respect of which appeal is pending – Rs. 2,411,862 (Previous year: Rs. 3,723,819).

### 2.24 Additional disclosure on fixed deposits

- a) Fixed deposits aggregating to Rs. 750,000 (previous year: Rs. 750,000) have been pledged with exchanges for meeting base capital requirement.
- b) Fixed deposits aggregating to Rs. 747,908 (previous year: Rs. 241,790) have been pledged with exchange towards arbitration.

### 2.25 Operating leases

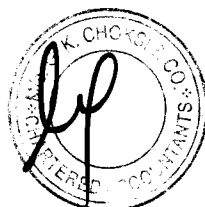
The Company has taken premises on operating lease. Gross rental expenses for the year ended 31 March 2016 aggregated to Rs. 3,268,428 (Previous year Rs. 4,383,182) which has been included under the head Other expenses – Rent in the statement of profit and loss. There is no premises on non-cancellable operating lease.

### 2.26 Earnings per share

In accordance with Accounting Standard 20 on Earnings Per Share, the computation of earnings per share is set out below:

Particulars	2016	2015
a) Shareholders earnings (as per statement of profit and loss)	(221,456,328)	(7,406)
b) Calculation of weighted average number of equity shares of Rs. 10 each:		
– Number of shares at the beginning of the year	5,000,000	5,000,000
– Number of shares issued during the year	6,000,000	Nil
Total number of equity shares outstanding at the end of the year	11,000,000	5,000,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	5,065,574	5,000,000
c) Basic and diluted earnings per share (in rupees) (a/b)	(43.72)	0.00

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





# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued) for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.27 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee benefits

#### (a) Defined contribution to provident fund, employee state insurance fund and employees death linked insurance

Amount of Rs. 3,417,592 (Previous year: Rs. 3,280,660) is recognised as expenses in "Employee benefit expenses" – Note 2.20 in the statement of profit and loss.

#### (b) Defined benefit plans (Gratuity)

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

Particulars	2016	2015
<b>Changes in the present value of obligation</b>		
Present value of obligation (opening)	10,289,000	8,255,000
Transfer out	(359,000)	(337,000)
Interest cost	775,000	689,000
Current service cost	795,000	883,000
Benefits paid	(3,469,000)	(891,000)
Actuarial loss	3,085,000	1,690,000
Present value of obligation (closing)	11,116,000	10,289,000
<b>Changes in the fair value of plan assets</b>		
Present value of plan assets (opening)	10,368,000	8,500,000
Expected return on plan assets	670,000	641,000
Employers contributions	4,000,000	1,100,000
Benefits paid	(3,469,000)	(891,000)
Actuarial (loss)/ gain	(164,000)	1,018,000
Fair value of plan assets (closing)	11,405,000	10,368,000
<b>Percentage of each category of plan assets to total fair value of plan assets at the year end</b>		
Insurer Managed Funds (Traditional)	20%	20%
Insurer Managed Funds (Unit-linked)	80%	70%
Cash & Bank	0%	10%
<b>Reconciliation of the present value of defined benefit obligation and the fair value of assets</b>		
Present value of funded obligation as at the year end	11,116,000	10,289,000
Fair value of plan assets as at year end	11,405,000	10,368,000
Funded asset recognised in the balance sheet	289,000	(79,000)
Present value of unfunded obligation as at the year end	-	-
Unfunded net liability recognised in the balance sheet	-	-



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued) for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.27 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee benefits (Continued)

Particulars	2016	2015
<b>Amount recognised in the balance sheet</b>		
Present value of obligation as at the year end	11,116,000	10,289,000
Fair value of plan assets as at the year end	11,405,000	10,368,000
(Asset)/ liability recognised in the balance sheet	(289,000)	(79,000)
<b>Expenses recognised in the statement of profit and loss</b>		
Current service cost	795,000	883,000
Interest cost	775,000	689,000
Expected return on plan assets	(670,000)	(641,000)
Net actuarial loss	3,249,000	672,000
Total expenses recognised in the statement of profit and loss	4,149,000	1,603,000
<b>Experience adjustments</b>		
Defined Benefit obligation	11,116,000	10,289,000
Fair Value of plan assets	11,405,000	10,368,000
Surplus	289,000	79,000
Experience adjustment on plan liabilities: loss	2,964,000	1,011,000
Experience adjustment on plan assets: (loss)/gain	(181,000)	1,018,000
<b>Principal actuarial assumption</b>		
Rate of discounting	7.40%	7.80%
Expected return on plan assets	7.80%	8.00%
Annual increase in salary costs	7.00%	7.00%
Attrition rate	60% at junior level reducing to 13% at senior level	60% at junior level reducing to 13% at senior level

