



FUTURE POSITIVE

ANNUAL REPORT 2009-10

NOW YOU CAN



Edelweiss
Ideas create, values protect

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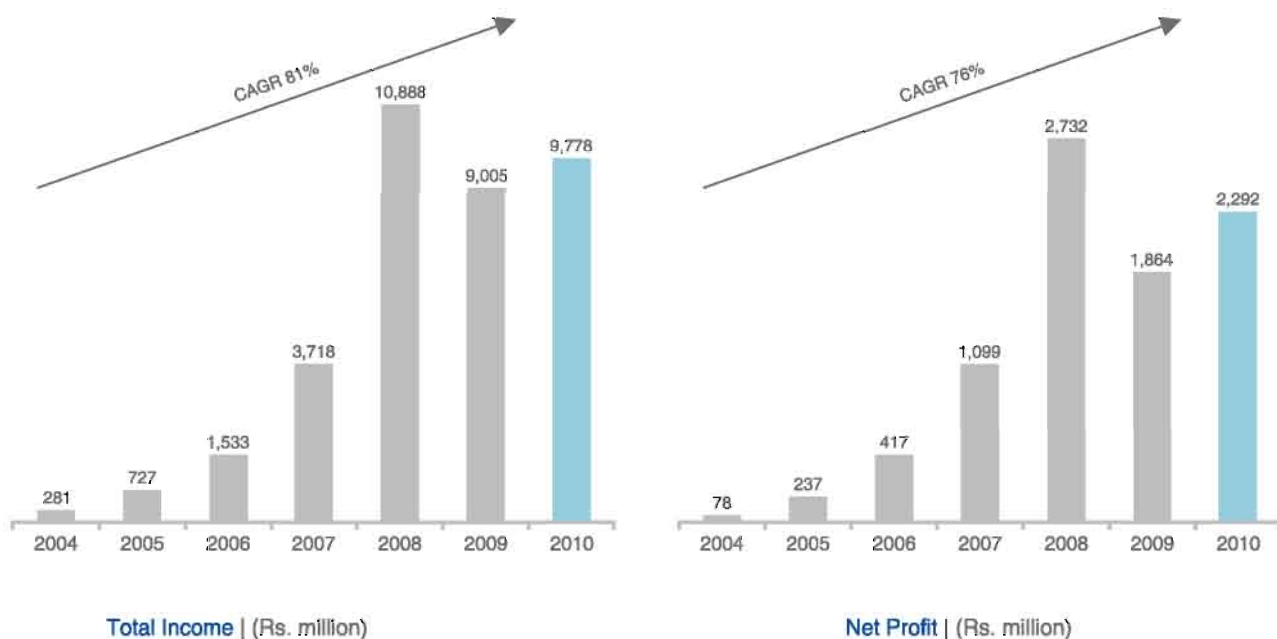
PERFORMANCE AT A GLANCE

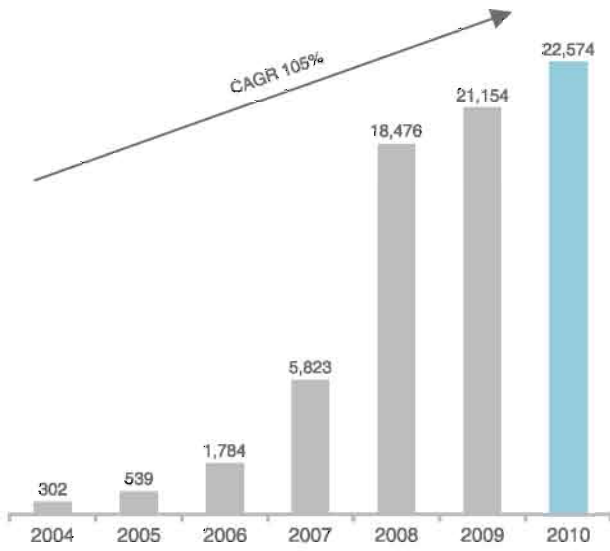
Consolidated Financial Performance of Edelweiss Capital Limited and its Subsidiaries

(in Rs. million except per share data)

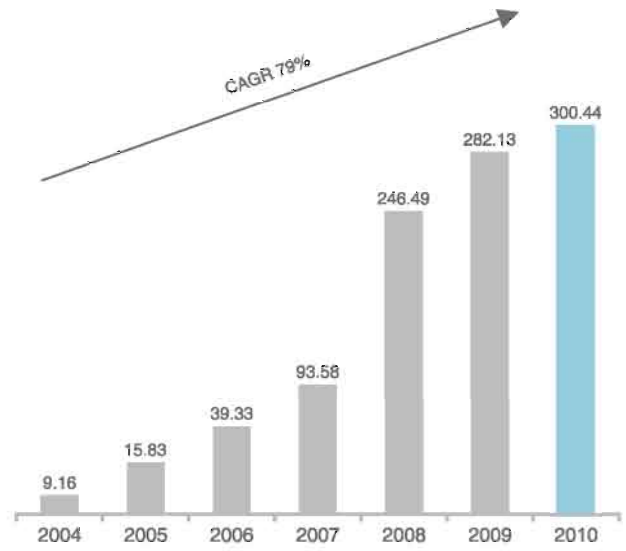
Year Ended March 31,	2010	2009	2008	2007	2006	2005	2004
Total Income	9,778	9,005	10,888	3,718	1,533	727	281
Total Expenditure	6,450	5,715	6,421	1,971	898	383	175
Profit Before Tax	3,328	3,290	4,467	1,747	636	345	106
Tax Expenses	879	1,199	1,540	648	218	107	28
Net Profit (after Tax and Minority Interest)	2,292	1,864	2,732	1,099	417	237	78
Paid-Up Equity Share Capital	375	375	375	45	38	29	28
Net Worth*	22,574	21,154	18,476	5,823	1,784	539	302
Diluted Earning Per Share (FV Rs. 5) (in Rupees)*	29.37	24.28	39.99	20.76	9.34	6.43	2.42
Book Value Per Share (FV Rs. 5) (in Rupees)*	300.44	282.13	246.49	93.58	39.33	15.83	9.16

(*) Excluding Minority Interest | (#) Adjusted for corporate actions.

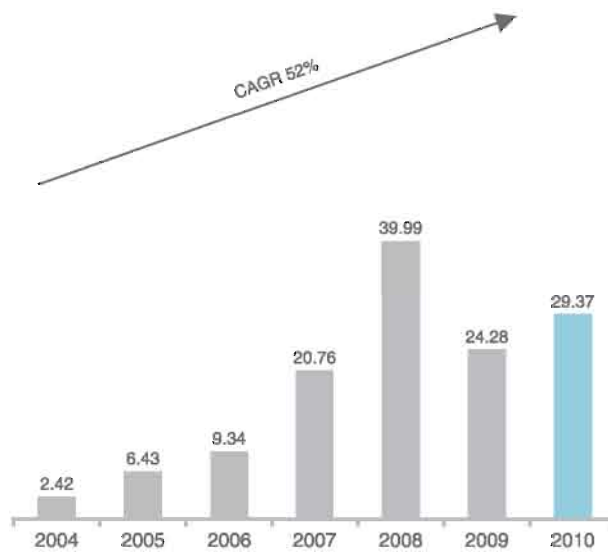




Net Worth | (Rs. million)



Book Value Per Share - FV Rs. 5 | (Rs.)



Diluted Earning Per Share - FV Rs. 5 | (Rs.)

TAKE A DREAM...

CRUNCH THE NUMBERS.
DIVIDE THE RISK.
SUBTRACT THE WORRY.
ADD SIMPLICITY.
MULTIPLY THE GAINS.
PUSH THE PERCENTAGES.
GROW THE PIE.
BE FUTURE POSITIVE.

AND ONE SIMPLE MANTRA.
NOW YOU CAN.

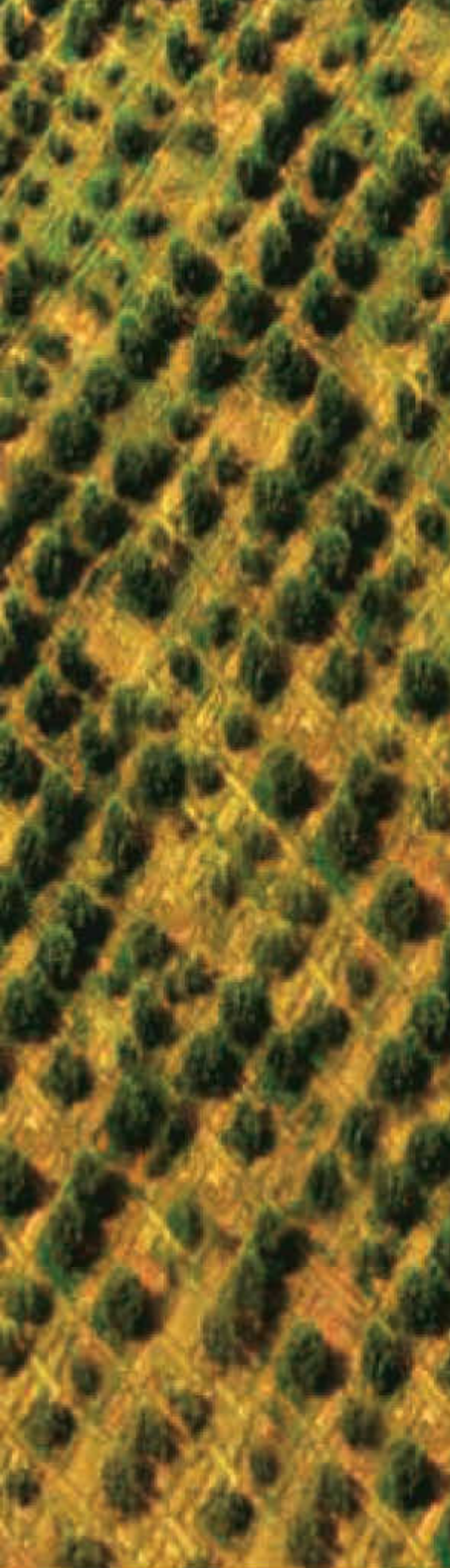
A simple principle that helps us improve and excel year on year.

It is what allows us to offer the largest range of products and services spanning varied asset classes to diverse consumer segments.

It helps us foster strong relationships with corporate, institutional, HNI and retail clients.

It is how we build a strong organisation committed to adding value and empowering every stakeholder.





Our focused approach to growth has helped us build on the existing businesses and spot value in adjacent spaces; thereby growing seamlessly.

Our experience from existing businesses and our commitment to new ideas drive our growth strategy.

☑ **ACQUIRE**

Anagram Capital* - adding 137 branches, over 1300 sub-brokers and over 180,000 clients.

☑ **DIVERSIFY**

Entered into a joint venture with Tokio Marine Holdings, Inc. to launch Life Insurance Business.

Edelweiss Housing Finance Limited and Asset Reconstruction Company receive regulatory approvals.

☑ **SCALE**

Net Profit increased by 23%.

**Acquisition of Anagram Capital will be completed in FY11 upon receipt of regulatory approval.*

MULTIPLY THE GAINS

Growth is not all about managing revenues. It is equally about building a robust organisational structure that is adept at managing risks.

✔ **PREPARE**

A strong response group for managing operational risks through sophisticated Information Technology platforms. Covers risk awareness, measurement and management.

✔ **SUPERVISE**

Centralised compliance department oversees and tracks all regulatory matters across all offices pan India.

✔ **MONITOR**

Internal and third party audit and control systems across all businesses and all operational activities at regular and frequent intervals

DIVIDE THE RISK



Staying focused on a core strategic approach that shields the company from a dynamic and volatile environment, at the same time provide leverage when seeking new business opportunities.

✔ **DIVERSE**

Multiple revenue streams, asset classes, consumer segments and product portfolio ease handling of cyclical pressures.

✔ **FLEXIBLE**

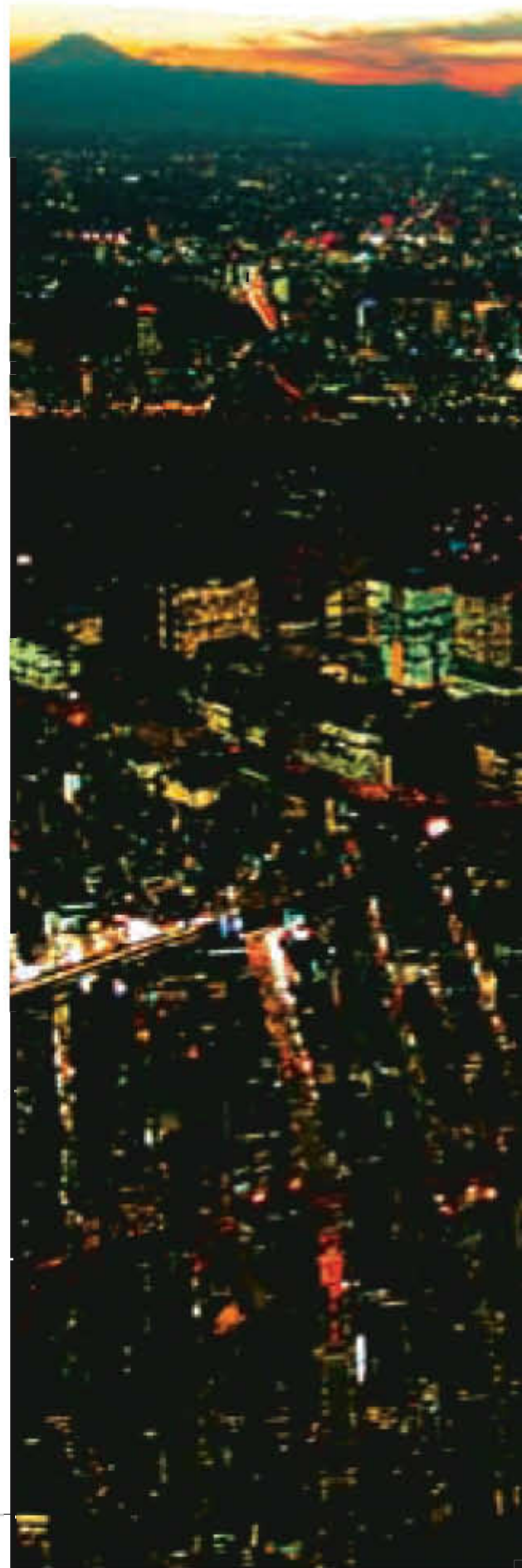
Strong and liquid balance sheet allows for ease in capital deployment for investments and funding growth opportunities. Leverage cushion on balance sheet.

✔ **INVEST**

Broad basing of leadership by continuing to enhance the strategic role of the Senior Leadership Group (SLG) and developing the bench strength through the Leadership Group (LG).


The 225 seater Fountainhead Leadership Center in Alibaug, Maharashtra contributes towards the ambition of building a learning organisation.

SUBTRACT THE WORRY









Maximising on every opportunity is a given. Discovering the new, is what drives us. Hence, raising the bar ever so often is work as usual.

✔ **EXCEL**

Emerged as the Largest Indian Institutional Broking House in the country by Average Daily Trading volume.

Ranked 2nd in QIPs and overall 3rd in Equity Capital Market business by number of deals* for FY10.

✔ **GAIN**

About 48,000 customers added to our retail broking business.

Our Financing book reached a level of Rs. 18.37 billion in FY10.

✔ **IMPROVE**

Closed 33 transactions in ECM, Advisory and Debt

Markets, during the year, compared to 9 deals in FY09.

*Source: Prime Database

PUSH THE PERCENTAGES

Simplicity defines life at Edelweiss - clarity in thought and action makes the difference.

✔ LISTEN

Institutional Clients Group maintains single-point relationships to provide immediate answers to problems or opportunities faced by clients.

✔ DEVELOP

Innovative application of technology adds power to products - research portal: www.edelresearch.com, and trading systems: Orion for corporate clients and Xtreme for individual clients.

✔ UNCOMPLICATE

www.edelweiss.in, a second generation broking portal that offers investors a unique online investing experience that is intuitive, information rich and a simpler way to trade.

ADD SIMPLICITY









Dream big. Think positive. Work smart.

While it is good to meet expectations, the reason we exist is to outperform. At Edelweiss, we believe in adding value in every transaction, every deal and every relationship.

We are oriented to think beyond the obvious, set trends, create newer markets and opportunities - building an organization that pursues 'the new' and 'the different'.

Spotting a business opportunity and converting it into a value proposition for all stakeholders is integral to Edelweiss.

Manifested in our way of working is the spirit of

“NOW YOU CAN”

LETTER FROM THE CHAIRMAN

Dear Shareholders,

As the new decade begins, we are happy to list our performance as being above average. The year began with cautious optimism geared as it was to a fairly sharp upward slope of recovery from the dismal global downturn of last year. However, some concerns began to sweep in from the Eurozone crisis that even now does not seem to have an end date. This uncertainty will continue to persist for some time and even while India continues to churn out healthy growth numbers, there is a distinct possibility that India will not remain unaffected.

When you look at your company's **FY10 consolidated results**, you will see total revenues of Rs. 978 crores, which is a 9% growth on a Y-o-Y basis. Our profit after tax is at Rs. 229 crores, which is a 23% growth Y-o-Y; and our EPS is at Rs. 29.37 with profit before tax margins at 34% for the year. We always aim to have PBT at around 35% plus or minus a few percentage points and we have been able to maintain that. Our fee and commission income is Rs. 350 crores versus Rs. 244 crores for the last year, which is a growth of 44% on a Y-o-Y basis. Our interest income for this year is Rs. 339 crore versus Rs. 331 crore, which is a small growth over last year.

The Board has recommended a final dividend of Rs. 3 per share as well as an interim dividend of Rs. 2. So our annual ordinary dividend for the year works out to Rs. 5. In addition to this, as the company is completing its 15th year of existence, the Board has also recommended a special dividend of Rs. 5 for this year. We will be disbursing the final and the special dividend after the approval at the ensuing AGM. Following a Board Meeting held on 24th June 2010, we have also announced a sub-division of shares in the ratio 1:5 and a 1:1 bonus subject to approval at the AGM. We believe that with our surplus reserves and strong balance sheet, this move is appropriately timed to reward our shareholders as well as increase liquidity of our stock.

Our Consistent Approach to growth

Our past year's performance has further verified our strategy of consistently **diversifying** our revenue streams, asset classes, product segments and client type and base. The ability to shrink or expand infrastructure, capital expenditure, investments, growth strategies and manpower across different verticals allows us a flexibility that is core to our organization. This core serves your organization well during downturns while building exceptional responsiveness when growth is imminent.

Someone once said, 'Focus will make you rich, diversification will keep you rich'. In our early years of growth, we focused on building knowledge, experience, relationships and capability which we leveraged to adjacent business opportunities as they came along. We have today covered almost all of the capital markets space and it is now time for us to enter a **larger adjacent space**. With **Edelweiss Tokio Life Insurance Ltd, the Life Insurance joint venture with Tokio Marine**, your company will embark on the 4th phase of its growth curve. Our application process is now with the IRDA and a 30 men project team is in place with various senior hires in execution mode; we are likely to launch the business in early FY12.

Similarly, while we started retail broking around 2-3 years ago using a fairly differentiated platform, we moved to now build traction by adding a retail consumer base with the acquisition of **Anagram**. The synergy between our experience and capabilities with that of Anagram's reach was irresistible and therefore a natural fit. Another case in point is our successful **wholesale financing** business that allowed us to explore and enter **housing finance** and target a different consumer segment and collateral class. We have recently received approvals from the National Housing Bank (NHB).

In these cases, our approach is similar. Enter a business, build capability with organizational support, master product engineering, offer a differentiated experience and then look for adjacent spaces - be it assets or consumer segments - where all of this can be leveraged. This approach makes us far more grounded and confident of the businesses that we are investing in.

Lastly, we invest for **long term growth** and acknowledge that there is no consistent measure of how quickly the pedal will hit the floor. After a 3 year investment cycle, today **our retail broking business** has approximately 48,000 clients with 4000 to 5000 getting added each month. With this client base, our online broking vertical www.edelweiss.in is now amongst the top 5 online broking portals in India in terms of number of visitors/day over the last one month. On the other hand, **wholesale financing** witnessed a robust loan book in the very first year (FY09) of operations. Our **distressed assets** business has also been scaling up and we continue to see quite a bit of interest in **commodities - bullion and fixed income**.

Along with our newer forays, the **current businesses** continue to widen their reach while at the same time

consolidating institutional relationships. Our **Institutional Equities** business has increased its market share to 5% and continues to strengthen client relationships through clear focus on seamless execution, insightful and trendsetting research and innovative strategies. This year, our much awaited **India Investor Conference** was also graced by the iconic economist Dr. Nouriel Roubini, Chairman and Co-founder of Roubini Global Economics who presented his views on India's role in the global economy, to a large gathering of clients.

Our **research** team also unveiled the landmark thematic research report '**India 2020, Seeing Beyond**' and presented the first copy to the Honourable Finance Minister, Shri Pranab Mukherjee. Several other path breaking reports like **Edel Pulse**, that undertakes extensive primary grassroots research to uncover trends or **Edelweiss Lead Indicator Index** that uses projective techniques to ascertain growth indices each month, have received immense coverage and appreciation. I invite you to view these reports on www.edelcap.com

The **investment banking** business has also had a stellar year. With 33 transactions and many more in the pipeline, there is a clear revival in the Equity Capital Markets (mainly QIPs) and Debt Market transactions. By number of deals, Edelweiss is ranked 2nd in QIPs and 3rd in ECM transactions (QIPs, IPOs/FPOs and Rights Issues) by Prime Database for the FY10. We are understandably quite bullish in leveraging our diversified advisory services to address the buoyant market needs.

Our **IPOs syndication** business has also had a good year. We are now ranked 2nd in the HNI category and 4th in the retail category across all the IPOs through the year.

Our **alternative asset management** business has considerably widened its product band and scaled up to manage approximately INR 1,000 crores of AUMs/AUAs across various funds.

The **financing** business that had downscaled considerably during the year (to around Rs. 400 crores) is now back up with a robust loan book size of Rs. 1800 crores and a slew of new products.

As we grow, we invest. This year too, like the previous fiscal, we have made large investments in upgrading technology and automating processes in order to better manage risk, strengthen quality control programmes and simplify daily operational procedures. By doing so, we are able to control output measures in order to reach **executional excellence** in as many spheres as possible.

Our People - those that drive the new initiatives, head new businesses, mentor down the line, build the organization and bring ideas to execution - continue to inspire and lead.

A stable senior management team and an expanding Senior Leadership group are shouldering the responsibilities and growing the businesses. We are today a group comprising of around 40 different Lines/Sub-lines of Businesses, each headed by Edelites of talent, skill and caliber. Our Management Discussion and Analysis report in the following pages will provide you with a glimpse of our activities towards energizing, retaining and engaging our employees.

Transforming to grow

As you will have seen above, in my description of our various businesses and the avenues of growth, your company has been steadily and surely transforming itself and emerging as a very different company from a few years ago. We have consistently executed on our strategy of reducing volatility by exploring different asset classes and tapping varying consumer segments. Our business model has been founded on growth with profitability backed by synergistic diversification across businesses. Our hawk eye on controlling costs and ensuring balance sheet flexibility allows us to constantly invest in new businesses with an eye on future growth while scaling up the existing businesses. As you can see, your company will continue to seek organic and inorganic opportunities to meet growth aspirations.

