

Independent Auditors' Report

To
The Members of Edelcap Securities Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Edelcap Securities Limited ("the Company")**, which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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



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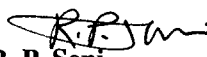
Opinion

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 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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



Annexure A to the Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of Edelcap Securities Limited ('the Company') on the financial statements for the year ended 31 March 2016, we report that:

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the Company does not own immovable properties, accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities and warehouse receipts in respect of commodities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) The Company has granted unsecured demand loan to one company covered in the register maintained under Section 189 of the Companies Act, 2013.
 - (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 the 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, sales tax, value added 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, 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, sales tax, value added tax, 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 sales tax, service tax, value added 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	36,594,062	A.Y. 2011-12	CIT (A)
Income Tax Act, 1961	Income Tax	61,153,649	A.Y. 2013-14	CIT (A)

- (viii) The Company does not have any loans or borrowings from any financial institution, bank, government and debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give 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 give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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



R. P. Soni
Partner
Membership No.:104796



Place: Mumbai
Date: 9 May 2016

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 **Edelcap Securities Limited** ("the Company") as of 31 March 2016 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.

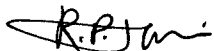
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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.

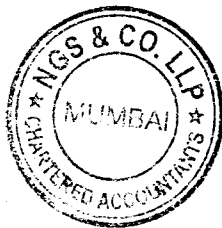
Opinion

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 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



R. P. Soni
Partner
Membership No.: 104796



Place: Mumbai
Date: 9 May 2016

Edelcap Securities Limited

Balance Sheet

(Currency: Indian Rupees)

	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	489,200,000	478,000,000
Reserves and surplus	2.2	<u>2,068,894,218</u>	<u>1,061,426,829</u>
		2,558,094,218	1,539,426,829
Non-current liabilities			
Long-term borrowings	2.3	500,000	-
Long-term provisions	2.4	1,792,208	1,010,209
Current liabilities			
Short-term borrowings	2.5	426,477,621	501,202,926
Trade payables			
Total outstanding due of Micro, Small and Medium enterprises	2.36	-	-
Total outstanding due of creditors other than Micro, Small and Medium enterprises			
Medium enterprises	2.6	54,548,590	6,095,515
Other current liabilities	2.7	37,051,559	13,184,391
Short-term provisions	2.8	<u>6,836,845</u>	<u>6,514,778</u>
		524,914,615	526,997,610
TOTAL		<u>3,085,301,041</u>	<u>2,067,434,648</u>
ASSETS			
Non-current assets			
Fixed assets	2.9		
Tangible assets		45,356	319,972
Intangible asset		268,811	-
Non-current investments	2.10	2,353,958,423	1,393,722,320
Deferred tax assets (net)	2.11	3,161,531	4,720,092
Long-term loans and advances	2.12	<u>28,514,263</u>	<u>32,253,562</u>
		2,385,948,384	1,431,015,946
Current assets			
Stock-in-trade	2.13	162,314,681	-
Trade receivables	2.14	38,497,171	970,104
Cash and bank balances	2.15	5,860,297	4,721,923
Short-term loans and advances	2.16	12,029,390	627,032,612
Other current assets	2.17	<u>480,651,118</u>	<u>3,694,063</u>
		699,352,657	636,418,702
TOTAL		<u>3,085,301,041</u>	<u>2,067,434,648</u>

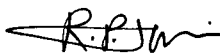
Significant accounting policies and notes to the financial statements. 1 & 2

