

Edelweiss Financial Services Limited

Consolidated Financial Statements for the year ended 31 March 2014

Independent Auditors' Report

**To the Board of Directors of
Edelweiss Financial Services Limited**

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Edelweiss Financial Services Limited ('the Company') and its subsidiaries and associates (collectively referred to as 'the Group') which comprise the consolidated balance sheet as at 31 March 2014, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2014;
- (ii) in the case of the consolidated statement of profit and loss, of the profit of the Group for the year ended on that date; and
- (iii) in the case of consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements and other financial information of certain subsidiaries whose financial statements reflect total assets of Rs. 59,143 million as at 31 March 2014; total revenues of Rs. 5,804 million and net cash inflow of Rs. 1,542 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, are based solely on the report of the other auditors.

We did not audit the financial statements and other financial information of certain associates which have been audited by other auditors and whose reports have been furnished to us, and our opinion, in so far as it relates to share of profit of Rs. 81 million for the year ended 31 March 2014 to the amounts included in respect of these associates is based solely on the report of the other auditors.

The actuarial valuation of insurance liabilities is the responsibility of the Group's life insurance subsidiary's appointed actuary ('the Appointed Actuary'). The actuarial valuation of these liabilities as at 31 March 2014 has been duly certified by the Appointed Actuary. The Appointed Actuary has certified to the life insurance subsidiary that in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ('IRDA') and the Institute of Actuaries of India in concurrence with IRDA. The statutory auditors of Edelweiss Tokio Life Insurance Company Limited have relied upon Appointed Actuary's certificate in this regard.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W

N Sampath Ganesh
Partner
Membership Number: 042554

Mumbai
17 May 2014

Consolidated Balance Sheet as at 31 March 2014

(Currency: Indian rupees in millions)	Note	As at 31 March 2014	As at 31 March 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	724.15	718.94
(b) Reserves and surplus	2.2	26,569.10	23,834.32
		27,293.25	24,553.26
Share application money pending allotment	2.38	0.08	22.50
Minority interest	2.3	3,656.99	2,333.10
Non-current liabilities			
(a) Long-term borrowings	2.4	35,503.48	19,800.83
(b) Other long term liabilities	2.5	269.33	135.45
(c) Long-term provisions	2.6	1,401.94	722.18
		37,174.75	20,658.46
Current liabilities			
(a) Short-term borrowings	2.7	87,256.81	89,737.45
(b) Trade payables	2.8	8,722.85	10,230.31
(c) Other current liabilities	2.9	14,827.12	14,186.25
(d) Short-term provisions	2.10	1,363.65	570.21
		112,170.43	114,724.22
TOTAL		180,295.50	162,291.54
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.11	4,507.54	4,808.76
(ii) Intangible assets	2.11	305.20	151.80
(iii) Capital work-in-progress		504.13	17.16
(iv) Intangible assets under development		27.04	4.35
(b) Non-current investments	2.12	8,724.14	8,086.57
(c) Deferred tax assets	2.13	517.62	359.64
(d) Long-term loans and advances	2.14	39,570.70	27,163.50
(e) Other non-current assets	2.15	3,557.89	3,051.82
		57,714.26	43,643.60
Current assets			
(a) Current investments	2.16	12,538.98	4,026.00
(b) Stock-in-trade	2.17	37,909.94	31,520.81
(c) Trade receivables	2.18	4,203.00	1,583.23
(d) Cash and bank balances	2.19	19,637.06	37,089.79
(e) Short-term loans and advances	2.20	43,151.12	39,566.12
(f) Other current assets	2.21	5,141.14	4,861.99
		122,581.24	118,647.94
TOTAL		180,295.50	162,291.54
Significant accounting policies and notes to the financial statements	1 & 2		

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
17 May 2014

For and on behalf of the Board of Directors

Rashesh Shah
Venkat Ramaswamy
Himanshu Kaji
Rujan Panjwani

S Ranganathan
B Ranganathan

Mumbai
17 May 2014

Chairman & Managing Director
Executive Director
Executive Director
Executive Director

Chief Financial Officer
EVP & Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March 2014

(Currency : Indian rupees in millions)	Note	For the year ended 31 March 2014	For the year ended 31 March 2013
Revenue from operations			
Fee and commission income	2.22	3,556.28	3,193.71
Income from treasury	2.23	2,865.02	2,456.36
Interest income	2.24	17,759.67	15,354.56
Premium from life insurance business		1,062.08	524.77
Other operating revenue	2.25	219.05	243.35
Other income	2.26	93.22	67.49
Total revenue		25,555.32	21,840.24
Expenses			
Employee benefits expense	2.27	4,580.20	3,639.13
Finance costs	2.28	12,106.70	11,133.29
Depreciation and amortization expenses	2.11	524.10	514.26
Change in life insurance policy liability		608.73	314.87
Other expenses	2.29	4,220.60	3,645.44
Total expenses		22,040.33	19,246.99
Profit before tax		3,514.99	2,593.25
Tax expense:			
Current tax		1,748.95	1,094.95
Minimum alternate tax (MAT)		(245.35)	(117.82)
Deferred tax benefit		(157.53)	(95.62)
Profit for the year		2,168.92	1,711.74
Share of minority interest in profit for the year		(33.54)	(72.87)
Profit for the year after minority interest		2,202.46	1,784.61
Earnings per share (₹) (Face value ₹ 1 each)	2.32		
- Basic		2.86	2.35
- Diluted		2.85	2.31
Significant accounting policies and notes to the financial statements	1 & 2		

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
17 May 2014

For and on behalf of the Board of Directors

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B Renganathan

Mumbai
17 May 2014

Chairman & Managing Director
Executive Director
Executive Director
Executive Director

Chief Financial Officer
EVP & Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March 2014

(Currency : Indian rupees in millions)	For the year ended 31 March 2014	For the year ended 31 March 2013
A Cash flow from operating activities		
Profit before tax	3,514.99	2,593.25
<i>Adjustments for</i>		
Depreciation and amortisation expenses	524.10	514.26
Expense on employee stock option plans	(6.39)	1.20
Bad debts and advances written off	27.96	85.93
Provision for doubtful debts and advances	118.16	76.59
Provision for non-performing assets	394.83	52.24
Provision for standard assets	52.54	58.32
Provision for policyholders' liability	608.73	314.87
Loss on sale of fixed assets (net)	26.01	6.74
Profit on sale of investments (net)	(9.61)	(15.73)
Provision for diminution in value of non-current investments	157.62	62.50
Amortised loan processing fees/origination cost	(14.06)	(19.70)
Dividend on current investments	(0.03)	(0.10)
Finance costs	12,106.70	11,133.29
Operating cash flow before working capital changes	17,501.55	14,863.66
<i>Adjustments for</i>		
(Increase)/decrease in trade receivables	(2,765.89)	142.89
(Increase)/decrease in stock-in-trade	(6,389.13)	2,309.53
Decrease/(increase) in loans and advances and other assets	2,067.14	(19,879.26)
(Decrease)/increase in liabilities and provisions	(3,245.92)	6,776.40
Cash generated from operations	7,167.75	4,213.22
Income taxes paid	(1,605.53)	(1,473.19)
Net cash generated from operating activities - A	5,562.22	2,740.03
B Cash flow from investing activities		
Purchase of fixed assets	(939.65)	(299.17)
Sale of fixed assets	27.71	19.81
(Purchase)/sale of investments (Refer note 1 below)	(9,292.96)	1,827.94
Dividend on current investments	0.03	0.10
Net cash (used in)/generated from investing activities - B	(10,204.87)	1,548.68

Consolidated Cash Flow Statement (*Continued*)

(Currency : Indian rupees in millions)	For the year ended 31 March 2014	For the year ended 31 March 2013
C Cash flow from financing activities		
Proceeds from issue of share capital including premium, share application monies and stock options	30.50	102.99
Change in Minority interest	1,387.21	18.18
Change in Capital Reserve	1,287.74	-
Proceeds from long and short term borrowings (Refer note 1 below)	14,004.74	11,192.83
Dividend and dividend distribution tax paid	(554.81)	(722.88)
Finance cost paid	(10,592.73)	(10,604.60)
Net cash generated from/(used in) financing activities - C	5,562.65	(13.48)
Change in foreign exchange translation reserve - D	(51.01)	(17.31)
Net increase in cash and cash equivalents (A+B+C+D)	868.99	4,257.91
Cash and cash equivalents as at the beginning of the year	7,250.88	2,992.97
Cash and cash equivalents as at the end of the year (Refer note 2.19)	8,119.87	7,250.88

Notes:

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

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
17 May 2014

For and on behalf of the Board of Directors

Rashesh Shah
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Mumbai
17 May 2014

Chairman & Managing Director
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Notes to the consolidated financial statements for the year ended 31 March 2014

(Currency : Indian rupees in millions)

1 Significant accounting policies

1.1 Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements are presented in Indian Rupees in millions.

1.2 Principles of consolidation

- a) The consolidated financial statements relate to Edelweiss Financial Services Limited ('the Company') and its subsidiaries and associates (together 'the Group'). The consolidated financial statements have been prepared on the following basis:
- In respect of subsidiary enterprises, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after as far as possible eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 - Consolidated Financial Statements prescribed by Companies (Accounting Standards) Rules, 2006.
 - In case of associate enterprises, the financial statements have been consolidated as per Accounting Standard 23 - Accounting for Investment in Associates prescribed by Companies (Accounting Standards) Rules, 2006.
 - Investments in subsidiaries where control is intended to be temporary or where the objective of control over the subsidiary is not to obtain economic benefits therefrom, have not been consolidated.
 - Assets and liabilities of the foreign subsidiaries are translated into Indian Rupees at the rate of exchange prevailing as at the balance sheet date. Revenue and expense are translated into Indian Rupees at the average exchange rate prevailing during the year and the resulting net translation adjustment has been disclosed as foreign exchange translation reserve in Reserves and Surplus.
 - The excess of cost over the Company's investments in the subsidiaries is recognised in the consolidated financial statements as Goodwill. The excess of Company's share in equity and reserves of the subsidiaries over the cost of acquisition is treated as Capital Reserve.
 - The share of minority interest in the net profit of subsidiaries for the year is identified and adjusted against the income of the Group to arrive at the net income attributable to the Group.
 - The share of minority interest in net assets of subsidiaries is identified and presented in the consolidated financial statements separate from liabilities and the equity of the Group.
 - The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- b) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 - Accounting for Investments prescribed by the Companies (Accounting Standards) Rules, 2006.
- c) The subsidiaries and associates considered in the consolidated financial statements :

Sr. No.	Name of the Entity	Country of Incorporation	Proportion of ownership interest as at 31 March 2014
Subsidiaries			
1	Edelweiss Securities Limited	India	100.00%
2	Edelweiss Finance & Investments Limited ⁵	India	100.00%
3	ECL Finance Limited	India	92.20%
4	Edelweiss Global Wealth Management Limited	India	100.00%
5	EC Global Limited ²	Mauritius	100.00%
6	Edelweiss Insurance Brokers Limited	India	100.00%
7	Edelweiss Trustee Services Limited	India	100.00%
8	Edelweiss Web Services Limited ³	India	100.00%
9	Edelcap Securities Limited ⁴	India	100.00%
10	Edelweiss Asset Management Limited	India	100.00%
11	ECap Equities Limited	India	100.00%
12	Edelweiss Broking Limited	India	100.00%
13	Edelweiss Trusteeship Company Limited	India	100.00%
14	Edelweiss Alternative Asset Advisors Limited	India	100.00%
15	Edelweiss Housing Finance Limited ⁵	India	100.00%
16	Edelweiss Investment Adviser Limited	India	100.00%
17	EC Commodity Limited	India	100.00%

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

1 Significant accounting policies (*Continued*)

1.2 Principles of consolidation (*Continued*)

Sr. No.	Name of the Entity	Country of Incorporation	Proportion of ownership interest as at 31 March 2014
18	Edel Commodities Limited ⁵	India	100.00%
19	Edel Land Limited	India	100.00%
20	Edelweiss Custodial Services Limited ¹	India	100.00%
21	EC International Limited	Mauritius	100.00%
22	Edelweiss Capital (Singapore) Pte. Limited	Singapore	100.00%
23	Edelweiss Alternative Asset Advisors Pte. Limited ⁶	Singapore	100.00%
24	Edelweiss International (Singapore) Pte. Limited ⁶	Singapore	100.00%
25	Aster Commodities DMCC ⁷	United Arab Emirates	100.00%
26	ECap International Limited ⁷	Mauritius	100.00%
27	EAAA LLC ⁷	Mauritius	100.00%
28	EW Special Opportunities Advisors LLC ⁸	Mauritius	67.00%
29	EW India Special Assets Advisors LLC ⁸	Mauritius	90.00%
30	Edel Investments Limited	India	100.00%
31	Edelweiss Tokio Life Insurance Company Limited	India	74.00%
32	Edelweiss Investment Advisors Private Limited ⁶	Singapore	100.00%
33	Edelweiss Commodities Services Limited	India	100.00%
34	Edelweiss Financial Advisors Limited ³	India	100.00%
35	Edelweiss Comtrade Limited ¹	India	100.00%
36	Edel Finance Company Limited ⁹	India	100.00%
37	Edelweiss Capital Markets Limited ⁵	India	100.00%
38	EW SBI Crossover Advisors LLC ⁸	Mauritius	60.00%
39	EFSL Commodities Limited ¹⁰	India	100.00%
40	Edel Commodities Trading Limited ¹⁰	India	100.00%
41	EFSL Comtrade Limited ¹⁰	India	100.00%
42	Edelweiss Retail Finance Limited ¹² (formerly known as <i>Affluent Dealcom Private Limited</i>)	India	100.00%
43	Edelweiss Securities (Hong Kong) Private Limited ¹	Hong Kong	100.00%
44	Edelweiss Metals Limited ⁵ (formerly known as <i>Edelweiss Metals Private Limited</i>)	India	100.00%
45	Edelweiss Financial Services Inc ¹	United States of America	100.00%
46	Edelweiss Commodities Pte. Limited ¹⁴	Singapore	100.00%
47	Edelweiss Commodities Nigeria Limited ¹⁴	Nigeria	100.00%
	Associates		
48	Allium Finance Private Limited ⁵	India	46.13%
49	Edelweiss Asset Reconstruction Company Limited ¹¹	India	49.91%
50	Edelweiss Fund Advisors Private Limited	India	40.00%
51	Dahlia Commodities Services Private Limited ¹ (formerly known as <i>Dahlia Financial Services Private Limited</i>)	India	50.00%
52	Magnolia Commodities Services Private Limited ¹ (formerly known as <i>Magnolia Financial Services Private Limited</i>)	India	50.00%
53	Arum Investments Private Limited ¹	India	39.39%
54	Aeon Credit Services India Private Limited ¹³	India	25.00%

¹ held through Edelweiss Securities Limited

² held through Edelweiss Finance & Investments Limited

³ held through Edelweiss Broking Limited

⁴ held through ECap Equities Limited

⁵ held through Edelweiss Commodities Services Limited

⁶ held through Edelweiss Capital (Singapore) Pte. Limited

⁷ held through EC International Limited

⁸ held through EAAA LLC

⁹ held through Edelweiss Financial Advisors Limited

¹⁰ held through Edel Commodities Limited

¹¹ held through Edelweiss Custodial Services Limited

¹² held through Edelcap Securities Limited

¹³ held through ECL Finance Limited

¹⁴ held through EFSL Comtrade Limited

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

1 Significant accounting policies (*Continued*)

1.2 Principles of consolidation (*Continued*)

- d) Edelgive Foundation, a 100% subsidiary and a company registered under section 25 of the Companies Act, 1956, with the sole objective of philanthropy, where no economic benefit shall be derived by the Group, has not been consolidated.
- e) With effect from 29 May 2013, Edelweiss Financial Services Inc became a subsidiary of the Company and has been consolidated from the said date.
- f) With effect from 1 July 2013, Edelweiss Metals Limited (*formerly known as Edelweiss Metals Private Limited*) became a subsidiary of the Company and has been consolidated from the said date.
- g) With effect from 20 September 2013, Edelweiss Commodities Pte. Limited became a subsidiary of the Company and has been consolidated from the said date.
- h) With effect from 17 December 2013, Edelweiss Commodities Nigeria Limited became a subsidiary of the Company and has been consolidated from the said date.

