

ECap Equities Limited

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

ECap Equities Limited

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

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Independent Auditors' Report

To
The Members of ECap Equities Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **E Cap Equities Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year than ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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



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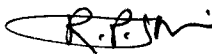
Opinion

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

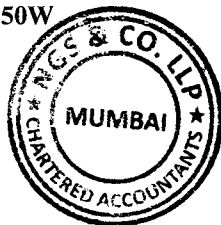
Report on Other Legal and Regulatory Requirements

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

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



R. P. Soni
Partner
Membership No.:104796



Place: Mumbai
Date: 02 May 2018

Annexure A to the Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of ECap Equities Limited ('the Company') on the financial statements for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable property is held in the name of the Company.
- (ii) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) As informed, during the year the Company has granted interest bearing unsecured loan to one company covered in the register maintained under section 189 of the Companies Act, 2013 and year end balance of this loan was Rs. Nil:
- (a) In our opinion and according to the information and explanation given to us, the terms and conditions of above loan are prima facie not prejudicial to the interest of the Company.
- (b) The borrower has been regular in repayment of the principal and payment of interest as stipulated.
- (c) There is no overdue amount in respect of above loan granted to a company listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any activities conducted and services rendered by the Company.



- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, services tax, goods and service tax, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, sales tax, value added tax, duty of excise and duty of custom.

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

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

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	40,224	A.Y. 2009-10	CIT (A)

- (viii) In our opinion, and according to information and explanations given to us, the Company has not defaulted in repayment of dues to its bank, financial institution and debenture holders. Further, the Company does not have any loans or borrowings from government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loan/debt instruments for the purposes for which it was raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, during the year, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.



- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company, being registered with Securities And Exchange Board of India as sub broker, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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



R. P. Soni
Partner
Membership No.:104796



Place: Mumbai
Date: 02 May 2018

Annexure B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

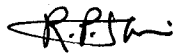
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

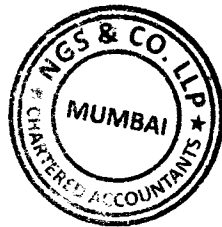
Opinion

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

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



R. P. Soni
Partner
Membership No.: 104796



Place: Mumbai
Date: 02 May 2018

ECap Equities Limited

Balance Sheet

(Currency : Indian Rupees)

EQUITY AND LIABILITIES

Shareholders' funds

	Note	As at 31 March 2018	As at 31 March 2017
Share capital	2.1	7,400,000	38,400,000
Reserves and surplus	2.2	1,934,963,503	2,480,005,539
		<u>1,942,363,503</u>	<u>2,518,405,539</u>

Non-current liabilities

Long-term borrowings	2.3	11,657,909,781	4,537,404,249
Other long term liabilities	2.4	63,150,000	-
Long-term provisions	2.5	6,901,000	9,578,000
		<u>11,727,960,781</u>	<u>4,546,982,249</u>

Current liabilities

Short-term borrowings	2.6	18,181,967,280	12,158,368,352
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	2.42	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.7	89,818,612	6,503,532,783
Other current liabilities	2.8	9,537,367,023	358,222,319
Short-term provisions	2.9	44,513,051	26,437,928
		<u>27,853,665,966</u>	<u>19,046,561,382</u>

TOTAL

41,523,990,250 26,111,949,170

ASSETS

Non-current assets

Fixed assets

Property plant and equipment	2.10	1,000,696,019	18,356,795
Intangible assets	2.10	54,178,195	18,777,216
Capital work-in-progress		-	3,973,281
Non-current investments	2.11	8,685,944,738	9,785,258,488
Deferred tax assets (net)	2.12	30,698,817	37,551,367
Long-term loans and advances	2.13	155,062,032	222,032,941
		<u>9,926,579,801</u>	<u>10,085,950,088</u>

Current assets

Current investments	2.14	519,273	9,782,402
Stock-in-trade	2.15	17,989,944,564	8,090,088,863
Trade receivables	2.16	1,098,095,578	1,024,839,761
Cash and bank balances	2.17	670,574,972	563,664,414
Short-term loans and advances	2.18	2,245,421,723	6,107,528,210
Other current assets	2.19	9,592,854,339	230,095,432
		<u>31,597,410,449</u>	<u>16,025,999,082</u>

TOTAL

41,523,990,250 26,111,949,170

Significant accounting policies and notes to the financial statements.

