

EFSL International Limited

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

Independent Auditors' Report

To the Directors of
EFSL International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **EFSL International Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period 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 preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company. This responsibility also includes maintenance of adequate accounting records 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 conducted our audit in accordance with the Standards on Auditing, which requires 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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.



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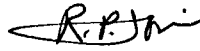
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Companies Act, 2013 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 period ended on that date.

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



R.P.Soni
Partner
Membership No. 104796
Place: Mumbai
Date: 11 May 2016



EFSL International Limited

Balance Sheet

(Currency: Indian rupees)

	Note	As at 31 March 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	2.1	6,661,580
Reserves and surplus	2.2	(5,689,310)
		<hr/>
		972,270
Current liabilities		
Short-term borrowings	2.3	26,533,160
Trade payables		2,122,680
Other current liabilities	2.4	34,360
		<hr/>
		28,690,200
TOTAL		
		<hr/> <hr/>
		29,662,470
ASSETS		
Current assets		
Cash and cash equivalents	2.5	4,621,971
Short-term loans and advances	2.6	180,646
Other current assets	2.7	24,859,853
		<hr/>
		29,662,470
TOTAL		
		<hr/> <hr/>
		29,662,470

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
11 May 2016



For and on behalf of the Board of Directors



Hemant Daga
Director

11 May 2016



Ramchandra Guzadhur
Director

11 May 2016

EFSL International Limited

Statement of Profit and Loss

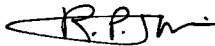
(Currency: Indian rupees)

For the period from
28 July 2015 to
31 March 2016

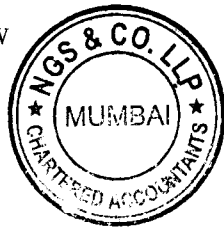
	Note	
Income		
Revenue from operations		
Income from treasury operations	2.8	(835,333)
Total revenue		<u>(835,333)</u>
Expenses		
Finance costs	2.9	125,350
Other expenses	2.10	4,705,302
Total expenses		<u>4,830,652</u>
Loss before tax		(5,665,985)
Tax expense		-
Loss for the period		<u><u>(5,665,985)</u></u>
Earnings per ordinary share:		
Basic and diluted (Face value USD 1 each)	2.14	(56.66)
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
11 May 2016



For and on behalf of the Board of Directors



Hemant Daga
Director

11 May 2016



Ramesh Guadhur
Director

11 May 2016

EFSL International Limited

Cash Flow Statement

(Currency: Indian rupees)

For the period from
28 July 2015 to
31 March 2016

A Cash flow from operating activities

Loss before taxation (5,665,985)
Adjustments for
Interest expense 34,391

Operating cash flow before working capital changes (5,631,594)

Add / (Less): Adjustments for working capital changes
Increase in other assets (24,859,853)
Increase in current liabilities and provisions 2,122,680
Increase in loans and advances (180,646)

Cash used in operations (28,549,413)

Income taxes paid -

Net cash used in operating activities - A (28,549,413)

B Cash flow from investing activities

Net cash used in investing activities - B -

C Cash flow from financing activities

Proceeds from short term borrowings (refer note below) 26,533,160
Proceeds from issue of ordinary shares 6,661,580

Net cash generated from financing activities - C 33,194,740

D Change in foreign exchange translation reserve - D

Net increase in cash and cash equivalents (A+B+C+D) 4,621,971

Cash and cash equivalents as at the beginning of the period -
Cash and cash equivalents as at the end of the period (refer note 2.5) 4,621,971

Note:

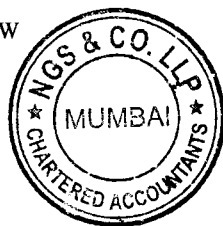
1 Net figures have been reported on account of volume of transactions.

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
11 May 2016



For and on behalf of the Board of Directors



Hemant Daga
Director

11 May 2016



Ramanand Guzdar
Director

11 May 2016

EFSL International Limited

Notes to the financial statements

(Currency: Indian rupees)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

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

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

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

1.2 Use of estimates

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

1.3 Current/non-current classification

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

Assets

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



EFSL International Limited

Notes to the financial statements

(Currency: Indian rupees)

1. *Significant accounting policies (continued)*

1.3 *Current/non-current classification (continued)*

not affect its classification. Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.

1.4 *Revenue recognition*

- Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on interest rate futures derivative instruments.