1.3 Use of estimates

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

1.4 Current/non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

1 Significant accounting policies (*Continued*)

1.5 Revenue recognition

- a) Fee income including investment banking, advisory fees, syndication fees, processing fees (other than on housing loans and loans against property) and other fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Group and the counterparty.
- b) Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is reflected net of related sub-brokerage expenses, service tax and stock exchange expenses. Brokerage income on insurance broking business is recognised on accrual basis at the inception of the insurance policy once the policy is issued by the insurance company based on the terms agreed with the insurance companies and is exclusive of service tax.
- c) Investment management fees are recognised net of service tax on an accrual basis in accordance with the Investment Management Agreement with Edelweiss Mutual Fund ('the mutual fund') and comply with the Securities and Exchange Board of India (Mutual Funds) Regulations based on average Assets Under Management ('AUM') confirmed by the mutual fund.
- d) Portfolio management fees are recognised on an accrual basis in accordance with portfolio management agreement entered with respective clients.
- e) Revenue from fund management services (excluding mutual fund business) is recognised in accordance with the terms and conditions of the investment management agreement between the Group and the Fund for which the Group acts as a fund manager.
- f) Revenue from rendering of trustee services is recognised in accordance with the terms and conditions of the Compensation Agreement between the trustee company and the fund. The amount recognised as revenue is exclusive of service tax.
- g) In case of housing loans and loans against property, processing fees is amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. In the event of a loan being foreclosed or written off, the unamortised portion of such processing fees is recognised as income at the time of such foreclosure or write-off. The unamortised balance is disclosed under "other current liabilities" and "other long term liabilities" based on amortisable tenor.
- h) Income from treasury comprises of profit/loss on sale of securities and commodities and profit/loss on derivative instruments.
 - i) Profit/loss on sale of securities and commodities is determined based on the weighted average cost of the securities/commodities sold.
 - ii) Realised profit/loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards/futures/options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
 - iii) In respect of currency forward contracts entered with banks, the premium or discount arising at the inception of the contract is amortised over the life of the contract in the statement of profit and loss. The difference in the opening and closing exchange rate as on the Balance Sheet date rates (mark to market) is recognised in the statement of profit and loss. Any profit or loss arising on cancellation or renewal of such contracts is recognised in the statement of profit and loss.
 - iv) In respect of interest rate derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit on interest rate derivatives' in the statement of profit and loss and the realised profit/loss on settlement during contract period is recognised as 'Interest income on interest rate derivatives' in statement of profit and loss.
- i) Interest income is recognised on accrual basis. Interest income in case of lending business in the non-banking financial companies is recognised on accrual basis except in case of non-performing assets, wherein it is accounted on realisation, as per Reserve Bank of India (RBI) and National Housing Bank (NHB) guidelines. In case of commercial papers, deep discount bonds and certificate of deposits, the difference between the acquisition cost and redemption value is apportioned on time basis and recognised as interest income.
- j) Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- k) Dividend income is recognised when the right to receive payment is established.
- l) As per RBI guidelines the Interest Spread under par structure of securitization/direct assignment of loan receivables is recognized on realization over the tenure of securitized/direct assigned loan.

Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation/assignment.

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

1 Significant accounting policies (*Continued*)

1.5 Revenue recognition (*Continued*)

Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised/assigned deals.

- m) Profit/loss on error trades in broking business is included in "Income from treasury".
- n) Profit/loss from share in partnership firm is accounted for once the amount of the share of profit/loss is ascertained and credited/debited to the company's account in the books of the partnership firm.
- o) In case of Life Insurance business:
 - i) Premium income from traditional policies is recognised when due from policyholders, if there is no uncertainty of collectability.
For Unit linked business, premium income is recognised as when the associated units are created.
Premium income on lapsed policies is recognised as and when such policies are reinstated.
Income from Unit linked policies, which include asset management fees and other charges, if any, is recovered from the linked funds in accordance with the terms and conditions of the policies and is recognised as and when due.
 - ii) Reinsurance premium ceded is accounted in accordance with the treaty or in principle arrangement with the reinsurer.
 - iii) Acquisition costs such as commission, policy issue expenses etc. are costs that vary with and are primarily relatable to the acquisition of new and renewal insurance contracts. Such costs are expensed in the year in which they are incurred.
 - iv) For claim and benefit paid, claim costs consist of the policy benefit amount and claim settlement costs, where applicable.
Death, rider and surrender claims are accounted for on receipt of intimation.
Maturity and Survival claims are accounted when due.
Surrender/Withdrawal under unit linked policies are accounted when the associated units are cancelled/redeemed.
Surrenders under traditional policies are accounted on the receipt of consent from the insured to the quote provided by the company.
Reinsurance claims receivable are accounted for in the same period as the related claim.
 - v) The policyholders' liabilities are determined by the Company's Appointed Actuary in accordance with the accepted actuarial practices, requirements of the Insurance Act, 1938 and guidance notes issued by the Institute of Actuaries of India.

1.6 Loan origination costs

In case of housing loans and loans against property, origination costs directly attributable to disbursed loans are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. Where the loan is foreclosed or written off, the unamortised portion of such loan origination costs is recognised as a charge in the statement of profit and loss at the time of such foreclosure or write off. The unamortised balance is disclosed as part of "Long-term loans and advances" and "Short-term loans and advances" based on amortisable tenor.

1.7 Benchmark linked debentures

The Group has issued certain non-convertible debentures, the return of which is linked to performance of specified indices/commodities over the period of the debentures. Such debentures have a component of an embedded derivative which is fair valued at year end. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

1.8 Securitisation

The Company enters into securitization transactions and assets are derecognized upon sale only if the Company surrenders control over the contractual rights that comprise in the financial assets.

In case of ECL Finance, the Company adopted the accounting policy for securitization transactions, as notified by RBI in its circular "Revisions to the Guidelines on Securitisation Transactions" issued on August 21, 2012.

In case of Edelweiss Housing Finance, the Company adopted the accounting policy for securitization transactions based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

1 Significant accounting policies (*Continued*)

1.9 Fixed assets and depreciation

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

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

Depreciation is charged at the rates prescribed in the Schedule XIV to the Companies Act, 1956 as given below:

Class of asset	Rate of depreciation
Flat and building	5.00%
Furniture and fixtures	18.10%
Office equipments	13.91%
Computers	40.00%
Vehicles	25.89%
Vessel	20.00%

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

Intangible fixed assets

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

Jewellery Designing are amortised on a straight-line basis over the 5 years or its estimated useful life whichever is shorter.

All fixed assets, tangible and intangible, individually costing less than Rs. 5,000 are fully depreciated in the year of installation.

1.10 Impairment of assets

The Group 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 Group estimates the recoverable amount of the asset. If such recoverable amount of the asset 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.

1.11 Stock-in-trade

- a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- b) The securities, including from error trades, held as stock-in-trade are valued at lower of weighted average cost or market value.
- c) In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- d) Inventories in the form of commodities are valued at cost or net realisable value, whichever is lower.
- e) Debt instruments are valued at cost or fair value whichever is lower. In case of debt instruments for which direct quotes are not available, they are valued at the lowest of the quotes as on valuation date as provided by market intermediaries.
- f) Commercial papers, certificate of deposits and treasury bills are valued at carrying cost.
- g) Inventory in the form of land is valued at cost or net realisable value, whichever is lower.
- h) Purchase and sale of bullion is recorded at the price which is fixed between the buyer and the seller at the future date including the contracts where the price is fixed subsequent to the balance sheet date. In case of unfixed purchase/sale contracts as at the reporting date, the price is recorded at the forward rate for the residual maturity period of the contract.

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

1 Significant accounting policies (*Continued*)

1.12 Investments

a) Investments of Life Insurance Business

In case of Life Insurance business, investments are made in accordance with the Insurance Act, 1938, Insurance Regulatory Development Authority ('IRDA') (Investment) Regulations, 2000, and various other circulars/notifications/amendments issued by the IRDA in this context from time to time.

Investments are recorded on trade date at cost, which includes brokerage and related taxes, if any and excludes pre-acquisition interest, if any.

Any impairment loss is recognized as an expense in the revenue/statement of profit and loss to the extent of the difference between the re-measured fair value of the security/investment and its acquisition cost as reduced by any previous impairment loss recognized

as an expense in the revenue/statement of profit and loss. Any reversal of impairment loss, earlier recognized in revenue/statement of profit and loss account, is recognized in the revenue/statement of profit and loss.

Broken period interest paid/received is debited/credited to interest receivable account and is not included in the cost of purchase/sale Value.

Debt securities

i) Non linked, non unit reserve investments and shareholders' investments

Debt securities are considered as "held to maturity". Debt securities are stated at amortised cost. Discount or premium on purchase of debt securities is amortised over the remaining period to maturity on straight line basis and is recognised in the revenue account or the profit and loss account, as applicable.

In case of security with call/put option, the first date of call/put is considered as maturity date.

ii) Linked business

All debt securities, including government securities under linked businesses are valued at market value, using CRISIL Bond Valuer /CRISIL Gilt Prices, as applicable. The discount or premium on money market instruments which is the difference between the purchase price and the redemption amount is amortized and recognized in the revenue account on a straight line basis over the remaining period to maturity of these securities. Unrealised gains or losses arising on such valuation are recognised in the revenue account.

Equity Shares

i) Non linked, non unit reserve investments and shareholders' investments

Listed equity shares are stated at fair value, being the last quoted closing prices on National Stock Exchange (in case it is not traded on National Stock Exchange then last quoted closing price on the Bombay Stock Exchange is used) as at the balance sheet date. Unrealised gains/ losses arising due to change in fair value are recognised under the head 'Fair Value Change Account' in the balance sheet.

Unlisted equity shares and other than actively traded equity shares are stated at historical cost subject to provision for diminution, if any, in the value of such investment determined separately for each individual investment.

ii) Linked business

Listed equity shares are valued and stated at fair value, being the last quoted closing prices on National Stock Exchange (in case it is not traded on National Stock Exchange then last quoted closing price on the Bombay Stock Exchange is used) as at the balance sheet date. Unrealised gains or losses arising on such valuation are recognised in the revenue account.

Unlisted equity shares and other than actively traded equity shares are stated at historical cost subject to provision for diminution, if any, in the value of such investment determined separately for each individual investment.

Mutual Funds

i) Non linked, non unit reserve investments and shareholders' investments

Mutual Fund units as at balance sheet date are valued at previous day's net asset values. Unrealised gains/losses arising due to changes in the fair value of mutual fund units are recognized under the head 'Fair Value Change Account' in the balance sheet.

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

1 Significant accounting policies (*Continued*)

1.12 Investments (*Continued*)

ii) Linked business

Mutual Fund units are valued at previous day's net asset values and unrealised gains/ losses arising due to changes in the fair value of mutual fund units are recognised in revenue account.

b) Investments other than Life Insurance Business

Investments are classified into long-term investments and current investments. Investments which are intended to be held for one year or more are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments.

Long-term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

1.13 Foreign currency transactions

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

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

1.14 Employee benefits

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

Provident fund

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

Gratuity

The Group's gratuity scheme is a defined benefit plan. The Group's net obligation in respect of the gratuity benefit 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 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 and leave encashment

The eligible employees of certain companies of the Group are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling.

The Group 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.

Certain companies of the Group provide for the encashment of leave subject to rules. The liability is provided based on the number of days of unutilised leave at each balance sheet date based on a valuation by an independent actuary.

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

1 Significant accounting policies (*Continued*)

1.15 Tax

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

Income tax

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

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.

Minimum Alternative Tax (MAT) Credit

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

1.16 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.

1.17 Earnings per share

The Group reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share prescribed by the Companies (Accounting Standards) Rules, 2006. 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 during the year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

1.18 Provisions and contingencies

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

1.19 Provisioning on receivables from financing business

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI and NHB.

Provision for standard assets is made on the basis of prudential norms laid down by RBI and NHB.

1.20 Mutual Fund expenses

Expenses incurred on behalf of schemes of the mutual fund are recognised to the statement of profit and loss unless considered recoverable from schemes of the fund in accordance with provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations.

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

1 Significant accounting policies (*Continued*)

1.21 Employee stock option plans ('ESOPs')

The Group follows the intrinsic value method to account for compensation cost of the stock based employee compensation plans of the Company. The compensation cost is amortised on a straight-line basis.

1.22 Presentation of financial assets and liabilities

Financial assets and liabilities are offset and the net amounts are presented in the Balance Sheet where the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Such legal rights are by virtue of a binding legal contract or by an irrevocable undertaking executed by the Company. The aforesaid policy is generally applied to offset receivables from and payables to same counterparties; to offset fixed deposits specifically pledged with banks against the borrowings availed from them; to offset receivables against payables in the case of the same broking clients in multiple segments and other such similar qualifying arrangements.