1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W



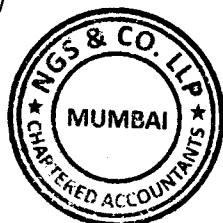
R. P. Soni

Partner

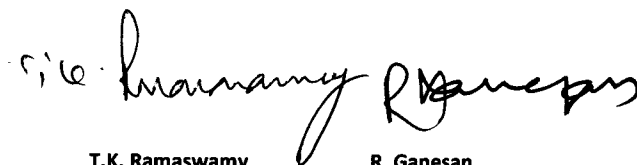
Membership No.: 104796

Mumbai

02 May 2018



For and on behalf of the Board of Directors



T.K. Ramaswamy

Director

DIN: 05158707

R. Ganesan

Director

DIN: 07446631



Ritesh S. Jain

Chief financial officer



Niket Joshi

Company Secretary

Mumbai

02 May 2018

ECap Equities Limited

Statement of Profit and Loss

(Currency : Indian Rupees)

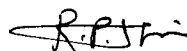
	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations			
Fee and commission income	2.20	265,470,856	249,812,693
Income from treasury operations and investments	2.21	1,831,693,837	(199,092,789)
Interest income	2.22	1,911,323,107	2,104,793,716
Other operating revenue	2.23	219,792,810	-
Other income	2.24	15,787,442	2,290
Total revenue		4,244,068,052	2,155,515,910
Expenses			
Employee benefit expenses	2.25	361,841,307	169,065,867
Finance costs	2.26	2,550,300,064	1,814,709,631
Depreciation and amortisation expenses	2.10	123,899,190	21,697,035
Other expenses	2.27	621,500,136	136,339,629
Total expenses		3,657,540,697	2,141,812,162
Profit before tax		586,527,355	13,703,748
Tax expense:			
Current tax (Includes earlier years of Rs. 7,514,745 (Previous year Rs. Nil))		188,694,745	9,750,000
MAT credit entitlement (Includes earlier years of Rs. 2,920,868 (Previous year Rs. (15,661,579))		2,920,868	(25,411,579)
Deferred tax charge		46,171,297	10,878,586
Profit after tax		348,740,445	18,486,741
Earnings per equity share:			
Basic and diluted (face value Rs. 10 each)	2.30	1,408.29	77.03
Significant accounting policies and notes to the financial statements.	1 & 2		

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

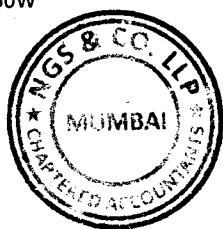
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R. P. Soni