Edelweiss transformation - 1996-2010

			Retail Broking and Dist. Broking, IPO Distribution
			Asset Management Alternatives
		Financing Sponsor and IPO	Financing + ESOP, LAS
		HNI Businesses Broking	HNI Businesses + Wealth Management
	Treasury Equities Arbitrage	Treasury + Special Situations	Treasury + Fixed Income, Comm.
	Institutional Equities Equity Derivatives	Institutional Equities + MFS and Insurance	Institutional Equities + International Long
Investment Banking PE Syndication	Investment Banking + MBA Advisory	Investment Banking + ECM	Investment Banking + Project Finance, DCM
1996 - 2000	2000 - 2005	2005 - 2007	2008 - 2010

All of these come with their fair share of challenges. From large investments into people, technology, operations, sales and marketing to competitive pressures, margin pressures and cost controls; all of these require expert handling and the ability to leverage balance sheets equitably while not losing sight of the end result, year after year. While we continue to integrate where it is complementary to businesses or employee fitments, we are fully cognizant of the fact that as we get diverse, we need find ways to get simpler.

Sometimes the answers are also simple.

India - a country with diverse needs and wants but full of underserved consumers when it comes to financial services and products, presents tremendous opportunities that

emphatically makes us **Future Positive**.

As our futuristic and path breaking report 'India 2020 – Seeing Beyond' has so implicitly shown, our growth - yours and ours - will come from ourselves. Our Edelweiss Research team spent 8 months, scanned 14 sectors, and studied trends in half a dozen countries, to conclude our view of India in the next 10 years. This report estimates the long-term growth potential of the Indian economy as well as the key themes that will accompany this growth. Savings, Consumption and Infrastructure will together contribute to making India the most sought after investment destination in the world.

Let me share some of the highlights of the report and you will see the significance of the findings, essentially the demographic, economic and financial services areas of information.

By 2020,

- India's **GDP** will be more than USD 4 trillion (a four-fold increase from the current USD 1.1 trillion). Interestingly, our savings in 2020 will be the size of our GDP today.
- Incremental Indian financial **savings** will grow to INR 172 trillion over this decade - this is ~4x the total financial savings over the past 40 years.
 - Annual household financial savings expected to grow from INR 6.4 trillion in FY09 to INR 31 trillion in FY20
 - India has the highest household savings rate in the world at 32% (2008)
- 20% higher **population** in the working age bracket, continued **urbanization** with migration adding more than 3 million migrants every year to the urban population, and improved **adult literacy rate** of ~78%
- **Dependency ratio** will reduce significantly as larger numbers of young Indians enter the workforce.

This will positively impact the financial services space

- **Broking sector** will grow 4.7x from revenues of INR 149 billion in 2009 to INR 697 billion
- **Banking sector** will grow 5.3x from revenues of INR 2006 billion in 2009 to INR 10,600 billion
- **Asset Management sector** will grow 5.7x to INR 41,300 billion
- **Life insurance sector** will grow 4.7x from revenues of INR 2315 billion in 2009 to INR 10,772 billion

The Environment

The fact remains that India has a vibrant domestic market contributing significantly to its growth momentum. Even if we were not to take into account the other strong growth driver- infrastructure development - India's astounding

demographics alone, i.e. you and I and our young families will all be contributing to the growth boom that most of us are likely to witness.

Charting the growth path of a country that is now impacting world GDP figures is not easy. **The Government** has a complex task of managing its own fiscal prudence, balancing global expectations, industry and sector pressures, populist initiatives and implementing progressive growth led policies. The seeming stability and determination displayed by our Government today indicates that they are seized of the available opportunities and the subsequent palpable difference that they can make for the citizens.

Various **regulatory bodies** are also coming into their own and are becoming increasingly empowered as clear cut policy objectives are being laid down. Judicial activism, independence and governance is visible and lauded by citizens and Corporate India, ensuing in self propagating and positive outcomes.

Corporate India is growing. The capital market - the great leveler - has consistently rewarded companies and sectors that have displayed high caliber of managers, strategies and performance. There is a demand for capital to fund growth plans that further augment activity in the financial sector. Manufacturing, services and industrial growth indices point to an 8.5% GDP growth this fiscal and with the apparent normal monsoon, even agricultural growth indices will probably perform better this year. All in all FY11 seems to be steadily but surely recouping healthily.

Our Annual report this year is titled Future Positive. It aims to capture the mood of the next decade for India and your company, Edelweiss.

The belief that my colleagues and I, at Edelweiss share is that we have to build today, for what we expect tomorrow - build it right and build it strong. Your support, encouragement and trust in the company lets us invest in this belief.

Thanking you,

Rashesh Shah
Chairman

Place: Mumbai
Date: June 24, 2010

EDELWEISS BUSINESSES

INVESTMENT BANKING

- A full range of services and transaction expertise, including private placements of equity, capital raising services in public markets, mezzanine and convertible debt, corporate debt syndication, mergers and acquisitions, infrastructure and real estate advisory services.
- Dedicated to provide corporations, entrepreneurs and investors the highest quality independent financial advice and transaction execution.
- Strong franchise with emerging and mid market companies, gaining traction with large corporates. Strong presence among both Public and Private Sectors.
- A track record of successfully closing more than 175 transactions to date over multiple advisory platforms.
- Ranked 2nd in QIPs and overall 3rd in ECM (QIPs, IPO/FPOs and Rights Issues) by number of deals for FY10 as per Prime Database.
- 2 MandA deals advised by us were adjudged as the Cross-Border Deal of the Year in the US\$ 200 million+ and US\$ 100 million+ categories respectively in MandA Atlas Awards 2009.

BROKERAGE SERVICES

Institutional Equities

- One of the leading brokerages houses in India and amongst the top derivatives desks in India. Wide client coverage – across investor types and geographies.
- One of the largest Institutional Research teams, known for sharp and cutting edge analysis, covering over 170 companies across 18 sectors. Covers fundamental, alternative and thematic research.
- Customised servicing, seamless execution and innovative research products building strong relationships with over 500 institutional investors, including FIIs and domestic institutional investors.

Wealth Advisory and Investment Services.

- Brokerage services to high net worth individuals with a strong emphasis on building long term relationships with clients.
- Primary focus on understanding each client's profile including risk appetite, growth expectation, current financial position and income requirements; to create comprehensive and tailored investment strategies, execute these strategies and control real time risk on them. Customised research and customised execution being the mantra.
- Broad range of offerings on asset allocation including products like Structured Products, Portfolio Management, Mutual Funds, Derivative Strategies, Direct Equity, Real Estate Funds and Funding Products.

Client Advisory Services

- Offers a unique online trading experience through an intuitive platform - www.edelweiss.in, across exchanges and market segments. It offers rich information on stocks, mutual funds, commodities and other asset classes.
- Services backed by research and strategies - customised to client's investment horizon and trading patterns.
- Comprehensive data tools and Innovative services to clients in terms of desktop applications and mobile websites to help select stocks and mutual funds and track their investments at all times.
- Over 48,000 registered users and among the fastest growing online domestic broking sites (as per Alexa rankings).
- Acquisition of Anagram Capital Limited (subject to regulatory approvals) adds significantly to the geographic reach by adding 137 offices across the country and also significantly strengthens the distribution arm of financial products.

Financial Products Distribution

- Offers nationwide coverage aided by a wide network of distributors in the field of distribution of retail third party financial products.
- Edelweiss is ranked 2nd in HNI category and 4th in Retail category by total amount mobilized in IPOs as per Prime Database.

ASSET MANAGEMENT

- Alternative Asset Management focusing on management/ advisory expertise for Private Equity Fund, Real Estate Fund, India-focused Multi-Strategy Fund and Special Opportunities Fund.
- Domestic Asset Management manages over 10 Mutual Fund schemes across debt, equity and liquid segments. It is focused on broad basing the product portfolio and building a track record.

FINANCING

- Providing relationship based customised funding solutions for client empowerment.
- Focus on capital markets led loan products: Promoter funding, Loan against shares, Loan against ESOPs, IPO financing, etc.
- Balance of expertise and experience helps in financing short- term and long-term facility, risk analysis, transfer and assessment, besides a broad spectrum of services providing path breaking solutions.
- Team of professionals ensures deeper understanding of clients' liquidity requirements.

THE EDELWEISS BUSINESS PRINCIPLES

We will be a Thinking Organization. We will constantly bring 'thought' to everything we do. Our clients' and our own success depends on our ability to use greater ideation and more imagination in our approach.

We will be Fair to our clients, our employees and all stake holders. We want our clients and our employees to be 'richer' for their relationship with us.

We will take care of our People seriously. Our policies - in spirit and in letter - will ensure transparency and equal opportunity for all. We will go beyond the normal goals of attracting, recruiting, retaining and rewarding fine talent: We will ensure that every individual in Edelweiss has an opportunity to achieve their fullest potential.

We will operate as a Partnership, internally and externally. Though individuals are very often brilliant, we believe teamwork and collaboration will always ensure a better and more balanced organization. We will also treat our clients as partners and show them the same respect and consideration that we would toward our internal team members.

We will focus on the Long Term. Though the world will change a lot in the coming years and our assumptions for the future may not hold up, we will reflect on the long-term

implications of our actions. Even when making short-term decisions we will be aware of the long-term implications.

We will focus on Growth for our clients, employees and shareholders.

Our Reputation and image is more important than any financial reward. Reputation is hard to build and even harder to rebuild. Reputation will be impacted by our ability to think for our clients, maintain confidentiality and by our adherence to our value system.

We will Obey and Comply with the rules of the land. We will maintain the highest standard of integrity and honesty. When we are unclear we will seek clarifications.

We will respect Risk. Our business is going to be a constant challenge of balancing risk and reward. Our ability to constantly keep one eye on risk will guide us through this fine balance.

Our Financial Capital is a critical resource for growth. We will endeavour to grow, protect and use our financial capital wisely.

COMPANY DETAILS

Board of Directors of Edelweiss Capital Limited

Rashesh Shah
Venkat Ramaswamy
Kunnasagaran Chinniah
Narendra Jhaveri
P. N. Venkatachalam
Navtej S. Nandra
Berjis Desai (appointed w.e.f. November 18, 2009)

Company Secretary

B. Renganathan

Statutory Auditors

BSR and Associates

Internal Auditors

M. P. Chitale and Co.

Bankers

Axis Bank Limited
Citibank N.A.
HDFC Bank Limited
HSBC Limited
ICICI Bank Limited
IDBI Limited
Standard Chartered Bank
State Bank of India

Registrars and Share Transfer Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup, Mumbai - 400 078.
Tel : 022-2596 3838 Fax: 022-2594 6969
Email : rnt.helpdesk@linkintime.co.in

Registered Office

14th Floor, Express Towers,
Nariman Point, Mumbai 400 021.
Tel: + 91 22 2286 4400
Fax: +91 22 4086 3508
www.edelcap.com

Locations of Edelweiss Capital Limited and its subsidiaries

Ahmedabad	Himatnagar	Jodhpur	New Delhi
Bangalore	Hyderabad	Kolkata	Pune
Chennai	Hubli	Ludhiana	Surat
Cochin	Indore	Mumbai	Dubai
Gurgaon	Jaipur	Nashik	Mauritius
			Singapore



A MOVEMENT TO EMPOWER.


EdelGive
Foundation
An Edelweiss Initiative

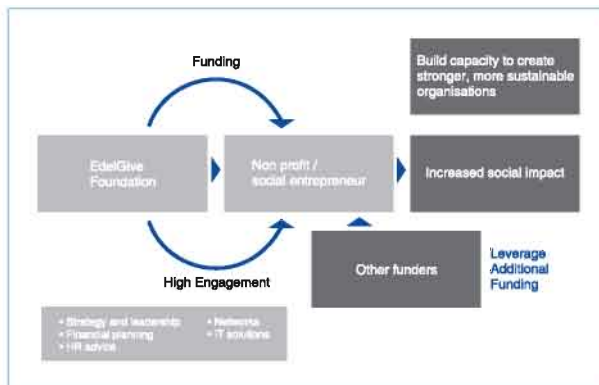
www.edelgive.org | edelgive@edelcap.com

ABOUT EDELGIVE FOUNDATION

PHILANTHROPIC ARM OF EDELWEISS CAPITAL LIMITED

- Creates educational and livelihood opportunities for under-privileged youth by bringing an investment banking and venture capital approach to the social sector.
- Combines grant making with hands-on capacity building support in planning, review and management for non-profit organisations and social entrepreneurs.

MODEL



VALUE ADDED INTERMEDIARY FOR SOCIAL ENTERPRISES

- Acts as a qualified bridge between philanthropists and non-profit organisations. Rigorous analysis of outcomes of philanthropic investments.
- Support incubation for high risk projects which have difficulty obtaining long-term resources. Nurtures innovative concepts implemented by non-profit organisations.
- A robust impact monitoring system to track programme milestones.
- Measures Quantitative Impact on quarterly basis by tracking Key Performance Indicators, per beneficiary costs, learning and growth indicators.

KEY DIFFERENTIATION

- Seeks to enrich and broaden the impact of entrepreneurial activities of non-profit organisations in India by leveraging Edelweiss's human, financial and intellectual capital.
- Employee Engagement: Encourages employees to volunteer, thereby, making a direct positive impact on the lives of those who are less privileged.

CAPACITY BUILDING FOCUS AREAS

- Strategy and Leadership: Developing dashboards to enable social enterprises plan better, in terms of financial projections and operations.

- Assessing and providing systems, processes and technology solutions.
- Building financial plans and counseling to build long-term sustainability for social enterprises.
- Second line leadership development, evaluation of HR strategies

SOME OF OUR VOLUNTEERING ENDEAVOURS

- Twenty Edelweiss employees have tutored night school students in higher secondary classes, in English, Mathematics and Science in association with Masoom, an initiative that works to improve the educational and livelihood outcomes of students who work during the day and study at night, one of our investees. **Significant Impact:** The 10th standard results have been excellent with an average of 71.5% pass out rate across all schools of Masoom. One of the students, who was trained for 50 classes by a senior Edelweiss employee, scored 132/150 marks in Math.
- An automated salary payroll created by our Business Solutions Group for our investee, Mumbai Mobile Creches, working to improve the education, health and safety of children on construction sites, to free them from their administrative burden and effectively streamline their payroll process.

EDELGIVE SOCIAL INNOVATION HONOURS 2010

- Launched Social Innovation Honours in the year 2009 to recognize, promote and support non-profit organisations that are innovating to empower women in India.
- Award categories this year: Health, Education, Livelihoods, Socio-Cultural Rights and Governance.
- Total prize money of Rs. 5 million awarded to winners and runners up.
- Selection and Evaluation Process:
 - 280 applications screened
 - Field visits conducted to organizations by TISS and IRMA
 - Finally shortlisted 15 who presented to an eminent 6 member jury
- Award ceremony graced by Chief Guest, Ms. Rajashree Birla and Honourable Member of Parliament, Supriya Sule was successfully held at ITC, Grand Central, Mumbai.

MAKING IT COUNT

- Number of NGOs invested in: 15
- A Financial Commitment to Investees: INR 4.42 crores.
- Number of lives directly impacted: More than 17,000
- Non-financial support provided by Edelweiss employees to investees in FY 10: 1,000 hours
- Number of employees involved: Over 100

DIRECTORS' REPORT

To The Members of Edelweiss Capital Limited,

The Directors have pleasure in presenting their Fifteenth Annual Report on the business and operations of the Company together with the audited statement of accounts for the year ended March 31, 2010:

Financial Highlights

Consolidated Financial Information of Edelweiss Capital Limited and its subsidiaries:

(Rs. in million)

	2009-10	2008-09
Total Income	9,777.99	9,004.96
Total Expenditure	6,449.95	5,714.57
Profit Before Tax	3,328.04	3,290.39
Provision for Tax	879.22	1,199.12
Profit After Tax	2,448.82	2,091.27
Less: Share of Minority Interest	157.22	226.63
Profit for the year After Minority Interest	2,291.60	1,864.44
Add: Surplus brought forward from previous year	5,284.41	3,955.62
Profit available for Appropriation	7,576.01	5,820.06
Less: Appropriations		
Interim Equity Dividend	150.09	-
Proposed Dividend	600.73	225.05
Transfer to Reserves	292.63	272.35
Dividend Distribution Tax	125.37	38.25
Surplus carried to the Balance Sheet	6,407.19	5,284.41
Earnings Per Equity Share (Face Value – Rs. 5/- each)		
Basic (Rs.)	30.56	24.88
Diluted (Rs.)	29.37	24.28

II Standalone Financial Information of Edelweiss Capital Limited:

(Rs. in million)

	2009-10	2008-09
Total Income	2,455.26	1,917.38
Total Expenditure	2,031.81	1,606.56
Profit before Tax	423.45	310.82
Provision for Tax	81.41	47.11
Profit after Tax	342.04	263.71
Add: Surplus brought forward from previous year	550.90	553.56
Profit available for Appropriation	892.94	817.27
Less: Appropriations		
Interim Equity Dividend	150.09	-
Proposed Dividend	600.73	225.05
Dividend Distribution Tax	65.16	12.22
Transfer to Reserves	34.20	29.10
Surplus carried to the Balance Sheet	42.76	550.90
Earnings Per Equity Share (Face Value – Rs. 5/- each)		
Basic (Rs.)	4.56	3.52
Diluted (Rs.)	4.38	3.43

Dividend

Your Directors have recommended a final dividend of Rs. 3/- per equity share (on the face value of Rs. 5/- each) for the financial year 2009-2010. Further, on the 15th Anniversary of your Company, your Directors have recommended a special dividend of Rs. 5/- per equity share (on the face value of Rs. 5/- each).

The payment of the aforesaid dividend is subject to the approval of the members to be obtained at the forthcoming Annual General Meeting and shall be paid to those members whose names appear in the register of members of the Company as on the book closure date.

During the year under review, your Directors had also declared and paid an interim dividend of Rs. 2/- per share (on the face value of Rs. 5/- each).

The register of members and the share transfer books will remain closed from July 1, 2010 to July 5, 2010, both days inclusive. The Annual General Meeting of the Company is scheduled to be held on July 30, 2010.

Share Capital

During the year under review, the Company had allotted 1,38,738 equity shares of Rs. 5/- each pursuant to exercise of options granted to the employees under the various ESOP Schemes framed by the Company.

Disclosures required as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are given as an annexure to this Report.

Information on the status of affairs of the Company

Information on the operational, financial performance, etc., of the Company is given in the Management Discussion and Analysis Report, which is annexed to this Report and has been prepared in accordance with Clause 49 of the Listing Agreement.

Finance

Your Company had raised an aggregate amount of Rs. 419.92 crores from time to time through the issue of long-term Secured Non-convertible Debentures and Rs. 1,930 crores through issue of Commercial Papers.

Your Company has a credit rating of "P1+" from CRISIL for an amount of Rs. 1,500 crores with respect to short-term borrowing. It also has a rating of "LAA-" from ICRA for an amount of Rs. 450 crores, "LAA-pn" for an amount of Rs. 80 crores and "LAA-pp" for an amount of Rs. 25 crores with respect to long-term debt programme with a "Stable" outlook.

Public Deposits

Your Company did not accept public deposits during the year under review.

Subsidiaries

During the year under review, following companies became the subsidiaries of your Company:

1. Edelweiss Tokio Life Insurance Company Limited
2. Edel Investments Limited
3. EW Special Opportunities Advisors LLC
4. EW India Special Assets Advisors LLC
5. ECap International Limited
6. Aster Commodities DMCC
7. EAAA LLC
8. Arum Investments Private Limited
9. Allium Finance Private Limited

Subsequent to the year end, Edelweiss Advisors Limited and Comfort Projects Private Limited became the subsidiaries of your Company.

The Company has been granted exemption by the Ministry of Corporate Affairs, from attaching with its accounts, the individual accounts of the subsidiary companies. However, the consolidated financial statements prepared in accordance with the Accounting Standard 21 - Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006, form part of this Annual Report and are reflected in the consolidated accounts of the Company.

Further, as directed by the Ministry of Corporate Affairs, the financial data of the subsidiaries have been furnished under "Summary of Financial Information of Subsidiary Companies", and forms part of this Annual Report.

The Annual Accounts of the subsidiaries shall be available for inspection by the members of the Company at the Registered Office of the Company and would also be made available to the members on request. A statement pursuant to Section 212 of the Companies Act, 1956, is set out as an annexure to this Annual Report.

Directors

In accordance with the requirements of the Companies Act, 1956, Mr. Venkat Ramaswamy and Mr. Kunnasagaran Chinniah, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Mr. Sanjay Santhanam resigned from the Board of Directors of the Company w.e.f. October 22, 2009. Mr. Ramanan Raghavendran and Mr. Sunil Wadhvani resigned from the Board of Directors of the Company w.e.f. April 19, 2010.

The Board wishes to place on record its appreciation for the valuable contribution made by Mr. Santhanam, Mr. Raghavendran and Mr. Wadhvani during their tenure as members of the Board.

Mr. Berjis Desai was appointed as an additional Director of the Company with effect from November 18, 2009. He holds office up to the ensuing Annual General Meeting.

The tenure of appointment of Mr. Rashesh Shah as the Managing Director and Mr. Venkat Ramaswamy as Whole-time Director expires on March 31, 2011. It is proposed to re-appoint them for a period of three years with effect from April 1, 2011.

Particulars of Employees

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the members of the Company excluding the aforesaid information.

Any member interested in obtaining a copy of this information under Section 217(2A) of the Companies Act, 1956, may write to the Company Secretary, at the Registered Office of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

The provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the Report of the Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption is not applicable to the Company.

Foreign exchange earnings and outgo (including dividend) during the year under review were Rs. 103.62 million (Previous year: Rs. 63.34 million) and Rs. 288.70 million (Previous year: Rs. 298.46 million) respectively.

Auditors

BSR and Associates, Chartered Accountants, who are the auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The members are requested to consider their re-appointment for the current financial year 2010-11 and authorise the Board of Directors to fix their remuneration. The retiring auditors have, under Section 224 (1B) of the Companies Act, 1956, furnished certificate of their eligibility for the re-appointment.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, the report on Corporate Governance together with the Auditor's Certificate on compliance in this regard forms part of this Annual Report.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

- (ii) we have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010, and of the profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.