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2014	As at 31 March 2013
2.1 Share capital		
Authorised :		
1,230,000,000 (Previous year: 1,230,000,000) Equity shares of ₹ 1 (Previous year: ₹ 1) each	1,230.00	1,230.00
4,000,000 (Previous year: 4,000,000) Preference shares of ₹ 5 (Previous year: ₹ 5) each	20.00	20.00
	1,250.00	1,250.00
Issued, Subscribed and Paid up:		
769,045,330 (Previous year: 763,842,280) equity shares of ₹ 1 each	769.05	763.84
Less : Loan given to Edelweiss Employee Welfare Trusts (Refer note 2.51)	(44.90)	(44.90)
	724.15	718.94

Movement in share capital	31 March 2014		31 March 2013	
	Number of shares (in millions)	Amount	Number of shares (in millions)	Amount
Outstanding at the beginning of the year	763.84	763.84	756.80	756.80
Issued during the year	5.21	5.21	7.04	7.04
Outstanding at the end of the year	769.05	769.05	763.84	763.84

Rights of equity shareholders

The Company has only one class of equity shares having a par value of ₹ 1 each. 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.

Share Split:

During the F.Y. 2010-11, 75,099,118 equity shares of ₹ 5 each were split into fully paid up 375,495,590 equity shares of ₹ 1 each.

Details of bonus shares issued

During the F.Y. 2010-11: 375,495,590 equity shares of ₹ 1 each (after split of face value of equity share from ₹ 5 to ₹ 1 per share) were allotted as fully paid-up bonus share by capitalisation of ₹ 2.60 million from capital redemption reserve and ₹ 372.90 million from securities premium account.

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

	As at 31 March 2014		As at 31 March 2013	
	Number of shares (in millions)	Percentage shareholding	Number of shares (in millions)	Percentage shareholding
Rashesh Shah	134.30	17.46%	134.30	17.58%
Caladium Investment Pte Limited (formerly known as Heliconia Pte. Ltd.)	62.27	8.10%	62.27	8.15%
Venkat Ramaswamy	53.03	6.90%	53.03	6.94%
First Carlyle Ventures Mauritius	68.05	8.85%	59.65	7.81%
Spire Investment Advisors LLP	41.95	5.45%	41.95	5.49%

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

	As at 31 March 2014	As at 31 March 2013
2.2 Reserves and surplus		
Capital reserve		
Opening balance	3,321.16	3,337.77
Effect of changes in Group's interest	-	(16.62)
Add: Additions during the year #	1,320.60	0.01
	4,641.76	3,321.16
# Relates to capital infusion by minority interest partner		
Less: Goodwill adjustment arising on account of consolidation	(1,408.26)	(1,404.03)
	3,233.50	1,917.13
Capital redemption reserve		
Opening balance	164.71	164.71
Add: Additions during the year	-	-
	164.71	164.71
Securities premium account		
Opening balance	12,097.35	12,012.07
Less: Movement to capital reserve	-	1.38
Add: (Utilisation)/additions during the year	(91.37)	83.90
	12,005.98	12,097.35
Less: Loan given to Edelweiss Employee Welfare Trusts (Refer note 2.51)	(1,563.25)	(1,592.55)
	10,442.73	10,504.80
Stock options outstanding		
Opening balance	13.12	13.17
Less: Transferred to securities premium account	(1.69)	(1.25)
(Less)/add: Expense on Employee Stock Option Plans (ESOP)	(6.39)	1.20
	5.04	13.12
Foreign exchange translation reserves	216.15	266.71
Debenture Redemption Reserve		
Opening balance	-	-
Add: Additions during the year	59.23	-
	59.23	-
Statutory reserve u/s 45-IC of The Reserve Bank of India Act, 1934		
Opening balance	1,432.83	1,152.82
Effect of changes in Group's interest	-	(0.47)
Add: Additions during the year	410.48	280.48
	1,843.31	1,432.83
Statutory Reserve u/s 29C of The National Housing Bank Act, 1987		
Opening balance	7.73	0.14
Add: Additions during the year	9.49	7.59
	17.22	7.73
General reserve		
Opening balance	559.46	443.62
Add: Additions during the year	189.77	115.84
	749.23	559.46
Fair value change account	3.76	(2.14)
Surplus in statement of Profit and loss		
Opening balance	8,969.97	8,182.50
Add: Profit for the year	2,202.46	1,784.61
Less: Effect of changes in Group's interest	(3.38)	(3.08)
Amount available for appropriation	11,169.05	9,964.03
Appropriations:		
Interim dividend	408.61	421.67
Proposed dividend	115.78	76.74
Dividend distribution tax	88.72	91.74
Transfer to general reserve	189.77	115.84
Dividend on preference shares	52.75	-
Transfer to debenture redemption reserve	59.23	-
Transfer to Special Reserve under Section 29C of The National Housing Bank Act, 1987	9.49	7.59
Transfer to Special Reserve under Section 45-IC of The Reserve Bank of India Act, 1934	410.48	280.48
	9,834.22	8,969.97
	26,569.10	23,834.32

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2014	As at 31 March 2013
2.3 Minority Interest		
Opening balance	2,333.10	2,387.79
Add/(Less): Movement during the year	1,323.89	(54.69)
	3,656.99	2,333.10
2.4 Long-term borrowings		
Secured		
Term loan from banks (Secured by pari passu first charge on current and future financing and other receivables of the Company)	13,956.61	6,601.53
Non-convertible debentures (Secured by way of fixed charge on immovable property and floating charge on trade receivables, stock-in-trade and loans and advances)	18,444.38	9,394.94
Vehicle loans (Secured by hypothecation of vehicles and repayable in equated monthly instalments over the tenure of the loans)	2.49	4.36
Unsecured		
Loans from Corporates (Repayable after the end of one year but before the end of three years)	2,900.00	2,800.00
Inter-corporate deposit	-	1,000.00
Non-convertible subordinated debt	200.00	-
	35,503.48	19,800.83
2.5 Other long term liabilities		
Unamortised processing fees	90.84	75.12
Trade payables (includes sundry creditors and customer payables)	(0.81)	4.95
Others		
Deposits from sub-brokers	0.55	31.54
Rental deposits	23.84	23.84
Unrealised gain on loan transfer transactions	154.91	-
	269.33	135.45
2.6 Long-term provisions		
Provision for employee benefits		
Gratuity	39.69	55.97
Compensated absences	23.57	21.19
Deferred bonus	-	4.98
Others		
Provision for non-performing assets	209.05	179.92
Provision for standard assets	117.21	74.94
Provision for policyholders' liability	981.19	372.46
Provision for credit loss on securitisation	19.27	12.72
Others	11.96	-
	1,401.94	722.18

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2014	As at 31 March 2013
2.7 Short-term borrowings		
Secured		
Bank overdraft	14,176.28	22,893.58
(Secured by pledge of fixed deposits, property , trade receivables and charge on receivables of financing business)		
Collateralised borrowing and lending obligation (Secured by pledge of Government securities)	18,800.00	20,180.00
Term loans (Secured against investments in debt securities and stock-in-trade and charge on receivables of financing business)		
from banks	11,718.15	4,958.78
from other parties	500.00	-
Non-convertible debentures (Secured by way of fixed charge on immovable property and floating charge on trade receivables, stock-in-trade and loans and advances)	1,200.00	500.00
Buyer's credit (Secured against fixed deposits)	-	553.72
Letter of credit discounted (Secured against fixed deposits)	120.53	192.31
Unsecured		
Inter corporate deposits	16.08	16.73
Deposits accepted	-	5.29
Buyer's credit	-	344.25
Commercial papers	38,416.00	36,035.74
Less: Unamortised discount	(771.45)	(1,203.46)
	37,644.55	34,832.28
Bank overdraft	1,900.00	3,164.64
Other loans	11.13	384.96
Term loans		
from banks	500.00	500.00
from other parties	670.09	1,210.91
	87,256.81	89,737.45
2.8 Trade payables		
Trade payables (includes sundry creditors, provision for expenses and customer payables)	8,722.85	10,230.31
	8,722.85	10,230.31

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2014	As at 31 March 2013
2.9 Other current liabilities		
Current maturities of long term debt (Refer note 2.4)		
Term loans from banks	3,010.05	1,128.34
Non-convertible debentures	3,708.61	4,666.45
Vehicle loans from banks	1.87	2.24
Interest accrued but not due on borrowings	2,293.43	977.71
Interest accrued and due on borrowings	223.70	25.45
Interest accrued and due on margin	0.39	-
Income received in advance	91.57	137.02
Unclaimed dividends	3.36	2.22
Debentures application monies received pending allotment	195.46	617.10
Premium received on exchange traded options	427.25	2,650.51
Other payables		
Accrued salaries and benefits	1,419.64	842.60
Payable to exchange/clearing house (net)	1,637.26	2.15
Withholding taxes, service tax and other taxes payable	307.12	516.61
Payable to client (net)	494.03	591.69
Advances from customers	83.44	542.28
Book overdraft	684.77	1,257.90
Unamortised processing fees	65.36	45.01
Mark to market on interest rate swap	0.64	-
Unrealised gain on loan transfer transactions	34.17	-
Others	145.00	180.97
	14,827.12	14,186.25
2.10 Short-term provisions		
Provision for employee benefits		
Gratuity	10.29	7.14
Compensated absences	10.30	15.79
Deferred bonus	-	73.39
Others		
Proposed dividend	168.11	76.38
Dividend distribution tax	37.19	17.87
Provision for standard assets	98.30	88.03
Provision for tax (net of advance tax)	641.30	259.52
Provision for non-performing assets	396.02	30.31
Provision for capital expenditure	2.14	1.78
	1,363.65	570.21

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

2.11 Fixed assets

Particulars	Gross Block		Depreciation		Net Block	
	As at 1 April 2013	As at 31 March 2014	As at 1 April 2013	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
a) Tangibles						
Land	231.37	231.37	-	-	231.37	231.37
Flat and Building	4,144.53	4,140.83	334.79	542.19	3,598.64	3,809.74
Leasehold Premises	211.35	179.76	130.22	118.39	61.37	81.13
Plant and Equipment	3.72	3.83	0.76	1.20	2.63	2.96
Furniture and Fixtures	153.93	149.90	61.77	70.87	79.03	92.16
Vehicles	199.97	223.77	71.61	99.42	124.35	128.36
Office equipment	391.15	357.99	138.51	129.68	228.31	252.64
Vessel	6.96	6.96	4.27	4.80	2.16	2.69
Computers	683.85	582.98	476.14	403.30	179.68	207.71
Total (A)	6,026.83	5,877.39	1,218.07	1,369.85	4,507.54	4,808.76
b) Intangibles						
Software	399.26	485.92	250.10	309.28	176.64	149.16
MCX Membership	3.00	3.00	0.55	1.55	1.45	2.45
Trademark/ Design & Copyright	0.19	163.36	-	36.25	127.11	0.19
Total (B)	402.45	652.28	250.65	347.08	305.20	151.80
Total (A+B)	6,429.28	6,529.67	1,468.72	1,716.94	4,812.74	4,960.56
Previous year	5,234.01	6,429.28	1,029.23	1,468.72	4,960.56	

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

		As at 31 March 2014	As at 31 March 2013
2.12 Non-current investments			
I. Trade (quoted)			
Equity shares	(a)	-	51.28
II. Others (quoted)			
Debentures and bonds	(b)	2,485.85	2,027.43
III. Others (unquoted)			
(A) Equity shares			
i) In subsidiary companies [Refer note 1.2 (d)]		0.10	0.10
ii) In others		1,088.23	1,122.76
	(c)	1,088.33	1,122.86
(B) Preference shares			
i) In associate companies		458.10	458.10
ii) In others		1,923.89	1,923.89
	(d)	2,381.99	2,381.99
(C) Government or trust securities	(e)	900.34	1,210.10
(D) Debentures and bonds			
i) In associate companies		583.71	308.71
ii) In others		260.20	58.00
	(f)	843.91	366.71
(E) Warrants	(g)	110.34	110.34
(F) Units of venture capital funds/mutual funds	(h)	244.36	248.89
(G) Investment in partnership firm			
Capital Account	(i)	0.02	0.02
(H) Long term investments in equity shares of associates			
i) Opening balance of investment		701.78	405.86
ii) Further investment/disinvestments in associates		127.00	209.02
iii) Share in profit of associates		124.06	85.75
iv) Share of profit as subsidiary		-	1.15
	(j)	952.84	701.78
	Total (a to j)	9,007.98	8,221.40
Less : Provision for diminution in value of investments		(283.84)	(134.83)
	Total	8,724.14	8,086.57

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

	As at 31 March 2014	As at 31 March 2013
2.13 Deferred tax		
Deferred tax assets		
Difference between book and tax depreciation	46.53	51.21
Provision for doubtful debts/advances	196.02	107.47
Disallowances under section 43B of the Income Tax Act, 1961	85.48	59.38
Provision for standard assets/non performing assets	279.73	122.81
Amortised loan processing fees	51.97	38.98
Others	95.97	181.02
Total (A)	755.70	560.87
Deferred tax liabilities		
Difference between book and tax depreciation	164.16	143.95
Amortised loan processing fees	52.39	43.53
Others	21.53	13.75
Total (B)	238.08	201.23
Deferred Tax Assets - Net (A - B)	517.62	359.64
2.14 Long-term loans and advances		
Secured		
Receivable from financing business		
Considered good	35,303.83	23,013.59
Considered non-performing	176.84	21.38
	35,480.67	23,034.97
Unsecured		
(Considered good, unless stated otherwise)		
Other loans	-	199.98
Capital advances	6.95	9.52
Security deposits		
Rental deposits	93.67	94.12
Deposits placed with/for exchange/depositories	121.26	144.50
Other deposits	24.63	65.24
Receivable from financing business		
Considered good	1,239.52	1,202.19
Considered non-performing	150.27	169.84
	1,389.79	1,372.03
Other loans and advances		
Prepaid expenses	2.25	1.20
Unamortised loan origination costs	103.26	93.99
Advance income tax (net of provision for tax)	2,319.50	2,082.74
MAT credit entitlement	23.61	55.52
Others	5.11	9.69
	39,570.70	27,163.50

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2014	As at 31 March 2013
2.15 Other non-current assets		
Long term deposits with banks	3,184.40	2,991.94
Accrued interest on fixed deposits	205.43	59.88
Deferred consideration on loan transfer transactions	154.91	-
Other assets	13.15	-
	3,557.89	3,051.82
2.16 Current investments - at lower of cost and fair value		
I. Quoted Investments - Others		
Debentures and bonds	10,857.84	3,196.85
Equity shares	548.26	214.08
II. Unquoted Investments - Others		
(A) Equity instruments	292.77	292.77
(B) Government or trust securities/Collateralised borrowing and lending obligation	635.45	139.43
(C) Debentures and bonds #	49.00	-
(D) Units of venture capital funds/mutual funds	143.81	178.23
(E) Investment in partnership firm		
Current Account	11.85	4.64
	12,538.98	4,026.00
# Current maturities of long term investment.		