Partner

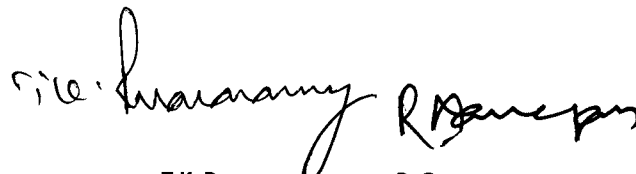
Membership No.: 104796



Mumbai

02 May 2018

For and on behalf of the Board of Directors



T.K. Ramaswamy

Director

DIN: 05158707

R. Ganesan

Director

DIN: 07446631



Ritesh S. Jain

Chief financial officer



Niket Joshi

Company Secretary

Mumbai

02 May 2018

ECap Equities Limited

Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities		
Profit before taxation	586,527,355	13,703,748
Adjustments for		
Depreciation and amortisation expenses	123,899,190	21,697,035
Provision for doubtful debts/bad debts written-off	219,101,453	31,128,205
Provision for gratuity and compensated absences	(3,207,868)	538,327
Loss/(Profit) on sale of Investments	20,825,755	(82,227,745)
(Profit)/Loss on sale of fixed assets	(514,526)	19,188
Dividend on investment	(25,775)	(451,521)
Share of (profit)/loss from partnership firm	(14,474,073)	23,617,233
Interest income	(381,458,997)	(107,872,297)
Interest expense	2,825,182,975	1,649,669,321
Operating cash flow before working capital changes	3,375,855,489	1,549,821,494
Adjustments for working capital changes		
(Increase)/decrease in stock-in-trade	(9,899,855,701)	315,495,137
Increase in trade receivable	(267,700,275)	(1,007,738,895)
Decrease/(increase) in loans and advances	44,702,941	(12,327,658)
(Increase)/decrease in other assets	(8,081,797,639)	13,838,147
Increase in margin placed on trading of securities	(976,485,624)	(2,229,133)
(Decrease)/increase in liabilities and provisions	(5,684,064,371)	3,312,089,418
Cash (used in) / generated from operations	(21,489,345,180)	4,168,948,510
Income tax paid	(144,181,607)	(74,196,023)
Net cash (used in) / generated from operating activities - A	(21,633,526,787)	4,094,752,487
B Cash flow from investing activities		
Purchase of investment	(1,507,263,889)	(2,909,191,527)
Purchase of fixed assets	(7,143,466)	(14,930,527)
Sales of fixed assets	3,092,138	8,406
Sale of investment	1,637,020,281	1,513,432,038
Interest received	232,567,831	250,027,929
Dividend received	15,736	451,522
Intercorporate loan given/proceeds from repayment	(1,967,000,000)	27,108,950
Loan given/proceeds from repayment of loan (refer note 2)	5,918,401,811	(5,917,901,811)
Net cash generated from/(used in) investing activities - B	4,309,690,442	(7,050,995,020)



ECap Equities Limited

Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
C Cash flow from financing activities		
Redemption of preference share capital including premium	(1,818,000,000)	-
Proceeds from issue of share capital including premium	1,250,000,000	-
Non convertible debentures issued (net of discount)	15,320,405,125	-
Proceeds from unsecured loans (net) (refer note 2)	5,517,275,566	4,535,741,169
Interim dividend, Preference dividend and dividend distribution tax paid	(364,105,954)	-
Interest paid	(2,504,349,604)	(1,591,907,684)
Net cash generated from financing activities - C	17,401,225,133	2,943,833,485
Net increase/(decrease) in cash and cash equivalents (A+B+C)	77,388,789	(12,409,048)
Cash and cash equivalents as at the beginning of the year	5,992,632	18,401,680
Opening cash and cash equivalents of merged entities (refer note 2.39)	29,521,770	-
Cash and cash equivalents as at the end of the year	112,903,190	5,992,632
Notes:		
1 Cash and cash equivalents include the following:		
Cash and cash equivalents (refer note 2.17)	112,903,190	5,992,632
Cash in hand	41,427	2,090
Balances with banks	112,861,763	5,990,542
Cash and cash equivalents	112,903,190	5,992,632

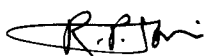
2 Net figures have been reported on account of volume of transactions.

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

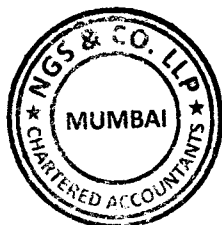
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R. P. Soni

Partner

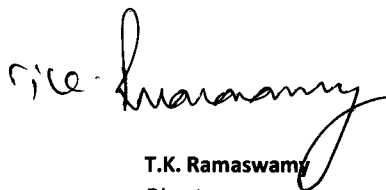
Membership No.: 104796



Mumbai

02 May 2018

For and on behalf of the Board of Directors



T.K. Ramaswamy

Director

DIN: 05158707



R. Ganesan

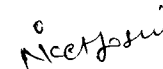
Director

DIN: 07446631



Ritesh S. Jain

Chief financial officer



Niket Joshi

Company Secretary

Mumbai

02 May 2018

ECap Equities Limited

Notes to the financial statements

1. Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

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

1.3 Current-non-current classification

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

Assets

An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 12 months after the reporting date or it is cash or cash equivalent unless it is restricted from being exchanged or expected to be used to settle a liability for at least 12 months after the reporting date. Current assets include the current portion of non-current assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it is expected to be settled in the company's normal operating cycle or it is held primarily for the purpose of being traded or it is due to be settled within 12 months after the reporting date or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.