### 2.28 Disclosure of Related parties as required under AS-18- "Related Party Disclosure"

#### (A) Names of related parties by whom control is exercised

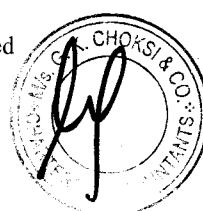
Edelweiss Financial Services Limited	Ultimate holding company
Edelweiss Securities Limited	Holding company

#### (B) Key management personnel

Sandip Shah	Manager (upto November 1, 2014)
Bhounik Mehta	Executive Director (w.e.f. February 1, 2016)

#### (C) Fellow subsidiaries with whom transactions have taken place during the year:

Edelweiss Commodities Services Limited  
Ecap Equities Limited  
ECL Finance Limited  
Edelcap Securities Limited  
Edelweiss Broking Limited\*  
Edelweiss Web Services Limited  
EFSL Commodities Limited  
Edelweiss Custodial Services Limited  
Edelweiss Global Wealth Management Limited



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued) for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.28 Disclosure of Related parties as required under AS-18- "Related Party Disclosure" (Continued)

\* Edelweiss Financial Advisors Limited ("Transferor Company"), had been amalgamated with Edelweiss Broking Limited ("Transferee Company") with effect from October 2013 ("the Appointed Date") vide a court order. The Scheme of Amalgamation had come into effect from December 9, 2014 ('the Effective Date'). All related party transactions transacted during the year and the outstanding balances thereof as at the end of the year relating to the Transferor Company were considered to be transacted with the Transferee Company and accordingly included in the related party transactions disclosure of the Company.

#### (D) Transaction with related parties:

Nature of Transaction	Related Party Name	2016	2015
<b>Capital account transactions during the year</b>			
Issue of equity shares to	Edelweiss Securities Limited	60,000,000	-
<b>Current account transactions during the year</b>			
Short term loans taken from (refer note -1 below)	Edelweiss Financial Services Limited	544,676,236	386,636,788
	Edelweiss Commodities Services Limited	411,137,000	2,100,000
Short term loans repaid to	Edelweiss Financial Services Limited	686,368,549	235,421,022
	Edelweiss Commodities Services Limited	31,617,657	-
Long term loans repaid from	Edelweiss Financial Services Limited	-	104,600,000
	Edelweiss Global Wealth Management Limited	60,000,000	-
	EFSL Commodities Limited	20,000,000	-
Long term loans repaid by	Edelweiss Financial Services Limited	-	104,600,000
<b>Secondary Market transactions</b>			
Margin placed with (refer note -1 below)	Edelweiss Securities Limited	107,355,016	44,095,794
Margin withdrawn from (refer note -1 below)	Edelweiss Securities Limited	61,040,139	-
Purchase of Commodities from	Edelcap Securities Limited	3,394,419,856	-
<b>Other transactions</b>			
Interest expense on Short term loan from	Edelweiss Financial Services Limited	35,130,503	9,888,184
	Edelweiss Commodities Services Limited	2,716,394	2,305,293
Interest income on Long term loan from	Edelweiss Financial Services Limited	-	12,070,553
	Edelweiss Global Wealth Management Limited	3,285,246	7,200,000
	EFSL Commodities Limited	2,301,639	2,400,000



# Edelweiss Comtrade Limited

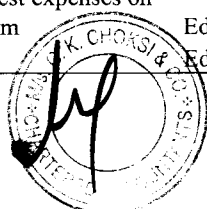
## Notes to the financial statements *(Continued)* for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.28 Disclosure of Related parties as required under AS-18- "Related Party Disclosure" *(Continued)*

