

Independent Auditors' Report

To the Partners
Edelvalue Partners

Report on the Financial Statements

We have audited the accompanying financial statements of **Edelvalue Partners** ('the Firm'), 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 significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management 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 firm. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the firm 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, 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 Firm'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 Firm 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 Firm, as well as evaluating the overall presentation of the financial statements.



B - 46, 3rd Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400 063.

Tel.: +91. 22. 4217 3337 | Email: info@ngsco.in

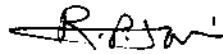
www.ngsco.in

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 firm as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

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



R.P.Soni

Partner

Membership No. 104796

Place: Mumbai

Date: 12 May 2015



M/S Edelvalue Partners

Balance Sheet

(Currency: Indian Rupees)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Partners' contribution			
Partners' capital account	2.1	100,000	100,000
Partners' current account	2.2	<u>404,776,169</u>	<u>62,376,230</u>
		404,876,169	62,476,230
Non-current liabilities			
Deferred tax liabilities (net)	2.3	160,772,232	-
Current liabilities			
Short-term borrowings	2.4	9,385,294,598	629,906,745
Trade payables		98,124,664	1,210,099,553
Other current liabilities	2.5	70,863,249	1,703,833,886
Short-term provisions	2.6	<u>313,151</u>	<u>2,461,146</u>
		9,554,595,662	3,546,301,330
TOTAL		<u>10,120,244,063</u>	<u>3,608,777,560</u>
ASSETS			
Non-current assets			
Non-current investments	2.7	33,711,852	33,711,852
Long-term loans and advances	2.8	15,806,475	3,587,016
Other non-current assets	2.9	<u>-</u>	<u>80,527</u>
		49,518,327	37,379,395
Current assets			
Stock-in-trade	2.10	9,834,347,176	2,082,918,882
Trade receivables	2.11	-	12,043,873
Cash and bank balances	2.12	1,548,801	1,797,323
Short-term loans and advances	2.13	27,351,172	1,337,349,156
Other current assets	2.14	<u>207,478,587</u>	<u>137,288,931</u>
		10,070,725,736	3,571,398,165
TOTAL		<u>10,120,244,063</u>	<u>3,608,777,560</u>

Significant accounting policies and notes to financial statements

1 & 2

The notes referred above form an integral part of the financial statements.

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
12 May 2015



For M/s Edelvalue Partners


Partner


Partner

Magnolia Commodities Services Private Ltd.

Dahlia Commodities Services Private Ltd.

M/S Edelvalue Partners

Statement of Profit and Loss

(Currency: Indian Rupees)

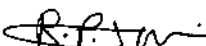
	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operations			
Fee and commission income	2.15	57,082,606	-
Income from treasury operations	2.16	1,719,998,212	549,923,286
Interest income	2.17	89,190,903	48,391,973
Other operating revenue	2.18	8,075	6,897
Total revenue		1,866,279,796	598,322,156
Expenses			
Employee benefit expenses	2.19	6,000,000	12,210,000
Finance costs	2.20	1,119,533,936	425,537,399
Other expenses	2.21	174,675,002	96,945,655
Total expenses		1,300,208,938	534,693,054
Profit before tax		566,070,858	63,629,102
Income tax (Includes short provision for earlier years Rs. 522,457; Previous Year: Rs. Nil)		522,457	1,252,872
Deferred tax		160,772,232	-
Profit after tax		404,776,169	62,376,230
Profit distributed to partners			
Edelweiss Commodities Services limited		40,477,618	6,237,623
ECap Equities Limited		36,429,855	5,613,861
Dahlia Commodities Services Private Limited		161,910,467	24,950,492
Magnolia Commodities Services Private Limited		165,958,229	25,574,254
		404,776,169	62,376,230

Significant accounting policies and notes to financial statements 1 & 2

The notes referred above form an integral part of the financial statements.

As per our report of even date attached.

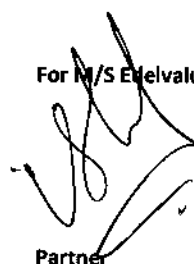
For NGS & Co. LLP
Chartered Accountants
Firm Registration No.: 119850W


R. P. Soni

Partner
Membership No.: 104796
Mumbai
12 May 2015



For M/S Edelvalue Partners


Partner


Partner

Magnolia Commodities Services Private Ltd.