	31 March 2014			31 March 2013		
	Face value	Quantity	Amount	Face value	Quantity	Amount
2.17 Stock-in-trade						
A. Equity Shares (Quoted)						
ABB Limited @	3	2	-	2	2	-
Alok Industries Limited @	10	1	-	10	1	-
Asian Paints Limited @	10	1	-	10	1	-
Balkrishna Industries Ltd	2	13,000	5.27	-	-	-
Bharat Heavy Electricals Limited @	2	2	-	2	1	-
Bharti Infratel Limited @	10	1	-	10	1	-
Capital First Limited @	10	1	-	10	1	-
California Software Company Limited @	10	2	-	-	-	-
Credit Analysis And Research Limited	-	-	-	10	10,000	7.50
Development Credit Bank Limited @	10	2	-	10	2	-
Fairfield Atlas Limited	-	-	-	10	50,000	7.92
Housing Development & Infrastructure Limited	-	-	-	10	40,000	1.83
HDFC Bank Limited	2	75,000	56.07	-	-	-
ICICI Bank Limited @	10	2	-	10	2	-
India Infoline Limited	-	-	-	2	447,576	27.15
Carried forward			61.34			44.40

Notes to the consolidated financial statements *(Continued)*

(Currency : Indian rupees in millions)

	31 March 2014			31 March 2013		
	Face value	Quantity	Amount	Face value	Quantity	Amount
2.17 Stock-in-trade (Continued)						
A. Equity Shares (Quoted) (Continued)						
Brought forward			61.34			44.40
Indusind Bank Limited	-	-	-	10	38	0.02
Indiabulls Housing Finance Limited	2	87,000	19.47	-	-	-
Indiabulls Securities Limited @	10	25	-	10	25	-
Indiabulls Financial Services Limited	-	-	-	2	4,000	1.08
Indiabulls Wholesale Services Limited	2	134,898	0.56	2	134,898	0.56
ITC Limited @	1	1	-	1	1	-
Liberty Phosphate Limited	-	-	-	10	60,153	12.71
Margo Finance Limited @	10	1	-	10	1	-
Metals and Minerals Trading Corporation of India Limited	1	124,103	6.60	-	-	-
Monnet Ispat & Energy Limited	10	50,000	3.87	-	-	-
Oil and Natural Gas Corporation Limited	5	147	0.05	-	-	-
Orient Green Power Company Limited	-	-	-	10	686,450	9.75
Orient Refractories Limited	-	-	-	1	1,519,590	58.48
Pipavav Defence And Offshore Eng Limited	10	6,590,700	233.31	10	6,590,700	484.09
Prime Focus Limited @	1	1	-	1	1	-
Ratnabali Capital Markets Limited @	10	1	-	10	1	-
RCI Industries & Technologies Limited	10	21,000	0.84	-	-	-
REI Agro Limited @	1	12	-	1	12	-
Repco Home Finance Limited	-	-	-	10	116,250	20.00
Rural Electrification Corporation Limited	20	8,419	1.80	-	-	-
Saint-Gobain Sekurit India Limited	10	30,432	0.45	10	30,432	0.67
SI.VI. Shipping Corporation Limited	10	60,000	1.50	-	-	-
Sesa Sterlite Limited @	2	2	-	-	-	-
Shriram Transport Finance Company Limited @	10	1	-	10	1	-
State Bank of India	20	6	0.01	10	56	0.01
Sterling Holiday Resorts (India) Limited	10	506,100	41.89	10	290,000	19.18
Suzlon Energy Limited @	2	1	-	2	1	-
Suyog Telematics Limited	10	66,000	1.65	-	-	-
TCI Developers Limited	10	21,619	8.65	10	1	-
Texmaco Infrastructure & Holdings Limited @	1	1	-	1	1	-
Wheels India Limited	10	10,809	4.32	-	-	-
Dr. Reddy's Laboratories Limited (ADR)	-	100	0.26	-	-	-
Sesa Sterlite Limited (ADR)	-	18,000	12.53	-	-	-
ICICI Bank Limited (ADR)	-	22,500	31.87	-	-	-
(A)			430.97			650.95

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	31 March 2014			31 March 2013		
	Face value	Quantity	Amount	Face value	Quantity	Amount
2.17 Stock-in-trade (Continued)						
B. Equity Shares (Unquoted)						
Citigroup Global Services Limited @	10	1	-	10	1	-
FCI OEN Connectors Limited @	-	-	-	10	1	-
		(B)	-			-
C. Preference Shares (Quoted)						
IL&FS Transportation Networks Limited	10	250,000	5.00	-	-	-
6.00% ZEE Entertainment Enterprises Limited Cumulative Non-convertible Redeemable 5/03/2022 Preference Shares	1	40,593,980	30.04	-	-	-
Essar Port Limited	10	423,874	21.68	-	-	-
		(C)	56.72			-
D. Preference Shares (Unquoted)						
Ispat Industries Limited	10	6,000	0.13	10	6,000	0.13
		(D)	0.13			0.13
E. Debentures/Bonds (Quoted)						
7.59% Government Stock 12/04/2016 Bond	-	-	-	100	8,500,000	827.82
7.80% Government Stock 11/04/2021 Bond	100	1,000,000	93.25	100	5,000,000	483.97
7.83% Government Stock 11/04/2018 Bond	100	22,500,000	2,174.62	100	52,500,000	5,134.53
7.99% Government Stock 09/07/2017 Bond	-	-	-	100	16,500,000	1,635.91
7.28% Government Stock 03/06/2019 Bond	100	21,000,000	1,957.86	-	-	-
8.13% Government Stock 21/09/2022 Bond	100	13,000,000	1,222.00	-	-	-
7.94% Government Stock 24/05/2021 Bond	100	500,000	46.59	-	-	-
8.07% Government Stock 15/01/2017 Bond	100	5,500,000	541.14	100	34,000,000	3,358.74
8.07% Government Stock 03/07/2017 Bond	-	-	-	100	5,000,000	503.25
8.13% Government Stock 21/09/2022 Bond	-	-	-	100	13,500,000	1,324.24
8.28% Government Stock 21/09/2027 Bond	100	207,000	19.32	-	-	-
8.76% Government Stock 21/12/2020 (Floating) Bond	100	500,000	47.23	100	500,000	47.23
8.79% Government Stock 08/11/2021 Bond	100	8,000,000	782.80	100	8,000,000	827.32
8.24% Government Stock 22/04/2018 Bond	100	10,000,000	977.80	100	10,000,000	1,007.73
8.33% Government Stock 09/07/2026 Bond	-	-	-	100	10,000,000	1,020.30
8.97% Government Stock 05/12/2030 Bond	-	-	-	100	10,000,000	1,066.80
8.15% Government Stock 11/06/2022 Bond	100	26,000,000	2,457.00	100	34,500,000	3,481.11
9.95% State Bank of India 16/03/2026 Bond	-	-	-	10,000	262	2.78
10.75% Tata Bluescope Steel Limited 27/09/2019 NCD	1,000,000	1,114	1,481.43	1,000,000	1,365	1,513.30
10.90% Tata Motors Finance Limited 20/01/2020 NCD	500,000	15	6.92	-	-	-
8.10% Indian Railway Finance Corporation Limited 23/02/2027 Bond	1,000	11,565	11.12	-	-	-
Carried forward			11,819.08			22,235.03

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

	31 March 2014			31 March 2013		
	Face value	Quantity	Amount	Face value	Quantity	Amount
2.17 Stock-in-trade (Continued)						
E. Debentures/Bonds (Quoted) (Continued)						
Brought forward			11,819.08			22,235.03
8.20% Housing and Urban Development Corporation Limited 05/03/2027 Bond	-	-	-	1,000	51,698	54.17
8.30% Power Finance Corporation Limited 01/02/2027 Bond	-	-	-	1,000	4,126	4.36
9.45% State Bank of India 16/03/2026 Bond	10,000	15	0.15	-	-	-
10.05% Yes Bank Limited 27/12/2027 Bond	1,000,000	40	40.00	1,000,000	288	288.00
0.00% India Infoline Finance Limited 17/09/2018 NCD	1,000	11,691	10.97	1,000	2,562	2.68
10.60% Shriram City Union Finance Limited 06/10/2015 NCD	-	-	-	1,000	10,902	10.80
11.50% Tata Steel Limited Perpetual 11/05/2021 NCD	-	-	-	1,000,000	1	1.05
12.75% India Infoline Finance Limited 17/09/2018 Bond	-	-	-	1,000	6,605	6.54
7.36% India Infrastructure Finance Company Limited 22/01/2028 Bond	-	-	-	1,000	5,419	5.36
7.38% Rural Electrification Corporation Limited 19/12/2027 Bond	-	-	-	1,000	21,283	20.96
7.40% India Infrastructure Finance Company Limited 22/01/2033 Bond	1,000	1,000	0.90	1,000	97,424	97.42
7.51% Housing and Urban Development Corporation Limited 16/02/2028 Bond	-	-	-	1,000	1,000	0.99
7.62% Housing and Urban Development Corporation Limited 11/11/2021 Bond	-	-	-	100,000	250	24.94
8.00% Indian Railway Finance Corporation Limited 23/02/2022 Bond	1,000	679	0.67	1,000	16,949	17.37
8.20% National Highways Authority Of India 25/01/2022 Bond	-	-	-	1,000	55,540	58.03
9.27% United Bank Of India Perpetual 05/12/2022 Bond	-	-	-	1,000,000	8	7.88
9.30% Power Grid Corporation Of India Limited 28/06/2016 Bond	-	-	-	1,250,000	8	9.82
9.75% Shriram Transport Finance Company Limited 01/06/2015 Bond	-	-	-	1,000	500	0.49
182 Days Treasury Bills 14/08/2014	100	18,368,000	1,778.20	-	-	-
182 Days Treasury Bills 29/08/2014	100	15,000,000	1,447.13	-	-	-
364 Days Treasury Bills 05/03/2015	100	16,498,000	1,524.11	-	-	-
364 Days Treasury Bills 18/09/2014	100	10,000,000	959.90	-	-	-
364 Days Treasury Bills 19/02/2015	100	22,500,000	2,085.67	-	-	-
364 Days Treasury Bills 24/07/2014	100	1,000,000	97.42	-	-	-
364 Days Treasury Bills 26/06/2014	100	10,000,000	978.60	-	-	-
8.68% National Housing Bank 24/03/2029 Bond	5,000	921	4.61	-	-	-
8.76% National Housing Bank 13/01/2034 NCD	5,000	861	4.39	-	-	-
8.93% National Housing Bank 24/03/2029 Bond	5,000	20,733	104.08	-	-	-
9.18% Power Finance Corporation Limited 15/04/2021 NCD	1,000,000	11	10.78	-	-	-
0.00% National Bank for Agriculture and Rural Development 01/01/2018 NCD	20,000	45	0.63	-	-	-
0.00% National Bank for Agriculture and Rural Development 01/03/2019 Bond	20,000	300	3.85	-	-	-
Carried forward			20,871.14			22,845.89

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	31 March 2014			31 March 2013		
	Face value	Quantity	Amount	Face value	Quantity	Amount
2.17 Stock-in-trade (Continued)						
E. Debentures/Bonds (Quoted) (Continued)						
Brought forward			20,871.14			22,845.89
1.44% Inflation Index Government Stock 05/06/2023 Bond	100	500,000	39.89	-	-	-
10.45% Government Stock 30/04/2018 Bond	100	2,600	0.26	-	-	-
10.50% Government Stock 29/10/2024 Bond	100	1,000,000	100.60	-	-	-
10.65% Tata Motors Finance Limited (Formerly TML Financial Services Limited) 03/08/2022 NCD	500,000	3	1.33	-	-	-
10.75% Shriram Transport Finance Company Limited 24/10/2016 NCD	1,000	4,158	4.11	-	-	-
11.40% Tata Power Company Limited Perpetual NCD	1,000,000	2	2.05	-	-	-
11.52% India Infoline Housing Finance Limited 26/12/2018 NCD	3,000	28,754	28.27	-	-	-
6.90% Oil Marketing Companies Government of India 04/02/2026 Bond	100	849,000	70.13	-	-	-
9.48% PNB Housing Finance Ltd 31/01/2024 Bond	1,000,000	5	4.97	-	-	-
9.64% Bihar State Development Loan 12/02/2024 Bond	100	58,000	5.81	-	-	-
9.75% Gujrat State Development Loan 26/02/2024 Bond	100	20,000	2.04	-	-	-
9.85% Bengal State Development Loan 26/02/2024 Bond	100	10,000	1.02	-	-	-
8.50% National Highways Authority of India 05/02/2029 Bond	1,000	1,000	1.00	-	-	-
8.63% Indian Railway Finance Corporation Limited 26/03/2029 Bond	1,000	50,000	50.55	-	-	-
8.20% Oil Marketing Companies Government of India 15/09/2024 Bond	100	10,000	0.92	-	-	-
8.20% Power Finance Corporation Limited 01/02/2022 Bond	1,000	2,154	2.13	-	-	-
8.20% Government Stock 15/02/2022 Bond	100	500,000	47.07	-	-	-
(E)			21,233.29			22,845.89
F. Debentures/Bonds (Unquoted)						
14.00% Era Housing & Developers (India) Limited 30/12/2013 NCD	-	-	-	10,000,000	25	250.00
18.00% Jaycee Homes Limited 29/09/2014 NCD	250,000	598	149.50	750,000	598	448.50
19.00% Rational Buildcon Private Limited 31/01/2016 NCD	-	-	-	500,000	800	400.00
20.00% Soni Infratech Private Limited 31/12/2015 NCD	1,000,000	450	457.11	1,000,000	450	450.00
20.00% Classic Infrasolutions Private Limited 05/09/2014 NCD	545,500	897	502.77	1,000,000	900	900.00
19.00% Lily Realty Private Limited 30/06/2016 NCD	100,000	10,531	1,059.59	100,000	9,805	980.50
14.00% Orbit Corporation Limited 29/09/2015 NCD	10,000,000	140	1,293.04	10,000,000	140	1,400.00
19.00% Shree Sukhakarta Developers Pvt Ltd 30/09/2016 NCD	1,000,000	468	471.53	-	-	-
18.50% Suranjan Holding & Estate Developers Private Limited 21/02/17 NCD	1,000,000	1,100	1,100.00	-	-	-
(F)			5,033.54			4,829.00