Realised profit/ loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.

1.5 *Impairment of assets*

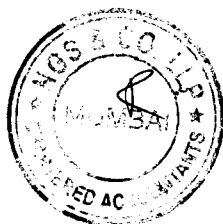
The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

1.6 *Taxation*

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the applicable Income-Tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

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 tax laws applicable.



EFSL International Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

1. Significant accounting policies (Continued)

1.6 Taxation

Deferred taxation

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

1.7 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to the ordinary shareholders for the year by the weighted average number of ordinary shares outstanding during the year.

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

1.8 Provisions and contingent liabilities

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.



EFSL International Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

As at
31 March 2016

2.1 Share capital

(a) Issued, subscribed and paid up:

100,000 ordinary shares of USD 1 each, fully paid-up	6,661,580
	<u>6,661,580</u>

(The entire share capital is held by E C International Limited, the holding company, which in turn is a wholly owned subsidiary of Edelweiss Financial Services Limited)

(b) The movement in share capital during the year:

	31 March 2016	
	No of shares	Amount
Outstanding at the beginning	-	-
Issued during the period	100,000	6,661,580
As at the end of the period	<u>100,000</u>	<u>6,661,580</u>

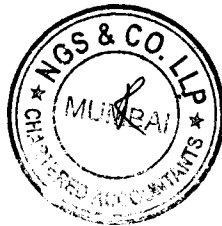
(c) Terms/rights attached to ordinary shares

The Company has only one class of shares referred to as ordinary shares having a par value of USD 1. Each holder of ordinary shares is entitled to one vote per share held. The dividend declared by the Company, if any will be paid in USD.

In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

2.2 Reserves and surplus

Foreign exchange translation reserve	(23,325)
Deficit in statement of profit and loss	
Opening balance	-
Add: Loss for the period	<u>(5,665,985)</u>
Closing balance	<u>(5,689,310)</u>



EFSL International Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

As at
31 March 2016

2.3 Short-term borrowings

Unsecured loans

Loan from EC International Limited, the holding company
[Variable interest rate loan ranging from 0.25 % p.a to 0.43 % p.a, at the prevailing
quarterly average LIBOR rates, repayable on demand]

26,533,160

26,533,160

2.4 Other current liabilities

Interest accrued but not due on borrowings

34,360

34,360



EFSL International Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

As at
31 March 2016

2.5 Cash and cash equivalents

Balances with banks
- in current accounts

4,621,971

4,621,971

2.6 Short-term loans and advances

Unsecured, considered good

Other loans and advances
Prepaid expenses

180,646

180,646

2.7 Other current assets

Margin placed with broker

24,859,853

24,859,853



EFSL International Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

For the period from
28 July 2015 to
31 March 2016

2.8 Income from treasury

Profit on trading of Interest rate futures	(835,333)
	<u>(835,333)</u>

2.9 Finance cost

Interest expense on loan from holding company	34,391
Bank charges	90,959
	<u>125,350</u>

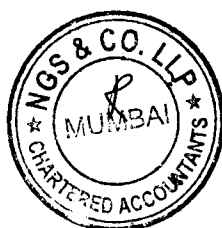
2.10 Other expenses

Auditors' remuneration (refer note below)	564,324
Foreign exchange (gain)/ loss (net)	(305,352)
Legal and professional fees	1,668,033
Market data service	1,498,309
Brokerage and commission	1,141,645
Membership and subscription	138,343
	<u>4,705,302</u>

Note:

Auditors' remuneration:

As auditor	564,324
	<u>564,324</u>



EFSL International Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.11 Segment reporting

The Company has operated only in one business segment during the year viz. business of trading and investments. Therefore, the Company has only one reportable business segment, the results of which are disclosed in the financial statements. Since business operations of the Company are concentrated in India, the Company is considered to operate only in domestic segment and therefore there is no reportable geographic segment.

2.12 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014

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

EC International Limited	Holding company
Edelweiss Financial Services Limited	Ultimate holding company



EFSL International limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.12 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (continued)

(B) Transactions with related parties :

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2016
(I)	Capital account transactions during the year		
	Equity shares issued to	EC International Limited	6,661,580
(II)	Current account transactions during the year		
	Short term loans taken from (Refer note below)	EC International Limited	26,556,432
	Interest paid on loans taken from	EC International Limited	34,391
(III)	Balances with related parties		
	Short term borrowings from	EC International Limited	26,533,160
	Interest accrued but not due on borrowings from	EC International Limited	34,360

Note:

Loan given to /taken from related parties are disclosed based on the maximum incremental amount given/ taken during the reporting period.