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

For and on behalf of the Board of Directors

Hemendra Damania

Director

DIN: 03010005

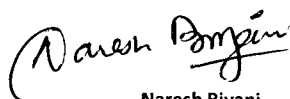
Puja D'Souza

Director

DIN: 05136515

Mumbai
9 May 2016





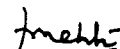
Naresh Biyani

Chief Financial Officer



Jalpa Jadav

Company Secretary



Tarang Mehta

Manager

Edelcap Securities Limited

Statement of Profit and Loss

(Currency: Indian Rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations			
Fee and commission income	2.18	11,062,725	17,878,790
Income from treasury operations	2.19	(23,195,691)	4,508,836
Interest income	2.20	29,050,669	27,668,171
Sale of commodities		11,476,683,088	-
Other income	2.21	6,287,602	2,820,054
Total revenue		11,499,888,393	52,875,851
Expenses			
Purchases of commodities		11,412,713,840	-
Changes in stock-in-trade of commodities		(43,449,765)	-
Employee benefit expenses	2.22	36,859,832	18,563,669
Finance costs	2.23	162,630,606	9,957,080
Depreciation and amortisation expenses	2.9	138,694	236,595
Other expenses	2.24	30,683,390	24,547,642
Total expenses		11,599,576,597	53,304,986
Loss before tax		(99,688,204)	(429,135)
Tax expense:			
Income tax (Includes adjustment of short provision for earlier years Rs. 85,846 (Previous year: Rs. 165,922))		85,846	165,922
Deferred tax charge		1,558,561	1,130,243
Loss for the year		(101,332,611)	(1,725,300)
Earnings per equity share:			
Basic and diluted (Face value of Rs. 10 each)	2.28	(337.78)	(5.75)

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

9 May 2016



For and on behalf of the Board of Directors


Hemendra Damania

Director

Director


DIN: 03010005


Puja D'souza

Director

Director

DIN: 05136515


Naresh Biyani

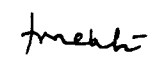
Chief Financial Officer

Chief Financial Officer


Jalpa Jadav

Company Secretary

Company Secretary


Tarang Mehta

Manager

Manager

Edelcap Securities Limited

Cash flow statement for the year ended 31 March 2016

(Currency: Indian Rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A Cash flow from operating activities		
Loss before taxation	(99,688,204)	(429,135)
<i>Adjustments for</i>		
Depreciation and amortisation expenses	138,694	236,595
Provision for doubtful debts/bad debts written-off	(2,099,365)	(1,568,338)
Provision for diminution in value of investments	-	(1,160,000)
Provision for gratuity and compensated absences	1,291,999	668,439
Profit on sale of investments	(88,000)	(4,508,836)
Profit on sale of fixed assets	(111,805)	-
Interest income	(26,172,073)	(27,668,171)
Interest expense	148,161,910	9,925,654
Operating cash flow before working capital changes	21,433,156	(24,503,792)
Adjustments for working capital changes		
(Increase)/decrease in trade receivables	(35,427,705)	10,275,324
Increase in stock-in-trade	(162,314,680)	-
(Increase)/decrease in loans and advances	(2,378,997)	1,603,115
Increase in other assets	(480,632,580)	-
Increase in liabilities and provisions	64,968,585	5,279,274
Cash used in operations	(594,352,221)	(7,346,079)
Income tax paid	(1,877,494)	(20,088,236)
Net cash used in operating activities - A	(596,229,715)	(27,434,315)
B Cash flow from investing activities		
Purchase of fixed assets	(356,800)	(24,610)
Sale of fixed assets	335,717	-
Purchase of investment	(969,962,500)	(955,930,372)
Sale of investment	9,814,397	24,442,500
Decrease / (Increase) in loans and advances (net) (refer note 2)	622,725,232	(623,225,232)
Fixed deposit placed	(1,300,000)	-
Interest received	29,847,598	23,975,525
Procurement from the demerged business held in trust	-	109,464,831
Net cash used in investing activities - B	(308,896,356)	(1,421,297,358)
C Cash flow from financing activities		
Proceeds from issue of preference share capital including securities premium	1,120,000,000	950,000,000
Proceeds from unsecured loans (net) (refer note 2)	-	501,202,926
Repayment of loan (net) (refer note 2)	(74,225,305)	-
Interest paid	(140,810,250)	(5,355,868)
Net cash generated from financing activities - C	904,964,445	1,445,847,058
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	(161,626)	(2,884,615)
Cash and cash equivalents as at the beginning of the year	4,721,923	7,606,538
Cash and cash equivalents as at the end of the year (refer note 1)	4,560,297	4,721,923
Notes:		
1 Cash and cash equivalents include the following:		
Balances with banks:		
In current accounts	4,560,297	4,721,923
	4,560,297	4,721,923
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
Firm Registration No.: 119850W

R. P. Soni
Partner
Membership No.: 104796

Mumbai
9 May 2016



For and on behalf of the Board of Directors

H. H. Damania
Hemendra Damania
Director
DIN: 03010005

Puja D'souza
Director
DIN: 05136515

Naresh Blyani
Chief Financial Officer

Jalpa Jadav
Company Secretary

Tarang Mehta
Manager

Edelcap Securities 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 (to the extent notified), (hereinafter referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian rupees.