Dahlia Commodities Services Private Ltd.

M/S Edelvalue Partners

Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
Profit before taxation	566,070,858	63,629,102
<i>Adjustments for</i>		
Interest expense	1,080,035,135	372,956,432
Interest income	(78,007,601)	(36,811,443)
Operating cash flow before working capital changes	1,568,098,392	399,774,091
<i>Adjustments for</i>		
Increase in stock in trade	(7,751,428,294)	(1,135,653,898)
Decrease in debtors	12,043,873	168,082,910
Decrease in loans and advances	7,055,410	147,994
Decrease/(increase) in other current assets	25,458,067	(18,605,498)
(Increase)/decrease in margin with broker	(97,459,811)	170,101,844
(Decrease)/increase in current liabilities	(2,784,904,731)	2,807,481,938
Cash (used in) / generated from operations	(9,021,137,094)	2,391,329,381
Income tax (paid) / refund	(12,577,337)	19,892,022
Net cash (used in) / generated from operating activities - A	(9,033,714,431)	2,411,221,403
B Cash flow from investing activities		
Decrease/(increase) in short term loans and advances	1,300,630,000	(1,301,131,636)
Interest received	79,900,216	32,175,528
Net cash generated from / (used in) investing activities - B	1,380,530,216	(1,268,956,108)
C Cash flow from financing activities		
Interest paid	(1,040,075,930)	(367,374,560)
Proceeds from / (repayment of) unsecured loans (refer note 2)	8,755,387,853	(750,633,091)
Payment to partners on settlement of current account (refer note 2)	(62,376,230)	(24,399,628)
Net cash generated from / (used in) financing activities - C	7,652,935,693	(1,142,407,279)
Net decrease in cash and cash equivalents (A+B+C)	(248,522)	(141,984)
Cash and cash equivalents as at the beginning of the year	1,797,323	1,939,307
Cash and cash equivalents as at the end of the year (refer note 1)	1,548,801	1,797,323

Notes:

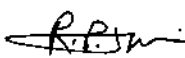
- Cash and cash equivalents represent cash and balances with banks in current account (refer note 2.12)
- Net figures have been reported on account of volume of transactions.

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

12 May 2015



For M/S Edelvalue Partners



Partner



Partner

Magnolia Commodities Services Private Ltd.

Dahlia Commodities Services Private Ltd.

M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Institute of Chartered Accountants of India to the extent applicable. 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 amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities 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 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, results 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.



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 (*continued*)

1. Significant accounting policies (*continued*)

1.4 Revenue recognition

- Income from treasury operations comprises of profit/loss on trading of securities, profit/loss on trading of derivative instruments and profit/loss on sale of commodities.
- Advisory fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Profit/loss on trading of securities and profit/loss on trading of derivative instruments have been determined and accounted as per Accounting Standard 30 – Financial Instruments: Recognition and Measurement prescribed by the Institute of Chartered Accountants of India.
- Profit/loss on sale of commodities is determined based on the weighted average cost of the commodities sold.
- Interest income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.
- Sale of commodity is recognized when all the significant risks and rewards have been passed to the buyer.

1.5 Financial instruments

(a) Non-derivative financial instruments

The entity recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

- Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit and loss statement if it is held-for-trading or is designated as such upon initial recognition. These include stock-in-trade which are equity instruments traded on recognized stock exchanges.

Upon initial recognition, the attributable transaction costs are recognised in profit and loss statement when incurred. Subsequent to initial recognition, financial instruments at fair value through profit and loss are measured at fair value, and the changes therein are recognised in the statement of profit and loss.

- Financial assets classified as loans and receivables

This includes margin balances maintained with brokers, advance with broker and sundry debtors. Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 *(continued)*

1. Significant accounting policies *(continued)*

1.5 Financial instruments *(continued)*

(a) Non-derivative financial instruments (continued)

- Financial liabilities at fair value through profit or loss

Non-derivative financial liabilities include borrowings which have been measured at fair value as at the balance sheet date with the changes therein recognised in the statement of profit and loss.

- Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(b) Derivative instruments

All derivative instruments are classified as held-for-trading and include options and future contracts which are traded on recognized stock exchanges.

