

Edelweiss Custodial Services Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2015

Edelweiss Custodial Services Limited

Financial Statements together with Auditors' Report

For the year ended 31 March 2015

Contents

Auditors' report

Balance sheet

Statement of profit and loss

Cash flow statement

Notes to the financial statements

B S R & Associates LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Edelweiss Custodial Services Limited

Report on the financial statements

We have audited the accompanying financial statements of Edelweiss Custodial Services Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for 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.

Auditors' 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 thereunder.

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



Independent Auditors' Report (Continued)

Edelweiss Custodial Services Limited

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.

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 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 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

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 statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

Independent Auditors' Report (Continued)

Edelweiss Custodial Services Limited

- f) 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 has no pending litigations as at 31 March 2015
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai
14 May 2015

Edelweiss Custodial Services Limited

Annexure to the Independent Auditors' Report

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) 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 the nature of its assets. No material discrepancies were noticed on such verification.
2. The Company is a service company primarily rendering custodial services. Accordingly, paragraph 3 (ii) of the Order is not applicable.
3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of fixed assets and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
5. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the provisions of section 73 to section 76 or other relevant provisions of the Act and rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act, for any of the services rendered by the Company.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise, value added tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of provident fund, Income tax, Service tax and other material statutory dues which have not been deposited with appropriate authorities on account of any dispute.



Edelweiss Custodial Services Limited

Annexure to the Independent Auditors' Report (*Continued*)

- (c) According to the information and explanations given to us, there are no dues of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder which is required to be transferred.
8. The Company has accumulated losses at the end of the financial year, which are less than fifty percent of its net worth. The Company has incurred cash loss of Rs. 40,675,558 during the year and cash loss of Rs. 8,435,501 in the immediately preceding financial year.
9. The Company did not have any outstanding dues to any financial institution, bank or debenture holder during the year.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Thus, paragraph 3 (x) of the Order is not applicable.
11. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, the Company did not have any term loans and hence, paragraph 3 (xi) of the Order is not applicable.
12. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231 W/W-100024



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai
14 May 2015

Edelweiss Custodial Services Limited

Balance Sheet

for the year ended 31 March 2015

(Currency : Indian rupees)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	53,000,000	50,000,000
(b) Reserves and surplus	2.2	582,551,232	587,398,424
		<u>635,551,232</u>	<u>637,398,424</u>
Non-current liabilities			
(a) Long-term provisions	2.3	1,973,000	930,844
Current liabilities			
(a) Short-term borrowings	2.4	2,800,807	97,198,885
(b) Trade payables	2.5	6,528,529	649,372
(c) Other current liabilities	2.6	22,004,067	8,602,754
(d) Short-term provisions	2.7	325,000	168,000
		<u>669,182,635</u>	<u>744,948,279</u>
TOTAL		<u><u>669,182,635</u></u>	<u><u>744,948,279</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets	2.8		
(i) Tangible assets		57,177	73,536
(b) Non-current investments	2.9	529,753,335	529,753,335
(c) Long-term loans and advances	2.10	17,267,977	18,495,130
(d) Other non-current assets	2.11	1,374,406	264,162
		<u>548,452,895</u>	<u>548,586,163</u>
Current assets			
(a) Trade receivables	2.12	1,086,804	-
(b) Cash and bank balances	2.13	112,754,685	190,567,318
(c) Short-term loans and advances	2.14	6,081,176	3,160,932
(d) Other current assets	2.15	807,075	2,633,866
		<u>120,729,740</u>	<u>196,362,116</u>
		<u><u>669,182,635</u></u>	<u><u>744,948,279</u></u>

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

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firms' Registration No. 116231W/W-100024