1.2 *Use of estimates*

The preparation of the financial statements in conformity with the generally accepted accounting principles requires 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 year. 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*

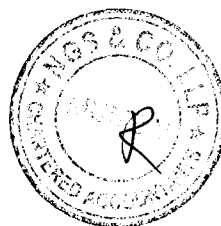
All assets and liabilities are classified into current and non-current.

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.



Edelcap Securities 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.

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.



Edelcap Securities Limited

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

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.

1.7 Fixed assets and depreciation

Tangible Assets

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

Depreciation is provided on a written down value basis from the date the asset is ready 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
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 amortized over a period of 3 years based on its estimated useful life.



Edelcap Securities Limited

Notes to the financial statements (*continued*)

1. *Significant accounting policies (continued)*

1.8 *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.

1.9 *Stock-in-trade*

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

1.10 *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.



Edelcap Securities Limited

Notes to the financial statements (*continued*)

1. *Significant accounting policies (continued)*

1.11 *Provisions and contingencies*

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

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

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

1.12 *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.

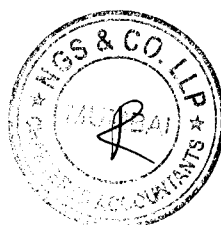
Gratuity

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.



Edelcap Securities Limited

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

1.12 Employee benefits (continued)

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.

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).

1.13 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

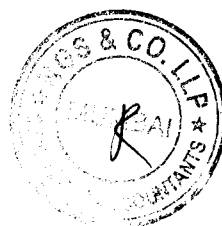
Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

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 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.



Edelcap Securities Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
2.1 Share capital		
Authorised:		
500,000 (Previous year: 2,500,000) equity shares of Rs. 10 each	5,000,000	25,000,000
49,500,000 (Previous year: 47,500,000) preference shares of Rs. 10 each	495,000,000	475,000,000
	<u>500,000,000</u>	<u>500,000,000</u>

Issued, subscribed and paid up:

300,000 (Previous year: 300,000) equity shares of Rs. 10 each	3,000,000	3,000,000
48,620,000 (Previous year: 47,500,000) 7% Non-cumulative non-convertible redeemable preference shares of Rs. 10 each	486,200,000	475,000,000
	<u>489,200,000</u>	<u>478,000,000</u>

a. Movement in share capital:

	As at 31 March 2016		As at 31 March 2015	
	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	300,000	3,000,000	300,000	3,000,000
Shares issued during the year	-	-	-	-
Number of shares at the end of the year	<u>300,000</u>	<u>3,000,000</u>	<u>300,000</u>	<u>3,000,000</u>
Reconciliation of number of preference shares outstanding:				
Number of shares outstanding at the beginning of the year	47,500,000	475,000,000	-	-
Shares issued during the year	1,120,000	11,200,000	47,500,000	475,000,000
Number of shares at the end of the year	<u>48,620,000</u>	<u>486,200,000</u>	<u>47,500,000</u>	<u>475,000,000</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/rights attached to 7% Non-cumulative non-convertible redeemable preference shares:

47,500,000 - Preference shares of Rs. 10 each were allotted for cash at a premium of Rs. 10 per share. The Preference shares will be redeemed at the end of 10 years from the date of allotment. The Shares would be redeemed at Rs. 20 per share with an option to the Company to redeem the shares at any time after a period of 3 months from the date of allotment.

2,25,00,000 Preference shares were allotted on 6 August 2014

2,50,00,000 Preference shares were allotted on 31 March 2015

1,120,000 - Preference shares of Rs. 10 each were allotted for cash at a premium of Rs. 990 per share. The Preference shares will be redeemed at the end of 10 years from the date of allotment. The shares would be redeemed at Rs. 1,000 per share with an option to the Company to redeem the shares at any time after a period of 3 months from the date of allotment.

2,20,000 Preference shares were allotted on 5 February 2016

9,00,000 Preference shares were allotted on 15 March 2016

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

	As at 31 March 2016		As at 31 March 2015	
	No. of shares	%	No. of shares	Amount
Equity shares				
Ecap Equities Limited, the holding company and its nominees	300,000	100%	300,000	100%
	<u>300,000</u>	<u>100%</u>	<u>300,000</u>	<u>100%</u>
Preference shares				
Ecap Equities Limited, the holding company and its nominees	26,120,000	54%	25,000,000	53%
Edelweiss Securities Limited, the subsidiary of the ultimate holding company	22,500,000	46%	22,500,000	47%
	<u>48,620,000</u>	<u>100%</u>	<u>47,500,000</u>	<u>100%</u>