Acknowledgement

The Board of Directors wishes to place on record their appreciation for the continued support and co-operation extended by Banks, Securities and Exchange Board of India, the Reserve Bank of India, the Stock Exchanges, government authorities and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 21, 2010

Rashesh Shah
Chairman and Managing Director

Annexure to the Directors' Report

(f) Disclosures as required under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 :

The Company has six employee stock option plans, the details of which and the details of options granted upto March 31, 2010 are as under:

Particulars	ESOP 2002		ESOP 2004 (Scheme F)	ESOP 2006 (Scheme G)	ESOP 2007			ESOP 2008				ESOP 2009	
	Scheme D	Scheme E			I	II	III	I	II	III	IV		
Approval	Approved by a special resolution passed by the Company at its EGM dated January 31, 2002 for the grant of 9.018 million options under ESOP 2002 under "Scheme D" and "Scheme E".	Approved by a special resolution passed by the Company at its EGM dated September 17, 2004 for the grant of 2.4 million options under ESOP 2004 under "Scheme F".	Approved by a special resolution passed by the Company at its EGM dated January 9, 2006 for the grant of 4.8 million options under ESOP 2006 under "Scheme G".	Approved by a special resolution passed by the Company at its EGM dated July 20, 2007 for the grant of 8.1 million options under ESOP 2007 under scheme I, II & III.	Approved by a special resolution passed by the Company at its EGM dated July 11, 2008 for the grant of 1.2 million options under ESOP 2008 under scheme I, II, III & IV	Approved by a special resolution passed by the Company by a postal ballot dated March 30, 2009 for the grant of 5 million options under the "New ESOP Scheme".							
Options granted *	5,371,800	3,085,800	2,777,100	1,888,200	653,750	1,164,500	2,174,900	560,000	560,000	Nil	560,000	Nil	2,637,500
Note 2													
The pricing formula													
Options vested	3,379,656	2,246,256	1,584,000	897,300	642,000	1,140,700	2,114,400	545,200	545,200	Nil	545,200	Nil	Nil
Options exercised	3,379,656	2,246,256	1,139,671	33,300	1800	3600	6000	Nil	Nil	Nil	Nil	Nil	Nil
Total number of shares arising out of exercise of options													
Options forfeited/lapsed/cancelled	3,379,656	2,246,256	1,139,221 [®]	33,300	1800	3600	6000	Nil	Nil	Nil	Nil	Nil	Nil
Variation of terms of options	During fiscal 2006, the Board approved extension of exercise of vested options by two years.	During fiscal 2006, the Board approved extension of exercise of vested options by two years.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	613,700
During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.	During fiscal 2007, the Board approved the acceleration of the vesting period for options vesting until March 31, 2009 to vest on March 21, 2007.
Money realized by exercise of options (Rs.)	3,169,880	23,398,500	33,745,884	2,636,361	2,387,466	4,774,932	6,977,520	Nil	Nil	Nil	Nil	Nil	Nil
Total number of options in force	3,000	Nil	677,717	1,761,300	348,950	649,600	1,592,200	354,800	354,800	Nil	354,800	Nil	Nil

* includes reissue of forfeited / lapsed / cancelled options.

® 450 ESOP are exercised as on March 31, 2010 but are allotted subsequently.

Notes: -

1. Person wise details of options granted during the fiscal 2010 to:

Particulars	Details of ESOP Scheme
(a) Directors and key managerial personnel	2009
Mr. Narendra Jhaveri	5000
Mr. P. N. Venkatachalam	5000
Mr. Sunil Wadhvani	5000
Mr. Ramanan Raghavendran	5000
Mr. Kunnasagaran Chinniah	5000
Mr. Sanjay Santhanam	5000
Mr. Deepak Mittal	100000
Mr. Himanshu Kaji	100000
Mr. Sarju Simaria	10000
Mr. B Renganathan	4000
(b) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year (includes ex-employees and group company employees)	None
(c) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None

2. Pricing Formula :

- a) ESOP 2002 (Scheme D)
Exercise price of options Rs. 5 to 79.17*
- b) ESOP 2002 (Scheme E)
Exercise price of options Rs. 10.42*
- c) ESOP 2004
Exercise price of options Rs. 10.42 to 166.67*
- d) ESOP 2006
Exercise price of options Rs. 79.17 to 166.67*

*Exercise price of grants has been computed after adjusting for splits, bonuses and consolidation since institution of the employee stock option plans.

e)

ESOP 2007 (I)

Period during which vested options are exercised	From the date of vesting to September 30, 2008	From October 1, 2008 to September 30, 2009	From October 1, 2009 to September 30, 2010	From October 1, 2010 to September 30, 2011
Exercise price payable for such vested options	In case shares are listed, 10% discount to Market Price or Rs. 1,167 whichever is higher; Otherwise Rs. 1,167	In case shares are listed, 25% discount to Market Price or Rs. 833 whichever is higher; Otherwise Rs. 833	Rs. 583	Rs. 217

ESOP 2007 (II)

Period during which vested options are exercised	From the date of vesting to June 30, 2008	From July 1, 2008 to June 30, 2009	From July 1, 2009 to June 30, 2010	From July 1, 2010 to June 30, 2011	From July 1, 2011 to June 30, 2012
Exercise price payable for such vested options	In case shares are listed, 10% discount to Market Price or Rs. 1,167 whichever is higher; Otherwise Rs. 1,167	In case shares are listed, 25% discount to Market Price or Rs. 833 whichever is higher; Otherwise Rs. 833	In case shares are listed, 50% discount to Market Price or Rs. 667 whichever is higher; Otherwise Rs. 667	Rs. 500	Rs. 333

ESOP 2007 (III)

Period during which vested options are exercised	From the date of vesting to December 31, 2007	From January 1, 2008 to December 31, 2008	From January 1, 2009 to December 31, 2009	From January 1, 2010 to December 31, 2010
Exercise price payable for such vested options	Rs. 1,167	In case shares are listed, 25% discount to Market Price or Rs. 833 whichever is higher; Otherwise Rs. 833	In case shares are listed, 50% discount to Market Price or Rs. 667 whichever is higher; Otherwise Rs. 667	Rs. 517

f)

ESOP 2008 (I)

Period during which vested options are exercised	From the vesting date to December 31, 2010	From January 1, 2011 to December 31, 2011
Exercise price payable for such vested options	Higher of price after 10% discount to Market Price as on the exercise date or Rs. 1,200	Price after 10% discount to the Reference price

ESOP 2008 (II)

Period during which vested options are exercised	From the vesting date to December 31, 2011	From January 1, 2012 to December 31, 2012
Exercise price payable for such vested options	Higher of price after 10% discount to Market Price as on the exercise date or Rs. 1,200	Price after 10% discount to the Reference price

ESOP 2008 (III)

Period during which vested options are exercised	From the vesting date to December 31, 2012	From January 1, 2013 to December 31, 2013
Exercise price payable for such vested options	Higher of price after 10% discount to Market Price as on the exercise date or Rs. 1,200	Price after 10% discount to the Reference price

ESOP 2008 (IV)

Period during which vested options are exercised	From the vesting date to December 31, 2013	From January 1, 2014 to December 31, 2014
Exercise price payable for such vested options	Higher of price after 10% discount to Market Price as on the exercise date or Rs. 1,200	Price after 10% discount to the Reference price

g)

ESOP 2009

The Exercise price of the Vested Option will be higher of the closing market price of the shares on the date of the Grant or Book Value of the shares as per the last audited balance sheet as on the date of the Grant

3. The following information has been computed after taking into account the effect in aggregate of the options granted under all the Plans described above:

Diluted EPS for Fiscal 2010	Rs. 4.38 per Equity Share
Impact on profits and EPS of the last three years	
Fiscal 2007	Profit would be lower by Rs. 11.17 million
Fiscal 2008	Profit would be lower by Rs. 16.00 million
Fiscal 2009	Profit would be lower by Rs. 38.31 million
Fiscal 2010	Profit would be lower by Rs.116.10 million

* EPS has been calculated using restated net profit for the year ended March 31, 2006 divided by the total number of Equity Shares outstanding as of March 31, 2006 and options outstanding as of March 31, 2007.

4. Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock options) and the employee compensation (calculated on the basis of fair value of options)

Period	Impact on Profit (Rs. In millions)
2005	(1.15)
2006	30.85
2007	25.50
2008	16.00
2009	38.31
2010	116.10

5. Impact on the profits and EPS if the Issuer had followed the accounting policies specified in Clause 13 of the ESOP Guidelines.

Period	Impact on Profit (Rs. In millions)	Impact on Basic EPS	Impact on dilutive EPS
2005	1.15	0.04	0.04
2006	(30.85)	(0.95)	(0.83)
2007	(25.50)	(0.62)	(0.58)
2008	(16.00)	(0.25)	(0.24)
2009	(38.32)	(0.52)	(0.50)
2010	(116.10)	(3.01)	(2.89)

Risk-free interest rate	6.50% - 7.75%	Expected volatility	16.29% - 46.69%
Expected life	3.19 – 9 years	Expected dividend yield	0.4% - 1.5%

The following statement summarises the information about stock options outstanding as at March 31, 2010:

Plan	ESOP 2002 Scheme D	ESOP 2004 Scheme F	ESOP 2006 Scheme G	ESOP 2007 Scheme I	ESOP 2007 Scheme II	ESOP 2007 Scheme III	ESOP 2008 Scheme I	ESOP 2008 Scheme III	ESOP 2009
- Range of exercise price	Rs. 5.00 to Rs. 79.17	Rs. 10.42 to Rs. 166.67	Rs. 79.17 to Rs. 166.67	Pricing formula	Pricing formula	Pricing formula	Pricing formula	Pricing formula	Rs 394.40 to 502.60
- Number of shares arising out of options	3,000	677,717	1,761,300	348,950	649,600	1,592,200	354,800	354,800	2,023,800
- Weighted average life of Outstanding options (in years)	1.50	3.83	4.77	1.50	2.25	0.75	1.75	3.75	6.19
Weighted average exercise prices of stock options									
- outstanding at the beginning of the year	42.08	83.07	90.87	217.00	333.00	517.00	463.03	348.15	N.A.
- granted during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	399.97
- forfeited/cancelled during the year	N.A.	34.18	N.A.	217.00	333.00	517.00	463.03	348.15	395.28
- exercised during the year	N.A.	37.14	79.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
- outstanding at the end of the year	42.08	17.56	91.09	217.00	333.00	517.00	463.03	348.15	401.39
- exercisable at the end of the year	42.08	81.02	79.17	217.00	333.00	517.00	463.03	348.15	N.A.

The weighted average market share price for stock options exercised during the year is Rs. 433.29 (Previous year: Rs. Nil).

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 21, 2010

Rashesh Shah
Chairman & Managing Director

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC ENVIRONMENT OVERVIEW

Economy: Review and Outlook

The Indian economy, which had managed to emerge out of the global turmoil in the year 2008-09 relatively unscathed, witnessed a quick rebound in the year 2009-10. The global growth momentum also saw a rise following the unprecedented boost of liquidity by Federal Governments across countries, especially in developed economies. Against a decline of -0.6% during the previous year, IMF projects world GDP to expand by -4.2% during CY10. This momentum saw a wide divergence - a moderate revival for the developed world, but a notch faster for the emerging economies. As per recent World Bank estimates, combined GDP in developing countries will grow -6.4% in CY10, after a modest -2.4% rise in CY09.

While recovery in real economy remained on track, the returns

from stock markets, especially in Emerging Markets were much more. The rally in Emerging Markets was led by the revival in risk appetite and inflows from developed countries, especially the US, aided by a dollar funded carry trade. The synchronised measures introduced by the policy-makers to restore stability and confidence in the markets were clearly achieving what they were intended to. However, the ongoing spectre of sovereign default risks in Greece and parts of Southern Europe have recently started showing signs of cynicism. Whilst the Euro zone governments have come out with a massive bail-out programme, the emerging situation requires careful monitoring as it has the potential to cause a double dip recession in some economies.

The growth story for India has always looked robust compared to its peers, given the long-term dynamics in its favour. A lower export dependence and high domestic demand saw India emerge relatively unharmed from the global turbulence. India, along with China, was the only major economy to have registered a 5%+ growth in every quarter even during recession. As demand improved, India's economy saw a sharp surge in factory output,



undeterred by a poor monsoon. Growth estimates began getting revised upwards, mid of CY09 onwards. Stock markets started riding on a wave of exuberance on prospects of better growth and easy liquidity. Moreover, the mid-year elections turned the tide for the Indian markets. A stellar rally set-in as the newly elected government gave a boost to growth expectations. The first two quarters of FY10 were good, however, the last two were challenging and saw a slowdown in markets.

During the phase of recovery, the challenge before India was striking the right balance between a host of macro issues: containing fiscal deficit, smooth roll back of stimulus programmes without affecting the growth momentum, yet maintaining adequate liquidity for enabling credit. All this, without growth leading to high inflation. Macro-policies in India maneuvered the situation with precision. The RBI was quick and proactive in tackling inflation and inflation expectations. RBI increased the benchmark rates - one of the first major central banks to do so - but, only at a gradual and calibrated pace so as to ensure that the process of growth recovery is not derailed either. Union Budgets (in July 2009 and more so in February 2010) also kept boosting growth expectations as government policies succeeded in balancing the trade-off between stimulating growth and reducing deficits.

Capital Markets

The Indian capital markets have performed better than most others during this financial year. But even as we buried the fears of a global slowdown, the markets went through some testing times during the second half. We see the year ahead of us as one of consolidation; we are likely to witness a lot of activity in all the verticals of the capital markets. At present, trading in Indian bourses is typically concentrated around equities and commodities. The penetration of asset classes like bonds and currencies remains low. However, as Indian investors become more sophisticated, they are bound to start branching out into various asset classes and this will boost the markets.

Also, markets will further develop with greater efficiency owing to the forward-looking policies of the regulators and the government. The projected growth of the Indian economy with the resultant growth in the capital markets, compels us to identify the enabling factors and to work towards putting them in place, at the earliest.

Emerging Markets

Most Emerging Markets around the world hit the trough in March 2009. Since then, the recovery has been spectacular and has in fact, thrown up the question of whether the stock markets have moved ahead of fundamentals. Emerging Markets outperformed the developed-world markets in FY10 with India, Brazil and Russia being among the top outperformers. Risk

appetite was back in the markets as were the capital inflows. After negligible equity raising in the previous year, FY10 saw strong revival of equity capital market activity, especially in Qualified Institutional Placements. FIIs pumped in about USD 23 billion (net inflows) into the stock markets in FY10 though lower inflows were seen in the last two quarters. The gains by indices were also stunted towards the latter half of the year. While the budget was well-accepted, Indian markets underperformed in comparison with global markets in Q4FY10 on account of inflation fears, stimulus rollback and interest rate hikes.

The Benchmark BSE Sensex, which had dipped to 8,100 in March 2009, saw a steep recovery to close at 17527 as on March 31, 2010 – an increase of ~80% in FY10 and an increase of ~115% from its trough. As a result, valuations that are beginning to emerge as a key concern in India, coupled with the ongoing developments in the Euro zone, have the potential to cause a correction.

Thus, while the long-term India growth story remains intact, a sense of caution is in order here because we perceive some short-term challenges for the next few months. We see market size growing slowly (as capital markets are going through a wave of changes and needs to consolidate after the heady growth years of 2003-2007), with intense competition and increase in costs on all fronts. In addition, turbulence in sovereign credit markets, especially in some of the southern European countries, could impact investor risk appetite and reverse the flows from stock markets. While contagion risks remain at elevated levels, we believe, concerted action by the European Monetary Authority (EMF), International Monetary Fund (IMF) and others will contain the situation and that the stock markets will not be impacted too adversely.

Debt Markets

The corporate debt markets which witnessed a lackluster FY09 following the global credit crisis and liquidity crunch, failed to improve the levels of activity. Primarily, this happened because most corporate houses preferred to follow the equity route for their investment plans. Traditionally, the debt penetration in India has been low compared to the developed countries. In addition, the debt markets in India are characterised by simple, plain vanilla loans. The corporates do not seem to view the debt markets as a credible alternative to equity capital markets, yet. Moreover, the Indian market is crowded by Government bonds, which find buyers in many Commercial Banks in view of the high reserve requirements in the country. The corporate debt markets, therefore, continue to be shallow in spite of having great potential.

However, the advent of Interest Rates Futures and the likely introduction of corporate bonds repoability and credit default

swaps coupled with other reforms is expected to turn the debt markets around. This would help in making bonds a cheaper and more efficient alternative for raising resources compared to the traditional commercial loans from banks. We are hopeful that the government and the regulators will bring about the necessary reforms in order to make the debt market a vibrant one.

EDELWEISS OVERVIEW

A Diversified Financial Services Company

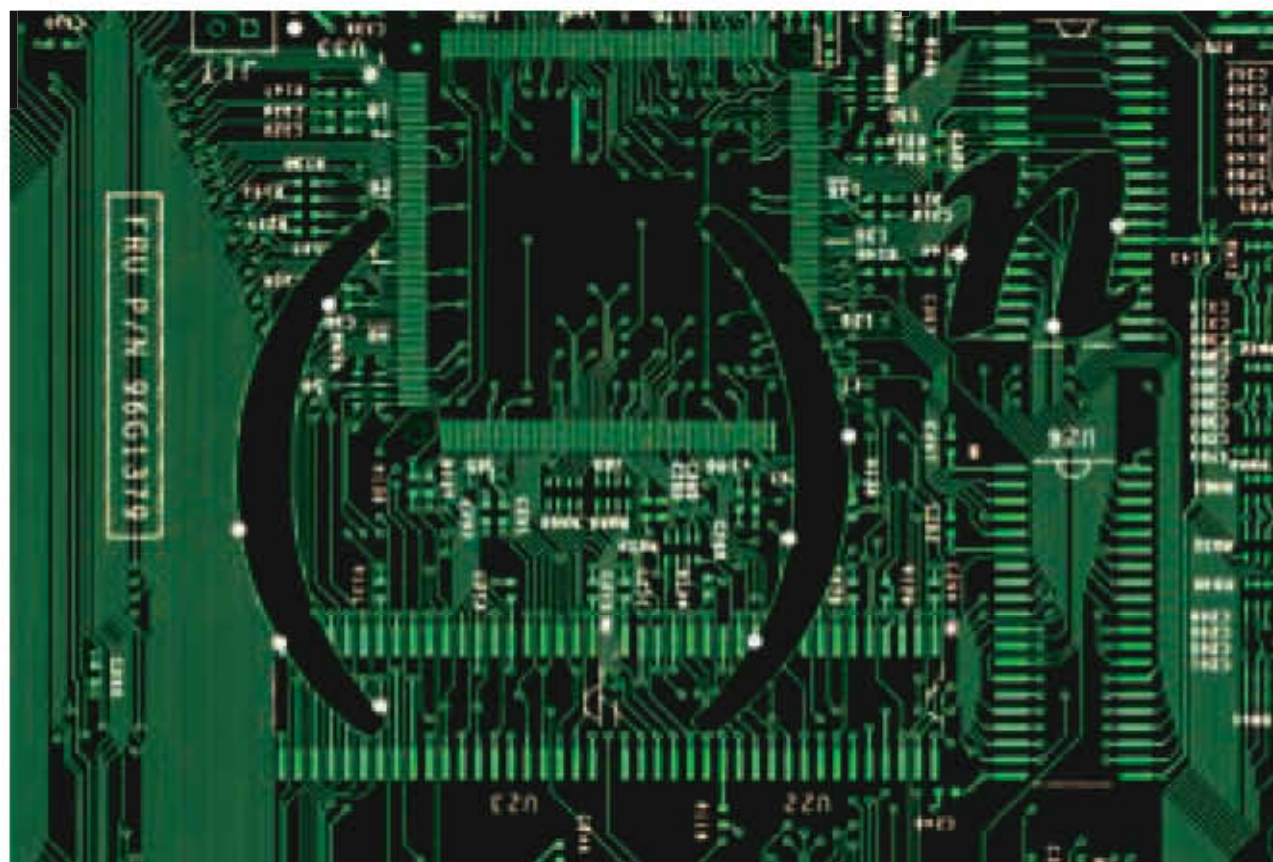
Edelweiss Capital Limited, incorporated in 1995, is one of India's leading financial services company. The Edelweiss Group consisting of 37 subsidiaries and 6 associate companies conducts its fully diversified operations across 83 offices in 35 cities as on March 31, 2010.

Edelweiss' businesses are organised around two broad lines - Agency and Capital. The agency businesses include investment banking, brokerage services - institutional and retail, asset management, wealth advisory and investment services and commodities. The capital businesses include financing and treasury operations.

Long Term Track Record of Growth and Profitability

Edelweiss has delivered strong operating and financial performance since FY04, reaching its best ever in FY08. However, the unprecedented global developments leading to the market volatility and lower activity resulted in average performance for FY09. Subsequently, the signs of recovery and growth helped us seek the right opportunities and 2009-10 proved to be an eventful year. We diversified into new businesses and asset classes namely, Commodities, Bullion, Fixed Income and Distressed Assets. We also ventured into new consumer segments – broking initiative for the retail segment, a joint venture for life insurance and an Acquisition in the retail broking space thereby clearly registering both topline and bottomline growth.

We have been successful in scaling up the balance sheet and in maintaining adequate margins on revenues. This repositioning by way of rightly seeking growth opportunities, has led to a rise in our revenues by 8.58% in FY10 over FY09 and Profit after Tax and Minority Interest by 22.91% over the same period. However, over the last 11 years, our revenues have grown at a CAGR of 80%, while our net profits have increased at a CAGR of 75% as of the end of FY10. Even on a shorter time frame of 3 years, which includes the period of de-growth in FY09, our revenues and



profits have grown at an annual compounded rate of 38% and 28% respectively from FY07 till this year. This demonstrates that our inherent cost flexibility enables us to withstand downturn and yet be able to convert growth opportunities into business whenever they re-emerge.

Net worth of Edelweiss continued to grow and stood at Rs. 22.57 billion excluding minority interest as on March 31, 2010.

Consolidated Financial Highlights for FY10

- **Revenues of Rs. 9,778 million**
(Rs. 9,005 million for FY09)
- **Profit after Tax of Rs. 2,292 million**
(Rs. 1,864 million for FY09)
- **Diluted EPS of Rs. 29.37**
(Rs. 24.28 in FY09)

Our Profit before Tax margin for the year has been at 34.04% and the Profit after Tax margin is at 23.44%.

The Board of Directors has recommended final dividend of Rs. 3 per equity share (on a face value of Rs. 5) for FY10. In addition, as the company is completing its fifteenth year, the Board of Directors has also proposed a special dividend of Rs. 5 per equity share (on a face value of Rs. 5), subject to the approval at the ensuing Annual General Meeting.

Earlier during the year, the company had declared and paid interim dividend of Rs. 2 per equity share (on a face value of Rs. 5).

Business Income Highlights

Agency: Fee and Commission Revenues of Rs. 3,504 million (Rs. 2,441 million for FY09). This includes Broking Revenues Rs. 2,079 million (Rs. 1,648 million for FY09), Investment Banking Fees Rs. 685 million (Rs. 195 million for FY09), and Advisory and Other Fees Rs. 740 million (Rs. 598 million for FY09)

Capital: Interest Revenues of Rs. 3,389 million (Rs. 3,315 million for FY09). Revenues from Treasury Operations of Rs. 2,455 million (Rs. 2,512 million for FY09).

AGENCY BUSINESSES

INVESTMENT BANKING

Our Investment Banking business includes Equity Capital Markets (ECM) business and Advisory Services. While ECM provides a broad range of services, namely, IPO transaction execution, FPOs, QIPs and Rights Issues; Advisory services offer mergers and acquisitions advisory, capital raising

advisory, real estate and infrastructure advisory and transaction execution relating to structured finance.

Equity Capital Markets (ECM)

With the markets staging resurgence during the year, there is strong investor interest and the Indian corporates are feeling confident to bring back their capital-raising plans on track. Primary Equity Capital Market activity was, therefore, strong during the year. The total amount mobilised in IPOs and FPOs during the year was Rs. 469 billion across 44 deals compared to Rs. 20 billion from 21 deals in FY09. Another notable feature this year was that the QIPs exceeded the IPOs by number of deals, especially in the second half. The amount of capital raised through QIPs during the year was Rs. 440 billion from 67 deals compared to Rs. 2 billion from 2 deals in FY09.