ECap Equities Limited

Notes to the financial statements (*continued*)

1. Significant accounting policies (*continued*)

1.4 Revenue recognition

- Fee income is accounted on accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Brokerage income is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date.
- Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on derivative instruments.
 - i) Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold.
 - ii) Realised profit/loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards/futures/options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, market intermediary quotes, valuation techniques are used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
- Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- Interest income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.
- Profit / loss from share in partnership firm is accounted for once the amount of the share of profit / loss is ascertained and credited / debited to the Company's account in the books of the partnership firm.
- Commodities sales are accounted when all obligations connected with the transfer of risks and rewards to the buyer have been fulfilled after the price has been determined and collection of the receivable is reasonably certain.
- Return on benchmark linked non-convertible debentures issued by the company is linked to the performance of specified indices 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 and included in the 'cost of benchmark linked debentures'.
- Income from fund is accounted basis the Statement of Accounts received from respective Funds.



ECap Equities Limited

Notes to the financial statements (*continued*)

1. Significant accounting policies (*continued*)

1.5 *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

1.6 Foreign currency transactions

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

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

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

1.7 *Stock-in-trade*

- The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- The securities held as stock-in-trade are valued at lower of weighted average cost or market value.
- In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- Stock-in-trade in the form of commodities are valued at cost or net realisable value, whichever is lower.
- Debt instruments and warrants are valued at cost or realizable 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.
- Commercial papers are valued at carrying cost.



ECap Equities Limited

Notes to the financial statements (*continued*)

1. Significant accounting policies (*continued*)

1.8 Investments

- Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments.
- Non-current investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.
- Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

1.9 Earnings per share

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

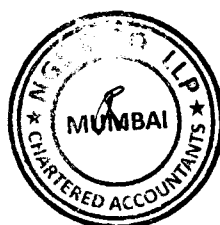
Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year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

1.10 Cash and cash equivalents

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

1.11 Borrowing Costs

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



ECap Equities Limited

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

1.12 Fixed assets and depreciation

Property plant and equipment and Capital work in progress

Property plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of property plant and equipment comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises the cost of property plant and equipment that are not ready for its intended use at the reporting date.

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

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

Class of assets	Useful life
Building (Other than factory building)	60 years
Furniture and fittings	10 years
Motor vehicles	8 years
Office equipments	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years

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

Intangible fixed assets

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

1.13 Derivatives

1 (a) Outstanding derivative contracts are measured at fair value as at each Balance Sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases, the valuation techniques used as input parameters are observable market data in order to ensure reliability of the fair value measure.

1 (b) In accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India effective from 1 April 2016, the Company recognises all mark to market gains or losses on derivative contracts in the statement of profit and loss.



ECap Equities Limited

Notes to the financial statements (*continued*)

1. Significant accounting policies (*continued*)

1.13 Derivatives (*continued*)

2 (a) "Margin – Equity Derivative Instrument" representing the initial margin paid and /or additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock futures and equity index/ stock options, which are released on final settlement / squaring – up of the underlying contracts, are disclosed under other current assets. "Margin Deposits – Equity Derivative Instrument" representing the deposit paid in respect of mark to market margin is disclosed under other current assets.

2 (b) "Equity Index/ Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.

1.14 Employee benefits

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

Provident fund

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

Gratuity

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

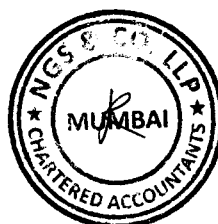
The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

Compensated leave absences

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits are determined using the projected unit credit method.



ECap Equities Limited

Notes to the financial statements (*continued*)

1. *Significant accounting policies (continued)*

1.14 *Employee benefits (continued)*

Deferred bonus

The Company has adopted a Deferred Bonus Plan under its Deferred Variable Compensation Plan. A pool of identified senior employees of the Company is entitled for benefits under this plan. Such deferred compensation will be paid in a phased manner over a future period of time. The measurement for the same has been based on actuarial assumptions and principles. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

1.15 *Taxation*

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

Current tax

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

Deferred tax

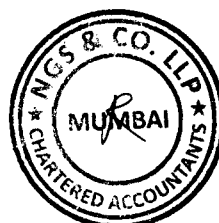
The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset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

Minimum alternative tax (MAT) Credit

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

1.16 *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.