Derivatives are initially recognised at fair value, and the attributable transaction costs are recognised in the statement of profit and loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted in the statement of profit and loss.

(c) Determination of fair values

- Stock in trade in equity instruments

The fair value of financial assets held-for-trading are measured at fair value through profit or loss that are quoted is determined with reference to their market price as at the reporting date. The fair value of financial assets held-for-trading are measured at fair value through profit or loss that are not quoted is determined with reference to observable market data.

- Derivatives

The fair value of futures and option contracts is based on their quoted market price as at the reporting date on the recognized stock exchanges.

- Trade and other receivables

The fair value of trade and other receivables is the current recoverable value as at the reporting date.



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 *(continued)*

1. Significant accounting policies *(continued)*

1.5 Financial instruments *(continued)*

(d) Derecognition

The entity derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with Accounting Standard 30 – Financial Instruments: Recognition and Measurement prescribed by the Institute of Chartered Accountants of India.

The entity uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(e) Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually, significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in the group that shares similar credit risk characteristics. All impairment losses are recognised in statement of profit and loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to statement of profit and loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal, if any, is recognised directly in equity.

1.6 Non – Financial instruments

- Stock in trade in the form of commodities is valued at cost or net realisable value, whichever is lower.
- Trade and other payables/receivable are accounted at cost.



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 *(continued)*

1. Significant accounting policies *(continued)*

1.7 Taxation

Income tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income-Tax Act, 1961) and deferred tax charge or benefit (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 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 as 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 reasonably/virtually certain (as the case may be) to be realised.

1.8 Provisions and contingencies

The Entity 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.



M/S Edelvalue Partners

Notes to the financial statements (*continued*)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.1 Partners' capital account		
Edelcap Securities Limited		
Opening balance	-	7,000
Add: Additions during the year	-	-
Less: Drawings during the year	-	(7,000)
Closing balance	<u>-</u>	<u>-</u>
Edelweiss Commodities Services Limited		
Opening balance	10,000	10,000
Add: Additions during the year	-	-
Less: Drawings during the year	-	-
Closing balance	<u>10,000</u>	<u>10,000</u>
ECap Equities Limited		
Opening balance	9,000	2,000
Add: Additions during the year	-	7,000
Less: Drawings during the year	-	-
Closing balance	<u>9,000</u>	<u>9,000</u>
Dahlia Commodities Services Private Limited		
Opening balance	40,000	40,000
Add: Additions during the year	-	-
Less: Drawings during the year	-	-
Closing balance	<u>40,000</u>	<u>40,000</u>
Magnolia Commodities Services Private Limited		
Opening balance	41,000	41,000
Add: Additions during the year	-	-
Less: Drawings during the year	-	-
Closing balance	<u>41,000</u>	<u>41,000</u>
	<u><u>100,000</u></u>	<u><u>100,000</u></u>



M/S Edelvalue Partners

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.2 Partners' current account		
Edelcap Securities Limited		
Opening balance	-	1,707,974
Add: Additions during the year	-	-
Add: Interest	-	-
Add: Share of profit	-	-
Less: Drawings during the year (net)	-	(1,707,974)
Closing balance	-	-
Edelweiss Commodities Services limited		
Opening balance	6,237,623	2,439,963
Add: Additions during the year	-	-
Add: Interest	-	-
Add: Share of profit	40,477,618	6,237,623
Less: Drawings during the year (net)	(6,237,623)	(2,439,963)
Closing balance	40,477,618	6,237,623
ECap Equities Limited		
Opening balance	5,613,861	487,993
Add: Additions during the year	-	-
Add: Interest	-	-
Add: Share of profit	36,429,855	5,613,861
Less: Drawings during the year (net)	(5,613,861)	(487,993)
Closing balance	36,429,855	5,613,861
Dahlia Commodities Services Private Limited		
Opening balance	24,950,492	9,759,851
Add: Additions during the year	-	-
Add: Interest	-	-
Add: Share of profit	161,910,467	24,950,492
Less: Drawings during the year (net)	(24,950,492)	(9,759,851)
Closing balance	161,910,467	24,950,492
Magnolia Commodities Services Private Limited		
Opening balance	25,574,254	10,003,847
Add: Additions during the year	-	-
Add: Interest	-	-
Add: Share of profit	165,958,229	25,574,254
Less: Drawings during the year (net)	(25,574,254)	(10,003,847)
Closing balance	165,958,229	25,574,254
	404,776,169	62,376,230