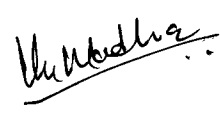


N Sampath Ganesh
Partner
Membership No: 042554

For and on behalf of the Board of Directors



Vishal Madia
Director
DIN: 06865560



Umesh Wadhwa
Director
DIN: 05157099



Pooja Doshi
Company Secretary

Mumbai
14 May 2015

Mumbai
14 May 2015

Mumbai
14 May 2015

Edelweiss Custodial Services Limited

Statement of Profit and Loss

for the year ended 31 March 2015

(Currency : Indian rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operations			
Fee and commission income	2.16	3,539,104	120,829
Other income	2.17	9,433,991	19,667,466
Total revenue		12,973,095	19,788,295
Expenses			
Employee benefit expenses	2.18	41,383,052	16,600,093
Finance costs	2.19	2,657,078	5,732,628
Depreciation and amortization expenses	2.8	56,634	40,788
Other expenses	2.20	9,608,523	5,891,075
Total expenses		53,705,287	28,264,584
(Loss) before tax		(40,732,192)	(8,476,289)
Tax expense:			
(1) Current tax (after adjustment of short provision for earlier years Rs. 115,000/-, Previous year Rs.NIL)		115,000	(138,585)
(Loss) after tax		(40,847,192)	(8,337,704)
Earnings per equity share:			
Basic and diluted (face value of Rs.10 each) (refer note 2.23)		(8.17)	(1.75)

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

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firms' Registration No. 116231W/W-100024

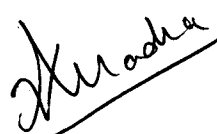


N Sampath Ganesh

Partner

Membership No: 042554

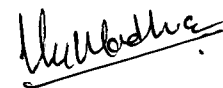
For and on behalf of the Board of Directors



Vishal Madia

Director

DIN: 06865560



Umesh Wadhwa

Director

DIN: 05157099



Pooja Doshi

Company Secretary

Mumbai
14 May 2015

Mumbai
14 May 2015

Mumbai
14 May 2015

Edelweiss Custodial Services Limited

Cash Flow Statement

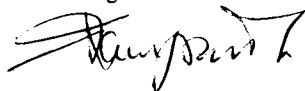
for the year ended 31 March 2015

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
(Loss)/Profit before taxation	(40,732,192)	(8,476,289)
<i>Adjustments for</i>		
Depreciation	56,634	40,788
Provision for compensated absences	269,000	159,000
Provision for gratuity	930,156	217,000
Interest on inter corporate deposits/ Loan	(790,192)	(4,584,329)
Interest on Fixed Deposit	(8,639,580)	(15,083,137)
Interest expense	2,578,954	5,796,193
Operating cash flow before working capital changes	(46,327,220)	(21,930,774)
Add / (Less): Adjustments for working capital changes		
Decrease/ (increase) in trade receivables	(1,086,804)	-
(Increase)/ Decrease in other bank balances	77,000,000	(11,000,000)
Decrease in long term loans and advances	(100,000)	-
Increase in short term loans and advances	(540,108)	(678,960)
Decrease in other current assets	(1,284,295)	1,000,000
Increase in liabilities and provisions	19,562,925	6,096,647
Cash generated/(used) in operations	47,224,498	(26,513,087)
Income taxes paid	1,052,983	2,246,095
Net cash used in operating activities - A	46,171,515	(28,759,182)
B Cash flow from investing activities		
Purchase of fixed assets	(40,275)	(35,930)
Interest on inter corporate deposits	787,356	4,584,329
Interest received	10,643,258	20,564,018
(Loss) before tax	-	(127,045,590)
Net cash used in investing activities - B	11,390,339	(101,933,173)
C Cash flow from financing activities		
Proceeds from issue of share capital including securities premium	39,000,000	32,500,000
(Repayment)/Proceeds from unsecured loan	(94,398,078)	(126,601,115)
(Loss) after tax	(2,861,409)	(5,795,236)
Net cash generated from financing activities - C	(58,259,487)	(99,896,351)
Net decrease in cash and cash equivalents (A+B+C)	(697,633)	(230,588,706)
Cash and cash equivalent as at the beginning of the year	35,067,318	265,656,024
Cash and cash equivalent as at the end of the year (Refer note 2.13)	34,369,685	35,067,318

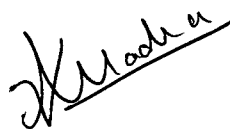
As per our report of even date attached.

For B S R & Associates LLP
Chartered Accountants
Firms' Registration No. 116231W/W-100024



N Sampath Ganesh
Partner
Membership No: 042554

For and on behalf of the Board of Directors



Vishal Madia
Director
DIN: 06865560



Umesh Wadhwa
Director
DIN: 05157099



Pooja Doshi
Company Secretary

Mumbai
14 May 2015

Mumbai
14 May 2015

Mumbai
14 May 2015

Edelweiss Custodial Services 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 India 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), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian rupees.