Advisory Services

Mergers & Acquisitions Advisory

Our Mergers and Acquisitions (M&A) team provides strategic and financial advice to our clients. This aids them in achieving their objectives through mergers, acquisitions, takeovers, tender offers, divestments, spin-offs, restructuring, joint ventures and strategic alliances and de-mergers. Our services encompass strategy formulation, identification of buyers or targets, valuation, negotiations and bidding, capital structuring, transaction structuring and execution.

Capital Raising Advisory

Our Private Equity Advisory group arranges capital from private equity funds for companies across sectors. The Structured Finance team arranges a wide range of innovative structured solutions, including acquisition financing and sponsor financing. FY10 continued to see subdued activity in private equity placements due to lack of interest by FIIs. During the year, 324 transactions were closed with an amount of Rs. 255 billion compared to the 395 deals amounting to Rs. 340 billion in the previous year. However, given our strong background in private equity placements, we were able to close a transaction for USD 200 million for Coffee Day Resorts which is our largest PE placement so far.

We closed a record high of 33 transactions in ECM, Advisory and Debt Markets during the year, compared to 9 deals in FY09 and 31 deals in FY08. Some of the marquee transactions this year include:

- QIPs of Orbit Corporation, PSL Limited, Parsvsnath Developers, Allied Digital, DCB, Adhunik Metals, Bajaj Electricals, Usha Martin and Karnataka Bank

- QIP of NCDs along with Warrants for Electrosteel Castings
- IPO of Man Infraconstruction, United Bank of India
- FPO for NMDC Ltd. for Rs. 99,304 million which as per Prime Database is the largest public market FPO for a public sector company and the third largest public market offering in India
- Private Equity placement of USD 200 million in Coffee Day Resorts, and in Karaikal Port
- Sale of XCEL Telecom by Q Investments to American Tower Corporation for approximately USD 150 million. This transaction marks the first strategic acquisition by a foreign player in the Indian telecom tower infrastructure market
- Syndicated Term Loan for Boruka Power and Project Finance Loan Syndication for Jal Power Corporation, and
- On the Debt Syndication side we were the Joint Arranger for Bond issues of SAIL, APSFC, YES Bank, REC, PFC, Power Grid Corporation and State Bank of India

**Marquee Transaction Tombstones are listed on page 48 of this report.*

Edelweiss is ranked 2nd in QIPs and overall 3rd in ECM (QIPs, IPO/FPOs and Rights Issues) by number of deals for FY10 as per Prime Database. (Prime Database is India's first and still the only database dedicated to the primary capital market.)

Two of the M&A deals advised by us earlier, the acquisition of People Support by Aegis and acquisition of Xcel Telecom by ATC, were adjudged as the Cross-Border Deal of the Year in the USD 200 million+ and USD 100 million+ categories respectively at the M&A Atlas Awards announced during the year.

Our client segments now span from Private to Public Sector and from Mid caps to Large caps across industries and we offer a broad spectrum of products from ECM to Advisory to DCM to them.

Corporate Debt Syndication

After a lackluster FY09, where credit crunch had led to a subdued business, debt market activity continued to remain flat as the corporates preferred to add equity capital to meet their investment needs. In FY10 about 2,560 Bonds/NCDs deals were closed for a total amount of Rs. 2,912 billion compared to about 3,195 deals amounting to Rs. 3,255 billion in FY09. However, short-term borrowing by way of Commercial Papers (CP) picked up significantly with the easing of liquidity situation in FY10 resulting in 1,355 CP deals for an amount of Rs. 929 billion compared to 952 deals amounting to Rs. 458 billion raised in the previous year. The increase in FI investment limits in corporate bonds and government securities announced during the year would help deepen the market. We are hopeful that the regulators would continue with structural reforms in this segment to make bonds an efficient way of raising capital.

Our Debt Syndication Desk, now operational for about two years, has established itself as a leading player in the debt markets. We were associated as arrangers for about 363 transactions which raised approximately 11% of the total market volumes in FY10. During the year, we were mandated to handle large value Bonds issues of Public Sector giants like State Bank of India, Power Grid Corp., Rural Electrification Corp., Power Finance Corp., Andhra Pradesh SFC and Steel Authority of India. We continue to provide value added services to our clients along with extensive research on debt markets to support our primary offering of origination and broking.

Institutional Clients Group (ICG)

The Institutional Clients Group (ICG), which was set up less than a year ago to focus on strengthening relationships with financial sponsors, corporates and business groups, has already been successful in striking valuable relationships with the target group. Some of the large-value equity capital market deals that we handled during the year such as NMDC, United Bank, etc. are testimony to the effectiveness of this group. ICG is an important piece of our broader strategy to reach out to a wider range of clients with products and services across asset classes.

BROKERAGE SERVICES

Our Brokerage services include equity and debt market broking for Institutional and Individual clients supported by a strong research platform.

The broking industry had recorded its highest quarterly average daily traded volumes of approximately Rs. 1,020 billion in the third quarter of FY08. However, it started witnessing an immediate decline in its volumes due to three main reasons - apprehension about high inflation, slowdown in industrial production in the country and overall weakness in global sentiments. This in turn, happened in the wake of the US credit crisis. This decline in volumes continued for almost five quarters with the lowest volumes falling close to half, at Rs. 550 billion per day in the last quarter of FY09.

The volumes started improving since the beginning of FY10 due to the unexpected global rebound, and the Indian election results which spelt stability. The average daily market volumes in the current year were about Rs. 950 billion compared to Rs. 615 billion in FY09 indicating an apparent growth of nearly 55%. However, this growth was deceptive and happened due to the simultaneous structural shift in the composition of market transactions with the Options volumes increasing much faster compared to Cash and Futures. While the Cash volumes at NSE continue to be around 20% of the total volumes in the last two years, the Options volumes have grown from 29% in FY09 to about 39% of the total volumes in FY10 with a corresponding



fall in Futures volumes. Options transactions being low yielding happen to be more proprietary in nature and tend to put pressure on the broking income and the existing yields. In other words, while the average daily volumes appear to have grown about 55% over FY09, the same has not resulted in a corresponding increase in the broking income. Volumes also remained flat during last two quarters of the year.

Institutional Equities

Our Institutional Equities business is a well established and mature business now comprising institutional equity sales and research. This business is operated by our wholly owned subsidiary, Edelweiss Securities Limited. We provide equity and equity-derivatives sales and trading services to a large and diversified base of institutional investors, including FIIs and domestic institutional investors. During the year, we have made significant progress by acquiring some of the large FIIs as our active clients. In spite of the segment being dominated by foreign banks and broking houses owing to their inherent advantage of having a large global clientele, we have successfully scaled up volumes from our existing clients. We believe, we have now emerged as the largest Indian Institutional Broking House in the country with a market share of about 5%.

Equity Sales

Our institutional sales group provides equity and equity-derivatives sales services to institutional investors besides supporting our equity capital markets business. We facilitate block trades for our institutional clients who are spread across diverse investor types and geographies. We also attach highest importance to having a robust technology platform and strong execution capabilities backed by products from our research department.

Investor Conferences

Over the years, the Institutional Investor Conferences that we have held across the world have gained critical mass with increasing number of Indian corporates and investors participating. In FY10, we successfully hosted Indian and International conferences (New York, London and APAC regions of Singapore and Hong Kong). Our flagship event, "India Conference 2010 – Opportunities Unlimited" was held in March 2010 and witnessed excellent response with participation from around 70 Indian corporate houses. More than 135 institutional investors participated in over 2,200 interactions through groups and one-on-one meetings. While the company-investor interactions were a huge success, the presence and involvement of the world renowned economist,



Dr. Nouriel Roubini, was an exciting highlight and attraction during the Edelweiss India Conference 2010. Dr. Nouriel Roubini, Chairman and Co-founder, Roubini Global Economics not only gave his insights about the global economy but also threw light on India's role in the global framework.

Equities Research

Since the inception of our Institutional Equities business, we at Edelweiss, have always believed that the only thing that distinguishes one broking house from another is its research composition. Given that the challenges of technology and infrastructure can be easily overcome by the competitors too, we believe that research alone can give us the edge. Thus, we have constantly invested in building human capital in this business. The quality and depth of our research has helped our institutional equities business grow stronger. Edelweiss enjoys a strong positioning in Thematic Research by constantly identifying large structural themes across sectors. We are also a Thought Leader in Alternative Research with over 15 regular products giving incisive insights to our clients. Our online research portal, www.edelresearch.com launched in FY09, has already gained huge popularity amongst users. It provides immediate access to our research base, easy analysis, sorting of information and archiving.

Supplementing the bouquet of our research products, our fundamental research now covers nearly 170 stocks (125 companies by end of FY09), which represent approximately 70% of the market capitalisation of all companies listed on the BSE as on March 31, 2010.

During the year, Edelweiss partnered with ET Now and Economic Times to launch a first of its kind index in the country. Named the Edelweiss ET Now Lead Indicator Index, it reflects the movement of different macro-economic variables and helps in gauging the future direction of the economy.

"India 2020, Seeing Beyond" Research Report

Edelweiss unveiled its landmark Research Report "**India 2020, Seeing Beyond**" recently and presented the first copy of the report to the Hon. Finance Minister Shri Pranab Mukherjee in March 2010.

"India 2020" is our effort to estimate the long-term potential of the Indian economy and to identify the key beneficiary sectors which have the potential to go beyond the nominal growth in GDP. We hope the report will serve as a 10-year roadmap for investors, who can look at these super sectors as long-term investment opportunities.

The report projects India's GDP to move to the high 7-9%

growth rates. This growth is seen to be structurally driven by economic reforms, private entrepreneurship and linkages to global economic boom. The factors that make India's medium to long-term growth secure are its fundamentals like a predominantly young population with a median age of 26 years, and growing middle class. The rising income levels with growing household savings and domestic-consumption-led economy also add to the same.

Retail Broking

Having established ourselves as a significant provider of services to the wholesale segment, we have now launched our new growth initiative targeting the retail investors. The retail broking offering is powered online through www.edelweiss.in and a call-and-trade facility. The high quality execution platform is differentiated from competition with a strong product offering that delivers services based on client profile besides offering one of the widest research recommendations for individual clients. We have already built a client base of about 48,000 and client acquisition is progressing at a brisk pace.

Acquisition of Anagram Capital Limited

In addition to organically building our retail broking, we have during this year decided to acquire Anagram Capital for Rs. 164 crores in an all cash transaction. The company has one of the widest geographical reach among retail broking firms with a nation-wide network of more than 137 branches and over 1,300 sub-brokers. The company services more than 180,000 clients yielding estimated total revenues of around Rs. 100 crores with an average daily equity trading volume of approximately Rs. 800 crores for 9MFY10.

Edelweiss plans to operate Anagram as a 100% subsidiary with clear focus on continuity. We plan to strengthen and build on the current business and people with investments in research, products, training and technology. This acquisition is in synch with Edelweiss' plan to expand the retail broking business. We are already one of the leading institutional broking houses in the country and the acquisition of Anagram with its reach and large, high quality and diversified client base will give impetus to Edelweiss' retail broking and distribution businesses. The minimal overlap between the broking operations of both the companies makes it an attractive acquisition for Edelweiss. We plan to bring together Anagram's strong platform with Edelweiss' unique research, technology and breadth of products to offer enormous value to the clients.

Acquisition of Anagram Capital will be completed in FY11 upon receipt of regulatory approval.

HNI Businesses

Our HNI businesses offer wealth advisory and investment services to HNI clients. India currently has an existing base of nearly 0.5 million individuals in HNI category which is expected to grow at ~15 to 18% per annum. Our approach is to provide advisory-based services with a strong emphasis on research and to offer individual clients value-added services and asset allocation strategies. This is backed by high quality execution and reporting. We are investing significantly in human capital to build this business.

Financial Products Distribution

Retail Third Party Financial Products Distribution business, which was started about three years ago, has gained momentum during the year especially in the field of IPO distribution. Introduction of ASBA as a payment mode for retail, IPO grading system and increasing retail allocation in public offerings are some of the measures introduced by the regulators which would encourage retail participation in the IPOs. We have a wide network of distributors across the country to help us in this initiative. We also plan to provide a unique web-offering to provide access to our channel partners. We continue to build this business as a part of our efforts to expand our retail footprint.

For the year FY10, Edelweiss is ranked 2nd in HNI category and 4th in Retail category by total amount mobilized in IPOs as per Prime Database.

The Retail Syndication business is overall ranked 4th as a broker for FY10 with a market share of about 7.2% compared to 8th rank in FY09 with 5.3% market share. The NHPC IPO provided tremendous momentum for the Retail Syndication business by garnering about 64,000 applications making it one of the largest IPOs from the distribution angle.

ASSET MANAGEMENT

Our Asset Management business includes Alternative Asset Management business and Domestic Asset Management (AMC).

FY09 witnessed asset management companies all around the world suffer erosion in their AUMs due to a steep fall in their NAVs and massive redemptions from investors brought about by the global financial crisis. Indian asset management companies were no exception with liquid funds and FMPs coming under severe liquidity pressures. The situation was aggravated as Indian mutual fund industry AUMs are highly skewed towards non-equity funds.

With the rebound in the markets, the Indian mutual fund industry saw its average AUMs rising to Rs. 7,475 billion as of March 31, 2010 after falling to Rs. 4,940 billion as on March 31, 2009. The regulatory activism in the interest of investor protection by way of abolition of Entry Loads in mutual fund schemes has set the entire industry thinking about the strategy it needs to adopt to grow its AUMs. The recent move to migrate mutual fund trading to Exchanges is a crucial reform and would help in growing the popularity of mutual funds in the long run. Given the low penetration of mutual funds in India at present and the fact that equity schemes account for just about 30% or so of the total AUMs, the mutual fund industry has the potential to grow in the long run.

Domestic Asset Management

Edelweiss launched its initial offering of Liquid Schemes in September 2008, but this was followed shortly by the global financial crisis. We have, thereafter, launched a few more schemes and at the end of this year we have 4 equity and 6 debt/liquid schemes in the market with a year-end AUM of Rs. 158 crores. We are one of the first few fund houses who agreed to participate on the mutual fund trading platform on BSE and NSE. The domestic asset management company is an integral part of our overall retail strategy and the current focus is on building a bouquet of products and investment track record.

Alternative Asset Management

Our Alternative Asset Management business focuses largely on offshore institutional investors. Our current product portfolio includes a Multi-Strategy India Focused Arbitrage fund, a Real Estate fund (domestic fund) and the Edelweiss Special Opportunities fund which was launched in FY10 with an initial close of USD 105 million. During the year, the effect of the global trend of large redemptions by investors was continued to be felt in this business and the AUMs/AUAs of this business now stand at about USD 208 million equivalent as on March 31, 2010. We view our Alternative Asset Management business as a future growth business and are in the process of launching a few more products.

During the year, Edelweiss Asset Reconstruction Company Limited, an associate of the Company, received the certificate of registration from the Reserve Bank of India to commence the business of securitization or asset reconstruction. This would lead to long-term investment opportunities for the Group.

CAPITAL BUSINESSES

Our capital business line comprises our financing business and treasury operations.

Financing

Our Financing business offers loan products against liquid collateral such as Sponsor Funding, Loan against Shares, Loan against ESOPs and IPO Financing. The sponsors of mid-to-large corporates constitute key clientele.

During FY09, volatile market conditions had made us shift our attention towards collateral management and the book was scaled down to Rs. 6.30 billion at the end of FY09. This was further scaled down to Rs. 4.50 billion at the end of the first quarter of FY10 as the concerns about risk management remained at elevated levels. However, with stability returning to the markets, we have brought back the focus on expanding this book and the outstanding loans have reached a level of Rs. 18.37 billion as on March 31, 2010. The average collateral cover on our financing book was 3.1 times as at March 31, 2010. The average yield on our financing book for the year is about 15.7% p.a. While expanding the book during FY10, we continue to impose rigorous risk management standards so that the quality of the loans is not compromised.

A well capitalised NBFC is crucial to our long-term strategy of enlarging our footprint in capital based businesses. Going forward, we expect this business to remain poised to participate in the financing opportunities that remain robust.

We also continue to look for opportunities for offering products around other asset classes such as bonds, housing, etc. To this end, Edelweiss Housing Finance Limited, a wholly owned subsidiary of the Company, has received the certificate of registration from the National Housing Bank in the fourth quarter of FY10. Edelweiss thus continues to look to invest in long term opportunities in adjacent markets in financial services.

During the year, our interest income has been Rs. 3,389 million compared to Rs. 3,315 million in FY09. This includes Interest on Loans Rs. 1,426 million and Interest on Bank Fixed Deposits Rs. 1,429 million. Ample liquidity in the system, and the resultant low interest rates, impacted the yields on our working capital assets by way of downward re-pricing of interest rates on our bank fixed deposits. The amount of fixed deposits and bank balances on our balance sheet as at the end of FY10 was Rs. 16.99 billion.

Treasury Operations

For a large institutional broking house which is required to employ a large amount of working capital in the broking business, managing the surplus funds on a day-to-day basis, becomes a crucial function. Our treasury operations, therefore, manage the surplus liquidity of the group on a short-term basis in a way similar to a commercial bank. We follow a low risk multi-strategy approach with an aim to achieve absolute

returns and optimise our yields while laying adequate emphasis on preserving and maintaining the safety of our capital. Our treasury assets, which account for nearly two-third of our total assets, are structured to maintain sufficient liquidity in our portfolio to support the capital needs of our other businesses. Due to this, we are able to ensure that a large part of the book can be liquidated within 3 days with minimal impact costs. Our treasury operations now encompass equities, equity derivatives, fixed income, commodities and currencies and is now one of the few truly multi asset class operations in India.

During the year, the equity arbitrage opportunities and the yields suffered due to comfortable liquidity in the system. As a result, the income from treasury operations for FY10 was Rs. 2,455 million compared to Rs. 2,512 million in the previous year. The arbitrage yields were lower in the fourth quarter, and we moved a part of the assets from the arbitrage book to other interest yielding assets in the treasury book. Our average daily trading volumes including client volumes and treasury volumes for the year have been Rs. 43.14 billion compared to Rs. 39.20 billion in FY09. This gives us a market share of about 4.54%, among the highest in the industry.

We continue to have a strong focus on risk management and deploy various proprietary risk measurement and monitoring tools to effectively manage our risk exposures.

GROWTH INITIATIVES

Ever since the inception of Edelweiss, we have consistently followed a philosophy of diversifying into adjacent markets, new client segments and new asset classes within the capital markets industry. We have also built most of our businesses organically. We have launched new growth initiatives, incubated them, stabilized them, put them on a growth path, established our presence in that market and then moved on to launch other growth initiatives. This is based on the belief that there is a 3-to-4 year invest and harvest cycle for an industry in an investment phase like ours. This strategy has ensured diversification among our businesses and revenue streams, which tends to reduce volatility in our performance across cycles, and record growth higher than the markets.

While the year FY09 was a year for consolidation, cost control and focus on risk, we did not cut back on any of our growth plans. Retail broking, one of our major initiatives, was incubated during this difficult period. With signs of growth returning in FY10, we have focused our attention growth through initiatives beyond just the capital market industry.

- We have entered into a Joint Venture Agreement with Tokio Marine Holdings, Inc., one of the world's leading

insurance groups headquartered in Japan, for entering Life Insurance business subject to regulatory approvals. Life Insurance has played a pivotal role in channelising household savings into long-term investments and has grown at a CAGR of 30% over the last 5 years. Life Insurance represents a long term growth opportunity and is a part of overall strategy of Edelweiss to enlarge its retail footprint.

- We have announced the acquisition of Anagram Capital subject to necessary approvals- a growth initiative to expand our Retail Broking and Distribution businesses.
- Edelweiss Housing Finance Limited, a wholly owned subsidiary of the Company, has received the certificate of registration from the National Housing Bank to commence the business of a housing finance institution.
- Edelweiss Asset Reconstruction Company Limited, an associate of the Company, has received the certificate of registration from RBI to commence the business of securitisation or asset reconstruction.

We thus continue to look forward to capitalizing on the growth opportunities before us - identifying and building new businesses to diversify and generate future revenue growth.

BALANCE SHEET

With the signs of economic revival in the country and in the capital markets in particular, we have again started scaling up our existing businesses. We concentrated on scaling up our financing book with the return of confidence among lenders and opening up of the credit markets.

In order to meet the growing demand for resources, and with the interest rates for short term borrowing remaining reasonably low, we were able to leverage our balance sheet to 1.2 times by March 2010 compared to 0.3 times as at March 2009. During the year, we have also contracted some medium term borrowings as a part of our asset liability management. We also maintain a reverse asset liability mismatch with our liabilities having a much longer average duration than the assets. We continue to focus on maintaining a quality balance sheet which is strong, liquid and reasonably levered.

The amount of our cash or cash equivalents on the balance sheet as at the end of the year continues to be over 50% of our total assets at the end of the year. Our Group net worth now stands at Rs. 22.57 billion excluding Minority Interest (Rs. 24.71 billion including Minority Interest). The amount of debt on the Balance Sheet as on March 31, 2010 was Rs. 27.14 billion compared to Rs. 7.62 billion as on March 31, 2009.

OUTLOOK

India along with China has distinguished itself among the few

major economies in the world to post a 5%+ GDP growth rate even during the worst of the global financial crisis. This can be attributed largely to a stable government in place, growing domestic consumption and government spending on infrastructure.

The financial services sector has shown rapid growth with an improvement in the economic environment and primary issuance has staged a sharp revival. Emerging markets too, have given handsome returns while the debt market also shows some signs of recovery. The regulator continues to implement various measures to activate corporate bonds market and we should start seeing encouraging results in short to medium term. However the second half of FY10 was challenging for the markets and FY11 is likely to be a year of consolidation with the possibility of a double dip recession in some parts of the world looming on the horizon. The operating environment could get tougher and impact the margins and risk appetite.

While controlling costs and risks and maintaining a liquid balance sheet was the focus during the second half of FY09 and initial days of FY10, we are happy that business growth has again occupied the centre stage for Edelweiss. At the same time, we believe that on a broader canvas our approach focuses on six key areas:

- diversified revenue streams
- cost flexibility
- balance sheet flexibility
- risk management
- profitable growth and
- strengthening the Edelweiss culture

This has kept us in good stead and will continue to do so. Our decision to expand into Retail Broking organically by building the online platform, and inorganically by acquiring Anagram Capital, and to enter into life insurance and home loans markets are a part of our broader strategy to focus on growth in medium to long term in financial services. We would simultaneously scale up all the existing mature businesses and widen the product mix in them. Following this broad strategy, we have emerged as a strong organization well on its way to becoming a full-fledged financial institution.

HUMAN RESOURCES

Edelweiss has recognised that execution skills are a key distinguishing factor in giving it a decisive edge over its peers. These skills are determined by the human resources capital within the company. Edelweiss, since its inception, has attached great emphasis to the growth and enhancement of its human resources capital. The Human Resources function in the company is treated as a business partner with a primary goal to contribute to the organisation's growth and to multifarious development of its employees.

After the turbulent times in FY09 where cost control occupied the centre stage along with risk management, FY10 has been a year of investment in people and talent and we have again commenced hiring especially in senior positions in the businesses that are being incubated. The group strength was about 1,220 at the end of FY10.