M/S Edelvalue Partners

Notes to the financial statements (continued)

(Currency: Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.3 Deferred tax liabilities (net)		
Deferred tax assets		
<i>Tax effect of timing differences on account of:</i>		
Accumulated losses	319,162,085	-
	<u>319,162,085</u>	<u>-</u>
Deferred tax liabilities		
<i>Tax effect of timing differences on account of:</i>		
Unrealised gain on equity / derivatives	479,934,317	-
	<u>479,934,317</u>	<u>-</u>
	<u>160,772,232</u>	<u>-</u>
2.4 Short-term borrowings		
Secured		
Loan from other parties	2,150,006,745	-
Unsecured		
Loans from partners (repayable on demand, at variable rate of interest)	6,885,287,853	-
Loan from others	350,000,000	629,906,745
	<u>9,385,294,598</u>	<u>629,906,745</u>
2.5 Other current liabilities		
Interest accrued and due on borrowings	47,997,861	8,038,656
Premium received on exchange traded options	1,415,477	10,647,748
Other payables		
TDS, service tax and other taxes payable	21,449,911	256,891
Book overdraft	-	1,684,890,591
	<u>70,863,249</u>	<u>1,703,833,886</u>
2.6 Short-term provisions		
Provision for taxation (Net of advance tax and tax deducted at source Rs. Nil; Previous year: Rs. 32,202,324)	313,151	2,461,146
	<u>313,151</u>	<u>2,461,146</u>



M/S Edelvalue Partners

Notes to the financial statements (continued)

(Currency : Indian Rupees)

2.7 Non-current investments

	As at 31 March 2015			As at 31 March 2014		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Others (unquoted)						
Investment in equity instrument of other company (fully paid up)						
Lichen Metals Private Limited	10	500,000	33,711,852	10	500,000	33,711,852
Total			<u>33,711,852</u>			<u>33,711,852</u>
Aggregate amount of unquoted investment						
- At carrying value			33,711,852			33,711,852



M/S Edelvalue Partners

Notes to the financial statements (continued)

(Currency : Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.8 Long-term loans and advances		
Other loans and advances		
Advance income taxes (Net of provision for taxation Rs. Nil; Previous year: Rs. 1,252,872)	15,806,475	3,587,016
	<u>15,806,475</u>	<u>3,587,016</u>
2.9 Other non-current assets		
Long term deposits with banks (refer note 2.27)	-	73,886
Accrued interest on fixed deposits	-	6,641
	<u>-</u>	<u>80,527</u>
2.10 Stock-in-trade		
<i>Securities</i>		
Equity shares (quoted)	9,834,347,176	2,082,384,621
Mutual funds (unquoted)	-	534,261
	<u>9,834,347,176</u>	<u>2,082,918,882</u>
Aggregate of stock-in-trade in equity shares (quoted)		
- At book value	9,834,347,176	2,082,384,621
- At market value	9,834,347,176	2,082,384,621
Aggregate of stock-in-trade in mutual funds (unquoted)		
- At book value	-	534,261
- At market value	-	534,261