ECap Equities Limited

Notes to the financial statements (*continued*)

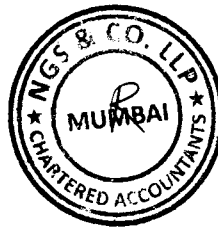
1. Significant accounting policies (*continued*)

1.17 Provisions and contingencies

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

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

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



ECap Equities Limited

Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
2.1 Share capital		
Authorised:		
10,000,000 (Previous year: 10,000,000) equity shares of Rs. 10 each	100,000,000	100,000,000
40,000,000 (Previous year: 40,000,000) preference shares of Rs. 10 each	400,000,000	400,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up:		
740,000 (Previous year: 240,000) equity shares of Rs. 10 each	7,400,000	2,400,000
Nil (Previous year: 3,600,000), 7% Non-cumulative, non-convertible, Redeemable preference shares of Rs. 10 each	-	36,000,000
	<u>7,400,000</u>	<u>38,400,000</u>

a. Movement in share capital:

	31 March 2018		31 March 2017	
	No. of shares	Amount	No. of shares	Amount
Reconciliation of number of equity shares outstanding:				
Number of shares outstanding at the beginning of the year	240,000	2,400,000	240,000	2,400,000
Shares issued during the year	500,000	5,000,000	-	-
Number of shares outstanding at the end of the year	<u>740,000</u>	<u>7,400,000</u>	<u>240,000</u>	<u>2,400,000</u>
Reconciliation of number of preference shares outstanding:				
Number of shares outstanding at the beginning of the year	3,600,000	36,000,000	3,600,000	36,000,000
Shares issued during the year	-	-	-	-
Shares redeemed during the year	3,600,000	36,000,000	-	-
Number of shares outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>3,600,000</u>	<u>36,000,000</u>

b. Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Terms of conversion/repayment of 7% Non-cumulative, non-convertible, redeemable, preference shares of Rs. 10 each:

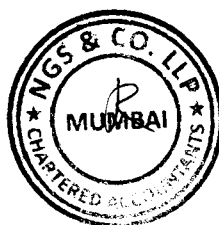
The preference shares are 7% non-cumulative, non-convertible redeemable and carry a non-cumulative dividend of 7%.

1,800,000 Preference shares of face value of Rs. 10 each, allotted on 29 March 2012 for cash at a premium of Rs. 990 per share, redeemed at Rs. 1000/- per share.

1,800,000 Preference shares of face value of Rs. 10 each, allotted on 20 December 2013 at par, redeemed at Rs. 10/- per share.

c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	%	No. of shares	Amount
Equity shares				
Edelweiss Financial Services Limited, the holding company and its nominees	740,000	100%	240,000	100%
	<u>740,000</u>	<u>100%</u>	<u>240,000</u>	<u>100%</u>
Preference shares				
Edelweiss Financial Services Limited, the holding company and its nominees	-	-	1,800,000	50%
Edelweiss Commodities Services Limited, the subsidiary of the holding company	-	-	1,800,000	50%
	<u>-</u>	<u>-</u>	<u>3,600,000</u>	<u>100%</u>



ECap Equities Limited

Notes to the financial statements *(continued)*

(Currency : Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
2.2 Reserves and surplus		
A Capital redemption reserve:		
Opening balance	-	-
Add : Additions during the year	31,000,000	-
	<u>31,000,000</u>	<u>-</u>
B Securities premium reserves		
Opening balance	1,951,910,070	1,951,910,070
Add: Securities premium on issue of equity share	1,245,000,000	-
Add: Securities premium on issue of non-convertible debenture	95,799,593	-
Less : Utilisation during the year	1,782,000,000	-
Closing balance	<u>1,510,709,663</u>	<u>1,951,910,070</u>
C Debenture redemption reserve		
Opening Balance	4,407,565	-
Add : Addition during the year	348,740,445	4,407,565
	<u>353,148,010</u>	<u>4,407,565</u>
D Surplus in statement of profit and loss		
Opening balance	523,687,904	509,608,728
Less: Opening balance of merged entities (refer note 2.39)	(88,476,120)	-
Add: Profit for the year	348,740,445	18,486,741
Surplus available for appropriation	<u>783,952,229</u>	<u>528,095,469</u>
Appropriations:		
Interim dividend	300,000,000	-
Dividend distribution tax	61,585,954	-
Transfer to capital redemption reserve	31,000,000	-
Dividend on preference shares	2,520,000	-
Transfer to debenture redemption reserve	348,740,445	4,407,565
Net surplus in statement of profit and loss	<u>40,105,830</u>	<u>523,687,904</u>
TOTAL (A+B+C+D)	<u><u>1,934,963,503</u></u>	<u><u>2,480,005,539</u></u>