1.2 *Use of estimates*

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on date of the financial statements. Actual results could differ from the estimates. Any revision to the 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 satisfies any of the following criteria:

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current

Edelweiss Custodial Services Limited

Notes to the financial statements (*Continued*)

1.4 *Revenue Recognition*

- Fee income is recognised on accrual basis of accounting
- Interest income is recognised on accrual basis of accounting.
- Profit / loss earned on sale of investment is recognised on trade date basis. Profit / loss on sale of investments is determined based on the weighted average cost of the investments sold.
- Dividend income is recognised when the right to receive payment is established.

1.5 *Investments*

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

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

Current investments are carried at lower of cost or 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

1.6 *Taxation*

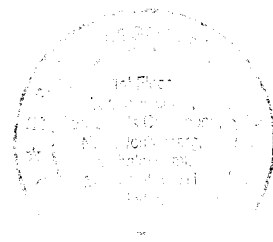
Income tax expense comprises income tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

Income tax

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

Deferred tax

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 substantively 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 at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain, as the case may be, to be realised.



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

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 equity shareholders by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

1.8 Fixed assets and depreciation

Tangible fixed assets

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

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

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

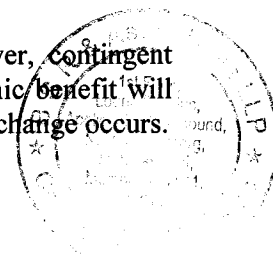
Nature of assets	Useful Life
Office Equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years

1.9 Provisions and contingencies

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

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

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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
Share capital		
2.1 Authorised :		
10,000,000 (previous year:10,000,000) equity shares of Rs. 10 each	100,000,000	100,000,000
Issued, Subscribed and Paid up:		
5,300,000 (previous year: 5,000,000) equity shares of Rs. 10 each, fully paid-up	53,000,000	50,000,000
	<u>53,000,000</u>	<u>50,000,000</u>

Movement in equity share capital :

a.	31 March 2015		31 March 2014	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning	5,000,000	50,000,000	4,750,000	47,500,000
Shares issued during the year	300,000	3,000,000	250,000	2,500,000
As at the end	<u>5,300,000</u>	<u>53,000,000</u>	<u>5,000,000</u>	<u>50,000,000</u>

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

b.	31 March 2015		31 March 2014	
	No of shares	%	No of shares	%
Edelweiss Securities Limited, the holding company	5,300,000	100%	5,000,000	100%
	<u>5,300,000</u>	<u>100%</u>	<u>5,000,000</u>	<u>100%</u>

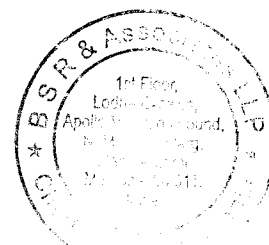
Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company:

c.	31 March 2015		31 March 2014	
	No of shares	%	No of shares	%
Edelweiss Securities Limited, the holding company	5,300,000	100%	5,000,000	100%
	<u>5,300,000</u>	<u>100%</u>	<u>5,000,000</u>	<u>100%</u>

Terms/rights attached to equity shares :

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

d.	As at 31 March 2015		As at 31 March 2014	
	Reserves and surplus			
Securities premium account - opening balance	500,000,000		470,000,000	
Add : Additions during the year	<u>36,000,000</u>		<u>30,000,000</u>	
	<u>536,000,000</u>		<u>500,000,000</u>	
Opening balance surplus in statement of profit and loss	87,398,424		95,736,128	
Add: (Loss)/Profit for the year	<u>(40,847,192)</u>		<u>(8,337,704)</u>	
	<u>46,551,232</u>		<u>87,398,424</u>	
	<u>582,551,232</u>		<u>587,398,424</u>	