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

	31 March 2014			31 March 2013		
	Face value	Quantity	Amount	Face value	Quantity	Amount
2.17 Stock-in-trade (Continued)						
G. Mutual Fund (Unquoted)						
Edelweiss GILT Fund-Growth Plan	10	150,000	1.56	10	150,000	1.56
Edelweiss Ultra Short term Bond Fund-Institutional Growth Plan	10	40,777	0.43	10	40,777	0.43
Edelweiss Ultra Short term Bond Fund-Growth Plan	10	35,966	50.00	10	35,966	50.00
ICICI Prudential Nifty ETF	-	-	-	10	526,066	30.00
Pramerica Liquid Fund - Growth Option	10	366,109	500.00	10	199,967	250.00
Central Public Sector Enterprise ETF	40	238,533,451	4,162.50	-	-	-
Goldman Sachs Banking Index Exchange Traded Scheme	10	7,147	8.93	-	-	-
Goldman Sachs Nifty Exchange Traded Scheme	10	2,043	1.35	-	-	-
Goldman Sachs Nifty Junior Exchange Traded Scheme	1	1,000	0.13	-	-	-
Motilal Oswal Most Shares Midcap 100 ETF-Growth Option-Mutual Fund	10	5,480	0.05	-	-	-
Motilal Oswal Most Shares Midcap 50 ETF-Growth Option-Mutual Fund	10	874	0.08	-	-	-
Motilal Oswal Most Shares Nasdaq 100 ETF	10	66,722	14.37	-	-	-
Reliance Banking ETF	10	6,311	7.17	-	-	-
Reliance Liquidity Fund-Growth Option	407,003	188,602	780.00	-	-	-
HDFC Debt Fund For Cancer Cure-2014	-	-	10.00	-	-	-
	(G)		5,536.57			331.99
H. Warrants (Quoted)						
Indiabulls Financial Services Limited		180,000	10.98		160,000	10.28
	(H)		10.98			10.28
I. Commodity						
Agri Commodities			4,674.24			651.58
Bullion			719.89			1,987.38
Other Metals			0.20			0.20
	(I)		5,394.33			2,639.16
J. Land						
Land	(J)		213.41			213.41
Total (A to J)			37,909.94			31,520.81

@ Amount is less than Rs. 0.01 million

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2014	As at 31 March 2013
2.18 Trade receivables		
(includes customer receivables)		
Outstanding for a period exceeding six months		
- Secured, considered good	95.55	50.33
- Unsecured, considered good	9.58	19.72
- Unsecured, considered doubtful	326.29	238.66
	431.42	308.71
Less: Provision for doubtful debts	(326.29)	(238.66)
	105.13	70.05
Other debts		
- Secured, considered good	259.31	360.90
- Unsecured, considered good	3,838.56	1,152.28
- Unsecured, considered doubtful	85.47	55.77
	4,183.34	1,568.95
Less: Provision for doubtful debts	(85.47)	(55.77)
	4,097.87	1,513.18
	4,203.00	1,583.23
2.19 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	24.17	12.11
Cheques in hand	84.30	85.41
Balances with banks		
- in Current accounts	5,548.67	6,233.36
- in fixed deposits with original maturity less than 3 months	2,462.73	920.00
	8,119.87	7,250.88
Other bank balances		
Fixed deposits, held as margin money or security against borrowings, guarantees	3,941.76	10,338.12
Short term fixed deposits with banks with maturity less than 12 months	7,575.43	19,500.79
	19,637.06	37,089.79

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2014	As at 31 March 2013
2.20 Short-term loans and advances		
Secured		
(Considered good, unless stated otherwise)		
Receivable from financing business		
Considered good	28,327.66	33,227.33
Considered non-performing	458.92	71.37
	28,786.58	33,298.70
Unsecured		
(Considered good, unless stated otherwise)		
Loans and advances	1,328.35	558.81
Receivable from financing business		
Considered good	4,504.31	202.12
Considered non-performing	7.75	22.19
	4,512.06	224.31
Other loans and advances		
Deposits placed with exchange/depositories	159.41	55.08
Rental deposits	7.27	9.81
Vendor and other advances	887.46	1,365.73
Advance custom duty paid	230.10	2,424.24
Deposits-others	54.73	14.14
Unamortised loan origination costs/prepaid expenses	209.08	180.42
Loans and advances to employees	171.52	68.87
Inter-corporate deposits placed	2,717.23	457.44
Input tax credit	180.15	145.15
Advance income tax (net of provision for tax)	570.12	557.18
MAT credit entitlement	390.52	124.60
Other advances	2,946.54	81.64
	43,151.12	39,566.12
2.21 Other current assets		
Accrued interest on fixed deposits	313.93	884.37
Accrued interest on inter-corporate deposits	111.52	22.07
Accrued interest on debt instruments	656.53	853.96
Accrued interest on loans given	656.21	134.97
Receivable from exchange/clearing house (net)	904.44	856.63
Mark to market on derivatives	622.35	54.16
Premium paid on exchange traded options/currency options/margin placed with broker	1,830.33	2,025.29
Contribution to gratuity fund (net)	10.27	9.29
Receivable on account of sale of investments	-	21.14
Dividend receivable	0.41	0.11
Deferred consideration on loan transfer transactions	34.17	-
Others	0.98	-
	5,141.14	4,861.99

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	For the year ended 31 March 2014	For the year ended 31 March 2013
2.22 Fee and commission income		
Income from broking	1,565.29	1,561.42
Advisory and other fees	1,990.99	1,632.29
	3,556.28	3,193.71
2.23 Income from treasury		
Profit on trading of securities (net)	326.33	435.03
Profit on trading in derivative instruments (net)	2,239.85	885.87
Loss on foreign exchange movement on trade	(1,763.63)	(472.67)
Profit on sale of commodities (net)	1,584.72	1,070.82
Profit on sale of real estate	44.10	177.28
Profit on sale of current investments	75.33	254.00
Profit on sale of non-current investments	69.84	0.60
Dividend on stock-in-trade	135.93	6.80
Dividend on current investments	8.09	8.90
Dividend on non-current investments	8.55	4.29
Share of profit/(loss) in partnership firm	11.85	(0.31)
Share of profit in associate companies	124.06	85.75
	2,865.02	2,456.36
2.24 Interest Income		
On loans	9,793.38	7,056.43
On inter-corporate deposits	479.63	396.19
On fixed deposits	3,599.37	4,306.14
On debt instruments	3,582.15	3,221.39
On others	305.14	374.41
	17,759.67	15,354.56
2.25 Other operating revenue		
Delayed payment charges	111.35	96.32
Income from training centre	37.74	25.27
Warehouse charges	-	76.31
Rental income	69.96	45.45
	219.05	243.35
2.26 Other income		
Profit on sale of current investment	9.61	15.73
Dividend on current investment	0.03	0.10
Interest income - others	5.09	3.36
Miscellaneous income	78.49	48.30
	93.22	67.49
2.27 Employee benefits expense		
Salaries and wages	4,401.92	3,474.57
Contribution to provident and other funds	103.06	111.99
Expense on employee stock option scheme	(6.39)	1.20
Staff welfare expenses	81.61	51.37
	4,580.20	3,639.13

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

	For the year ended 31 March 2014	For the year ended 31 March 2013
2.28 Finance costs		
Interest on debentures	621.27	305.06
Interest on inter-corporate deposits	107.49	140.72
Interest on term loan/working capital demand loan	1,711.42	838.82
Interest on bank overdraft	807.48	700.10
Interest on margin and deposits	25.58	20.52
Interest - others	713.28	579.84
Discount on commercial paper/benchmark linked debentures	5,573.40	6,086.76
Financial and bank charges	414.95	452.87
Interest on collateralised borrowing and lending obligations	1,788.61	1,456.30
Letter of credit discounting charges and interest on buyers credit	323.93	542.02
Interest on shortfall in payment of advance income tax	19.29	10.28
	12,106.70	11,133.29
2.29 Other expenses		
Advertisement and business promotion	259.82	251.72
Auditors' remuneration	21.26	20.07
Bad debts and advances written off	27.96	85.93
Commission and brokerage	354.83	315.81
Communication	160.53	164.24
Computer software and other expenses	143.16	100.38
Commission to non-executive directors	8.75	-
Dematerialisation charges and stock exchange expenses	17.76	19.72
Diminution in value of non-current investments	157.62	62.50
Directors' sitting fees	5.04	5.73
Donation	22.69	32.55
Insurance	79.74	71.19
Legal and professional fees	452.80	489.55
Loss on sale/write-off of fixed assets (net)	26.01	6.74
Membership and subscription	75.01	56.53
Mutual fund expenses	22.61	24.12
Office expenses	206.68	184.35
Postage and courier	25.16	27.20
Printing and stationery	40.06	41.57
Provision for credit loss on securitisation	19.27	-
Provision for standard assets	52.54	58.32
Provision for non performing assets	394.83	52.24
Provision for doubtful debts	118.16	76.59
Rates and taxes	58.13	20.88
Rent and Electricity charges	331.64	278.10
Repairs and maintenance - others	27.93	39.43
Securities and commodity transaction tax	252.37	290.90
Seminar and conference	43.00	50.48
Service tax expenses	119.35	161.41
Stamp duty	52.17	72.19
Travelling and conveyance	325.39	247.45
Warehousing charges	23.22	140.56
Miscellaneous expenses	295.11	196.99
	4,220.60	3,645.44

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

2.30 Segment reporting

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

Segment	Activities covered
Agency business	Broking, advisory, product distribution and other fee based services
Capital based business	Income from treasury, investment income and financing
Life Insurance	Represents results of Edelweiss Tokio Life Insurance Company Limited

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.

Based on such allocations, segmental balance sheet as at 31 March 2014 and segmental profit and loss account for the year ended 31 March 2014 have been prepared.

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

2.30 Segment reporting (*Continued*)

Particulars	Agency business		Capital based business		Life Insurance		Un-allocated		Total	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Segment revenue										
Income from customers	5,074.73	4,941.30	18,847.61	15,905.50	1,598.38	981.69	34.60	11.75	25,555.32	21,840.24
Total	5,074.73	4,941.30	18,847.61	15,905.50	1,598.38	981.69	34.60	11.75	25,555.32	21,840.24
Segment result										
Income tax	788.13	422.90	3,644.26	3,072.45	(678.15)	(647.25)	(239.25)	(254.85)	3,514.99	2,593.25
Minimum alternate tax credit entitlement							1,748.95	1,094.95	1,748.95	1,094.95
Deferred tax benefit							(245.35)	(117.82)	(245.35)	(117.82)
Profit after tax							(157.53)	(95.62)	(157.53)	(95.62)
									2,168.92	1,711.74
Other information										
Carrying amount of segment assets	14,079.04	20,707.20	152,798.65	130,302.70	7,587.99	5,300.70	5,829.82	5,980.94	180,295.50	162,291.54
Carrying amount of segment liabilities	7,040.74	16,171.60	140,737.95	117,590.20	1,293.59	742.40	3,929.89	3,211.58	153,002.17	137,715.78
Capital expenditure	121.78	174.55	664.54	167.44	-	-	12.75	21.04	799.07	363.03
Depreciation	142.86	118.52	325.03	287.65	43.49	81.87	12.72	26.22	524.10	514.26
Other non cash expenditure	57.07	133.03	528.64	150.20	43.49	-	3.38	76.53	632.58	359.76

Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

2.31 Related parties

(A) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise

Rashesh Shah

Venkat Ramaswamy

Vidya Shah

Aparna T. C.

(B) Relatives of individuals exercising significant influence

Kaavya Venkat

Shilpa Mody

A V Ramaswamy

Sejal Premal Parekh (With effect from 9 July 2012)

Meena Subramanian (With effect from 30 January 2013, upto 29 May 2013)

Sneha Sripad Desai (With effect from 30 January 2013)

(C) Enterprises where significant influence is exercised, with whom transactions have taken place

Edelweiss Employee Welfare Trust

Edelweiss Asset Reconstruction Company Limited

Edelweiss Fund Advisors Private Limited

Dahlia Commodities Services Private Limited (*formerly known as Dahlia Financial Services Private Limited*)

Magnolia Commodities Services Private Limited (*formerly known as Magnolia Financial Services Limited*)

Arum Investments Private Limited

Allium Finance Private Limited

Aeon Credit Service India Private Limited

(D) Subsidiary Companies

Edelgive Foundation

(E) Enterprises which exercise significant influence over subsidiary, with whom transactions have taken place

Tokio Marine & Nichido Fire Insurance Co. Limited (*Subsidiary of Tokio Marine Holdings Inc.*)

(F) Enterprises which exercise significant influence over group, with whom transactions have taken place

Oak Holdings Private Limited

Spire Investment Advisors LLP

(G) Key Management Personnel

Himanshu Kaji

Rujan Panjwani (with effect from 24 June 2013)

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.31 Related parties (*Continued*)

(H) Transactions and balances with related parties :

Particulars	Individual exercising significant control	Relatives of individuals exercising significant influence	Enterprises in which /where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group	Key Management Personnel and relatives of KMP
Capital account transactions							
<i>Investment in Equity shares</i>							
Edelweiss Asset Reconstruction Company Limited			124.77				
			(277.93)				
Aeon Credit Service India Private Limited			-				
			(102.50)				
<i>Investment in Preference shares</i>							
Allium Finance Private Limited			-				
			(105.85)				
<i>Equity share capital issued by subsidiary (including securities premium)</i>							
Tokio Marine & Nichido Fire Insurance Co. Limited					1,939.70		
					(-)		
<i>Disinvestment in Equity shares</i>							
Allium Finance Private Limited			-				
			(0.79)				
<i>Share Application Money received by subsidiary</i>							
Edelweiss Asset Reconstruction Company Limited			-				
			(124.77)				
<i>Debentures subscribed by</i>							
Arum Investments Private Limited			275.00				
			(308.71)				
<i>Loans given to</i>							
Edelweiss Asset Reconstruction Company Limited			4,582.95				
			(773.65)				
Magnolia Commodities Services Private Limited			1,174.35				
			(143.88)				
Others			188.97				
			(378.62)				
<i>Loans repaid by</i>							
Edelweiss Asset Reconstruction Company Limited			3,830.33				
			(827.15)				
Magnolia Commodities Services Private Limited			1,126.91				
			(68.99)				
Edelweiss Metals Limited			165.30				
			(259.16)				
<i>ICD given to</i>							
Arum Investments Private Limited			1,500.00				
			(-)				
<i>ICD repaid by</i>							
Arum Investments Private Limited			1,500.00				
			(-)				
<i>Reimbursement paid</i>							
Edelgive Foundation					-		
					(0.01)		
<i>Reimbursement recovered</i>							
Arum Investments Private Limited			36.79				
			(17.57)				