#### (D) Transaction with related parties *(Continued)*:

Nature of Transaction	Related Party Name	2016	2015
Interest income on Margin placed with	Edelweiss Securities Limited	952,015	6,493
Clearing charges paid to	Edelweiss Commodities Services Limited	120,000	120,000
	Edelweiss Securities Limited	199,275	15,000
Support charges for bullion paid to	Edelweiss Commodities Services Limited	19,092	-
Reimbursement paid to	Edelweiss Web Services Limited	75,770,289	65,160,919
	Edelweiss Financial Services Limited	6,439,721	5,546,273
Electricity expenses paid to	Edelweiss Commodities Services Limited	378,474	478,188
Insurance expenses paid to	Edelweiss Financial Services Limited	654,488	867,032
Processing fees paid to	Edelweiss Web Services Limited	144,370	131,770
Rent paid to	Edelweiss Commodities Services Limited	2,844,928	3,987,682
Remuneration paid to	Sandip Shah	-	382,684
	Bhounik Mehta	566,868	-
<b>Balances with related parties</b>			
Share capital held by	Edelweiss Securities Limited	110,000,000	50,000,000
Short term loans taken from	Edelweiss Financial Services Limited	46,865,837	188,558,150
	Edelweiss Commodities Services Limited	401,619,343	22,100,000
Trade payables to	Edelweiss Web Services Limited	180,517	-
	Edelweiss Financial Services Limited	-	1,470,063
	Edelweiss Commodities Services Limited	19,951	4,993,828
	Others	15,916	95,229
Other current liabilities payable to	ECL Finance Limited	-	75,000
	Edelweiss Broking Limited	437,000	148,000
	Edelweiss Global Wealth Management Limited	115,000	-
	Edelweiss Custodial Services Limited	-	114,000
Long term loans given to	Edelweiss Global Wealth Management Limited	-	60,000,000
	EFSL Commodities Limited	-	20,000,000
Accrued interest expenses on loan taken from	Edelweiss Financial Services Limited	1,775,503	411,913
	Edelweiss Commodities Services Limited	278,034	137,471



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued) for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.28 Disclosure of Related parties as required under AS-18- "Related Party Disclosure" (Continued)

#### (D) Transaction with related parties (Continued):

Nature of Transaction	Related Party Name	2016	2015
Trade receivables from	Edelweiss Web Services Limited	-	132,101
Accrued interest income on loan given to	Edelweiss Financial Services Limited	-	216,651
	Edelweiss Global Wealth Management Limited	-	372,822
	EFSL Commodities Limited	-	124,274
Accrued interest income on Margin placed with	Edelweiss Securities Limited	33,078	5,844
Other receivable from	Edelweiss Custodial Services Limited	193,000	-
	Edelweiss Financial Services Limited	538,521	429,963
Margin placed with broker	Edelweiss Securities Limited	90,410,671	44,095,794
Trade receivables from	Edelweiss Web Services Limited	-	132,101
Receivable from clearing house (net)	Edelweiss Commodities Services Limited	350,194,919	512,281,013
Managerial Remmuneration payable to	Bhoumik Mehta	400,000	-

Note -1 : 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.

### 2.29 Segment reporting

#### Primary Segment (Business Segment)

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

Segment	Activity covered
Agency business	Broking and advisory services
Capital based business	Income from treasury operations, investment and dividend income

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable 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.

#### Secondary Segment

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.



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued) for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.29 Segment reporting (Continued)