M/S Edelvalue Partners

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015			As at 31 March 2014		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
2.10 Details of Stock-in-trade (continued)						
Securities						
Equity shares (quoted)						
AXIS Bank Limited	2	500	280,100	-	-	-
Century Textiles and Industries Limited	10	26,000	16,565,900	-	-	-
Coal India Limited	10	20	7,258	-	-	-
GMR Infrastructure Limited	-	-	-	1	704,000	15,382,400
Grasim Industries Limited	-	-	-	10	12,750	36,822,638
HDFC Bank Limited	2	9,069,000	9,274,866,300	2	2,118,500	1,586,332,800
Housing Development & Infrastructure Limited	-	-	-	10	424,000	24,422,400
IDFC Limited	-	-	-	10	1,184,000	144,744,000
Indiabulls Real Estate Limited	2	100,000	6,540,000	-	-	-
L&T Finance Holdings Limited	-	-	-	10	704,000	51,779,200
Lupin Limited	-	-	-	2	93,000	86,782,950
Maruti Suzuki India Limited	5	2,250	8,319,038	5	4,250	8,379,938
Pipavav Defence And Offshore Eng Limited	10	1,974,381	112,934,593	10	1,974,381	69,893,087
Ranbaxy Laboratories Limited	5	323,000	262,922,000	5	4,000	1,459,600
Reliance Industries Limited	10	77,000	63,602,000	-	-	-
Star Ferro and Cement Limited	1	35	5,862	-	-	-
Strides Arcolab Limited	10	8,500	10,037,225	-	-	-
Titan Company Limited	1	1,000	391,600	1	79,000	20,753,300
Unitech Limited	2	4,822,000	77,875,300	2	2,496,000	34,944,000
Wheels India Limited	-	-	-	10	1,275	688,308
			9,834,347,176			2,082,384,621
Mutual funds (unquoted)						
Motilal Oswal Most Shares Midcap 100 ETF- Growth Option	-	-	-	10	55,445	493,461
Reliance Banking ETF	-	-	-	10	29	40,130
Goldman Sachs Nifty Exchange Traded Scheme	-	-	-	10	1	670
			-			534,261



M/S Edelvalue Partners

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.11 Trade receivables		
Other debts		
Unsecured, considered good	-	12,043,873
	<u>-</u>	<u>12,043,873</u>
2.12 Cash and bank balances		
Cash and cash equivalents		
Balances with banks in current accounts	1,474,915	1,797,323
Other bank balances		
Other bank deposits with maturity greater than 3 months and less than 12 months (Refer note 2.27)	73,886	-
	<u>1,548,801</u>	<u>1,797,323</u>
2.13 Short-term loans and advances		
Unsecured, considered good		
Loan and advances to partners	501,636	1,301,131,637
Other loans and advances		
Cenvat and VAT assets	23,785,667	30,841,076
Advance tax and tax deducted at source (Net of provision for tax Rs. 1,775,329; Previous year: Rs. Nil)	3,063,869	5,376,443
	<u>27,351,172</u>	<u>1,337,349,156</u>
2.14 Other current assets		
Accrued interest on fixed deposits	15,406	-
Accrued interest on loans given	2,743,300	4,635,915
Accrued interest on margin	888,116	115,061
Dividend receivable	19,579	480,965
Equity index/stock options premium account	1,505,093	27,209,708
Margin placed with broker	202,307,093	104,847,282
	<u>207,478,587</u>	<u>137,288,931</u>



M/S Edelvalue Partners

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.15 Fee and commission income		
Advisory and other fees	57,082,606	-
	<u>57,082,606</u>	<u>-</u>
2.16 Income from treasury operations		
Profit on trading of securities (net)	2,929,175,639	412,941,753
(Loss) / profit on trading in equity derivative instruments (net)	(1,329,950,456)	15,163,824
Profit on trading in commodity derivative instruments (net)	-	805,000
(Loss) / profit on trading in currency derivative instruments (net)	(48,388,070)	89,241,227
Dividend on stock in trade	169,161,099	31,771,482
	<u>1,719,998,212</u>	<u>549,923,286</u>
2.17 Interest income		
On loan	-	29,646,055
On loan to partners	77,922,397	7,165,388
On debt instrument	77,129	-
On margin with brokers	9,043,382	11,580,530
On others	2,147,995	-
	<u>89,190,903</u>	<u>48,391,973</u>
2.18 Other operating revenue		
Interest income on fixed deposits	8,075	6,897
	<u>8,075</u>	<u>6,897</u>



M/S Edelvalue Partners

Notes to the financial statements (continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.19 Employee benefit expenses		
Salaries and wages (Refer note 2.25)	6,000,000	12,210,000
	<u>6,000,000</u>	<u>12,210,000</u>
2.20 Finance costs		
Interest on loan from partners	891,765,684	312,066,285
Interest - others	227,768,030	113,471,114
Financial and bank charges	222	-
	<u>1,119,533,936</u>	<u>425,537,399</u>
2.21 Other expenses		
Auditors' remuneration (Refer note below)	231,250	200,000
Commission and brokerage	22,485,099	-
Clearing and custodian charges	420,000	470,000
Donation	10,000,000	-
Electricity charges (Refer note 2.25)	150,000	460,000
Legal and professional fees	177,120	276,000
Printing and stationery	1,400	-
Rent (Refer note 2.25)	650,000	1,760,000
Security transaction tax	135,213,100	89,464,860
Service tax expenses	5,146,179	4,286,026
Stamp duty	43,111	-
Stock exchange expenses	157,743	28,769
	<u>174,675,002</u>	<u>96,945,655</u>
Auditors' remuneration:		
As auditor	201,250	175,000
For taxation matters	30,000	25,000
	<u>231,250</u>	<u>200,000</u>



Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015

(Currency: Indian Rupees)

2.22 Segment reporting

Business segment

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

Segment	Activities covered
Capital based business	Income from treasury operations, income from investments and dividend income
Agency business	Advisory services

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

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary segment

Since the business operations of the Firm are primarily concentrated in India, the Firm is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information on segment assets and liabilities as at 31 March 2015 and the segment revenue, expenses and result for the year ended on that date:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
I Segment revenue		
a) Capital based business	1,807,049,195	598,322,156
b) Agency business	57,082,606	-
c) Unallocated	2,147,995	-
Total	1,866,279,796	598,322,156
Less : Inter segment revenue		-
Total income	1,866,279,796	598,322,156
II Segment results		
a) Capital based business	675,746,705	63,629,102
b) Agency business	33,389,258	-
c) Unallocated	(143,065,105)	-
Total	566,070,858	63,629,102
Profit before taxation	566,070,858	63,629,102
Less : Provision for taxation	161,294,689	1,252,872
Profit after taxation	404,776,169	62,376,230
Particulars	As at 31 March 2015	As at 31 March 2014
III Segment assets		
a) Capital based business	10,076,113,138	3,608,777,560
b) Agency business	-	-
c) Unallocated	44,130,925	-
Total	10,120,244,063	3,608,777,560
IV Segment liabilities		
a) Capital based business	9,532,612,074	3,546,301,330
b) Agency business	220,526	-
c) Unallocated	182,535,294	-
Total	9,715,367,894	3,546,301,330



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian Rupees)

2.23 Related parties

i. List of related parties and relationship:

Name of partners by whom control is exercised	Dahlia Commodities Services Private Limited Magnolia Commodities Services Private Limited
Names of other partners	ECap Equities Limited Edelweiss Commodities Services Limited
Names of enterprise on whom control is exercised	Lichen Metals Private Limited

ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2015	Amount 31 March 2014
Capital Account Transactions during the year				
1	Short term loans taken from (refer note below)	Edelweiss Commodities Services limited Dahlia Commodities Services Private Limited Magnolia Commodities Services Private Limited	14,823,370,004 1,790,000,000 2,549,000,000	8,352,358,364 - -
2	Short term loans repaid to (refer note below)	Edelweiss Commodities Services limited	12,277,082,241	8,352,358,364
3	Short term loans given to (refer note below)	Edelweiss Commodities Services limited ECap Equities Limited	- -	2,625,231,636 1,300,000,000
4	Short term loans repaid by (refer note below)	Edelweiss Commodities Services limited ECap Equities Limited	630,000 1,300,000,000	2,624,100,000 -
Current Account Transactions during the year				
5	Sale of securities to	ECap Equities Limited	220,720,000	-
6	Net amount earned on settlement of forward contracts	ECap Equities Limited	-	805,000
7	Interest income on loans given to	Edelweiss Commodities Services limited ECap Equities Limited	62,452 77,859,945	6,755,799 409,589
8	Interest expense on loans taken from	Edelweiss Commodities Services limited Dahlia Commodities Services Private Limited Magnolia Commodities Services Private Limited	872,626,534 7,895,616 11,243,534	312,066,285 - -



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian Rupees)

2.23 Related parties (continued)

ii. Transactions with related parties (continued)