2.2 Reserves and surplus

Securities premium reserves		
Opening balance	475,000,000	-
Add: Additions during the year	1,108,800,000	475,000,000
Closing balance	<u>1,583,800,000</u>	<u>475,000,000</u>
Surplus in statement of profit and loss		
Opening balance	586,426,829	588,152,129
Add: Loss for the year	(101,332,611)	(1,725,300)
Closing balance	<u>485,094,218</u>	<u>586,426,829</u>
	<u>2,068,894,218</u>	<u>1,061,426,829</u>



Edelcap Securities Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
2.3 Long-term borrowings		
<u>Unsecured</u>		
Loan and advances from holding company (repayable after the end of one year and not more than three years, at fixed interest rate of 12% per annum)	500,000	-
	<u>500,000</u>	<u>-</u>
2.4 Long-term provisions		
Provision for employee benefits		
Gratuity	1,510,208	911,209
Compensated leave absences	282,000	99,000
	<u>1,792,208</u>	<u>1,010,209</u>
2.5 Short-term borrowings		
Loans from related parties (repayable on demand, at variable rate of interest ranging from 8.47% to 11.5%)	426,477,621	501,202,926
	<u>426,477,621</u>	<u>501,202,926</u>
2.6 Trade payables		
Trade payables from non-related parties	54,213,695	1,937,143
Trade payables from related parties	334,895	4,158,371
	<u>54,548,590</u>	<u>6,095,514</u>
2.7 Other current liabilities		
Interest accrued and due on borrowings	12,137,537	4,785,877
Nomination deposits	100,000	200,000
Other payables		
Accrued salaries and benefits	14,012,890	7,004,890
Withholding tax, service tax and other taxes payable	10,801,132	1,003,257
Book overdraft	-	74,566
Payable for the demerged business	-	115,801
	<u>37,051,559</u>	<u>13,184,391</u>
2.8 Short-term provisions		
Provision for employee benefits		
Gratuity	629,000	178,000
Compensated absences	84,000	25,000
Others		
Provision for taxation (net of advance tax and tax deducted at source)	6,123,845	6,311,778
	<u>6,836,845</u>	<u>6,514,778</u>



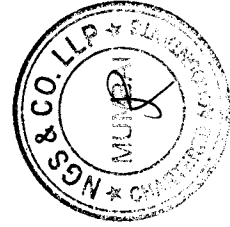
Edelcap Securities Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.9 Fixed assets

Description of assets	Gross block			Depreciation and amortisation expenses			Net block		
	As at 1 April 2015	Additions during the year	Deductions / adjustments during the year	As at 31 March 2016	As at 1 April 2015	Charged for the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
A) Tangible assets									
Motor vehicles	761,167	-	761,167	-	485,068	52,188	537,256	-	276,099
Office equipments	44,645	17,850	-	62,495	22,261	17,609	-	22,625	22,384
Computers	233,789	23,950	-	257,739	212,300	22,708	-	22,731	21,489
Total : A	1,039,601	41,800	761,167	320,234	719,629	92,505	537,256	45,356	319,972
B) Intangible asset									
Computer software	-	315,000	-	315,000	-	46,189	-	268,811	-
Total : B	-	315,000	-	315,000	-	46,189	-	268,811	-
Grand Total (A+B)	1,039,601	356,800	761,167	635,234	719,629	138,694	537,256	314,167	319,972
Previous year	1,014,991	24,610	-	1,039,601	483,034	236,595	-	319,972	-



Edelcap Securities Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.10 Non-current investments

	As at 31 March 2016		As at 31 March 2015	
	Face Value	Quantity	Face Value	Quantity
Investments in equity instruments of subsidiary company (fully paid up) (unquoted)				
Edelweiss Retail Finance Limited (earlier Affluent Dealcom Private Limited)	10	25,258,333	10	15,658,833
		1,884,389,975		1,164,427,475
Investments in equity instruments of other companies (fully paid up) (quoted)				
Claris Lifesciences Limited	10	332,411	10	332,411
		53,926,448		53,926,448
Investments in debt instruments of other companies (unquoted)				
W. S. Industries (India) Limited	800,000	58	800,000	58
		46,400,000		46,400,000
Investments in preference shares (fully paid up) (unquoted)				
Allium Finance Private Limited	10	991,056	10	991,056
		123,882,000		123,882,000
Investments in venture fund (unquoted)				
Edelweiss Alternative Investment Trust- EW Clover Scheme	10,000	25,000	10,000	332
		250,000,000		9,726,397
		<u>2,358,598,423</u>		<u>1,398,362,320</u>
Less: Provision for diminution in value of investments				
W. S. Industries (India) Limited				(4,640,000)
		<u>2,353,958,423</u>		<u>1,393,722,320</u>
Aggregate amount of unquoted investment				
- At carrying value		2,300,031,975		1,330,069,475
Aggregate amount of quoted investment				
- At carrying value		53,926,448		53,926,448
- At market value		43,379,636		86,094,449