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

2.31 Related parties *(Continued)*

(H) Transactions and balances with related parties : *(Continued)*

Particulars	Individual exercising significant control	Relatives of individuals exercising significant influence	Enterprises in which /where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group	Key Management Personnel and relatives of KMP
Allium Finance Private Limited			9.20 (5.28)				
Others			10.51 (19.69)	0.08 (-)		0.01 (0.02)	
<i>Dividend paid</i>							
Rashesh Shah	87.30 (116.88)						
Venkat Ramaswamy	34.47 (45.07)						
Spire Investment Advisors LLP						27.27 (32.94)	
Edelweiss Employee Welfare Trust			24.44 (31.96)				
Others	26.88 (35.16)	9.80 (12.51)					6.61 (-)
<i>Advisory Fee received</i>							
Edelweiss Asset Reconstruction Company Limited			7.34 (2.14)				
Others			0.00* (-)				
<i>Rental Income</i>							
Arum Investments Private Limited			5.73 (5.81)				
Edelweiss Asset Reconstruction Company Limited			3.90 (-)				
Allium Finance Private Limited			0.78 (-)				
<i>Interest income</i>							
Edelweiss Asset Reconstruction Company Limited			24.41 (23.27)				
Dahlia Commodities Services Private Limited			12.02 (8.53)				
Magnolia Commodities Services Private Limited			12.21 (6.17)				
Others			0.01 (18.24)				
<i>Interest income on debentures</i>							
Arum Investments Private Limited			89.80 (-)				
<i>Interest income on ICD</i>							
Arum Investments Private Limited			5.53 (-)				
<i>Amount paid / debits with broker</i>							
Vidya Shah	1,340.19 (144.31)						
Aparna T. C.	296.72 (43.09)						
Others	127.65 (110.24)	22.39 (2.21)	- (0.01)			0.39 (-)	

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.31 Related parties (*Continued*)

(H) Transactions and balances with related parties : (*Continued*)

Particulars	Individual exercising significant control	Relatives of individuals exercising significant influence	Enterprises in which /where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group	Key Management Personnel and relatives of KMP
<i>Amount received / credits with broker</i>							
Vidya Shah	1,338.01						
	(144.57)						
Aparna T. C.	297.37						
	(43.09)						
Others	128.69	82.69	-			0.39	
	(110.24)	(2.21)	(0.00)*			(96.17)	
<i>Purchase of Commodities</i>							
Dahlia Commodities Services Private Limited			132.06				
			(-)				
Magnolia Commodities Services Private Limited			132.36				
			(-)				
<i>Sale of Commodities</i>							
Dahlia Commodities Services Private Limited			77.14				
			(54.68)				
Magnolia Commodities Services Private Limited			77.15				
			(54.98)				
<i>Loss on forward contracts (net)</i>							
Magnolia Commodities Services Private Limited			-				
			(22.59)				
Dahlia Commodities Services Private Limited			49.51				
			(22.56)				
<i>Brokerage earned</i>							
Vidya Shah	1.14						
	(0.59)						
Aparna T. C.	0.75						
	(0.21)						
Others	0.01	0.01	-			0.00*	
	(0.07)	(0.00)*	(0.00)*			(0.06)	
<i>Remuneration</i>							
Rashesh Shah	35.47						
	(21.27)						
Venkat Ramaswamy	5.34						
	(14.75)						
Himanshu Kaji							17.83
							(20.29)
Rujan Panjwani							3.25
							(-)
<i>Donations given</i>							
Edelgive Foundation				18.50			
				(31.40)			
<i>Cost reimbursements recovered</i>							
Arum Investments Private Limited			42.97				
			(0.31)				
Others			2.10				
			(1.92)				

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.31 Related parties (*Continued*)

(H) Transactions and balances with related parties : (*Continued*)

Particulars	Individual exercising significant control	Relatives of individuals exercising significant influence	Enterprises in which /where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group	Key Management Personnel and relatives of KMP
Balances with related parties							
<i>Investments</i>							
Edelweiss Asset Reconstruction Company Limited			529.75 (402.71)				
Arum Investments Private Limited			1,072.44 (797.44)				
Others			250.06 (250.11)	0.10 (0.10)			
<i>Advances</i>							
Edelweiss Asset Reconstruction Company Limited			850.00 (105.58)				
Edelweiss Employee Welfare Trust			1,323.85 (1,348.35)				
Others			331.50 (403.09)				
<i>Trade Receivables</i>							
Edelweiss Asset Reconstruction Company Limited			1.73 (-)				
Others			0.00* (68.41)				
<i>Accrued interest on loans given</i>							
Edelweiss Asset Reconstruction Company Limited			6.25 (-)				
Others			0.93 (1.19)				
<i>Accrued interest on debt instruments</i>							
Arum investments Private Limited			49.04 (2.94)				
<i>Bonus payable</i>							
Rashesh Shah	27.50 (13.30)						
Venkat Ramaswamy	- (6.80)						
Himanshu Kaji							10.00 (12.80)
<i>Trade Payables</i>							
Edelweiss Asset Reconstruction Company Limited			0.99 (0.21)				
Arum Investments Private Limited			- (0.00)*				
Dahlia Financial Services Private Limited			49.51 (-)				

Amounts in brackets represent Previous year numbers

* Amount is less than ₹ 0.01 million

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.32 Earnings per share

In accordance with Accounting Standard 20 - Earnings Per Share prescribed by Companies (Accounting Standards) Rules, 2006, the computation of earnings per share is set out below:

	2014	2013
a) Shareholders earnings (as per statement of profit and loss)	2,202.46	1,784.61
b) Calculation of weighted average number of equity shares of ₹ 1 each:		
Number of shares at the beginning of the year	763,842,280	756,799,280
Number of shares issued during the year	5,203,050	7,043,000
Total number of equity shares outstanding at the end of the year	769,045,330	763,842,280
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	767,977,731	760,388,845
c) Number of dilutive potential equity shares	3,911,331	13,015,804
d) Basic earnings per share (in ₹) {a/b}	2.86	2.35
e) Diluted earnings per share (in ₹) {a/(b+c)}	2.85	2.31

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

A) Defined contribution plan (Provident fund):

Amount of ₹ 80.88 million (Previous year: ₹ 53.18 million) is recognised as expenses and included in "Employee benefit expenses" – Note 2.27 in the statement of profit and loss.

B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the funded and unfunded status and amount recognised in the balance sheet for the gratuity benefit plan.

Statement of profit and loss

Net employee benefit expenses:

	2014	2013
Current service cost	31.70	33.55
Interest on defined benefit obligation	11.30	5.47
Expected return on plan assets	(8.48)	(7.67)
Adjustment to the fund	-	-
Past service cost	0.64	0.61
Actuarial (gain)/loss	(10.06)	37.48
Total included in employee benefit expense	25.10	69.44

Balance sheet

Amount recognised in the balance sheet:

	2014	2013
Liability at the end of the year	169.25	144.20
Fair value of plan assets at the end of the year	133.68	90.38
Amount recognized in balance sheet - liability	(35.57)	(53.82)

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

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

Changes in the present value of the defined benefit obligation are as follows:

	2014	2013
Liability at the beginning of the year	144.22	73.20
Transfer out	(1.14)	-
Interest cost	11.30	5.47
Current service cost	31.70	33.32
Past service cost	-	0.61
Benefits paid	(12.85)	(9.50)
Actuarial (gain)/loss:	(4.61)	41.10
Exchange Rate Adjustment	0.64	-
Liability at the end of the year	169.26	144.20

Changes in the fair value of plan assets are as follows:

	2014	2013
Fair value of plan assets at the beginning of the year	89.17	86.18
Expected return on plan asset	8.48	7.67
Contributions	43.43	2.23
Benefits paid	(12.85)	(9.50)
Actuarial gain	5.45	3.80
Fair value of plan assets at the end of the year	133.68	90.38

Experience adjustment:

	2014	2013	2012
On plan liabilities: loss/(gain)	5.90	38.79	(12.75)
On plan assets: gain/(loss)	5.45	4.04	(0.62)
Estimated contribution for next year	20.00	35.00	-

Principal actuarial assumptions at the balance sheet date:

	2014	2013
Discount rate	8.90%	7.90%
Salary escalation	6.00%	6.00%
Employees attrition rate	13% - 60%	13% - 60%

2.34 Operating leases

The Group has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2014 aggregated to ₹ 218.08 million (Previous year ₹ 187.38 million) which has been included under the head other expenses – rent and electricity charges in the statement of profit and loss.

Details of future minimum lease payments for non-cancellable operating leases are as follows:

	2014	2013
Minimum lease payments for non-cancellable lease		
- not later than one year	21.62	69.85
- later than one year and not later than five years	13.90	17.44
- later than five years	-	-
Total	35.52	87.29

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.35 A) Open interest in Equity Index/Stock Futures as at 31 March 2014:

Sr. no.	Name of future	Number of contracts	Number of units involved
1	Long position	14,920	6,429,840
2	Short position	10,381	2,614,300

B) Open interest in Commodity Futures as at 31 March 2014:

Sr. no.	Name of future	Number of contracts	Number of units involved
1	Long position	25,326	4,693,479
2	Short position	68,050	47,134,784

C) Open interest in Currency Futures as at 31 March 2014:

Sr. no.	Name of future	Number of contracts	Number of units involved
1	Long position	1,47,983	148,477,000
2	Short position	3	25,125,000

2.36 Option contracts outstanding as at 31 March 2014:

A) Index/Stock

Total premium carried forward at 31 March 2014 (Net of provisions made)	60.38
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B) Currency

Total premium carried forward at 31st March 2014 (Net of provision made)	24.66
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2.37 Employee stock option plans

The Company has currently seven Employee Stock Option Plans ('Plans') in force. The Plans provide that the Company's employees and those of its subsidiaries and associates are granted an option to acquire equity shares of the Company that vest in a graded manner. The options may be exercised within a specified period.

The Company follows the intrinsic value method to account for its stock based compensation plans. Compensation cost is measured as the excess, if any, of the fair market value of the underlying share on the date of grant over the exercise price.

During the year, the Company granted stock options to employees under the ESOP 2011 Plan where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

The vesting period in respect of options granted under ESOP 2011 Plan is as follows:-

Sr. No.	Vesting date	% of options that shall vest
1	12 months from the date of grant	25 (Twenty five)% of grant
2	24 months from the date of grant	25 (Twenty five)% of grant
3	36 months from the date of grant	25 (Twenty five)% of grant
4	48 months from the date of grant	25 (Twenty five)% of grant
Total		100 (One hundred)% of grant

During the year ended 31 March 2012 and 31st March 2013, the Company had granted options under ESOP 2011 Plan (formulated in F.Y. 2011-12) wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.37 Employee stock option plans (*Continued*)

During the year ended 31 March 2010, the Company had formulated ESOP 2010 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

The schedule of stock options vesting period for ESOP 2010 Plan is as follows:-

Sr. No.	Vesting date	% of options that shall vest
1	12 months from the date of grant	25 (Twenty five)% of grant
2	24 months from the date of grant	25 (Twenty five)% of grant
3	36 months from the date of grant	25 (Twenty five)% of grant
4	48 months from the date of grant	25 (Twenty five)% of grant
Total		100 (One hundred)% of grant

During the year ended 31 March 2009, the Company had formulated ESOP 2009 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher.

The schedule of stock options vesting period for ESOP 2009 Plan is as follows:-

Sr. No.	Vesting date	Maximum % of options that shall vest
1	36 months from the date of grant	30 (Thirty)% of grant
2	48 months from the date of grant	30 (Thirty)% of grant
3	60 months from the date of grant	40 (Forty)% of grant
Total		100 (One hundred)% of grant

For determination of compensation cost, the Company has assumed the exercise price to be the specified amount.

With respect to stock options granted upto 31 March 2008, the fair market value of the underlying shares has been determined based on an independent valuer's report as these stock options were granted by the Company to its employees when it was not listed on the stock exchanges. The fair value under stock options granted during the year is arrived as stipulated in the Guidance Note on Accounting for Employee Share Based Payments issued by The Institute of Chartered Accountants of India. The compensation cost written back in the statement of profit and loss for the year is ₹ 6.39 million (Previous year charged: ₹ 1.20 million).

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.37 Employee stock option plans (Continued)

Details of various schemes are stated below:

Activity in the options outstanding under the employees stock option plans as at 31 March 2014:

Exercise Price (₹)	7.92	16.67	7.92	16.67	Pricing Formula (*)			Pricing Formula (*)	Range of Exercise price(**)	Range of Exercise price(**)	Range of Exercise price(**)
					ESOP 2004	ESOP 2006	ESOP 2007				
ESOP Plan	F			G			III				
Total Options approved by the members	24,000,000		48,000,000		81,000,000		12,000,000	50,000,000	30,000,000	100,000,000	
Grants as at 1 April 2013	610,500	1,000,000	5,016,000	2,400,000	1,822,500	4,888,000	13,494,000	16,074,500	16,224,500	37,333,550	
Add - Options granted during the year	-	-	-	-	-	-	-	-	-	21,932,500	
Less - Options lapsed/ cancelled during the year	-	(1,000,000)	-	(1,070,000)	(6,000)	(850,000)	(13,494,000)	(1,110,000)	(1,162,500)	(2,426,200)	
Less - Options exercised during the year	(310,500)	-	(600,000)	(1,330,000)	(18,000)	-	-	-	-	(25,250)	
Grants as at 31 March 2014	300,000	-	4,416,000	-	1,798,500	4,038,000	-	14,964,500	15,062,000	56,814,600	
Options exercisable as at 31 March 2014	300,000	-	4,416,000	-	1,798,500	4,038,000	-	8,978,700	11,296,500	12,721,675	

Activity in the options outstanding under the employees stock options plan as at 31 March 2013:

Exercise Price (₹)	1.04	2.08	7.92	16.67	7.92	16.67	Pricing Formula (*)			Pricing Formula (*)	Range of Exercise price(**)	Range of Exercise price(**)	Range of Exercise price(**)		
							ESOP 2004	ESOP 2006	ESOP 2007					ESOP 2008	ESOP 2009
ESOP Plan	F			G			I			II			III		
Total Options approved by the members	24,000,000		48,000,000		81,000,000		12,000,000	50,000,000	30,000,000	100,000,000					
Grants as at 1 April 2012	375,000	1,083,300	1,800,000	11,190,000	2,400,000	2,301,500	13,782,000	2,708,000	16,609,500	17,223,500	17,019,200				
Add - Options granted during the year	-	-	-	-	-	-	-	-	-	-	-	21,684,600			
Less - Options lapsed/ cancelled during the year	-	-	-	(24,000)	-	(89,000)	(288,000)	(30,000)	(535,000)	(999,000)	(1,370,250)				
Less - Options exercised during the year	(375,000)	(675,000)	(472,800)	(6,150,000)	-	(390,000)	(108,000)	-	-	-	-				
Grants as at 31 March 2013	-	610,500	1,000,000	5,016,000	2,400,000	1,822,500	4,888,000	2,678,000	16,074,500	16,224,500	37,333,550				
Options exercisable as at 31 March 2013	-	610,500	1,000,000	5,016,000	2,400,000	1,822,500	4,888,000	2,678,000	4,882,350	8,112,250	4,078,488				