We continue to enhance the role of the Senior Leadership Group (SLG), the strategic think tank of the group comprising about 50 senior executives and the Leadership Group (LG) comprising about 80 middle level executives which develops the bench strength, in charting the future course of the group. The 225 seater Fountainhead Leadership Center at Allbaug is now operational and is expected to contribute immensely in our ambition of building a learning organisation.

During the year, we have worked towards continuous improvement and automation of various HR processes such as 360 degree feedback, KRA setting, performance appraisal process and hiring process to name a few, laying the foundation for scalability of these processes in future as well as to enhance employee engagement and satisfaction. We are committed to face the challenges of market dynamics in human resources in a competitive industry and devise appropriate strategies to take Edelweiss to the next - level by raising the organisational bar.

RISK MANAGEMENT

We believe in protecting our capital and safeguarding the health of our balance sheet at all times. We practice an analytically driven approach to assessing, measuring and managing risk. It is this culture of risk awareness and respecting risk that has enabled us to build businesses on strong foundation and manage the volatility across cycles. After the volatility and the downturn observed in FY09, where the focus had shifted to controlling costs and risks, the year FY10 has seen growth coming back. But we continue to build upon our commitment to prudent risk management while scaling up our businesses.

A significant amount of our management time and effort is spent in establishing the risk context for our products, functions or asset class exposures. With the expansion of our client segments after the launch of our retail broking, we have built new capabilities in the risk management framework to cater to a larger number of client accounts and a much larger number of transactions. Diversification into other asset classes also has broadened our risk profile. Accordingly, on the organisational front, we have strengthened the Risk Group that is responsible for the entire spectrum of risk response - articulation and policy setting, measurement, reporting and management of risk. The Risk Oversight Committee of our Board continues to play a vital role in guiding our risk management policies.

Edelweiss also believes in building up a sophisticated information technology platform to meet not only the business needs but also minimise operational risks. We have put in place a well-defined Business Continuity Process (BCP) that drills emergency procedures and action-plans across the organization. Its effectiveness is periodically tested in mock drills. The company is also adequately insured both from compliance and a prudence point of view.

INTERNAL CONTROL SYSTEMS

Edelweiss Capital Limited is a SEBI registered Category I Merchant Banker and is governed by SEBI (Merchant Banking) Regulations, 1992. Edelweiss conducts the business of stock broking through its subsidiary Edelweiss Securities Limited (ESL) and Edelweiss Broking Limited, which are governed by SEBI (Stock Brokers and Sub Brokers) Regulations, 1992. While ESL is a SEBI registered Depository Participant with CDSL, EBL is a SEBI registered participant with NSDL. The non banking financing activities are being carried through the subsidiaries, namely, ECL Finance Limited and Edelweiss Finance & Investments Limited (formerly known as Crossborder Investments Private Limited). These entities are registered with the Reserve Bank of India as Non Banking Financial Companies not accepting public deposits. The business of commodities broking and trading is carried out by another subsidiary, Edelweiss Commodities Limited (formerly ECAL Advisors Limited) and is governed by Forward Contracts (Regulation) Act, 1952. The business of insurance advisory is carried through the subsidiary, Edelweiss Insurance Brokers Limited.

Edelweiss has an adequate internal audit and control system across all the businesses. Towards this endeavour we have a team of experienced internal auditors supported by qualified external auditors. All operational activities are subject to concurrent internal audits at frequent intervals. The existing audit and inspection procedures are reviewed periodically to enhance their effectiveness, usefulness and timeliness.

Edelweiss has a centralised Compliance Department which ensures compliance with all the applicable laws. In addition, it provides advice on general regulatory matters including formulating policies on prevention of Insider Trading, etc.

CREDIT RATINGS

Edelweiss Capital Limited and some of its subsidiaries enjoy the highest short term credit rating of either P1+ from Crisil or A1+ from ICRA, which have been reaffirmed recently in December 2009 by ICRA and in April 2010 by Crisil. Edelweiss Capital Limited also enjoys a Long Term Debt Rating of LAA-/Stable from ICRA (reaffirmed in December 2009). ECL Finance Limited, our NBFC subsidiary, has received a new Long Term Debt Rating of LAA- pp

(SO)/Stable from ICRA in January 2010 and AA-/Stable from Crisil in February 2010.

INVESTOR RELATIONS

Investor Relations are an important part of our business. It is a valuable asset as it acts as a bridge between the firm and the investing community and other stakeholders. We continue to build upon a foundation of accurate and consistent communication with them. It will play an important role in our future success, as we launch new businesses besides scaling up the established businesses, to expand our reach to the investment community, enabling them to understand and appreciate our business model and the long-term strategy.

During the year, we have consciously enhanced our disclosure levels in respect of many of our business performance metrics and will continue to work towards achieving greater transparency about our performance. We continue to interact with institutional investors, both domestic and international, through one-on-one meetings or via attendance at investor conferences, and have had over 200 meetings during the year. We also continue to hold conference calls with investors and analysts after every quarterly result. We are committed to adopting best in class IR practices to further enhance communication with the investing community so that we are perceived as a responsive and transparent organisation.

EDELGIVE FOUNDATION

EdelGive Foundation - our not-for-profit subsidiary, functions as our corporate social responsibility wing. It seeks to enrich and broaden the impact of entrepreneurial activities of non-profits in India with a primary focus on creating educational, employment and sustainable livelihood opportunities for underprivileged youth. It brings an "investment banking and venture capital" rationale and thinking to the social sector by using the human, financial and intellectual resources from the parent company.

During this year, EdelGive announced the winners of the annual EdelGive Social Innovation Honours, which is a national awards programme along with Kubera Partners to reward innovative work in the social sector in the country. This year's award winners included 5 NGOs for their innovative work to empower women, from among 280 participants.

REGULATORY CHANGES POSING CHALLENGES AND OPPORTUNITIES

We are constantly aware of regulatory changes and related challenges and opportunities that impact our business environment. We are also proactive in aligning ourselves both in terms of adherence to compliance requirements and also to opportunities arising there from.

Some of the key regulatory changes that were introduced are narrated below:

Regulation / Act	Changes	Implications
SEBI - Amendments in Equity Listing Agreement	<p>SEBI vide Circular dated 5th April 2010 implemented the following:</p> <ul style="list-style-type: none"> (i) Revision in timelines for submission of quarterly results (within 45 days in place of 30 days) and annual results (within 60 days from 90 days). (ii) Option for voluntary adoption by listed entities having subsidiaries to submit their consolidated financial results in accordance with IFRS (iii) The auditors of listed company should hold a valid certificate issued by the 'Peer Review Board' of the ICAI (iv) The listed entities shall disclose on half-yearly basis, a statement of assets and liabilities (v) Appointment of CFO shall have to be approved by the Audit Committee 	<p>These steps are directed to bring in uniformity, increased transparency and better governance of listed entities which is a welcome step.</p>
SEBI/CDSL/ NSDL/NSE/ BSE/MCX-SX	<ul style="list-style-type: none"> • Depository Participants and Stock broker are required to conduct 'in-person' verification of clients at the time of opening account. In case the 'in-person' verification is done by a Depository Participant (DP), it will hold good for opening trading account and vice versa, if both are housed under the same entity • Additional documentation norms introduced for conducting KYC and ongoing monitoring of KYC like settlement of accounts on monthly/quarterly basis, obtaining running account authorizations on annual basis, obtaining financial details of the client for trading in derivatives, taking ECN Authorization specifically from the client etc. 	<p>Regulator is laying greater emphasis on KYC which is a welcome step.</p>
SEBI/BSE/NSE/ MCX-SX	<p>Any person can now trade through participants approved as 'Authorized Persons' by the Exchanges</p>	<p>This has given a birth to new set of intermediaries apart from sub-brokers in the capital market.</p>
SEBI/BSE/NSE	<p>Commencement of Trading Hours on Stock Exchanges have been changed from 9.55 am to 9.00 am</p>	<p>The market participant gets a larger window for trading activity.</p>

SEBI / BSE/NSE	SEBI has encouraged routing transactions in Mutual Fund schemes through the Stock Exchange infrastructure.	The investors can now trade Mutual Funds units through the exchange mechanism.
Ministry of Corporate Affairs issues roadmap for IFRS conversion in India	<p>Proposed road map for convergence of Indian Accounting Standards to International Financial Reporting Standards (IFRS) and its adoption:</p> <p>Part A:</p> <p>Phase 1: Opening balance sheet as at 1 April 2011*</p> <ul style="list-style-type: none"> • Companies which are part of NSE Index - Nifty 50 • Companies which are part of BSE Sensex - BSE30 • Companies whose shares or other securities are listed on a stock exchange outside India • Companies, whether listed or not, having net worth of more than INR 1,000 crore <p>Phase 2: Opening balance sheet as at 1 April 2013*</p> <ul style="list-style-type: none"> • Companies not covered in phase 1 and having net worth exceeding INR 500 crore <p>Phase 3: Opening balance sheet as at 1 April 2014*</p> <ul style="list-style-type: none"> • Listed companies not covered in the earlier phases <p>* If the financial year of a company commences at a date other than 1 April, then it shall prepare its opening balance sheet at the commencement of immediately following financial year.</p> <p>Part B:</p> <p>The Ministry has also laid proposed road map for IFRS conversion for Insurance Companies (adoption w.e.f. 1 April 2012), Banking Companies depending on net worth and category (adoption w.e.f. 1st April 2013 / 1st April 2014), NBFC depending on listing and net worth (adoption w.e.f. 1st April 2013 / 1st April 2014)</p>	The outlook and interpretation of the financial statements will undergo a significant change as we adapt to IFRS.

CAUTIONARY STATEMENT

Statements made in this Management's Discussion and Analysis Report contain certain forward looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and Edelweiss does not undertake any obligation to update these statements. Edelweiss has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.

MARQUEE INVESTMENT BANKING TRANSACTIONS - FY10



Coffee Day Resorts Private Limited

INR 9,600 million
Private Equity Placement

March 2010

Sole Financial Advisor



NMDC Limited

INR 99,304 million
Further Public Offer

March 2010

Book Running Lead Manager



Sale of XCEL Telecom
by
Horse-shoe Capital,
affiliate of Q Investments

USD 150 million

May 2009

Sole Financial Advisor



Wockhardt Limited

INR 5000 crores
Debt Restructuring Advisory

August 2009

Sole Advisors for
Corporate Debt Restructuring



Bhoruka Power Corporation Limited

€15.3 million and INR 294.5 million
Syndicated Term Loan

December 2009

Financial Advisor & Sole Arranger



Usha Martin Limited

INR 4,681.55 million
Qualified Institutions Placement

January 2010

Book Running Lead Manager



ELECTROSTEEL CASTINGS LIMITED

INR 2,100.70 million
Qualified Institutions Placement of
Non-Convertible Debentures along with Warrants

February 2010

Global Coordinator and
Book Running Lead Manager



Jal Power Corporation Limited

INR 5,810 million
Rupee Term Loan

March 2010

Financial Advisor & Funds Arranger



United Bank of India

INR 3,249.80 million
Initial Public Offering

March 2010

Book Running Lead Manager



Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the management. It also aims to align as nearly as possible the interests of individuals, corporations and society and thereby enhancing the stakeholders' value. Best results are achieved when the companies begin to treat the Corporate Governance system not as a mere structure but as a way of corporate life. Good corporate governance practices have always been an integral part of your Company's philosophy and is committed to achieving and maintaining the highest standard of corporate governance.

BOARD OF DIRECTORS

The Board of Directors provide strategic direction and thrust to the operations of the Company, thereby enhancing the value of the stakeholders.

Composition

The Board of Directors of the Company has an optimum combination of executive and non-executive directors and is in conformity with clause 49 of the Listing Agreement. The names and categories of the Board Directors, their attendance at the Board Meetings held during the financial year 2009-10 and at the last Annual General Meeting (AGM), as also the number of directorships and committee positions held by them in other public limited companies as on March 31, 2010 are as under :

Name	Category	Relationship with other directors	No. of Board Meetings attended	Attendance at the last AGM held on July 31, 2009	No. of directorships in other public limited companies*	Committee Position**	
						Member	Chairman
Rashesh Shah [Chairman & Managing Director]	Executive	None	4	Yes	5	1	-
Venkat Ramaswamy [Whole-time Director]	Executive	None	4	Yes	5	-	-
Kunnasagar Chinniah	Non Independent, Non Executive	None	3	No	2	-	1
Narendra Jhaveri	Independent, Non Executive	None	4	Yes	11	5	3
P. N. Venkatachalam	Independent, Non Executive	None	4	Yes	3	1	-
Navtej S. Nandra	Independent, Non Executive	None	4	Yes	1	-	-
Berjis Desai ¹	Independent, Non Executive	None	1	-	8	5	3
Sanjay Santhanam ²	Non Independent, Non Executive	None	2	Yes	-	-	-
Sunil Wadhvani ³	Independent, Non Executive	None	2	No	1	-	-
Ramanan Raghavendran ³	Independent, Non Executive	None	3	No	4	-	-

* Excludes Directorships in Private Limited Companies, Foreign companies and Government Bodies.

** Only Audit Committee and Shareholders'/Investors' Grievance Committee have been considered for the Committee positions.

¹ Appointed w.e.f. November 18, 2009

² Resigned w.e.f. October 22, 2009

³ Resigned w.e.f. April 19, 2010

The Directors also participate in the Board meetings through tele-conferencing.

The Board met four times on the following dates during the financial year 2009-10:

May 22, 2009, July 31, 2009, October 23, 2009 and January 22, 2010

None of the Directors is a member of more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(l)(C)(ii)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies.

Board Procedure

The annual calendar of Board Meetings is agreed upon at the beginning of the year. The agenda is circulated in advance to the Board Members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions.

Code of Conduct for Directors and Senior Management

The Company has adopted a Code of Conduct ('Code') for Directors and Senior Management personnel one level below the Executive Directors including all Functional Heads, which is in compliance with the requirements of clause 49 of the Listing Agreement. The Code has been posted on the Company's website.

Further, all the Board members and senior management personnel have affirmed compliance with the Code. A declaration to this effect signed by the Chairman and CEO forms part of this report.

AUDIT COMMITTEE

Composition as at March 31, 2010

Mr. Narendra Jhaveri	Chairman
Mr. P. N. Venkatachalam	Member
Mr. Ramanan Raghavendran	Member
Mr. Navtej S. Nandra *	Member

All the members of the Committee have financial management expertise. The constitution and terms of reference of the Committee are in compliance with the requirements of Section 292A of the Companies Act, 1956 and clause 49(II)(A) of the Listing Agreement.

Mr. Ramanan Raghavendran has resigned w.e.f. April 19, 2010 and consequently ceased to be a member of the Committee.

Brief Description of the Terms of Reference

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Reviewing with the management, the annual and the quarterly financial statements before submission to the Board for approval.
3. Discussion with internal auditors on any significant finding and follow up there on.
4. Review of the items listed in Clause 49(II)(D) and (E) of the Listing Agreement.

Meetings held

During the financial year 2009-10, four meetings were held on May 21, 2009; July 30, 2009; October 22, 2009 and January 21, 2010.

Attendance :

Names of the Members	No. of meetings attended
Mr. Narendra Jhaveri	4
Mr. P. N. Venkatachalam	4
Mr. Ramanan Raghavendran	3
Mr. Navtej S. Nandra *	2

The Statutory Auditors, Internal Auditors, Chief Financial Officer and the Senior Vice-President (Finance & Accounts) are invited to attend the meetings of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

Mr. Narendra Jhaveri was present at the last Annual General Meeting (AGM) held on July 31, 2009.

* Appointed w.e.f. July 31, 2009.

REMUNERATION COMMITTEE

The Remuneration Committee presently comprises of 3 non-executive Directors as members viz: Mr. Kunnasagan Chinniah, Mr. Navtej S. Nandra (w.e.f. July 31, 2009) and Mr. Berjis Desai (w.e.f. May 21, 2010).

Mr. Sanjay Santhanam and Mr. Ramanan Raghavendran ceased to be members of the Committee consequent to resignation from the Board of Directors of the Company.

Meetings of the Remuneration Committee

During the financial year 2009-10, one meeting of the Remuneration Committee was held on May 22, 2009.

Attendance:

Names of the Members	No. of meetings attended
Mr. Kunnasagaran Chinniah	1
Mr. Sanjay Santhanam	1
Mr. Ramanan Raghavendran	1

The terms of reference of the Remuneration Committee include formulating policies on specific remuneration packages for all the Directors and designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the Board of Directors.

Remuneration to DirectorsNon- Executive Directors

The Company pays a sitting fee of Rs. 20,000/- to the independent directors for attending the meetings of the Board and Committees thereof. During the year commission was paid (for the year 2008-09) and ESOPs were also granted to the Non-Executive Directors. The sitting fees and commission paid together with the ESOP granted to the Directors are as follows:

Name of the Director	Sitting fees amount (Rs.)	Commission (Rs.)	No. of Options granted
Mr. Narendra Jhaveri	2,80,000	8,00,000	5,000
Mr. P. N. Venkatachalam	2,20,000	7,00,000	5,000
Mr. Sunil Wadhvani	40,000	1,50,000	5,000
Mr. Ramanan Raghavendran	1,80,000	2,25,000	5,000
Mr. Berjis Desai	20,000	-	-
Mr. Navtej S. Nandra	1,20,000	-	-
Mr. Kunnasagaran Chinniah	-	2,25,000*	5,000*
Mr. Sanjay Santhanam	-	4,00,000*	5,000*

*lapsed/renounced

Executive Directors

The details of the remuneration paid to the Executive Directors during the year is as under:

	Mr. Rashesh Shah, Chairman & CEO	Mr. Venkat Ramaswamy, Whole-time Director
Basic Salary	5,572,000	5,667,000
Perquisites	609,064	192,400
Bonus (08-09)	13,000,000	9,000,000
Total	19,181,064	14,859,400
Service Contract	3 years from April 1, 2008	3 years from April 1, 2008
Notice period	N.A.	N.A.
Severance fee	N.A.	N.A.

The shareholding of the Directors as on March 31, 2010 is as under:

Director	No. of shares	% of the paid up capital
Mr. Rashesh Shah	13,947,673	18.58
Mr. Venkat Ramaswamy	5,302,656	7.06
Mr. Sunil Wadhvani	264,000	0.35
Mr. Narendra Jhaveri	7,800	0.01
Mr. Ramanan Raghavendran	7,800	0.01
Mr. P. N. Venkatachalam	2,000	0.00
Mr. Navtej S. Nandra	792,418	1.06

SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders/Investors' Grievance Committee presently comprises 3 members viz: , Mr. Kunnasagaran Chinniah, Mr. Venkat Ramaswamy and Mr. Berjis Desai.

During the year Mr. Sanjay Santhanam resigned from the Board of Directors of the Company and consequent to that he also ceased to be a member of the Committee. The Committee was reconstituted on January 22, 2010 with the induction of Mr. Berjis Desai.

Meetings held

During the financial year 2009-10, three meetings of the Shareholders/Investor Grievance Committee were held on May 21, 2009, July 30, 2009 and January 21, 2010

Attendance :

Names of the Members	No. of meetings attended
Mr. Sanjay Santhanam	1
Mr. Kunnasagaran Chinniah	3
Mr. Venkat Ramaswamy	3

Mr. B. Renganathan, Company Secretary acts as the Compliance Officer.

Based on the report received from the Company's Registrar, the Company had received 41 requests/complaints during the year and were satisfactorily resolved/replied to. There were no investors' complaints pending as on March 31, 2010.

GENERAL BODY MEETINGS

The date, time and venue of the last three Annual General Meetings are given below:

Financial Year	Date	Time	Venue	No. of special resolutions passed
2008-2009	July 31, 2009	2.30 p.m.	Y. B. Chavan Auditorium, Yashwantrao Chavan Pratishthan, General Jaganath Bhosale Marg, Nariman Point, Mumbai 400 021	-
2007-2008	July 11, 2008	2.30 p.m.	Y. B. Chavan Auditorium, Yashwantrao Chavan Pratishthan, General Jaganath Bhosale Marg, Nariman Point, Mumbai 400 021	3
2006-2007	September 12, 2007	10:30 a.m.	14th Floor, Express Towers, Nariman Point, Mumbai 400 021	11

Resolution to be passed through Postal Ballot will be taken up as and when necessary.

Disclosures

- i. The Company did not have any material significant related party transaction having a potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in the Notes to the accounts forming part of the Annual Report.
- ii. The financial statements have been prepared in accordance with the accounting standards and policies generally accepted in India.
- iii. There were no instances of non-compliance by the Company on any matter related to the capital markets, resulting in disciplinary action against the Company by the Stock Exchanges or SEBI or any other statutory authority, during the last three years.
- iv. The Company has implemented the mandatory requirements of Corporate Governance as set out in the Listing Agreement. In respect of compliance with the non-mandatory requirements, the Company has constituted a Remuneration Committee, the details whereof are given under the heading "Remuneration Committee". The Company has framed a whistle blower policy.
- v. The Company has a Risk Management Policy Framework for risk identification, assessment and control to effectively manage risks associated with the business of the Company.
- vi. CEO/CFO Certification
As required by Clause 49(V) of the Listing Agreement, the CEO and CFO have given certificate to the Board.
- vii. Compliance Certificate
As required by Clause 49 of the Listing Agreement, a certificate from a Practising Company Secretary, certifying the compliance by the Company with the provisions of Corporate Governance of the Listing Agreement is given as an Annexure to this Report.

Means of Communication

- i. The quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and published in one English daily, and one Marathi daily. The quarterly/annual results and the presentations made to institutional investors/analysts are also uploaded on the website of the Company www.edelcap.com.

- ii. The Management Discussion and Analysis Report, in compliance with the requirements of Clause 49 of the Listing Agreement, is annexed to the Directors' Report which forms part of this Annual Report being sent to all the members of the Company.
- iii. The consolidated financial statements of the Company and its subsidiaries form part of this Annual Report.