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2015	Amount 31 March 2014
	Balances with related parties			
9	Partners' capital account	Edelweiss Commodities Services limited ECap Equities Limited Dahlia Commodities Services Private Limited Magnolia Commodities Services Private Limited	10,000 9,000 40,000 41,000	10,000 9,000 40,000 41,000
10	Partners' current account	Edelweiss Commodities Services limited ECap Equities Limited Dahlia Commodities Services Private Limited Magnolia Commodities Services Private Limited	40,477,617 36,429,855 161,910,467 165,958,229	6,237,623 5,613,861 24,950,492 25,574,254
11	Short term loans taken from	Edelweiss Commodities Services limited Dahlia Commodities Services Private Limited Magnolia Commodities Services Private Limited	2,546,287,853 1,790,000,000 2,549,000,000	- - -
12	Interest payable on loans taken from	Edelweiss Commodities Services limited Dahlia Commodities Services Private Limited Magnolia Commodities Services Private Limited	16,526,387 7,106,054 10,119,181	3,280,591 - -
13	Investments in equity shares of	Lichen Metals Private Limited	33,711,852	33,711,852
14	Short term loans given to	Edelweiss Commodities Services limited ECap Equities Limited	501,636 -	1,131,636 1,300,000,000
15	Interest receivable on loans given to	Edelweiss Commodities Services limited ECap Equities Limited	2,987 2,740,312	4,265,867 368,630

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



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 (continued)

2.24 Financial instruments and associated risks

- A** Financial instrument including derivatives and shares (stock in trade) are classified as held-for-trading in the balance sheet.
- B** As at the balance sheet date derivatives reflect the fair value of the open option contracts and stock-in-trade represents the fair value of the equity shares held for trading.
- C** The derivatives and equity shares classified as held-for-trading are actively traded on recognised stock exchanges. For the purpose of determining their fair value as at the balance sheet date, the closing prices from the respective stock exchanges have been considered.

As at the balance sheet date, the net unrealised gain on mark-to-market of the equity shares amounts to Rs. 1,375,640,547 (Previous year: Loss of Rs. 104,862,473) and the net unrealised loss on mark-to-market of the open option contracts amounts to Rs. 149,088 (Previous year unrealised profit of Rs. 1,677,033) which has been included under income from treasury operations in the statement of profit and loss.

- D** As at 31 March 2015, the Firm has recognised a net unrealised profit amounting to Rs. 325,980,964 (Previous year unrealised loss of Rs. 2,633,595) on mark-to-market of the open future positions as at the balance sheet date. The same is cash settled and adjusted in the margin balances maintained with the brokers and has been included under income from treasury operations in the statement of profit and loss.
- E** Margin accounts represent the cash balances maintained as at the balance sheet date with the brokers for the purpose of conducting trading activities and for the purpose of fulfilling the margin requirements in respect of trading in futures.
- F** The carrying value of loans and advances and other receivables as at the balance sheet date is the current recoverable value as at that date.
- G** The Firm maintains positions in a variety of derivative and non-derivative financial instruments. The Firm's business activities expose it to various types of risks that are associated with the financial instruments and markets it invests. The most important types of financial risk to which the Firm is exposed are market risk, credit risk and liquidity risk.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Firm are discussed below:

- **Market risk**

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk. The Firm's strategy on the management of business risk is driven by the Firm's business objective.



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 (continued)

2.24 Financial instruments and associated risks (continued)

- **Currency risk**

The Firm operates only in one currency as a result, the Firm is not subject to significant amounts of risk due to fluctuations in the prevailing levels of the foreign exchange.

- **Interest rate risk**

The majority of the Firm's financial assets and liabilities are non-interest-bearing as a result the Firm is not subject to significant amounts of risk due to fluctuations in the prevailing levels of the market interest rates.

Other current asset includes margin on trading of securities/ derivatives placed with brokers. It bears an interest rate of 4% p.a. (previous year 4% p.a.). The same is negotiable and not subject to any risk due to fluctuations in the prevailing levels of the market interest rates.

Borrowings represent the loan taken from partners / others which are repayable on demand. These bear an interest rate of 9.18% p.a. to 11.50% p.a. (previous year 11%-12% p.a. on loan taken from partners). The same is fixed and not subject to any risk due to fluctuations in the prevailing levels of the market interest rates.

Loans and advances represent loans given to Partners / others which are repayable on demand. These bear an interest rate of 11.50% to 12% p.a. (previous year 11.50% p.a.) The same is fixed and not subject to any risk due to fluctuations in the prevailing levels of the market interest rates.

- **Price risk**

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual instrument, its issuer or all factors affecting all instruments traded in the market. As the majority of the Firm's financial instruments are carried at fair value with fair value changes recognised in the statement of profit and loss, all changes in market conditions will directly affect the Firm's income.