EFSL International Limited

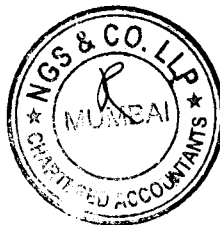
Notes to the financial statements (continued)

(Currency: Indian rupees)

2.13 The following contracts are outstanding as on the balance sheet date:

a) Interest rate futures

Particulars of Contract	No. of Contracts	No. of Units involved
Long		
DEC 16 IMM 3M EUR	98	245,000
DEC 17 IMM 3M EUR	47	117,500
MAR 17 IMM 3M EUR	10	25,000
JUN 18 IMM 3M EUR	17	42,500
SEP 18 IMM 3M EUR	17	42,500
MAR 19 IMM 3M EUR	10	25,000
SEP 16 LIF 3M S STRLG	9	11,250
MAR 17 LIF 3M S STRLG	29	36,250
JUN 17 LIF 3M S STRLG	3	3,750
SEP 17 LIF 3M S STRLG	6	7,500
JUN 18 LIF 3M S STRLG	3	3,750
SEP 16 LIF 3M EURIBOR	30	75,000
MAR 17 LIF 3M EURIBOR	20	50,000
SEP 17 LIF 3M EURIBOR	9	22,500
MAR 18 LIF 3M EURIBOR	25	62,500
DEC 18 LIF 3M EURIBOR	16	40,000
Total	349	810,000



EFSL International Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.13 *The following contracts are outstanding as on the balance sheet date (continued):*

a) Interest rate futures (continued)

Particulars of Contract	No. of Contracts	No. of Units involved
Short		
JUN 16 IMM EURO FX	1	125,000
JUN 16 IMM GBP	1	625
JUN 16 IMM 3M EUR	35	87,500
JUN 17 IMM 3M EUR	89	222,500
SEP 17 IMM 3M EUR	14	35,000
MAR 18 IMM 3M EUR	39	97,500
DEC 18 IMM 3M EUR	22	55,000
DEC 16 LIF 3M S STRLG	36	45,000
DEC 17 LIF 3M S STRLG	4	5,000
MAR 18 LIF 3M S STRLG	9	11,250
SEP 18 LIF 3M S STRLG	1	1,250
JUN 16 LIF 3M EURIBOR	13	32,500
DEC 16 LIF 3M EURIBOR	29	72,500
JUN 17 LIF 3M EURIBOR	9	22,500
DEC 17 LIF 3M EURIBOR	26	65,000
JUN 18 LIF 3M EURIBOR	7	17,500
SEP 18 LIF 3M EURIBOR	8	20,000
MAR 19 LIF 3M EURIBOR	8	20,000
Total	351	935,625



EFSL International Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.14 Earnings per share

In accordance with Accounting Standard 20 on Earnings Per Share notified under Section 133 of Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

	For the period from 28 July 2015 to 31 March 2016
a) Net amount attributable to ordinary shareholders <i>(as per statement of profit and loss)</i>	(5,665,985)
b) <i>Calculation of weighted average number of ordinary shares of USD 1 each:</i>	
– Number of shares at the beginning of the period	-
– shares issued during the period	100,000
Total number of ordinary shares outstanding at the end of the period	100,000
Weighted average number of ordinary shares outstanding during the period (based on the date of issue of shares)	100,000
c) Basic and diluted earnings per share (in rupees) (a/b)	(56.66)

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



EFSL International Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.15 Contingent liabilities and capital commitment

The Company has no contingent liabilities and capital commitment as at the balance sheet date

2.16 Prior period comparative

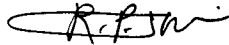
The Company presents its first financial statements which cover a period from the date of its incorporation till the balance sheet date and hence previous year's figures are not available for comparative presentation. The financial statements have been prepared for the period from 28 July 2015 to 31 March 2016.

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

11 May 2016



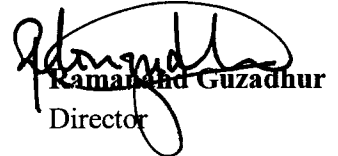
For and on behalf of the Board of Directors



Hemant Daga

Director

11 May 2016



Ramakant Guzadhur

Director

11 May 2016