General Shareholder Information

- i. AGM: Date, time and venue : July 30, 2010 at 3:00 p.m. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai – 400020.
- ii. Financial Year : April 1, 2009 to March 31, 2010
- iii. Date of Book Closure : July 1, 2010 to July 5, 2010
- iv. Dividend payment date : On or after July 30, 2010
- v. Listing of equity shares on Stock Exchanges:

The equity shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Company has paid listing fees, as applicable to the respective Stock Exchanges for the financial years 2008-09, 2009-10 and 2010-11

- vi. Stock Codes:

Trading Symbol

Bombay Stock Exchange Limited 532922
National Stock Exchange of India Limited EDELWEISS

ISIN with NSDL and CDSL

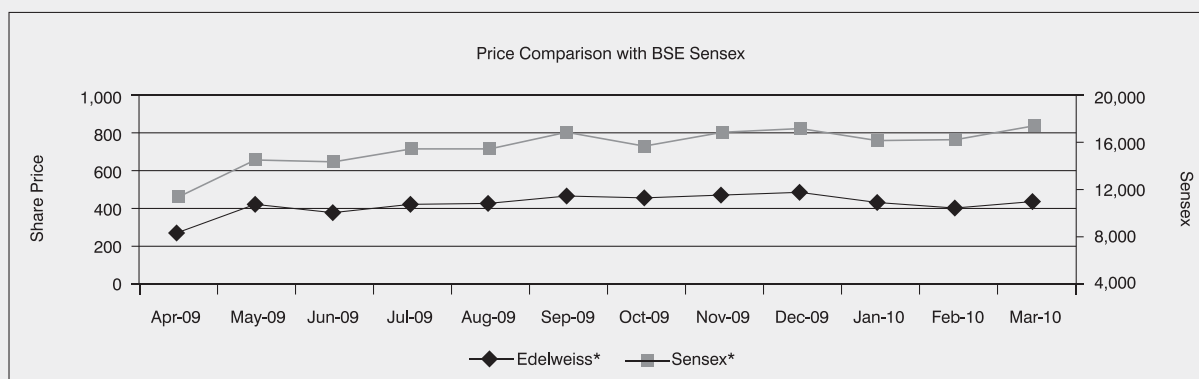
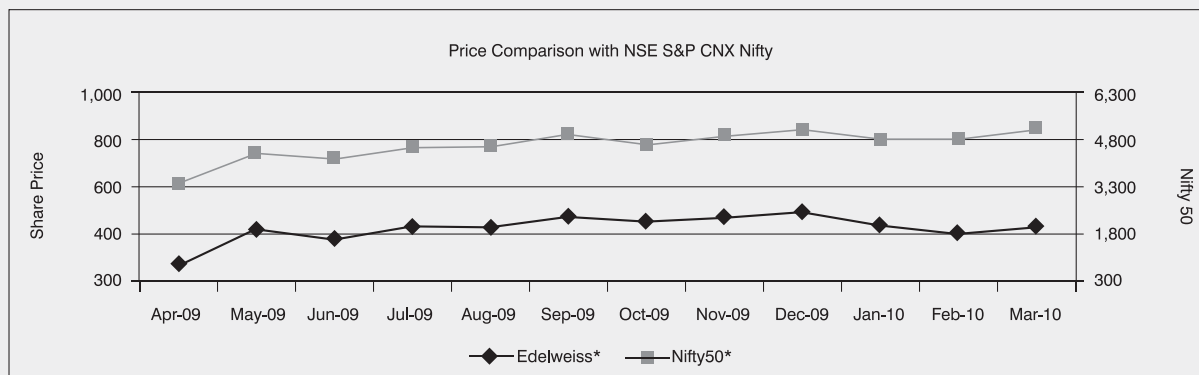
Equity shares INE532F01047

- vii. **Market Price Data:** High/Low of daily closing market price of the Company's shares traded at NSE and BSE during each month in the financial year ended March 31, 2010 are as under:

Share Price & Volume

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Trade Quantity	High (Rs.)	Low (Rs.)	Trade Quantity
Apr-09	318.95	259.50	544,580	318.00	260.90	1,300,584
May-09	458.25	293.05	1,937,624	458.05	293.35	3,850,188
Jun-09	506.10	389.40	983,727	507.75	387.10	2,839,597
Jul-09	435.90	341.95	403,543	438.20	344.05	1,345,062
Aug-09	440.10	413.50	232,740	441.55	416.30	595,088
Sep-09	480.10	425.10	281,649	482.75	427.60	578,684
Oct-09	534.75	465.65	787,526	531.45	461.80	774,760
Nov-09	507.55	447.00	5,917,856	506.80	449.85	2,108,721
Dec-09	504.60	455.05	554,362	502.20	455.00	841,673
Jan-10	503.05	436.35	908,770	505.65	439.40	1,142,414
Feb-10	444.30	404.60	117,567	444.35	405.25	1,228,723
Mar-10	446.10	421.95	191,415	445.25	420.75	502,925

viii. Performance of share price in comparison with the broad - based indices, viz., NSE Nifty & BSE Sensex:



- ix. Registrar and Transfer Agent: Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company. The Registrar and Share Transfer Agent acknowledge and executes transfers of shares and arranges for issue of dividend warrants. The Registrar and Share Transfer Agent also accepts, deals with and resolves complaints of shareholders.
- x. Share Transfer System: The Company's shares are traded on the Stock Exchanges in compulsory demat mode. Physical shares, which are lodged for transfer with the Share Transfer Agent, are processed and returned to the shareholders within a period of 30 days.
- xi. Distribution of shareholding as on March 31, 2010:

No. of Equity Shares	No. of Shareholders	% of Share holder	Total no. of shares held	% of Shares held
1 - 500	151,807	99.65	2,042,208	2.72
501 - 1000	233	0.15	170,650	0.23
1001 - 2000	90	0.06	129,032	0.17
2001 - 3000	26	0.02	65,855	0.09
3001 - 4000	20	0.01	72,810	0.10
4001 - 5000	13	0.01	60,114	0.08
5001 - 10000	29	0.02	214,345	0.28
10001 and above	126	0.08	72,316,879	96.33
Total	152,344	100.00	75,071,893	100.00

Shareholding Pattern as on March 31, 2010

Sr. No.	Category	No. of Shares	% of Holding
1.	Promoters & Persons acting in Concert	28,571,569	38.06
2.	Mutual funds/FIs/Banks/Insurance Companies	2,640,354	3.52
3.	FII's	10,516,517	14.01
4.	NRIs/Foreign Nationals/Foreign Bodies Corporate	17,349,724	23.11
5.	Public and Others	15,993,729	21.30
	Total	75,071,893	100.00

- xii. Dematerialisation of shares: As on March 31, 2010, 90.33% of the Company's total shares, i.e. 67,811,271 shares were held in dematerialised form and 9.67% comprising 7,260,622 shares were held in physical form. A Practicing Company Secretary conducts the secretarial audit, at the end of each quarter of the financial year, to reconcile the total issued capital, listed capital and capital held by depositories in dematerialised form.
- xiii. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:
The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.
- xiv. Details of shares lying in the suspense account (pursuant to Clause 5A of the Listing Agreement):

Sr. No.	Particulars	Details	
		No. of shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	128	1025
2	Number of shareholders who approached the Company for transfer of shares from the suspense account during the year	9	72
3	Number of shareholders to whom shares were transferred from the suspense account during the year	9	72
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	119	953

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

- xv. Plant locations – Not Applicable
- xvi. Address for correspondence : For any assistance, request or instruction regarding transfer or transmission of shares and debentures, dematerialisation of shares, change of address, non receipt of annual report, interest/dividend warrant and any other query relating to the shares and debentures of the Company, the investors may please write to the following address:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W),
Mumbai 400 078, India
Tel: +91 22 2596 3838
Fax: +91 22 2594 6979
e-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

The Company Secretary
Edelweiss Capital Limited
14th Floor, Express Towers
Nariman Point, Mumbai – 400 021, India
Tel: +91 22 2286 4400
Fax: +91 22 4086 3618
E-mail: investors@edelcap.com

- xvii. For queries relating to the financial statements and investor information, other than those relating to shares/dividend, please write to:

Shailendra Maru,
Vice President – Investor Relations
Edelweiss Capital Limited,
14th Floor, Express Towers,
Nariman Point, Mumbai 400 021, India
Phone: +91-22-4019 4873
E-mail: ir@edelcap.com

Declaration by the CEO under Clause 49 of the Listing Agreement regarding adherence to the Edelweiss Code of Conduct

In accordance with Clause 49 (I) (D) of the Listing Agreement, I hereby declare that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Edelweiss Code of Conduct applicable to all the Directors and Senior Management, for the year ended March 31, 2010.

Mumbai
Date: May 21, 2010

For Edelweiss Capital Limited
Rashesh Shah
Chairman & CEO

Certificate on compliance of Corporate Governance as stipulated in Clause 49 of the Listing Agreement

To the members of Edelweiss Capital Limited,

We have examined the compliance of conditions of corporate governance by Edelweiss Capital Limited ("the Company"), for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Mumbai
Date: May 21, 2010

For P. K. Pandya & Co.
Practising Company Secretary
Prakash K. Pandya
Proprietor
Membership No. FCS 3901

Edelweiss Capital Limited

Consolidated Financial Statements
for the year ended 31 March 2010
together with Auditors' Report

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Auditors' Report on the Consolidated Financial Statements

To the Board of Directors of Edelweiss Capital Limited

1. We have audited the attached consolidated balance sheet of Edelweiss Capital Limited ('the Company') and its subsidiaries and associates (collectively referred to as 'the Group') as at 31 March 2010 and the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements and other financial information of certain subsidiaries and associates whose financial statements reflect total assets of Rs. 6,562 million as at 31 March 2010, total revenues of Rs. 2,275 million and net cash inflows of Rs. 951 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, are based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Group in accordance with the requirements of Accounting Standard ('AS') 21, Consolidated Financial Statements and Accounting Standard ('AS') 23, Accounting for Investments in Associates in Consolidated Financial Statements as prescribed under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2010;
 - (ii) In the case of the consolidated profit and loss account, of the profit of the Group for the year ended 31 March 2010; and
 - (iii) In case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For **B S R & Associates**
Chartered Accountants
Firm's Registration No.: 116231W

Mumbai
21 May 2010

Akeel Master
Partner
Membership No.: 046768

Consolidated Balance Sheet as at 31 March 2010

(Currency: Indian rupees in millions)	Schedule	31 March 2010	31 March 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	375.36	374.67
Stock options outstanding account		18.91	12.79
Share application money		0.04	–
Reserves and surplus	3	22,179.38	20,766.23
		22,573.69	21,153.69
Loan funds			
Secured loans	4	7,259.54	2,439.33
Unsecured loans	5	19,878.65	5,184.42
		27,138.19	7,623.75
Minority interest	6	2,132.02	2,148.87
TOTAL		51,843.90	30,926.31
APPLICATION OF FUNDS			
Fixed assets			
	7		
Gross block		737.25	657.07
Less: Accumulated depreciation		382.96	278.16
Net block		354.29	378.91
Capital work-in-progress		234.51	148.55
		588.80	527.46
Investments	8	1,560.25	1,072.56
Deferred tax asset (net)	25.4	602.83	542.32
Current assets, loans and advances			
Stock-in-trade	9	11,505.83	4,641.76
Sundry debtors	10	848.31	435.24
Cash and bank balances	11	16,998.88	16,945.41
Other current assets	12	483.36	710.00
Receivable from financing business	13	18,372.71	6,295.10
Loans and advances	14	7,996.67	4,932.19
		56,205.76	33,959.70
Less: Current liabilities and provisions			
Current liabilities	15	5,718.38	4,161.72
Provisions	16	1,395.36	1,014.01
		7,113.74	5,175.73
Net current assets		49,092.02	28,783.97
TOTAL		51,843.90	30,926.31
Significant accounting policies	1		
Notes to the accounts	25		

The schedules referred to above form an integral part of the balance sheet.

As per our report attached.

For **B S R & Associates**

Chartered Accountants

Firm's Registration No.: 116231W

Akeel Master

Partner

Membership No.: 046768

Mumbai | 21 May 2010

For and on behalf of the Board of Directors

Rashesh Shah

Chairman & Managing Director

Venkat Ramaswamy

Whole-time Director

B Renganathan

V. P. & Company Secretary

Consolidated Profit and Loss Account for the year ended 31 March 2010

(Currency : Indian rupees in millions)	Schedule	31 March 2010	31 March 2009
INCOME			
Fee and commission income	17	3,504.04	2,441.21
Income from treasury operations	18	2,454.61	2,511.66
Income from investments and dividend	19	342.56	697.39
Interest income	20	3,389.10	3,314.64
Other income	21	87.68	40.06
		9,777.99	9,004.96
EXPENDITURE			
Employee costs	22	1,621.68	1,659.35
Operating and other expenses	23	2,763.02	2,529.32
Financial expenses	24	1,942.78	1,349.29
Depreciation		122.47	176.61
		6,449.95	5,714.57
PROFIT BEFORE TAXATION AND BEFORE MINORITY INTEREST		3,328.04	3,290.39
Provision for taxation			
- Income tax		949.27	1,557.20
(includes short provision for earlier years of Rs. 2.37 million; Previous year: Rs. 195.76 million)			
- Minimum alternate tax credit entitlement		(6.70)	-
- Deferred tax benefit		(63.35)	(374.52)
- Fringe benefit tax		-	16.44
PROFIT AFTER TAXATION AND BEFORE MINORITY INTEREST		2,448.82	2,091.27
Share of minority interest in profit for the year		157.22	226.83
PROFIT FOR THE YEAR AFTER MINORITY INTEREST		2,291.60	1,864.44
Profit and loss account balance brought forward		5,284.41	3,955.62
PROFIT AVAILABLE FOR APPROPRIATION		7,576.01	5,820.06
APPROPRIATIONS			
Transfer to Statutory Reserve under section 45-IC of The Reserve Bank of India Act, 1934		213.76	195.04
Transfer to Statutory Reserve u/s 29C of The National Housing Bank Act, 1987		0.14	-
Proposed dividend		600.73	224.80
Dividend on preference shares		-	0.25
Interim dividend		150.09	-
Dividend distribution tax		125.37	38.25
Transfer to general reserve		73.73	74.71
Transfer to capital redemption reserve		5.00	2.60
Profit and loss account balance carried forward		6,407.19	5,284.41
		7,576.01	5,820.06
Basic earnings per share (Rs.) (Face value Rs. 5 each)	25.3	30.56	24.88
Diluted earnings per share (Rs.) (Face value Rs. 5 each)	25.3	29.37	24.28
Significant accounting policies	1		
Notes to the accounts	25		

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached.

For **B S R & Associates**

Chartered Accountants

Firm's Registration No.: 116231W

Akeel Master

Partner

Membership No.: 046768

Mumbai | 21 May 2010

For and on behalf of the Board of Directors

Rashesh Shah

Chairman & Managing Director

Venkat Ramaswamy

Whole-time Director

B Renganathan

V. P. & Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March 2010

(Currency: Indian rupees in millions)	31 March 2010	31 March 2009
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,328.04	3,290.39
<i>Adjustments for</i>		
Depreciation/amortisation	122.47	176.61
Stock options outstanding	6.12	6.80
Provision for doubtful debts and advances	(6.92)	49.83
Provision on non-performing assets	8.43	14.10
General loan loss provision	34.96	12.69
(Profit)/loss on sale of fixed assets (net)	(13.70)	0.24
Goodwill on consolidation written off	0.76	-
Profit on sale of investments (net)	(225.52)	(315.29)
Provision for diminution in value of long term investments	18.30	18.30
Diminution in the value of long term investments written back	-	(1.25)
Dividend on current investments	(59.38)	(152.81)
Dividend on long term investments	(0.45)	(48.17)
Interest Income	(1,438.21)	(1,682.92)
Interest expense	1,942.78	1,336.95
Operating cash flow before working capital changes	3,717.68	2,705.47
<i>Adjustments for</i>		
(Increase)/decrease in sundry debtors	(406.15)	1,295.71
(Increase)/decrease in stock in trade	(6,864.07)	5,037.08
Increase in loans and advances	(2,708.02)	(2,471.90)
(Increase)/decrease in receivables from financing business	(12,086.02)	2,839.42
Increase/(decrease) in current liabilities and provisions	931.45	(7,587.90)
Cash (used in)/generated from operations	(17,415.13)	1,817.88
Income taxes paid	1,302.40	1,227.85
Net cash (used in)/generated from operating activities - A	(18,717.53)	590.03
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(184.69)	(277.18)
Sale of fixed assets	14.59	6.98
(Purchase)/sale of investments (net) (Refer Note 2)	(277.75)	5,552.67
Dividend on investments	83.63	202.76
Interest received	1,644.39	1,366.99
Net cash generated from investing activities - B	1,280.17	6,852.22

Consolidated Cash Flow Statement for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)	31 March 2010	31 March 2009
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital including premium	8.04	24.23
Share application money received	0.04	–
Receipts from settlor/sponsors towards fund	–	0.01
Change in Minority interest	(138.88)	(538.71)
Proceeds from secured loans (net) (Refer Note 2)	4,820.21	1,134.59
Dividend and Dividend distribution tax paid	(412.66)	(201.99)
Proceeds from/(Repayment of) unsecured loans (net) (Refer Note 2)	14,694.23	(9,205.90)
Interest paid on loans	(1,434.71)	(1,296.98)
Net cash generated from/(used in) financing activities - C	17,536.27	(10,084.75)
Change in foreign exchange translation reserve - D	(45.44)	146.48
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)	53.47	(2,496.02)
Cash and cash equivalents as at the beginning of the year	16,945.41	19,441.43
Cash and cash equivalents as at the end of the year (Refer Note 1)	16,998.88	16,945.41

Notes: 1 Cash and cash equivalents represent cash, balances with banks in current account and fixed deposits placed with banks (Refer schedule 11 to the financial statements).

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

As per our report attached.
For **B S R & Associates**
Chartered Accountants
Firm's Registration No.: 116231W

Akeel Master
Partner
Membership No.: 046768

Mumbai | 21 May 2010

For and on behalf of the Board of Directors

Rashesh Shah *Chairman & Managing Director*
Venkat Ramaswamy *Whole-time Director*
B Renganathan *V. P. & Company Secretary*

Schedules to the consolidated financial statements for the year ended 31 March 2010

(Currency: Indian rupees in millions)

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 and the circulars and guidelines issued by the Reserve Bank of India from time to time. The financial statements are presented in Indian rupees in millions.

1.2 Principles of consolidation

- a) The consolidated financial statements relate to Edelweiss Capital Limited ('the Company') and its subsidiaries and associates (together 'the Group'). The consolidated financial statements have been prepared on the following basis:
- In respect of subsidiary enterprises, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after as far as possible eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 - Consolidated Financial Statements prescribed by Companies (Accounting Standards) Rules, 2006.
 - In case of Associate Enterprises, the financial statements have been consolidated as per Accounting Standard 23 – Accounting for Investment in Associates prescribed by Companies (Accounting Standards) Rules, 2006.
 - Investments in subsidiaries where control is intended to be temporary or where the objective of control over the subsidiary is not to obtain economic benefits therefrom, have not been consolidated.
 - Assets and liabilities of the foreign subsidiaries are translated into Indian Rupees at the rate of exchange prevailing as at the balance sheet date. Revenue and expense are translated into Indian Rupees at the average exchange rate prevailing during the year and the resulting net translation adjustment has been disclosed as foreign exchange translation reserve in Reserves and Surplus.
 - The excess of cost over the Company's investments in the subsidiary company is recognised in the consolidated financial statements as Goodwill. The excess of Company's share in equity and reserves of the subsidiary company over the cost of acquisition is treated as Capital Reserve.
 - The share of minority interest in the net profit of subsidiaries for the year is identified and adjusted against the income of the Group to arrive at the net income attributable to the Group.
 - The share of minority interest in net assets of subsidiaries is identified and presented in the consolidated financial statements separate from liabilities and the equity of the Group.
 - The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- b) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 - Accounting for Investments prescribed by the Companies (Accounting Standard) Rules, 2006.

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.2 Principles of consolidation (Continued)

c) The subsidiaries and associates considered in the consolidated financial statements :

Sr. No.	Name of the Entity	Country of Incorporation	Proportion of ownership interest as at 31 March 2010
1	Edelweiss Securities Limited	India	100.00%
2	Edelweiss Finance & Investments Limited	India	100.00%
3	Edelweiss Commodities Limited	India	100.00%
4	ECL Finance Limited	India	84.44%
5	Edelweiss Financial Products & Solutions Limited	India	100.00%
6	EC Global Limited ¹	Mauritius	100.00%
7	Edelweiss Insurance Brokers Limited	India	71.91%
8	Edelweiss Trustee Services Limited	India	100.00%
9	Edelweiss Capital Services Limited ¹	India	100.00%
10	Edelcap Securities Limited	India	100.00%
11	Edelweiss Asset Management Limited	India	100.00%
12	ECap Equities Limited	India	100.00%
13	Edelweiss Broking Limited	India	100.00%
14	Edelweiss Trusteeship Company Limited	India	100.00%
15	Edelweiss Alternative Asset Advisors Limited	India	100.00%
16	Edelweiss Housing Finance Limited	India	100.00%
17	Edelweiss Property Advisors Limited	India	100.00%
18	EC Commodity Limited	India	100.00%
19	Edel Commodities Limited	India	100.00%
20	Edel Land Limited	India	100.00%
21	Edelweiss Custodial Services Limited	India	100.00%
22	EC International Limited	Mauritius	100.00%
23	Edelweiss Capital (Singapore) Pte. Limited	Singapore	100.00%
24	Edelweiss Alternative Asset Advisors Pte. Limited ²	Singapore	100.00%
25	Edelweiss International (Singapore) Pte. Limited ²	Singapore	100.00%
26	Aster Commodities DMCC ³	Dubai	100.00%
27	ECap International Limited ³	Mauritius	100.00%
28	EAAA LLC ⁴	Mauritius	100.00%
29	Allium Finance Private Limited ⁵	India	100.00%
30	Arum Investments Private Limited ⁶	India	100.00%
31	EW Special Opportunities Advisors LLC ⁷	Mauritius	100.00%
32	EW India Special Assets Advisors LLC ⁷	Mauritius	100.00%
33	Edel Investments Limited	India	100.00%
34	Edelweiss Tokio Life Insurance Company Limited	India	74.00%
35	Edelweiss Asset Reconstruction Company Limited ⁸	India	49.00%
36	Edelweiss Real Estate Advisors Private Limited	India	40.00%
37	Dahlia Financial Services Private Limited ⁶	India	50.00%
38	Magnolia Financial Services Private Limited ⁶	India	50.00%

¹ held through Edelweiss Finance & Investments Limited

² held through Edelweiss Capital (Singapore) Pte. Limited

³ held through EC International Limited

⁴ held through ECap International Limited

⁵ held through Edelweiss Commodities Limited

⁶ held through Edelweiss Securities Limited

⁷ held through EAAA LLC

⁸ held through Edelweiss Alternative Asset Advisors Limited

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.2 Principles of consolidation (Continued)

- d) During the year ended 31 March 2010, the Company has raised its interest in ECL Finance Limited from 79.29% to 84.44%.
- e) Edelgive Foundation, a 100% subsidiary and a company registered under section 25 of the Companies Act, 1956, with the sole objective of philanthropy, where no economic benefit shall be derived by the Group, has not been consolidated.
- f) Edelweiss Capital USA, LLC, a 100% subsidiary is wound-up, awaiting regulatory clearances for formal closure and therefore has not been consolidated.
- g) Edelweiss Securities (Singapore) Pte. Limited, a 100% subsidiary is wound-up, awaiting regulatory clearances for formal closure and therefore has not been consolidated.
- h) Blue River Capital Management Company I, LLC, and Blue River Capital Advisors (India) Private Limited, both associates, have not been consolidated as the Group is under negotiation for exiting from these investments and the same are carried at intended realisable value.

1.3 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 at 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.

1.4 Revenue recognition

- a) Fee income is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Group and the counterparty.
- b) Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is inclusive of service tax. Brokerage income on insurance broking business is recognised on accrual basis at the inception of the insurance policy, once the policy is issued by the insurance company based on the terms agreed with the insurance companies and is exclusive of service tax.
- c) Portfolio management fees are accounted on accrual basis as follows:
 - In case of percentage based fees, as a percentage of the unaudited Net Asset Value at the end of each financial quarter, on a quarterly basis.
 - In case of return based fee, as a percentage of the annual profit, on an annual basis.
- d) Investment management fees are recognised net of service tax on an accrual basis in accordance with the Investment Management Agreement with Edelweiss Mutual Fund ('the mutual fund') and complies with the Securities and Exchange Board of India (Mutual Funds) Regulations based on average Assets Under Management ('AUM') confirmed by the mutual fund.
- e) Revenue from rendering of trustee services is recognised in accordance with the terms and conditions of the Compensation Agreement between trustee company and the fund. The amount recognised as revenue is exclusive of service tax.
- f) Income from marketing and distribution services is recognised on accrual basis.
- g) Research services fee income is accounted for on an accrual basis.
- h) Income from treasury operations comprises of profit/loss on sale of securities and commodities and profit/loss on equity, commodity, interest rate and currency derivative instruments.
 - i) Profit/loss on sale of securities and commodities is determined based on the weighted average cost of the securities/commodities sold.
 - ii) Profit/loss on closed positions of derivative instruments is recognised on final settlement or squaring up of the contracts. For profit/loss on derivative instruments where the Group has open positions at the year end refer section 1.5 below.
- i) Interest income is recognised on accrual basis except in case of non-performing assets, which is recognised on receipt basis, as per The Reserve Bank of India ('RBI') guidelines. In case of commercial papers, deep discount bonds and certificate of deposits, the difference between the acquisition cost and redemption value are apportioned on time basis and recognised as interest income.