- **Credit risk**

The Firm takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial assets which potentially subject the Firm to concentrations of credit risk consist principally of bank balances and margin with brokers. These assets are held in a number of reputable financial institutions, banks and brokers. Accordingly, the Firm has no significant concentration of credit risk. The carrying amount of financial assets represents the maximum credit exposure.

- **Liquidity risk**

The Firm's financial instruments include stock in trade/derivative instrument classified as held for trading. The Firm's listed securities are considered to be readily realisable as they are all listed on recognised stock exchanges.

The Firm manages its liquidity risk by monitoring its liquidity requirements and by ensuring that sufficient funds are available to meet its expected requirements.



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 (continued)

2.24 Financial instruments and associated risks (continued)

Fair value v/s carrying amounts for financial assets and liabilities and interest rates used in determining fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Particulars	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets held-for-trading	9,834,347,176	9,834,347,176	2,082,918,882	2,082,918,882
Trade and other receivables	207,478,587	207,478,587	149,332,804	149,332,804
Cash and bank balances	1,548,801	1,548,801	1,797,323	1,797,323
Loans and advances	24,287,303	24,287,303	1,331,349,156	1,331,349,156
Short term borrowings	9,385,294,598	9,385,294,598	629,906,745	629,906,745
Other current liabilities	169,301,064	169,301,064	2,916,394,585	2,916,394,585

Sensitivity analysis

The following table indicates the approximate change in the Firm's reserves in response to reasonable possible changes in the interest rates to which the Firm has significant exposure at the balance sheet date.

	Increase/(decrease) in interest rates %	Effect on Profits
Interest rate	-5%	(4,348,287)
	5%	4,348,287

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the Firm's exposure to financial instruments in existence at that date, and that all other variables, remain constant.

2.25 Cost Sharing

Edelweiss Securities Limited (ESL) incurs expenditure like common staff compensation cost which is for the benefit of the Firm. These costs so expended are reimbursed by the Firm on the basis of time spent by employees of ESL for the Firm, actual identifications etc. Accordingly, and as identified appropriately, the expenditure heads in notes 2.19 and 2.21 are inclusive of the reimbursements.



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 (continued)

2.26 *The following equity index/stock /currency futures have open interests as on the balance sheet date*

Open interests currency futures-USDINR as on the balance sheet date 31 March 2015

Sr. No.	Name of future	For the year ended 31 March 2015		For the year ended 31 March 2014	
		Number of contracts	Number of units involved	Number of contracts	Number of units involved
1	Long position	-	-	1,840	2,195,250
2	Short position	750	750,000	6,485	8,290,265

Open interests Interest rate futures-IRC as on the balance sheet date 31 March 2015

Sr. No.	Name of future	For the year ended 31 March 2015		For the year ended 31 March 2014	
		Number of contracts	Number of units involved	Number of contracts	Number of units involved
1	Short position	2439	4,878,000	-	-

The following equity index/stock /currency option contracts are outstanding as on balance sheet date:

	For the year ended 31 March 2015	For the year ended 31 March 2014
Total premium carried forward (Net of provision made)	89,616	16,561,960

The following currency futures have open interests as on the balance sheet date:

Sr. No.	Name of future	For the year ended 31 March 2015		For the year ended 31 March 2014	
		Number of contracts	Number of units involved	Number of contracts	Number of units involved
1	Long position	926	452,705	3,757	7,514,000
2	Short position	27,466	17,830,675	15,607	15,607,000



M/S Edelvalue Partners

Notes to the financial statements for the year ended 31 March 2015 *(continued)*

2.27 *Additional disclosure on fixed deposits*

Fixed deposits of Rs. 73,886 (Previous year: Rs. 73,886) marked as lien in favour of VAT Authority.

2.28 *Capital commitments and contingent liabilities*

The Company has no capital commitments as at the balance sheet date (Previous year: Rs. Nil).

The Company has no contingent liabilities as at the balance sheet date (Previous year: Rs. Nil).

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 M/S Edelvalue Partners



Partner



Partner

Magnolia Commodities Services Private Ltd.

Mumbai
12 May 2015

Dahlia Commodities Services Private Ltd.