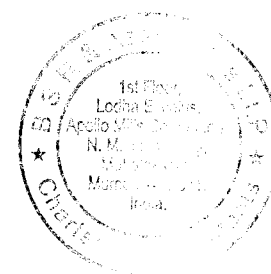
Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.3 Long-term provisions		
Provision for employee benefits		
Gratuity	1,593,000	774,844
Compensated leave absences	380,000	156,000
	<u>1,973,000</u>	<u>930,844</u>
2.4 Short-term borrowings		
<u>Unsecured</u>		
Loans and advances from related parties	2,800,807	97,198,885
	<u>2,800,807</u>	<u>97,198,885</u>
2.5 Trade payables		
Trade payables (includes sundry creditors and provision for expenses)	6,528,529	649,372
	<u>6,528,529</u>	<u>649,372</u>
2.6 Other current liabilities		
Interest accrued but not due on borrowings	26,261	308,716
Other payables		
Accrued salaries and benefits	21,239,490	7,210,297
Withholding tax, service tax and other taxes payable	736,866	363,782
Book overdraft	-	719,959
Others	1,450	-
	<u>22,004,067</u>	<u>8,602,754</u>
2.7 Short-term provisions		
Provision for employee benefits		
Gratuity	248,000	136,000
Compensated leave absences	77,000	32,000
	<u>325,000</u>	<u>168,000</u>



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

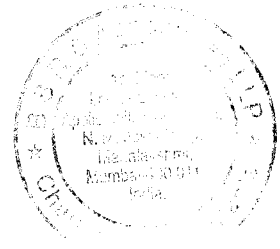
(Currency : Indian rupees)

2.8 Fixed assets

Description of Assets	Gross Block			Depreciation			Net Block	
	As at 1 April 2014	Additions during the year	Deductions/Adjus tment during the year	As at 1 April 2014	Additions during the year	Deductions/Adjus tment during the year	As at 31 March 2015	As at 31 March 2014
Tangible assets								
Office Equipment	17,100	26,700	43,800	1,812	13,345	-	28,643	15,288
Computers	97,830	13,575	111,405	39,582	43,289	-	28,534	58,248
Total	114,930	40,275	155,205	41,394	56,634	-	57,177	73,536
Previous Year	79,000	35,930	114,930	606	40,788	-	73,536	

Note

As per the requirement of the Companies Act, 2013, the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the Statement of profit and loss of the Company, the depreciation charge for the year ended 31 March 2015 is higher by Rs.28,830/-.



Edelweiss Custodial Services Limited

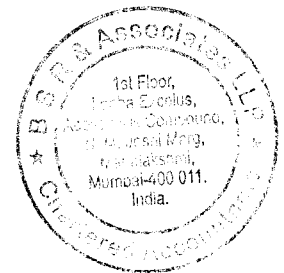
Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency : Indian rupees)

2.9 Details of Non-current investments

	As at 31 March 2015			As at 31 March 2014		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Others (unquoted)						
Edelweiss Asset Reconstruction Company Limited	10	49,909,142	529,753,335	10	49,909,142	529,753,335
		<u>49,909,142</u>	<u>529,753,335</u>		<u>49,909,142</u>	<u>529,753,335</u>



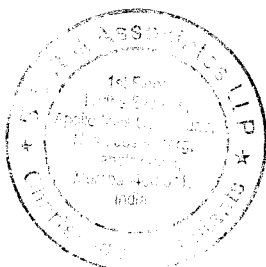
Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.10 Long-term loans and advances		
Deposits placed with/ for exchange/ depositories	16,100,000	16,000,000
Other loans and advances		
Advance income taxes [net of provision for taxation Rs. 31,436,692 (previous year Rs.31,436,692)]	1,167,977	2,495,130
	<u>17,267,977</u>	<u>18,495,130</u>
2.11 Other non-current assets		
Accrued interest on fixed deposits	90,111	264,162
Long term deposits with banks	1,284,295	-
	<u>1,374,406</u>	<u>264,162</u>
2.12 Trade receivables		
Other debts		
Unsecured, considered good	188,097	-
Provision for doubtful debts	-	-
	<u>188,097</u>	<u>-</u>
Trade receivables from related parties	898,707	-
	<u>898,707</u>	<u>-</u>
	<u>1,086,804</u>	<u>-</u>
2.13 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	5,254,685	35,067,318
- in fixed deposits with original maturity less than 3 months	29,000,000	-
	<u>34,254,685</u>	<u>35,067,318</u>
Other Bank Balances		
- Short term bank deposits with banks less than 12 months	78,500,000	155,500,000
	<u>112,754,685</u>	<u>190,567,318</u>
2.14 Short-term loans and advances		
Other loans and advances		
Prepaid expenses	992,398	1,012,984
Loans and advances to employees	106,041	-
Vendor advances	855,578	537,936
Input tax credit	779,876	551,865
Advance income tax [net of provision for taxation Rs.11,359,720 ; (previous year Rs.11,359,720)]	2,747,283	367,147
Advances recoverable in cash or in kind or for value to be received	400,000	691,000
Security Deposit	200,000	-
	<u>6,081,176</u>	<u>3,160,932</u>
2.15 Other current assets		
Accrued interest on fixed deposits	804,239	2,633,866
Accrued interest on loans given	2,836	-
	<u>807,075</u>	<u>2,633,866</u>