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 Revenue recognition (Continued)

- j) Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- k) Dividend income is recognised when the right to receive payment is established.
- l) ECL Finance Limited, subsidiary of the Company, enters into securitisation transactions and assets are derecognised upon sale only if ECL Finance Limited surrenders control over the contractual rights that comprise in the financial assets.

Gain on securitization of assets is recognised on the difference between the book value of the securitised asset and consideration received on the assets derecognised from the books. The same is amortised over the life of the securities issued by the Special Purpose Vehicle ('SPV') in accordance with the guidelines issued by the Reserve Bank of India. Losses, if any, are recognised immediately.

- m) Profit/loss on error trades are included in "Income from treasury operations".

1.5 Derivatives

1.5.1 Equity Index / Stock – Futures

- a) Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and advances or current liabilities, respectively, in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Index/Stock Futures till the balance sheet date.
- b) As on the balance sheet date, the profit/loss on open positions in Index/Stock Futures are accounted for as follows:
 - Credit balance in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", being anticipated profit, is ignored and no credit is taken in the profit and loss account.
 - Debit balance in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", being anticipated loss, is recognised in the profit and loss account.
- c) On final settlement or squaring-up of contracts for Equity Index/Stock Futures, the profit or loss is calculated as difference between settlement/squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in "Mark-to-Market Margin – Equity Index/Stock Futures Account" is recognised in the profit and loss account upon expiry of the contracts. When more than one contract in respect of the relevant series of Equity Index/Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using weighted average method for calculating profit/loss on squaring-up.
- d) "Initial Margin – Equity Index/Stock Futures Account", representing initial margin paid, and "Margin Deposits", representing additional margin over and above initial margin, for entering into contracts for Equity Index/Stock Futures, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Loans and advances.

1.5.2 Equity Index / Stock – Options

- a) "Equity Index/Stock option premium account" represents premium paid or received for buying or selling the options, respectively.
- b) As at the balance sheet date, in the case of long positions, provision is made for the amount by which the premium paid for those options exceeds the premium prevailing on the balance sheet date, and in the case of short positions, for the amount by which premium prevailing on the balance sheet date exceeds the premium received for those options, and reflected in "Provision for Loss on Equity Index/Stock Option Account".
- c) When the option contracts are squared-up before expiry of the options, the premium prevailing on that date is recognised in profit and loss account. If more than one option contract in respect of the same index/stock with the same strike price and expiry date to which the squared-up contract pertains is outstanding at the time of squaring-up of the contract, weighted average method is followed for determining profit or loss. On expiry of the contracts and on exercising the options, the difference between final settlement price and the strike price is transferred to the profit and loss account. In both the above cases, premium paid or received for buying or selling the option, as the case may be, is recognised in the profit and loss account for all squared-up/settled contracts.
- d) "Equity Index/Stock options margin account", representing initial margin paid and "Margin Deposit", representing additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock options, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Loans and advances.

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.5 Derivatives (Continued)

1.5.3 Commodities Stock – Futures

- a) Commodities futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and advances or Current liabilities respectively, in the “Mark-to-Market Margin – Commodities Stock Futures Account”, represents the net amount paid or received on the basis of movement in the prices of commodities futures till the balance sheet date.
- b) As on the balance sheet date, profit/ loss on open positions in commodities futures are accounted for as follows:
 - Credit balance in the “Mark-to-Market Margin – Commodities Stock Futures Account”, being anticipated profit, is ignored and no credit for the same is taken in the profit and loss account.
 - Debit balance in the “Mark-to-Market Margin – Commodities Stock Futures Account”, being anticipated loss, is adjusted in the profit and loss account.
- c) On final settlement or squaring-up of contracts for commodities futures, the profit or loss is calculated as the difference between settlement/ squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/ squared-up contract in “Mark-to-Market Margin – Commodities Stock Futures Account” is recognised in the profit and loss Account. When more than one contract in respect of the relevant series of commodity futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using weighted average method for calculating profit / loss on squaring-up.
- d) “Initial Margin – Commodities Stock Futures Account”, representing initial margin paid, and “Margin Deposits – Commodities Stock Futures Account”, representing additional margin over and above initial margin, for entering into contracts for commodities futures, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Loans and advances.

1.5.4 Commodity forwards / Currency Futures

Outstanding commodity forward/ currency futures are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.

The mark to market on derivative contracts is determined on a portfolio basis with net unrealised gains / losses being recognised in the profit and loss account.

1.5.5 Benchmark linked debentures

The Group has issued certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at year end. The unrealised loss on the fair valuation of these embedded derivatives is recognised in the profit and loss account and unrealised gain, if any is ignored. The resultant debt component of such debentures is measured at amortised cost using yield to maturity basis.

1.5.6 Interest rate swaps

Edelweiss Finance & Investments Limited (the NBFC) enters into interest rate swaps with the objective of managing the interest rate risk on its assets and liabilities. The outstanding swap trades at the reporting date if any, are disclosed at the notional value. These swaps are accounted on an accrual basis; these transactions are not marked to market.

1.6 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets comprises of 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 to use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

Depreciation is charged at the rates prescribed in the Schedule XIV to the Companies Act, 1956 as given below:

Class of asset	Rate of depreciation
Flat	5.00%
Furniture and fixtures	18.10%
Office equipments	13.91%
Computers	40.00%
Vehicles	25.89%
Vessel	20.00%

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.6 Fixed assets and depreciation (Continued)

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

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

Software expenses are written off in the year of purchase on a prudent basis except where direct future economic benefit attributable to the asset is expected to flow to the enterprise. Software capitalised is amortised on straight line basis over the useful life of the software upto a maximum of 3 years commencing from the date on which the software was first utilised.

1.7 Impairment of assets

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

1.8 Stock-in-trade

- a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- b) The securities including those arising from error trades held as stock-in-trade under current assets are valued at lower of weighted average cost or market value. In case of units of mutual funds, net asset value is considered as market value.
- c) Inventories in the form of commodities are valued at cost or net realisable value, whichever is lower.
- d) Debt instruments are valued at cost or fair value whichever is lower. Fair value is taken as last traded price for the listed instruments and for other as declared by Fixed Income Money Market and Derivative Association of India ('FIMMDA') jointly with Primary Dealers Association of India ('PDAI'). In case of debt instruments for which direct quotes are not available, they are valued at the lowest of the quotes as on valuation date as provided by market intermediaries.
- e) Commercial papers, certificate of deposits and treasury bills are valued at carrying cost.
- f) Inventories in the form of land is valued at cost or net realisable value, whichever is lower.

1.9 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 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.

1.10 Foreign currency transactions

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

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

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.11 Employee benefits

Provident fund

The Group contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the profit and loss account.

Gratuity

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

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

Actuarial gains and losses are recognised immediately in the profit and loss account.

1.12 Taxation

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

Current tax

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.

Deferred taxation

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

Minimum alternate tax (MAT)

MAT credit asset is recognised where there is convincing evidence that the asset can be realised in future.

Fringe benefit tax

For the previous year, provision for Fringe Benefit Tax ('FBT') is made on the basis of applicable FBT on the taxable value of chargeable expenditure of the Company as prescribed under the Income Tax Act, 1961.

1.13 Operating leases

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

1.14 Earnings per share

The Group reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share prescribed by the Companies (Accounting Standards) Rules, 2006. Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.15 Employee stock option plans

The Group follows the intrinsic value method to account for the compensation cost of its stock based employee compensation plans. The compensation cost is amortised on a straight line basis.

1.16 Provisions and contingencies

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

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

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

1.17 Provisioning on receivable from financing business

Provision on receivable from financing business (for Edelweiss Finance & Investments Limited and ECL Finance Limited, subsidiaries of the Company) is done in accordance with the prudential norms prescribed by RBI. In addition Edelweiss Finance & Investments Limited and ECL Finance Limited makes general provision based on analysis of its receivable portfolio except for initial public offer funding.

1.18 Mutual Fund expenses

Expenses incurred on behalf of schemes of Edelweiss Mutual Fund are recognised to the profit and loss account unless considered recoverable from schemes of the fund in accordance with provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations.

1.19 Preliminary expenses

Preliminary expenses are charged to the profit and loss account in the year in which they are incurred.

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
2 SHARE CAPITAL		
Authorised:		
100,000,000 (Previous year: 100,000,000) Equity shares of Rs. 5 (Previous year: Rs. 5) each	500.00	500.00
4,000,000 (Previous year: 4,000,000) Preference shares of Rs. 5 (Previous year: Rs. 5) each	20.00	20.00
	520.00	520.00
Issued, Subscribed and Paid up:		
75,071,893 (Previous year: 74,933,155) Equity shares of Rs. 5 (Previous year: Rs. 5) each, fully paid-up	375.36	374.67
	375.36	374.67
Bonus:		
(a) Of the above, 44,916,806 equity shares of Re. 1 each (before consolidation of face value of equity share from Re. 1 per share to Rs. 5 per share) have been allotted as fully paid up bonus shares by capitalisation of Rs. 44.92 million from securities premium account.		
(b) Of the above, 35,937,448 equity shares of Rs. 5 each have been allotted as fully paid up bonus shares by capitalisation of Rs. 179.69 million from securities premium account.		

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
3 RESERVES AND SURPLUS		
General reserve		
Opening balance	163.82	89.11
Add : Additions during the year	73.73	74.71
	237.55	163.82
Securities premium account		
Opening balance	13,545.16	13,682.03
Add : Additions / utilisation during the year	7.35	(136.87)
	13,552.51	13,545.16
Capital redemption reserve		
Opening balance	2.60	–
Add : Transfer from Profit and Loss Account	5.00	2.60
	7.60	2.60
Statutory reserve under section 45-IC of the Reserve Bank of India Act, 1934		
Opening balance	538.28	343.24
Add : Additions during the year	214.40	195.04
	752.68	538.28
Statutory Reserve u/s 29C of The National Housing Bank Act, 1987		
Opening balance	–	–
Add : Additions during the year	0.14	–
	0.14	–
Foreign exchange translation reserve	109.87	155.31
Capital reserve		
Opening balance	1,076.65	13.82
Add : Additions during the year	35.19	1,062.83
	1,111.84	1,076.65
Balance in profit and loss account	6,407.19	5,284.41
	22,179.38	20,766.23

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
4 SECURED LOANS		
Bank overdraft (Secured by way of pledge of fixed deposits)	49.91	1,322.18
Collateralised borrowing (Secured by dated treasury bills)	20.00	–
Non-convertible debentures		
(a) Secured by way of fixed charge on immovable property and floating charge on movable property in the form of sundry debtors, cash and bank balances and loans and advances	1,713.30	1,070.60
(b) Secured by way of second charge on immovable property and floating charge on loans to subsidiary	2,930.00	–
(c) Secured by way of charge on immovable property and floating charge on stock-in-trade	39.10	–
(d) Secured by way of charge on immovable property and floating charge on loans and advances	2,500.00	–
	7,182.40	1,070.60
Vehicle loans (Secured by hypothecation of vehicles)	7.22	5.31
Housing loan (Secured by hypothecation of residential property)	0.01	41.24
	7,259.54	2,439.33
5 UNSECURED LOANS		
Fully convertible debentures	1,800.00	1,800.00
Optionally fully convertible debentures	–	14.60
Non-convertible debentures	6,200.00	–
Inter-corporate deposit	403.50	310.70
Deposits accepted	132.98	71.66
Commercial paper	11,550.00	2,250.00
Less: Unamortised discount on commercial paper	207.83	62.77
	11,342.17	2,187.23
Other loans	–	800.23
	19,878.65	5,184.42
6 MINORITY INTEREST		
Opening balance	2,148.87	3,359.28
Less: Movement during the year	(16.85)	(1,210.41)
	2,132.02	2,148.87

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

7 FIXED ASSETS

Particulars	Gross Block		Depreciation		Net Block	
	As at 1 April 2009	Additions during the year	Deductions during the year	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
Land	41.05	–	–	–	41.05	41.05
Flat	2.78	–	–	0.13	2.50	2.63
Leasehold improvements	192.01	37.77	16.70	45.70	101.22	109.15
Furniture and fixtures	23.27	6.80	0.13	2.98	17.20	13.43
Office equipment	78.51	17.00	0.13	9.45	68.11	60.63
Computers	292.36	19.15	0.56	56.37	97.11	134.85
Vehicles	19.70	6.97	1.04	3.25	13.65	10.18
Vessel	6.96	–	–	1.31	5.25	6.56
Software	–	11.05	–	3.28	7.77	–
ISE Membership Card	0.43	–	–	–	0.43	0.43
Total	657.07	98.74	18.56	122.47	354.29	378.91
Previous year	500.13	207.81	50.87	176.61	378.91	278.16

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

		31 March 2010	31 March 2009
8 INVESTMENTS			
Long term investments			
I. Quoted			
Debentures and bonds		–	188.88
		–	188.88
II. Unquoted			
(a) Equity shares			
i) In subsidiary companies		2.49	0.10
ii) In others		323.97	285.22
	(a)	326.46	285.32
(b) Debentures and bonds	(b)	57.57	–
(c) Units of venture capital funds	(c)	311.45	311.68
(d) Others	(d)	36.60	36.60
(e) Investment in equity shares of associates			
i) Equity shares with accrued benefits		56.24	42.44
ii) Further investment in associates		15.70	–
iii) Share of profit as subsidiary		–	(1.18)
iv) Transfer to capital reserve		–	0.60
v) Share in (Loss) / profit of associates		(4.06)	14.38
	(e)	67.88	56.24
(f) Investment in partnership firm			
i) Capital Account			
Opening Balance		–	–
Add: Addition during the year		0.02	–
Less: Drawings		–	–
		0.02	–
ii) Current Account			
Opening Balance		–	–
Add: Addition during the year		5.31	–
Less: Drawings		–	–
		5.31	–
	(f)	5.33	–
	Total (a to f)	805.29	689.84
Less: Diminution in value of investments		54.72	34.03
		750.57	655.81
Total of long term investments		750.57	844.69
Current investments			
Unquoted			
Equity shares		233.20	–
Units of mutual funds		576.48	227.87
Total of current investments		809.68	227.87
	Total	1,560.25	1,072.56

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

9	STOCK IN TRADE	31 March 2010			31 March 2009		
		Face value	Quantity	Amount	Face value	Quantity	Amount
A. Equity Shares (Quoted)							
	ABB Limited	–	–	–	2	340	0.14
	ACC Limited	–	–	–	10	300	0.17
	Ahmednagar Forgings Limited	–	–	–	10	98,532	3.07
	Ambuja Cements Limited	–	–	–	2	2,430	0.17
	Arvind Limited	10	210,737	7.12	–	–	–
	Ashapura Minechem Limited	–	–	–	2	10,053	0.24
	Axis Bank Limited	–	–	–	10	52,569	21.07
	B. L. Kashyap and Sons Limited	–	–	–	5	80,117	10.44
	Bajaj Hindusthan Limited	–	–	–	1	450,300	20.86
	Balaji Distilleries Limited	10	633,326	26.40	–	–	–
	Bharat Forge Limited	–	–	–	2	12,000	1.09
	Bharat Heavy Electricals Limited	–	–	–	10	780	1.18
	Bharat Petroleum Corporation Limited	–	–	–	10	36,875	12.92
	Bharti Airtel Limited	–	–	–	10	26,530	16.11
	BOC India Limited	10	39,607	7.08	–	–	–
	Bombay Rayon Fashions Limited	–	–	–	10	53,372	7.71
	Bongaigaon Refinery & Petrochemicals Limited	–	–	–	10	3,333,411	136.67
	Cairn India Limited	–	–	–	10	490,525	90.31
	Ceekay Daikin Limited	10	51	0.01	–	–	–
	Central Bank of India	–	–	–	10	80,000	2.59
	Cipla Limited	–	–	–	2	123,740	24.99
	Citigroup *	–	–	–	\$0.10	4,000	0.31
	CMC Limited	–	–	–	10	2,634	0.81
	Cummins India Limited	–	–	–	2	1,900	0.35
	Disa India Limited	–	–	–	10	2,389	3.93
	Dish TV India Limited	–	–	–	1	12,440	0.30
	Dish TV India Limited (Partly Paid up)	–	–	–	1	7,819	0.06
	DLF Limited	–	–	–	2	2,710	0.45
	Elgi Equipments Limited	–	–	–	1	478	0.02
	Essar Oil Limited	10	1,280,000	176.90	–	–	–
	Fame India Limited	10	1,000	0.09	–	–	–
	Federal National Mortgage Association **	–	2,350	0.08	–	2,350	0.05
	Fem Care Pharma Limited	–	–	–	10	7,890	5.26
	Financial Technologies (India) Limited	–	–	–	2	74,453	39.05
	Freddie Mac *	\$0.21	3,600	0.13	\$0.21	3,600	0.08
	GAIL (India) Limited	–	–	–	10	252,900	58.13
	GeeCee Ventures Limited	10	17,243	1.54	–	–	–
	GMR Infrastructure Limited	–	–	–	2	205,000	19.44
	Good Year India Limited	10	2,259	0.65	–	–	–
	Grasim Industries Limited	–	–	–	10	314	0.48
	Gujarat NRE Coke Limited	–	–	–	10	86,713	1.71
	GVK Power & Infrastructure Limited	–	–	–	1	2,292,994	47.07
	HCL Technologies Limited	–	–	–	2	1,070	0.11
	HDFC Bank Limited	–	–	–	10	680	0.66
	Hero Honda Motors Limited	–	–	–	2	320	0.34
	Hindalco Industries Limited	–	–	–	1	59,003	2.96
	Hindustan Oil Exploration Co. Limited	–	–	–	10	51,200	2.89
	Hindustan Petroleum Corporation Limited	–	–	–	10	10,400	2.66

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

9	STOCK IN TRADE (Continued)	31 March 2010			31 March 2009		
		Face value	Quantity	Amount	Face value	Quantity	Amount
	Hindustan Unilever Limited	–	–	–	1	182,480	42.23
	Housing Development and Infrastructure Limited	–	–	–	10	442,277	79.35
	Housing Development Finance Corporation Limited	–	–	–	10	28,950	40.88
	ICICI Bank Limited	–	–	–	10	58,475	19.46
	IDBI Bank Limited	–	–	–	10	14,400	0.65
	Idea Cellular Limited	–	–	–	10	129,150	6.47
	IFCI Limited	–	–	–	10	141,840	2.63
	India Infoline Limited	–	–	–	2	1,169,185	53.60
	Indiabulls Securities Limited	2	25	0.01	2	20,306	0.43
	Indo Tech Transformers Limited	–	–	–	10	86,078	25.81
	Infosys Technologies Limited *	–	–	–	\$1.00	3,800	4.69
	Infosys Technologies Limited	–	–	–	5	5,915	7.81
	Infrastructure Development Finance Company Limited	–	–	–	10	175,000	9.08
	Ispat Industries Limited	–	–	–	10	224,223	2.25
	ITC Limited	–	–	–	1	199,525	34.49
	Jaiprakash Associates Limited	–	–	–	2	387,000	28.79
	Jaiprakash Hydro-Power Limited	–	–	–	10	12,500	0.32
	Jet Airways (India) Limited	–	–	–	10	21,600	3.33
	Jindal Steel & Power Ltd.	–	–	–	1	13,760	15.54
	JSW Steel Limited	–	–	–	10	34,650	6.63
	Kalpataru Power Transmission Limited	–	–	–	10	7,052	2.30
	Karnataka Bank Limited	10	70,829	8.50	–	–	–
	Kotak Mahindra Bank Limited	–	–	–	10	1,100	0.31
	Larsen & Toubro Limited @	2	1	0.00	2	50,535	31.39
	Lehman Bros. *	\$0.10	9,000	0.02	\$0.10	9,000	0.01
	Mahindra & Mahindra Limited	–	–	–	10	445	0.17
	Maruti Suzuki India Limited	–	–	–	5	460	0.35
	Matrix Laboratories Limited	–	–	–	2	96,591	14.14
	MIC Electronics Limited	2	254,746	10.54	2	683,944	12.24
	MSK Projects (India) Limited	10	30,000	4.64	–	–	–
	Nagarjuna Fertilizer & Chemicals Limited	–	–	–	10	63,001	0.97
	National Aluminium Company Limited	–	–	–	10	1,030	0.22
	Network 18 Fincap Limited	–	–	–	5	10,442	0.72
	Network 18 Media and Investments Limited	10	246	0.02	5	144	0.01
	NIIT Limited	–	–	–	2	352,765	7.14
	NMDC Limited	1	220,760	65.00	–	–	–
	Novartis India Limited	–	–	–	10	56,738	20.13
	NTPC Limited	–	–	–	10	13,160	2.37
	Nufarm Limited	10	2,000	0.69	–	–	–
	Oil and Natural Gas Corporation Limited	–	–	–	10	43,915	34.26
	Orbit Corporation Limited @	–	–	–	10	10	0.00
	Pantaloon Retail (India) Ltd.	–	–	–	2	6,800	0.80
	Pfizer *	–	–	–	\$0.50	985	0.68
	PNB Gilts Limited	10	49,090	1.18	10	46,399	0.86
	Polaris Software Lab Limited	–	–	–	5	16,800	0.76
	Power Grid Corporation of India Limited	–	–	–	10	6,720	0.64
	Praj Industries Limited	–	–	–	2	57,200	3.01
	Punj Lloyd Limited	–	–	–	2	148,500	12.22
	Punjab National Bank	–	–	–	10	505	0.21
	Ranbaxy Laboratories Limited	–	–	–	10	299,870	49.69