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.37 Employee stock option plans (Continued)

(*) Pricing formula:

ESOP 2008 (III)

Period during which vested options are exercised	From the date of vesting to 31 December 2012	From 1 January 2013 to 31 December 2013
Exercise price payable for such vested options	In case shares are listed, 10 % discount to market price on exercise date or ₹ 120; whichever is higher; otherwise ₹ 120.	10% discount to the reference price i.e., average of closing price of grant date and 14 days preceding the grant date

ESOP 2007 (I)

Period during which vested options are exercised	From 1 October 2010 to 30 September 2014
Exercise price payable for such vested options	₹ 21.70

ESOP 2007 (II)

Period during which vested options are exercised	From 1 July 2010 to 30 June 2011	From 1 July 2011 to 30 June 2015
Exercise price payable for such vested options	₹ 50.00	₹ 33.30

ESOP 2007 (III)

Period during which vested options are exercised	From 1 January 2010 to 31 December 2013
Exercise price payable for such vested options	₹ 51.70

(**) Range of Exercise price

ESOP 2009

Exercise price payable for such vested options	Closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher	₹ 39.44 to ₹ 50.26
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ESOP 2010

Exercise price payable for such vested options	Closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher	₹ 41.40 to ₹ 61.00
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ESOP 2011

Exercise price payable for such vested options	Closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher	₹24.60 to ₹ 37.80
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Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.37 Employee stock option plans (Continued)

Following summarises the information about stock options outstanding as at 31 March 2014:

Plan	ESOP 2004 Scheme F	ESOP 2006 Scheme G	ESOP 2007 Scheme I	ESOP 2007 Scheme II	ESOP 2007 Scheme III	ESOP 2008 Scheme III	ESOP 2009	ESOP 2010	ESOP 2011
- Range of exercise price	₹ 1.04 to ₹ 16.67	₹ 7.92 to ₹ 16.67	Pricing formula	Pricing formula	Pricing formula	Pricing formula	₹ 39.44 to ₹ 50.26	₹ 41.40 to ₹ 61.00	₹ 24.60 to ₹ 37.80
- Number of shares arising out of options	300,000	4,416,000	1,798,500	4,038,000	-	-	14,964,500	15,062,000	56,814,600
- Weighted average life of outstanding options (in years)	0.50	0.64	0.50	1.25	-	-	2.18	2.41	4.20
Weighted average exercise prices of stock options									
- outstanding at the beginning of the year	13.35	10.75	21.70	33.30	51.70	34.82	40.14	48.89	37.25
- granted during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	30.02
- forfeited/cancelled during the year	16.67	7.92	21.70	33.30	51.70	34.82	39.44	49.09	32.29
- exercised during the year	7.92	13.95	21.70	N.A.	N.A.	N.A.	N.A.	N.A.	28.85
- outstanding at the end of the year	7.92	7.92	21.70	33.30	N.A.	N.A.	40.19	48.87	31.60
- exercisable at the end of the year	7.92	7.92	21.70	33.30	N.A.	N.A.	40.19	48.87	33.98

The weighted average market share price for stock options exercised during the year is ₹ 29.48 (Previous year: ₹ 32.86).

Fair value methodology

The fair value of options used to compute pro-forma net income and earnings per share have been estimated on the dates of each grant, on or after the date the 'Guidance Note on Accounting for Employee Share-based Payments', issued by the Institute of Chartered Accountants of India, became applicable, i.e. 1 April 2005, using the Black-Scholes option pricing model. Considering that the Company's shares have not been listed for a reasonable period necessary to derive representative volatility, the Company has estimated the volatility based on historical market volatility. The various assumptions considered in the pricing model for the aforementioned ESOP's granted are:

	For the year Ended 31 March 2014
Dividend yield	0.41% - 2.27%
Expected volatility	16.29% - 47.70%
Risk free interest rate	6.50% - 8%
Expected life of the option	3.19 - 9 years

Impact of fair value method on net profit and earnings per share

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have reduced to the pro-forma amounts as indicated below:

	For the year Ended 31 March 2014
Net Profit (as reported)	2,202.46
Less: Impact of incremental cost under fair value approach	(142.81)
Net Profit: (pro-forma)	2,059.65
Basic earnings per share (as reported) (in rupees)	2.86
Basic earnings per share (pro-forma) (in rupees)	2.68
Diluted earnings per share (as reported) (in rupees)	2.85
Diluted earnings per share (pro-forma) (in rupees)	2.66

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.38 Share Application money pending allotment

The company has received ₹ 0.80 million towards share application on exercise of ESOPs which will result in an issue of 10,500 shares. Of the total receipts, ₹ 0.07 million has been received towards share premium. These shares have since been allotted.

2.39 Capital commitment

Uncalled liabilities on non-current investments ₹ 1,623.75 million as at balance sheet date (Previous year: ₹ 1,882.23 million).

Undrawn committed credit lines ₹ 3,012.94 million as at balance sheet date (Previous year: ₹ 1,767.52 million).

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 198.19 million (Previous year ₹ 25.03 million).

2.40 Contingent liability

i. Edelweiss Financial Services Limited (EFSL)

- a. Taxation matters in respect of which appeal is pending ₹ 115.15 million (Previous year: ₹ 52.61 million).
- b. EFSL has issued corporate guarantees to the extent of ₹ 41,366.38 million (Previous year: ₹ 38,268.76 million), in favour of banks to secure the credit facilities sanctioned by these banks to Edelweiss Securities Limited, Edelweiss Commodities Services Limited, ECL Finance Limited, Edelweiss Housing Finance Limited, Aster Commodities DMCC, EC Global Limited and Edelweiss International Singapore Pte Limited (subsidiary companies) and ₹ 14,757.20 million (Previous year: ₹ 13,735.90 million) in favour of IDBI Trusteeship Services Limited for non-convertible debentures issued by ECL Finance Limited and Edelweiss Housing Finance Limited (subsidiary companies) and ₹ 470.70 million (Previous year: ₹ Nil) in favour of Edelweiss Finance & Investments Limited for the Preference shares issued by it against due discharge of debt.

ii. Edelweiss Securities Limited (ESL)

- a. ESL has provided bank guarantees aggregating to ₹ 3,000 million (Previous year: ₹ 6,950 million) as on 31 March 2014 to The National Stock Exchange of India Limited for meeting margin requirements. ESL has pledged fixed deposits with banks aggregating ₹ 1,500 million (Previous year: ₹ 3,475 million) for obtaining the above bank guarantees.
ESL has provided bank guarantees aggregating to ₹ 100 million (Previous year: ₹ 400 million) as on 31 March 2014 to The Bombay Stock Exchange of India Limited for meeting margin requirements. ESL has pledged fixed deposits with banks aggregating ₹ 50 million (Previous year: ₹ 200 million) for obtaining the above bank guarantees.
- b. Taxation matters in respect of which appeal is pending ₹ 459.93 million (Previous year: ₹ 95.53 million).

iii. Edelweiss Finance & Investments Limited

Taxation matters in respect of which appeal is pending ₹ Nil (Previous year: ₹ Nil).

iv. Edelweiss Commodities Services Limited (ECSL)

- a. Taxation matters in respect of which appeal is pending ₹ 208.27 million (Previous year: ₹ 4.63 million).
- b. ECSL has provided stand-by letter of credit aggregating to ₹ Nil (Previous year: ₹ 250 million) as on 31 March 2014 to The Bank of Nova Scotia for meeting margin requirements for buying bullion. ECSL has pledged fixed deposit with banks amounting to ₹ Nil (Previous year: ₹ 62.50 million) for obtaining the above stand-by letter of credit.
ECSL has provided bank guarantee aggregating to ₹ 500 million (Previous year: ₹ 400 million) as on 31 March 2014 to The Multi Commodity Exchange of India Limited for meeting margin requirements. ECSL has pledged fixed deposit with bank amounting to ₹ 250 million (Previous year: ₹ 200 million) for obtaining the above bank guarantee.
Corporate Guarantee given by ECSL to bank for ₹ 2,350 million (Previous year: ₹ 1,650 million) for availing fund based banking facilities by Edelweiss Housing Finance Limited (subsidiary company).
ECSL has provided bank guarantee aggregating to ₹ 0.20 million (Previous year: ₹ Nil) as on 31 March 2014 to VAT authorities for meeting statutory requirements. ECSL has pledged fixed deposit with bank amounting to ₹ 0.20 million (Previous year: ₹ Nil) for obtaining the above bank guarantee.
ECSL has provided bank guarantee aggregating to Rs. 49.90 million (Previous year: ₹ Nil) as on 31 March 2014 to Custom Authorities for meeting statutory requirements. ECSL has pledged fixed deposit with bank amounting to Rs. 49.90 million (Previous year: ₹ Nil) for obtaining the above bank guarantee.
ECSL has provided bank guarantee aggregating to ₹ 3.71 million (Previous year: ₹ Nil) as on 31 March 2014 to Reliance Infra Ltd. ECSL has pledged fixed deposit with bank amounting to ₹ 3.71 million (Previous year: ₹ Nil) for obtaining the above bank guarantee.

v. ECL Finance Limited (ECLF)

- a. Taxation matters in respect of which appeal is pending ₹ 0.54 million (Previous year: ₹ 0.54 million).
- b. Litigation pending against ECLF amounting to ₹ 10.76 million (Previous year: ₹ 0.51 million).

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.40 Contingent liability (*Continued*)

vi. Edelweiss Broking Limited (EBL)

- EBL has provided Corporate guarantee ₹ Nil (Previous year: ₹ 500 million) to banks on behalf of ESL.
- Taxation matters in respect of which appeal is pending ₹ 7.67 million (Previous year: ₹ 0.26 million).
- Claims not acknowledged as debt ₹ 11.11 million (Previous year: ₹ 0.65 million).

vii. Edelweiss Comtrade Limited (Edel Com)

- Edel Com has provided bank guarantees aggregating to ₹ Nil (Previous year: ₹ 50 million) to The Multi Commodity Exchange of India Limited for meeting margin requirements.
Edel Com has pledged fixed deposits with banks aggregating to ₹ Nil (Previous year: ₹ 25 million) for obtaining the above bank guarantees.
- Claims not acknowledged as debt ₹ 2.86 million (Previous year: ₹ 0.19 million).
- Taxation matters in respect of which appeal is pending ₹ 3.55 million (Previous year: ₹ 8.16 million).

viii. Edelweiss Financial Advisors Limited (EFAL)

- Corporate guarantee ₹ Nil (Previous year: ₹ 50 million) given to banks on behalf of Edelweiss Comtrade Limited.
- Claims not acknowledged as debts ₹ 11.08 million (Previous year: ₹ 17.58 million).
- Taxation matters in respect of which appeal is pending ₹ 112.76 million (Previous year: ₹ 113.77 million).

ix. Edelweiss Global Wealth Management Limited

- Taxation matters in respect of which appeal is pending ₹ 19.70 million (Previous year: ₹ 19.69 million).

x. Edel Finance Company Limited

- Taxation matters in respect of which appeal is pending ₹ 0.03 million (Previous year: ₹ 0.03 million).

2.41 Provision on standard assets

In accordance with the accounting policy set out on paragraph 1.19 of significant accounting policies, provision for standard assets created in the books as at 31 March 2014, is ₹ 215.51 million (Previous year: ₹ 168.30 million).

2.42 Movement of NPAs

With regard to the financing business of the group in subsidiaries regulated by RBI and NHB, the following table sets forth, for the periods indicated, the details of movement of gross Non-Performing assets (NPAs), net NPAs and provisions:

Particulars	Total (₹ in Million)	
	FY 2013-14	FY 2012-13
i) Gross NPAs		
a) Opening Balance	284.78	226.18
b) Additions during the year	602.58	138.23
c) Reductions during the year *	68.07	79.63
d) Closing balance	819.29	284.78
ii) Net NPAs		
a) Opening Balance	74.55	68.19
b) Additions during the year	196.28	50.34
c) Reductions during the year*	56.60	43.99
d) Closing balance	214.23	74.55
iii) Provisions for NPAs (excluding provision on standard assets)		
a) Opening Balance	210.23	157.99
b) Additions during the year	406.31	87.88
c) Reductions during the year *	11.47	35.64
d) Closing balance	605.07	210.23

* Includes NPA written off during the year amounting to ₹ Nil (Previous year: ₹ 30.54)

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.43 Capital to Risk Assets Ratio (CRAR)

The CRAR for the key NBFC of the Group namely ECL Finance Limited is as follows;

No.	Particulars	2014	2013
i.	CRAR (%)	16.06%	18.40%
ii.	CRAR - Tier I capital (%)	15.56%	18.17%
iii.	CRAR - Tier II Capital (%)	0.50%	0.23%

2.44 Details of Single Borrower Limit and Group Borrower Limit by the NBFCs' within the Group

During the years ended 31 March 2014 and 31 March 2013, all the NBFCs credit exposure to single borrowers and group borrowers were within their respective limits prescribed by RBI.

2.45 Brokerage income is disclosed net of (i) service tax, (ii) related sub-brokerage expenses and (iii) transaction charges collected thereon.

2.46 Securities received from clients as collateral for margins are held by broking companies in the Group in their own names in fiduciary capacity.

2.47 Actuarial Liability

In case of Life Insurance business, liabilities for life insurance policies are determined by the appointed actuary in accordance with the IRDA regulations and relevant actuarial practice standards and guidance notes issued by the Institute of Actuaries of India.

Non-linked business is reserved using a prospective gross premium method of valuation. The reserves are established having regard to the assumptions as to future experience, including the interest rate that will be earned on premiums not yet received and future bonus rates for participating business. Assumptions as to the future bonus rates are set to be consistent with the interest rate assumptions. The interest rates used for the valuation of regular premium policies vary according to the type of the product.

For participating policies the valuation interest rate used is 6%. For single premium non-par policies it is 7.2% for the first 5 years and 6.3% (Previous year 6.4%) thereafter. For Annuity plan, interest rates are 6.9% for first 5 years, 6.0% for next 20 years and 4.0% thereafter. For Wealth Builder plan (non-par - limited pay product) interest rates are 6.90% for first 5 years and 6.0% thereafter. For Cash Income plan (non-par - long term product) interest rates are 5.70% for first 5 years and 4.8% thereafter. For other non par policies this rates is 6.4% for first 5 years and 5.5% thereafter.

For lapsed policies also the provisions have been made assuming 60% of them will get revived.