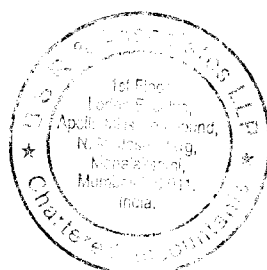
Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2015

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from Operations		
2.16 Fee and commission income		
Advisory and other fees	3,539,104	120,829
	<u>3,539,104</u>	<u>120,829</u>
2.17 Other income		
Interest income on loan	790,192	-
Interest income on intercorporate deposits	-	4,584,329
Interest income on fixed deposits	8,639,580	15,083,137
Miscellaneous income	4,219	-
	<u>9,433,991</u>	<u>19,667,466</u>
2.18 Employee benefit expenses		
Salaries and wages	19,575,950	16,600,093
Contribution to provident and other funds	436,417	-
Staff welfare expenses	182,685	-
Salaries & Bonus - Bonus	21,188,000	-
	<u>41,383,052</u>	<u>16,600,093</u>
2.19 Finance costs		
Interest on loan from holding company	2,578,954	5,796,193
Financial and Bank charges	32,378	6,127
Interest Others	45,746	(69,692)
	<u>2,657,078</u>	<u>5,732,628</u>
2.20 Other expenses		
Advertisement and business promotion	28,490	-
Auditors' remuneration (refer below)	92,650	90,100
Communication	904,710	183,179
Computer expenses	11,497	5,148
Computer software	1,954,003	910,453
Electricity charges	267,955	102,833
Foreign exchange loss (net)	2,158	829
Insurance	15,533	10,413
Legal and professional fees	440,393	217,919
Membership and subscription	2,629,380	2,232,592
Office expenses	4,466	2,053
Printing and stationery	16,478	8,977
Rates and taxes	2,500	2,500
Rent (refer note 2.28)	2,424,788	1,040,600
Repairs and maintenance - others	578	1,050
ROC Expenses	7,870	-
Seminar & Conference	11,236	-
Service tax expenses	102,837	768,006
Stock exchange expenses	-	(110,300)
Travelling and conveyance	691,001	424,723
	<u>9,608,523</u>	<u>5,891,075</u>
Auditors' remuneration:		
As auditor	85,000	85,000
For reimbursement of expenses	7,650	5,100
	<u>92,650</u>	<u>90,100</u>



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.21 Segment reporting

The Company is in the business of providing custodial services for the clearing and settlement of securities and financial instruments and hence operates only in one business segment. Since business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

As the Company's business activity falls within a primary business segment, the financial statements are reflective of the information required under Accounting Standard 17 on Segment Reporting as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

2.22 Related Parties as per AS 18

(i) List of related parties and relationship:

Name of related parties by whom control is exercised :	
Holding Company	Edelweiss Securities Limited
Ultimate Holding Company	Edelweiss Financial Services Limited
Fellow Subsidiaries (with whom transactions have taken place)	Edelweiss Web Services Limited Edelweiss Commodities Services Limited Edelweiss Comtrade Limited Edel Finance Company Limited
Associate (with whom transactions have taken place)	Edelweiss Asset Reconstruction Company Limited



Edelweiss Custodial Services Limited

Notes to the financial statements (*continued*)

(Currency: Indian rupees)