Edelcap Securities Limited

Notes to the financial statements (*continued*)

(Currency: Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
2.11 Deferred tax assets (net)		
Difference between book and tax depreciation	-	51,418
Provision for doubtful debts/ advances/ diminution on investment	2,395,199	4,293,792
Disallowances under section 43B of the Income Tax Act, 1961	774,109	374,882
	<u>3,169,308</u>	<u>4,720,092</u>
Deferred tax liabilities		
Difference between book and tax written down value	7,777	-
	<u>7,777</u>	<u>-</u>
	<u>3,161,531</u>	<u>4,720,092</u>
2.12 Long-term loans and advances		
Security deposits		
Deposits placed with exchanges	3,100,000	3,200,000
Other loans and advances		
Advance income tax and tax deducted at sources (net of provision for taxation)	25,414,263	29,053,562
	<u>28,514,263</u>	<u>32,253,562</u>



Edelcap Securities Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

2.13 Stock-in-trade

Securities
Equity shares (quoted)

118,864,916

Commodities
Bullion

43,449,765

162,314,681

As at
31 March 2015

As at
31 March 2016

As at
31 March 2015

Details of stock-in-trade

Securities
Equity shares (quoted)
Bank Of India
Polaris Consulting & Services Limited
Narayana Hrudayalaya Limited

Face Value	Quantity	Amount	Face Value	Quantity	Amount
10	3,000	287,712	-	-	-
5	578,913	109,443,503	-	-	-
10	34,620	9,133,701	-	-	-
		<u>118,864,916</u>			<u>-</u>

118,864,916



Edelcap Securities Limited

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2016	As at 31 March 2015
2.14 Trade receivables		
Debtors outstanding for a period exceeding six months		
<i>Unsecured, considered doubtful</i>	3,111,452	9,255,766
Less: Provision for doubtful debts	<u>3,111,452</u>	<u>9,255,766</u>
	-	-
Other debts		
<i>Unsecured, considered good</i>	38,497,171	970,104
Less: Provision for doubtful debts	-	-
	<u>38,497,171</u>	<u>970,104</u>
	<u><u>38,497,171</u></u>	<u><u>970,104</u></u>
2.15 Cash and bank balances		
<i>Cash and cash equivalents</i>		
Balances with banks		
- in current accounts	4,560,297	4,721,923
Other balances with banks		
- in fixed deposits (refer note 2.34)	1,300,000	-
	<u>5,860,297</u>	<u>4,721,923</u>
	<u><u>5,860,297</u></u>	<u><u>4,721,923</u></u>
2.16 Short-term loans and advances		
<i>Unsecured, considered good</i>		
Loan to related parties	-	99,401,232
Loan to others*	500,000	523,824,000
Other loans and advances		
Deposits placed with/ for exchange	3,500,000	3,500,000
Deposits- others	400,000	100,000
Prepaid expenses	229,331	149,000
Loans and advances to employees	260,961	27,989
Vendor advances	548,481	29,012
Cenvat and VAT assets	1,347,604	-
Advance tax and tax deducted at source (net of provision for taxation)	5,243,013	-
Advances recoverable in cash or in kind or for value to be received	-	1,379
	<u>12,029,390</u>	<u>627,032,612</u>
	<u><u>12,029,390</u></u>	<u><u>627,032,612</u></u>
* Loan given to StyraX Commodities Limited for general business purpose		
2.17 Other current assets		
Accrued interest on fixed deposits	9,101	-
Accrued interest on loans given	18,538	3,694,063
Accrued interest on margin	55,641	-
Currency options premium paid	114,368,800	-
Margin placed with broker	366,199,038	-
	<u>480,651,118</u>	<u>3,694,063</u>
	<u><u>480,651,118</u></u>	<u><u>3,694,063</u></u>