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

<b>Business segment</b>			
	<b>Particulars</b>	<b>For the year ended 31 March 16</b>	<b>For the year ended 31 March 15</b>
I	<b>Segment revenue</b>		
	<b>Income from external customers</b>		
	Agency business	101,481,283	125,452,072
	Capital based business	3,225,149,843	-
	Unallocated	-	-
	<b>Total income</b>	<b>3,326,631,126</b>	<b>125,452,072</b>
II	<b>Segment result</b>		
	Agency business	(39,084,670)	1,553,299
	Capital based business	(183,284,453)	-
	Unallocated	-	-
	<b>Total</b>	<b>(222,369,123)</b>	<b>1,553,299</b>
	<b>Profit/ (loss) before taxation</b>	<b>(222,369,123)</b>	<b>1,553,299</b>
	Less : Provision for taxation	(912,795)	1,560,705
	<b>Profit/ (loss) after taxation</b>	<b>(221,456,328)</b>	<b>(7,406)</b>
III	<b>Segment assets</b>		
	Agency business	629,125,211	724,087,573
	Capital based business	90,500,413	-
	Unallocated	11,717,837	12,154,378
	<b>Total</b>	<b>731,343,461</b>	<b>736,241,951</b>
IV	<b>Segment liabilities</b>		
	Agency business	628,889,760	562,997,106
	Capital based business	90,444,010	-
	Unallocated	222,174	1,000
	<b>Total</b>	<b>719,555,944</b>	<b>562,998,106</b>
V	<b>Capital expenditure</b>		
	Agency business	85,399	571,720
	Capital based business	2,287	-
	Unallocated	-	-
	<b>Total</b>	<b>87,686</b>	<b>571,720</b>
VI	<b>Depreciation and amortisation</b>		
	Agency business	1,139,245	1,921,410
	Capital based business	30,515	-
	Unallocated	-	-
	<b>Total</b>	<b>1,169,760</b>	<b>1,921,410</b>
VII	<b>Other non cash expenditure</b>		
	Agency business	2,042,877	3,790,956
	Capital based business	(3,548)	-
	Unallocated	-	-
	<b>Total</b>	<b>2,039,329</b>	<b>3,790,956</b>



# Edelweiss Comtrade Limited

## Notes to the financial statements (Continued) for the year ended 31 March 2016

(Currency: Indian rupees)

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

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

Sr. No.	Name of future	For the year ended 31 March 2016		For the year ended 31 March 2015	
		Number of contracts	Number of units involved	Number of contracts	Number of units involved
1	Long position	23,625	23,625,000	-	-

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

Sr. No.	Name of future	For the year ended 31 March 2016		For the year ended 31 March 2015	
		Number of contracts	Number of units involved	Number of contracts	Number of units involved
1	Long position	9,075	18,150,000	-	-

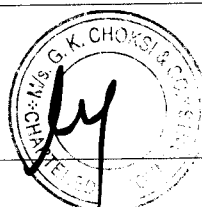
### 2.31 Details of purchase, sale and change in stock in trade:

#### (i) Commodities

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
	Amount (Rs.)	Amount (Rs.)
<b>Opening stock</b>		
Bullion	-	-
	-	-
<b>Purchase</b>		
Bullion	3,394,419,856	-
	3,394,419,856	-
<b>Sales</b>		
Bullion	3,424,575,905	-
	3,424,575,905	-
<b>Closing stock</b>		
Bullion	-	-
	-	-
<b>Profit on trading in commodities (net)</b>	<b>30,156,049</b>	<b>-</b>

### 2.32 Auditors' remuneration

Particulars	As at 31 March 2016	As at 31 March 2015
As auditors	265,000	220,000
<b>Total</b>	<b>265,000</b>	<b>220,000</b>



# Edelweiss Comtrade Limited

## Notes to the financial statements (*Continued*) for the year ended 31 March 2016

(Currency: Indian rupees)

### 2.33 Cost sharing

Edelweiss Commodities Services Limited, the fellow subsidiary company, incurs expenditure towards rent & utilities which is for the common benefit of itself & Edelweiss Comtrade Limited. This cost so expended is reimbursed by Edelweiss Comtrade Limited. Accordingly, and as identified appropriately, the expenditure heads in Note 2.22 are factored with these reimbursements.

### 2.34 Details of dues to Micro, Small and Medium enterprises

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

2.35 Brokerage income is disclosed net of related (i) sub-brokerage expenses Rs. 53,077,438 (previous year Rs. 58,203,903) and (ii) stock exchange expense Rs. (939,603) (previous year Rs. (1,593,583)).

### 2.36 Previous year comparatives

Previous year figures have been regrouped and reclassified wherever necessary, to conform to current year's presentation.

For G. K. Choksi & Co.

Chartered Accountants

Firm's Registration No. 101894/W

  
Sandip A. Parikh

Partner

Membership No: 40727



Mumbai  
9 May 2016

For and on behalf of the Board of Directors



Bhounik Mehta

Executive Director

DIN : 01661081



Tarang Mehta

Director

DIN : 01528135



Sandesh Sawant

Company Secretary

Mumbai  
9 May 2016