Linked business has been reserved using the unit price of the respective unit funds plus a non unit reserve to allow for the cost of insurance and any expenses and commissions in excess of future charges. For lapsed policies under UL products the fund is transferred to a separate discontinuance fund as per IRDA regulations and reserve have been kept for benefits payable post lock-in period. We also keep the surrender penalties collected as non-unit reserves till the lock-in period.

Mortality assumptions are based on the published IALM (2006-2008) Ultimate Mortality Table [Previous year IALM (1994-96)] with adjustments to reflect the expected experience and with allowance for adverse deviation.

The mortality rates used for the valuation vary according to the type of the product and it is set at 99% of IALM (2006-2008) [Previous year 88% of IALM (1994-96)] mortality table. However in pure protection products where there is a medical examination conducted to establish non-smoker status the table rate for such non-smokers is 77% of IALM (2006-2008) [Previous year 88% of IALM (1994-96)] mortality table. In case of Group Credit Protection product depending on the scheme we use different mortality rates (105.5% to 132%) [Previous year 88% of IALM (1994-96)].

For annuity product, we use mortality rate of 63% of the Modified Mortality for Annuitants - LIC (a) (1996-98) Ultimate Rates. Also we have assumed mortality improvement of 1% per annum till attained age of 64 and 0.5% per annum thereafter from the current rates.

Assumptions for morbidity and for the incidence of accidental death are based on terms available from reinsurers and the standard morbidity rate table CIBT 93 (Critical Illness Base Table for year 93).

Assumptions for future expenses are considered as per our file & use assumptions (which are derived from long term business plan of the Company) and these expenses escalated each year by 5% p.a. (Previous year 5%) to allow for inflation. An additional reserve has been included to allow for the contingency of closure to new business and to cover maintenance expense overrun.

Further it has been ensured that for each policy the reserve is sufficient to pay the surrender value.

Commission has been allowed for at the rates specified in the products file and use.

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

The provisions have been made for incurred but not reported death claims (IBNR), free look cancellation, unearned premium reserve of the extra premium collected, data inadequacy reserve and catastrophic reserve.

For riders, both unearned premium and gross premium reserves are calculated and the higher of these two is held as reserve.

For Group term business, the Unearned Premium Reserve is calculated as Gross Premium reduced by the amortised Stamp Duty & Commission for the unexpired estimated duration. In addition, 10% of above reserve is kept as margin for adverse deviation.

2.48 Policy Liabilities

(Forming part of the Policyholders' Funds)

(₹ in million)

Particulars	As at 31 March 2014				As at 31 March 2013			
	Par	Non Par	Unit Linked	Total	Par	Non Par	Unit Linked	Total
At start of the year	90.67	136.66	145.12	372.46	1.81	30.96	24.82	57.59
Add: Change in valuation against policies in force (Mathematical reserves excluding cost of bonus)	212.45	238.48	129.83	580.76	83.09	105.70	120.30	309.09
Add: Bonus to policyholders	27.98	-	-	27.98	5.78	-	-	5.78
At end of the year	331.10	375.14	274.95	981.20	90.67	136.66	145.12	372.46

2.49 Long term bank borrowing secured by charge on loan receivable

Following is the repayment terms of term loans:

Term Loans from Banks – Secured

Maturities	1-3 years	3-5 years	> 5 years	TOTAL
Rate of interest				
10.00-10.99%	1,926.00	803.00	-	2,729.00
11.00-11.99%	8,214.00	4,116.00	1,657.00	13,987.00
12.00-13.00%	-	250.00	-	250.00

Debentures – Secured

(₹ in million)

Maturities	1-3 years	3-5 years	> 5 years	TOTAL
Rate of interest				
8.00-8.99%	1,579.06	-	-	1,579.06
11.00-11.99%	5,351.16	-	-	5,351.16
12.00-12.99%	300.00	1,425.85	-	1,725.85
Various (benchmark linked)	13,394.47	-	-	13,394.47
	20,624.69	1,425.85	-	22,050.54

2.50 Certain companies in the Group have received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act, 1961, read with Rule 8D of the Income Tax Rules, 1962. The Group has filed appeals and is defending its position. Due to the lack of clarity on the legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the Group, if any, at this stage cannot be estimated. The Group has been advised by its tax counsel that it has a good chance in sustaining its position.

2.51 The Company has provided loans to its employees' welfare trusts aggregating to ₹ 1608.15 million as at 31 March, 2014. The trusts have utilised this fund in the acquisition of shares of the Company with the objective of utilising the same to allocate shares to employees on exercise of employee stock options and for other employee welfare activities. The Company has, in accordance with the Expert Advisory Committee of the Institute of Chartered Accountants of India's published opinion in March 2014, presented the investment in shares of the Company underlying the loan as a deduction from share capital and securities premium account. Previous year's figures have also been regrouped to conform to the above presentation.

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.52 Details of cash and cash equivalents:

Particulars	As at 31 March 2014	As at 31 March 2013
Cash in hand	24.17	12.11
Cheques in hand	84.30	85.41
Balances with banks	5,548.67	6,233.36
Short term deposits with bank	2,462.73	920.00
Total	8,119.87	7,250.88

2.53 Details of quoted investments:

Particulars	As at 31 March 2014	As at 31 March 2013
Book value of quoted current investments	11,406.10	3,410.92
Market value of quoted current investments	11,445.26	3,520.90
Book value of quoted non-current investments	2,485.85	2,078.71
Market value of quoted non-current investments	2,495.82	2,048.52

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
17 May 2014

For and on behalf of the Board of Directors

Rashesh Shah
Venkat Ramaswamy
Himanshu Kaji
Rujan Panjwani

Chairman & Managing Director
Executive Director
Executive Director
Executive Director

S Ranganathan
B Renganathan

Chief Financial Officer
EVP & Company Secretary

Mumbai
17 May 2014

Details of Subsidiary Companies pursuant to approval obtained u/s 212(8) of the Companies Act, 1956

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Securities Limited	Edelweiss Finance & Investments Limited	ECL Finance Limited	Edelweiss Insurance Brokers Limited	Edelweiss Web Services Limited	Edelweiss Global Wealth Management Limited	Edelweiss Trustee Services Limited	ECap Equities Limited	Edelcap Securities Limited	Edelweiss Broking Limited	EC Global Limited	Edelweiss Asset Management Limited
Paid-up Equity Share Capital	262.14	26.55	1,891.85	6.95	42.27	10.00	0.50	2.40	3.00	48.81	1.10	450.00
Paid-up Preference Share Capital	2.60	313.80	-	-	-	-	-	36.00	-	18.91	1,862.19	-
Reserves of the Subsidiary	4,153.43	3,256.83	13,689.71	111.56	(140.59)	208.51	8.99	1,666.14	588.15	2,034.22	135.63	249.01
Total Assets of the Subsidiary	18,258.36	23,387.39	78,270.05	153.60	117.30	528.81	10.00	11,149.47	622.17	3,762.19	12,520.52	740.87
Total Liabilities of the Subsidiary	13,840.10	19,790.21	62,688.50	35.09	215.62	310.30	0.50	9,444.94	31.01	1,660.25	10,521.59	41.86
Investments (other than in Subsidiary Companies)	1,604.81	1,713.99	5,044.18	-	-	33.74	-	19.54	241.66	1,640.16	10,609.77	136.79
Total Turnover	3,817.40	2,900.39	8,122.76	143.84	54.62	390.04	1.73	1,131.50	137.98	644.48	(1,317.44)	88.68
Profit/(Loss) before taxation	527.32	611.25	2,285.63	50.51	(55.68)	220.83	1.50	230.84	109.40	(4.64)	(1,474.10)	(38.27)
Provision for taxation (including Deferred Tax and MAT credit entitlement)	107.94	190.75	685.18	17.05	4.87	36.08	0.47	5.07	34.89	0.22	5.46	(0.25)
Profit/(Loss) after taxation	419.38	420.50	1,600.45	33.46	(60.55)	184.75	1.03	225.77	74.51	(4.86)	(1,479.56)	(38.02)
Proposed dividend	-	183.53	-	-	-	-	-	-	-	-	-	-

Details of Subsidiary Companies pursuant to approval obtained u/s 212(8) of the Companies Act, 1956 (Continued)

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss TrusteeShip Company Limited	Edel Commodities Limited	EC Commodity Limited	Edelweiss Housing Finance Limited	Edelweiss Alternative Asset Advisors Limited	Edelweiss Investment Adviser Limited	Edel Land Limited	Edelweiss Custodial Services Limited	Edelweiss Capital (Singapore) Pte. Limited	Edelweiss Alternative Asset Advisors Pte. Limited	Edelweiss International (Singapore) Pte. Limited	EW SBI Crossover Advisors LLC
Paid-up Equity Share Capital	1.00	0.50	9.58	378.50	22.56	0.50	1.35	50.00	13.47	101.00	102.88	30.64
Paid-up Preference Share Capital	-	-	-	-	-	4.25	1.25	-	-	-	-	-
Reserves of the Subsidiary	2.16	(930.90)	6.85	1,479.95	192.13	192.82	116.17	587.40	(12.75)	(86.68)	(54.25)	7.62
Total Assets of the Subsidiary	3.33	3,097.66	1,069.05	12,178.14	317.86	1,891.57	216.64	744.95	331.75	17.24	208.85	39.69
Total Liabilities of the Subsidiary	0.17	4,028.06	1,052.63	10,319.68	103.17	1,694.00	97.87	107.55	331.04	2.91	160.21	1.43
Investments (other than in Subsidiary Companies)	2.87	2.69	-	-	7.50	-	-	529.75	-	-	-	-
Total Turnover	1.04	1,509.94	353.16	1,163.43	213.37	94.77	5.28	19.79	-	1.77	16.50	89.01
Profit/(Loss) before taxation	0.69	(120.59)	17.68	73.05	70.86	(115.52)	(7.25)	(8.48)	(3.81)	(56.90)	(44.52)	9.49
Provision for taxation (including Deferred Tax and MAT credit entitlement)	0.20	(0.17)	93.21	25.63	22.43	(37.91)	-	(0.14)	-	5.42	-	0.08
Profit/(Loss) after taxation	0.49	(120.42)	(75.53)	47.42	48.43	(77.61)	(7.25)	(8.34)	(3.81)	(62.32)	(44.52)	9.41
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-

Details of Subsidiary Companies pursuant to approval obtained u/s 212(8) of the Companies Act, 1956 (Continued)

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	EC International Limited	Aster Commodities DMCC	Edelweiss Metals Limited	Edelweiss Life Insurance Company Limited	Edel Investments Limited	EAAA LLC	E Cap International Limited	EW India Special Assets Advisors LLC	EW Special Opportunities Advisors LLC	Edelweiss Commodities Services Limited	Edelweiss Financial Advisors Limited
Paid-up Equity Share Capital	6.20	133.73	0.50	1,802.87	8.70	30.52	32.97	14.74	1.71	297.75	60.64
Paid-up Preference Share Capital	-	-	-	-	-	-	-	-	-	272.90	-
Reserves of the Subsidiary	29.89	2,229.65	(7.71)	4,568.80	6.63	(19.30)	0.35	(88.33)	(12.96)	4,358.08	622.25
Total Assets of the Subsidiary	2,923.81	6,636.05	338.14	7,896.28	60.62	168.24	33.32	93.29	90.76	35,464.13	2,043.18
Total Liabilities of the Subsidiary	2,887.73	4,272.67	345.35	1,524.61	45.29	157.02	-	166.88	102.00	30,535.39	1,360.29
Investments (other than in Subsidiary Companies)	1,862.19	-	-	4,724.20	-	-	-	-	0.01	5,069.88	-
Total Turnover	70.68	65,381.66	-	1,641.92	28.98	39.32	0.58	(38.08)	107.52	163,360.18	404.94
Profit/(Loss) before taxation	5.71	836.04	(0.18)	(692.83)	(8.89)	0.20	0.14	(75.33)	26.44	758.47	20.83
Provision for taxation (including Deferred Tax and MAT credit entitlement)	0.17	-	(0.05)	(0.26)	-	-	-	-	0.60	14.29	6.54
Profit/(Loss) after taxation	5.54	836.04	(0.13)	(692.57)	(8.89)	0.20	0.14	(75.33)	25.84	744.18	14.29
Proposed dividend	-	-	-	-	-	-	-	-	-	186.64	-

Details of Subsidiary Companies pursuant to approval obtained u/s 212(8) of the Companies Act, 1956 (Continued)

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Comtrade Limited	Edel Finance Company Limited	Edelweiss Capital Markets Limited	Edelweiss Investment Advisors Private Limited (Singapore)	EFSL Commodities Limited	Edel Commodities Trading Limited	EFSL Comtrade Limited	Edelweiss Retail Finance Limited	Edelweiss Securities (Hong Kong) Private Limited	Edelweiss Financial Services Inc	Edelweiss Commodities Pte Limited	Edel/Give Foundation
Paid-up Equity Share Capital	50.00	4.00	1.80	0.34	2.70	1.70	1.70	29.99	46.51	-	48.44	0.10
Paid-up Preference Share Capital	-	-	-	-	-	-	-	-	-	-	-	-
Reserves of the Subsidiary	123.25	34.54	33.84	(3.88)	(138.54)	44.43	45.85	179.40	(5.98)	(9.26)	(0.61)	10.21
Total Assets of the Subsidiary	678.43	795.65	36.41	0.15	158.01	408.24	792.10	641.52	41.22	54.07	48.42	10.61
Total Liabilities of the Subsidiary	505.18	757.11	0.76	3.69	293.85	362.11	744.55	432.13	0.68	-	0.59	0.30
Investments (other than in Subsidiary Companies)	-	-	-	-	-	-	-	-	-	-	-	-
Total Turnover	163.14	96.83	1,112.58	-	120.79	2,047.05	517.72	20.33	-	-	(0.32)	34.21
Profit/(Loss) before taxation	46.89	16.46	27.28	(1.74)	(119.35)	143.41	54.57	1.50	(3.89)	(5.73)	(0.61)	(3.42)
Provision for taxation (including Deferred Tax and MAT credit entitlement)	15.27	5.30	0.70	-	7.26	19.61	9.83	0.53	-	-	-	-
Profit/(Loss) after taxation	31.62	11.16	26.58	(1.74)	(126.61)	123.80	44.74	0.97	(3.89)	(5.73)	(0.61)	(3.42)
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-

For and on behalf of the Board of Directors

Rashesh Shah

Chairman & Managing Director

Venkat Ramaswamy

Executive Director

Himanshu Kaji

Executive Director

Rujan Panjwani

Executive Director

S Ranganathan

Chief Financial Officer

B Ranganathan

EVP & Company Secretary

Mumbai

17 May 2014