2.23 Earnings per share

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

	Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
a)	Shareholders earnings (as per profit and loss account)	(40,847,192)	(83,37,704)
b)	Calculation of weighted average number of Equity Shares of Rs 10 each:		
	– Number of shares at the beginning of the year	5,000,000	4,750,000
	– Shares issued during the year (number of shares issued)	300,000	250,000
	Total number of equity shares outstanding at the end of the year.	5,300,000	5,000,000
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	5,000,822	4,750,000
	Nominal value per share	10	10
c)	Basic and diluted earnings per share (in rupees) (a/b)	(8.17)	(1.75)

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

2.24 Foreign currency

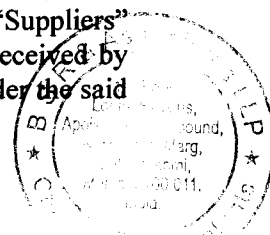
The Company has earned income in foreign currency during the year ended 31 March 2015 of. Rs. 1,289,104/- (previous year Rs.120,829/-). The Company has incurred expenditure of Rs. 865,003/- in foreign currency during the year ended 31 March 2015 (previous year Nil).

2.25 Contingent liabilities and commitments

The Company has nil contingent liabilities and commitments as at the balance sheet date. (previous year Nil)

2.26 Details of dues to micro, small and medium enterprises

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



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

(Currency: Indian rupees)

2.27 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits Defined benefit plan - Gratuity

The following tables summarize the components of the net benefit expenses recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the Gratuity benefit plan.

Statement of Profit and Loss account

Net employee benefits expenses:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Current service cost	180,000	151,000
Interest on defined benefit obligation	111,000	55,000
Expected return on plan assets	-	-
Net actuarial losses/(gains) recognized in the year	-	-
Past service cost	-	-
Actuarial (gains) / losses	299,000	11,000
Total included in 'Employee Benefit Expense'	590,000	217,000

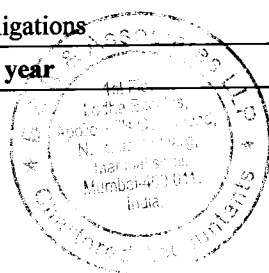
Balance Sheet

Details of provision for gratuity :

Particulars	As at 31 March 2015	As at 31 March 2014
Liability at the end of the year	1,841,000	911,000
Fair value of plan assets at the end of the year	-	-
Difference	1,841,000	911,000
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
Amount in Balance Sheet	1,841,000	911,000

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

Particulars	As at 31 March 2015	As at 31 March 2014
Liability at the beginning of the year	911,000	3,000
Interest cost	111,000	55,000
Current service cost	180,000	151,000
Transfer In / (Out)	340,000	691,000
Past service cost (vested benefit)	-	-
Benefit paid	-	-
Actuarial (gain)/loss on obligations	299,000	11,000
Liability at the end of the year	1,841,000	911,000



Edelweiss Custodial Services Limited

Notes to the financial statements (*continued*)

(Currency: Indian rupees)

Experience Adjustment:

Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
On Plan Liabilities: (Gain)/ Loss	207,000	69,000	-	-	-
On Plan Assets: Gain/ (Loss)	-	-	-	-	-
Estimated Contribution for next year	Nil	Nil	Nil	Nil	Nil

Principle actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2015	As at 31 March 2014
Discount rate current	7.8%	7.9%
Salary escalation current	7%	6%
Employees attrition rate (based on categories)	13%-25%	13%-25%

2.28 Cost sharing

During the year the Company carried out its operations to some extent by utilising the premises of Edelweiss Commodities Services Limited (“ECSL”), being fellow subsidiary. The Company has entered into Memorandum of Understanding (“MOU”) with ECSL for reimbursement of costs on the basis of area occupied, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads in note 2.20 are gross of the reimbursements made.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No. 116231W



N Sampath Ganesh
Partner
Membership No: 042554

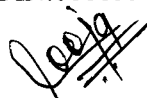
For and on behalf of the Board of Directors



Vishal Madia
Director
DIN:06865560



Umesh Wadhwa
Director
DIN: 05157099



Pooja Doshi
Company Secretary

Mumbai
14 May 2015

Mumbai
14 May 2015

Mumbai
14 May 2015