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

9	STOCK IN TRADE (Continued)	31 March 2010			31 March 2009		
		Face value	Quantity	Amount	Face value	Quantity	Amount
	Reliance Capital Limited	–	–	–	10	390	0.14
	Reliance Communications Limited	–	–	–	5	3,295	0.57
	Reliance Industries Limited @	10	1	0.00	10	31,010	47.28
	Reliance Infrastructure Limited	–	–	–	10	194,117	100.03
	Reliance Natural Resources Limited	–	–	–	5	836,784	37.52
	Reliance Petroleum Limited	–	–	–	10	479,535	45.29
	Reliance Power Limited	–	–	–	10	3,825	0.39
	Shree Renuka Sugars Limited	–	–	–	2	290,000	20.22
	Shriram City Union Finance Limited	–	–	–	10	100	0.03
	Siemens Limited	–	–	–	2	11,068	2.57
	State Bank of India	–	–	–	10	5,503	5.75
	Steel Authority of India Limited	–	–	–	10	6,595	0.64
	Sterlite Industries (India) Limited	–	–	–	2	1,127	0.40
	Suashish Diamonds Limited	10	23,921	6.51	–	–	–
	Sun Pharmaceuticals Industries Limited	–	–	–	10	2,130	2.27
	Suzlon Energy Limited	–	–	–	2	2,390	0.10
	Take Solutions Limited	–	–	–	1	112,434	2.06
	Tata Communications Limited	–	–	–	10	456	0.24
	Tata Consultancy Services Limited	–	–	–	1	39,060	20.71
	Tata Motors Limited	–	–	–	10	720	0.13
	Tata Power Co. Limited	–	–	–	10	355	0.27
	Tata Steel Limited	–	–	–	10	1,165	0.24
	Television Eighteen India Limited	–	–	–	5	6,800	0.47
	The Karnataka Bank Limited	10	4,096	0.50	–	–	–
	Titan Industries Limited	–	–	–	10	412	0.32
	Unitech Limited	–	–	–	2	2,690	0.09
	United Breweries Limited	–	–	–	1	26,500	1.95
	UTV Software Communications Limited	–	–	–	10	68,945	13.73
	Welspun Gujarat Stahl Rohren Limited	–	–	–	10	92,800	5.86
	Wire And Wireless (India) Ltd.	1	10,000,000	60.00	–	–	–
	Wipro Limited	–	–	–	2	16,735	4.04
	Yes Bank Limited	–	–	–	10	484,097	24.20
	Zee Entertainment Enterprises Limited	–	–	–	1	68,603	6.98
	Zee News Limited	1	37,934	2.23	–	–	–
				379.84			1,461.38
	B. Equity Shares (Unquoted)						
	Citigroup Global Services Limited	10	1	0.01	10	1	0.01
	Persistent System Ltd	10	15,772	4.88	–	–	–
	Pradip Overseas Ltd	10	54,311	5.97	–	–	–
	Teledata Marine Solutions Limited	2	26,500	0.88	2	26,500	0.88
	Teledata Techno Limited	–	–	–	2	26,500	0.88
				11.74			1.77

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

9	STOCK IN TRADE (Continued)	31 March 2010			31 March 2009		
		Face value	Quantity	Amount	Face value	Quantity	Amount
	C Preference Shares (Quoted)						
	Network 18 Fincap Limited	5	39,150	3.10	5	39,492	3.13
	Tata Steel Limited	–	–	–	100	160,296	5.16
				<u>3.10</u>			<u>8.29</u>
	D. Preference Shares (Unquoted)						
	Ispat Industries Limited	10	6,000	0.13	10	6,000	0.13
				<u>0.13</u>			<u>0.13</u>
	E. Debentures/Bonds (Quoted)						
	11.03% STFCL 2014 NCD	1,000	199,385	210.82	–	–	–
	10.75% STFCL 2012 NCD	1,000	478,715	497.77	–	–	–
	11% Annual STFC 2014 NCD	1,000	104,429	109.13	–	–	–
	8.40% L&T Finance Limited 08/03/2013 NCD	1,000	167,046	164.30	–	–	–
	8.50% L&T Finance Limited 08/03/2013 NCD	1,000	25,804	25.30	–	–	–
	10.24% L&T Finance Limited 2019 NCD	1,000	257,222	267.51	–	–	–
	11.25% Tata Capital 2014 NCD	–	–	–	1,000	622,999	660.76
	12% Tata Capital 2014 NCD	–	–	–	1,000	437,278	465.80
				<u>1,274.83</u>			<u>1,126.56</u>
	F. Debentures/Bonds (Unquoted)						
	10.25% GOI 30/05/2021	100	2,000	0.23	–	–	–
	6.84% HDFC NCD	1,000,000	452	452.90	–	–	–
	10.40% Tata Steel Limited 2019 NCD	1,000,000	4	4.17	–	–	–
	8.00% RECL 2014 Bonds	1,000,000	200	195.90	–	–	–
	0% Sundaram Finance Limited 2011 NCD	1,000,000	250	222.21	–	–	–
	11.00% IDBI 2010 Bonds	100,000	40	4.02	–	–	–
	6.70% Canara Bank 2010 Bonds	500,000	1	0.50	–	–	–
	6.90% Union Bank 2010 Bonds	1,000,000	5	5.00	–	–	–
	7.90% RECL 2012 Bonds	1,000,000	250	250.60	–	–	–
	0% Sundaram Finance Limited 2012 NCD	1,000,000	250	203.08	–	–	–
	12.50% Deccan Cronical 2012 Bonds	10,000,000	10	105.50	–	–	–
	7.40% Tata Capital Limited 2011 NCD	1,000,000	200	200.00	–	–	–
	8.30% Tata Capital Limited 2012 NCD	1,000,000	250	250.00	–	–	–
	7.50% Bank of Maharashtra 2013 Bonds	1,000,000	1	0.97	–	–	–
	8.20% GOI 2022 Bonds	100	586,000	58.87	–	–	–
	8.33% Union Bank 2016 Bond	1,000,000	199	197.01	–	–	–
	8.65% RECL 2020 Bonds	1,000,000	50	49.13	–	–	–
	9.65% Yes Bank 2020 Bonds	1,000,000	612	608.94	–	–	–
	9.05% SBI Perpetual Bonds	1,000,000	150	149.06	–	–	–
	9.15% Electrosteel 2013 Bonds	1,000,000	600	598.80	–	–	–
	0.001% ICICI Bank Pref Shares 20/04/2018	10,000,000	40	139.28	–	–	–
	10.75% Tata Motors Finance Limited 25/03/2020 NCD	500,000	800	400.00	–	–	–
	10.90% Tata Motors Finance Limited 2020 NCD	500,000	269	134.63	–	–	–
	5.95% NTPC 2011 Bonds	200,000	20	3.87	–	–	–
	6.30% GOI 2023 Bonds	100	3,000	0.25	–	–	–
	8.90% PFC 15/03/2025 Bonds	1,000,000	7	6.98	–	–	–
	8.95% IDBI Bank 2024 Bonds	1,000,000	80	80.00	–	–	–
	8.95% PFC 30/03/2015 Bonds	1,000,000	50	50.00	–	–	–
	8.95% PFC 30/03/2020 Bonds	1,000,000	50	50.18	–	–	–
	8.95% PFC 30/03/2025 Bonds	1,000,000	275	272.63	–	–	–

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

9	STOCK IN TRADE (Continued)	31 March 2010			31 March 2009		
		Face value	Quantity	Amount	Face value	Quantity	Amount
	9.35% Religare Finvest Limited 14/10/2011 NCD	1,000,000	250	254.24	-	-	-
	9.50% NABARD 2012 Bonds	1,000,000	9	9.21	-	-	-
	9.95% Tata Motors Limited 2020 Bonds	1,000,000	197	196.95	-	-	-
	0.00% ETHL Comm. Holdings Limited NCD 22/1/2011	1,000,000	450	401.79	-	-	-
	8.75% Reliance Capital 2011 Bonds	1,000,000	202	202.84	-	-	-
	Treasury Bill 23/04/2010	100	500,000	49.88	-	-	-
	10.70% IRFC 2023 Bonds	-	-	-	1,000,000	12	13.46
	11.30% IDBI 2018 Bond	-	-	-	1,000,000	53	58.71
	6.05% GOI 2019 Bonds	-	-	-	100	500,000	46.51
	6.85% IIFCL 2014 Tax Free Series II	-	-	-	100,000	6,496	648.87
	7.60% HUDCO 2013	-	-	-	1,000,000	4	3.53
	Citicorp Finance Debenture - Series 225	-	-	-	100,000	1,000	100.00
	ECL 24/04/2008	-	-	-	990,402	180	178.27
	Trent Limited	-	-	-	1,000	6	0.01
				5,809.62			1,049.36
G.	Mutual Fund (Quoted)						
	Kotak Sensex	-	-	-	10	23,686	2.30
	Benchmark Mutual Fund	-	-	-	10	30,854	8.93
				-			11.23
H.	Mutual Fund (Unquoted)						
	DSP BR Small and Midcap Fund	10	1,640,982	25.00	-	-	-
	Reliance Long Term Equity Fund	10	1,822,040	25.00	-	-	-
	Edelweiss MF - Nifty Enhancer Fund Plan B - Dividend Reinvestment	10	8,149,635	94.64	-	-	-
	Edelweiss MF - Absolute Return Equity Fund - Dividend Reinvestment	10	9,975,000	101.04	-	-	-
	Edelweiss GILT Fund - Growth Plan	10	150,000	1.50	-	-	-
	Edelweiss Income Advantage Fund - Dividend - Reinvestment	10	35,000,000	350.00	-	-	-
	Edelweiss Short Term Bond Fund - Institutional - Dividend Plan (Daily) - Reinvestment	10	20,026,575	200.42	-	-	-
	Edelweiss Diversified Growth Equity Fund - Plan B - Div - Reinvestment	10	3,990,000	52.11	-	-	-
	Edelweiss MF - Monthly Interval Fund - Series 1 - Institutional Growth	10	289,283	3.00	-	-	-
	Edelweiss MF - Quarterly Interval Fund - Series 1 - Retail Growth	10	28,135	0.30	-	-	-
				853.01			-
I.	Warrants (Quoted)						
	HDFC Limited		31,450	12.49	-	-	-
	Network 18 Fincap Limited		-	-	228,120	4.40	-
	Orbit Corporation Limited		-	-	276,246	1.80	-
	Renaissance Jewellery Limited		-	-	5,000	0.01	-
				12.49			6.21

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

9	STOCK IN TRADE (Continued)	31 March 2010			31 March 2009		
		Face value	Quantity	Amount	Face value	Quantity	Amount
	J. Certificate of Deposits/Commercial Papers						
	Axis Bank CD 10/12/2010		2,000	190.77		–	–
	Federal Bank CD 10/09/2010		10,000	975.33		–	–
	State Bank of Bikaner & Jaipur CD 28/09/2009		–	–		70	6.71
	IDBI Bank Limited CD - 29/09/2009		–	–		5,000	481.73
	Tata Motors Finance Ltd CP -12/11/2010		1,500	717.69			
				<u>1,883.79</u>			<u>488.44</u>
	K. Commodity#						
	Cotton Oil Seed Cake		3,602,503	37.03		–	–
	Zinc Ingots		–	–		100,305	7.37
	Chana		228,625	5.17		–	–
	Gaur Seed		557,083	12.53		–	–
	Jeera		767,040	90.08		–	–
	Goldmini		35	56.49		18	26.98
	Gold		286	466.56		201	301.38
	Silver		18,056	481.86		7,926	152.66
				<u>1,149.72</u>			<u>488.39</u>
	L. Land			127.56			–
				<u>11,505.83</u>			<u>4,641.76</u>
	* Face value in USD						
	** no par value						
	# Quantity in Kgs.						
	@ Amount is less than Rs. 0.01 million						

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
10 SUNDRY DEBTORS		
(Unsecured and considered good, unless otherwise stated)		
Debtors outstanding for a period exceeding six months		
(a) Considered good	30.74	11.35
(b) Considered doubtful	84.46	86.36
	115.20	97.71
Other debts		
(a) Considered good	817.57	423.89
(b) Considered doubtful	5.06	10.08
	822.63	433.97
	937.83	531.68
Less: Provision for doubtful debts	89.52	96.44
	848.31	435.24
11 CASH AND BANK BALANCES		
Cash in hand	0.40	0.88
Cheques in hand	64.63	385.54
Balances with scheduled banks		
- in Current accounts	973.27	2,923.70
- in Fixed deposits (Refer schedule 25.12)	15,669.75	13,608.55
Balances with other banks		
- in Current accounts	268.26	26.74
- in Fixed deposits	22.57	-
	16,998.88	16,945.41
12 OTHER CURRENT ASSETS		
(Unsecured and considered good)		
Accrued interest on fixed deposits	453.70	668.55
Accrued interest on inter-corporate deposits	10.55	1.88
Accrued interest on debt instruments	15.23	14.78
Accrued interest on loans	0.59	0.24
Dividend receivable	-	23.80
Margin for government securities	3.29	0.75
	483.36	710.00
13 RECEIVABLE FROM FINANCING BUSINESS		
Loans given		
- Secured	17,300.40	5,503.34
- Unsecured	1,094.84	805.86
	18,395.24	6,309.20
Less : Provision for non-performing assets	22.53	14.10
	18,372.71	6,295.10

Schedules to the consolidated financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
14 LOANS AND ADVANCES		
(Unsecured and considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	2,686.36	1,570.10
Loans given	3,335.01	–
Deposits placed with exchange/depositaries	1,042.30	678.19
Deposits - others	236.63	333.69
Inter-corporate deposits placed	68.00	148.00
Initial margin	–	1,205.00
Mark-to-Market Margin - Equity Index/Stock Futures	100.22	285.08
Less: Provision for loss on Equity Index/Stock Futures	100.22	285.08
	–	–
Equity Index/Stock Options Premium Account	817.93	1,043.79
Less: Provision for loss on Equity Index/Stock Options	571.11	68.30
	246.82	975.49
Mark-to-Market Margin - Commodity Futures	10.33	31.90
Less: Provision for loss on Commodity Futures	10.33	31.90
	–	–
Advance tax and tax deducted at source (Net of provision for taxation Rs. 4,315.56 million; Previous Year : Rs. 3,242.06 million)	374.85	21.72
Minimum alternate tax credit entitlement	6.70	–
	7,996.67	4,932.19
15 CURRENT LIABILITIES		
Sundry creditors	4,121.83	2,289.84
Book overdraft	37.58	377.22
Equity Index/Stock Options Premium Account	196.06	828.71
Add: Provision for Loss on Equity Index/Stock Options	241.21	160.50
	437.27	989.21
Mark-to-Market Margin - Commodity Futures	88.13	61.27
Mark-to-Market Margin - Equity Index/Stock Futures	15.00	93.37
Income received in advance	60.62	–
Interest accrued but not due on unsecured loan	652.95	144.88
Other liabilities	305.00	205.93
	5,718.38	4,161.72
16 PROVISIONS		
Gratuity	46.04	37.11
Provision for deferred bonus	555.63	675.59
Proposed dividend	600.73	224.80
Dividend distribution tax	99.80	12.20
General loan loss provision	93.16	58.20
Other provisions	–	6.11
	1,395.36	1,014.01

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
17 FEE AND COMMISSION INCOME		
Income from broking	2,079.31	1,647.94
Investment banking fees	685.04	195.13
Advisory and other fees	739.69	598.14
	3,504.04	2,441.21
18 INCOME FROM TREASURY OPERATIONS		
Profit/(loss) on trading in securities (net)	3,130.71	(2,096.25)
(Loss)/profit on trading in equity derivative instruments (net)	(905.36)	4,163.78
(Loss)/profit on trading in currency derivative instruments (net)	(180.45)	4.03
Profit on trading in interest rate derivative instruments (net)	3.49	-
(Loss)/profit on trading in commodity derivative instruments (net)	(404.40)	788.76
Profit/(loss) on trading in commodities (net)	810.62	(348.66)
	2,454.61	2,511.66
19 INCOME FROM INVESTMENTS AND DIVIDEND		
Gain on structured products	-	28.97
Profit on sale of current investments (net)	212.06	197.39
Profit on sale of long term investments	13.46	117.90
Dividend on stock in trade	54.63	139.45
Dividend on current investments	59.38	152.81
Dividend on long term investments	0.45	48.17
Share in (loss)/profit of associate companies	(4.06)	12.70
Share in profit of Partnership firm	6.64	-
	342.56	697.39
20 INTEREST INCOME		
Interest income on		
- Loan	1,426.40	1,442.14
- Inter corporate deposits	8.95	19.75
- Fixed deposits	1,429.26	1,663.17
- Debt instruments	489.47	159.47
- Margin	0.04	6.40
Other interest income	34.98	23.71
	3,389.10	3,314.64
21 OTHER INCOME		
Write back of doubtful advances and excess expense provision	57.23	2.79
Profit on sale of fixed assets (net)	13.88	0.07
Profit on sale of receivable	5.62	2.44
Provision on depreciation in value of current investments written back	-	5.26
Diminution in value of long term investments written back	-	1.25
Bad debts recovered	-	0.32
Miscellaneous income	10.95	27.93
	87.68	40.06
22 EMPLOYEE COSTS		
Salaries and bonus	1,579.78	1,605.95
Contribution to provident fund and other funds	14.82	13.79
Gratuity	10.52	12.88
Staff welfare	16.56	26.73
	1,621.68	1,659.35

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
23 OPERATING AND OTHER EXPENSES		
Advertisement and business promotion	109.08	59.69
Auditors' remuneration	10.79	9.58
Bad debts and advances written off	42.23	13.92
Commission and brokerage	96.81	46.28
Computer software and other expenses	63.41	83.60
Directors' sitting fees	2.73	1.46
Donation	31.00	9.82
Foreign exchange loss (net)	139.16	1.57
General loan loss provision	34.96	12.69
Goodwill on consolidation	0.76	–
Legal and professional fees	227.87	151.06
Loss on sale of fixed assets (net)	0.18	0.31
Membership and subscription	50.64	48.43
Miscellaneous expenses	97.66	20.22
Mutual fund expenses	6.45	9.80
Postage and courier	13.00	13.36
Printing and stationery	35.18	33.13
Provision for non-performing assets	8.43	14.10
Provision for diminution in value of long term investments	18.30	18.30
Preliminary expenses	1.24	4.08
Provision for doubtful debts	0.26	48.68
Rates and taxes	44.87	83.41
Rent	340.86	347.11
Repairs and maintenance - others	9.47	9.68
Securities transaction tax	636.02	720.38
Seminar and conference	30.58	34.17
Service tax expenses	180.05	169.13
Stock exchange expenses	252.03	259.11
Travelling and conveyance	95.88	103.53
Utilities	183.12	202.72
	2,763.02	2,529.32
24 FINANCIAL EXPENSES		
Interest on		
- Debentures	1,412.90	629.95
- Inter-corporate deposits	31.81	41.14
- Bank overdraft	3.12	20.09
- Deposits	12.35	16.16
- Margin	4.16	–
Other interest expense	56.72	107.44
Discount on commercial paper	329.10	460.64
Interest on interest rate swaps	–	12.34
Financial charges	21.10	0.52
Bank charges	71.52	61.01
	1,942.78	1,349.29

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS

25.1 Segment reporting

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

Segment	Activities covered
Agency business	Broking, advisory and product distribution services
Capital based business	Income from treasury operations, investment income and wholesale financing

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

Based on such allocations, segmental balance sheet as at 31 March 2010 and segmental profit & loss account for the year ended 31 March 2010 have been prepared.

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25 Notes to the accounts (Continued) 25.1 Segment reporting (Continued)

Particulars	Agency business		Capital based business		Un-allocated		Total	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Segment revenue								
Income from external customers	4,386.79	3,630.01	5,343.57	5,353.40	47.63	21.55	9,777.99	9,004.96
Total	4,386.79	3,630.01	5,343.57	5,353.40	47.63	21.55	9,777.99	9,004.96
Segment result								
Income tax	2,164.38	2,086.53	2,451.83	2,508.71	(1,288.17)	(1,304.85)	3,328.04	3,290.39
Minimum alternate tax credit entitlement					949.27	1,557.20	949.27	1,557.20
Deferred tax					(6.70)	–	(6.70)	–
Fringe benefit tax					(63.35)	(374.52)	(63.35)	(374.52)
					–	16.44	–	16.44
Profit after tax							2,448.82	2,091.27
Other information								
Carrying amount of segment assets	13,535.63	13,265.74	41,121.20	17,178.08	4,300.81	5,658.22	58,957.64	36,102.04
Carrying amount of segment liabilities	2,963.04	2,475.38	27,863.88	8,461.91	5,557.03	4,011.06	36,383.95	14,948.35
Capital expenditure	23.80	113.33	58.69	32.81	109.03	131.04	191.52	277.18
Depreciation	82.14	88.82	21.75	27.00	18.58	60.79	122.47	176.61
Other non cash expenditure	34.89	37.76	68.10	28.48	–	34.86	102.99	101.10

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.2 Related parties

(A) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise:

Rashesh Shah

Venkat Ramaswamy

(B) Key management personnel:

Naresh Kothari

Hiralal Chopra

Ravi Bubna

(C) Relatives of individuals exercising significant influence:

Vidya Shah

Aparna T. C.

Neel Shah

Kaavya Venkat

Shilpa Mody

Sharmishta Chandrakant Shah

A V Ramaswamy

(D) Enterprises where significant influence is exercised, with whom transactions have taken place:

Edelweiss Employee Welfare Trust

Blue River Capital Advisors (India) Private Limited

Blue River Capital Management Company 1, LLC

Edelweiss Asset Reconstruction Company Limited

Edelweiss Real Estate Advisors Private Limited.

Dahlia Financial Services Private Limited

Magnolia Financial Services Private Limited

(E) Subsidiary Companies:

Edelgive Foundation

Edelweiss Capital USA, LLC

(F) Enterprise which exercise significant influence over subsidiary, with whom transactions have taken place:

Tokio Marine & Nichido Fire Insurance Co., Limited (*Subsidiary of Tokio Marine Holdings Inc.*)

(G) Enterprise which exercise significant influence over group, with whom transactions have taken place:

Oak Holdings Private Limited

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Individual exercising significant control	Key Management Personnel	Relatives of individuals exercising significant influence	Enterprises where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group
Capital account transactions							
<i>Equity shares investments</i>							
Edelgive Foundation					–		
					(0.10)		
Edelweiss Asset Reconstruction Company Limited				13.72			
				(10.28)			
<i>Equity share capital issued by subsidiary (including securities premium)</i>							
Tokio Marine & Nichido Fire Insurance Co., Limited						18.65	
						(–)	
<i>Share Application Money received by subsidiary</i>							
Tokio Marine & Nichido Fire Insurance Co., Limited						201.15	
						(–)	
<i>Non-convertible debentures subscribed by</i>							
Oak Holdings Private Limited							20.00
							(29.50)
Aparna T. C.			–				
			(5.00)				
Kaavya Venkat			–				
			(4.00)				
Venkat Ramaswamy	–						
	(4.00)						
<i>Preference shares redeemed</i>							
Rashesh Shah	–						
	(2.60)						
<i>Loans Given</i>							
Edelweiss Employee Welfare Trust				1,031.88			
				(201.65)			
Edelweiss Real Estate Advisors Private Limited				7.81			
				(7.17)			
Edelweiss Asset Reconstruction Company Limited				21.28			
				(0.54)			
<i>Loans Repaid</i>							
Edelweiss Employee Welfare Trust				12.65			
				(–)			

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)**25.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Individual exercising significant control	Key Management Personnel	Relatives of individuals exercising significant influence	Enterprises where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group
Edelweiss Real Estate Advisors Private Limited				8.60			
				(15.61)			
Edelweiss Asset Reconstruction Company Limited				21.82			
				(-)			
<i>Reimbursement recovered</i>							
Edelweiss Real Estate Advisors Private Limited				9.21			
				(2.76)			
Edelweiss Asset Reconstruction Company Limited				0.18			
				(0.05)			
Oak Holdings Private Limited							0.02
							(0.01)
Edelgive Foundation					0.09		
					(0.26)		
<i>Inter-corporate deposits accepted</i>							
Edelweiss Real Estate Advisors Private Limited				-			
				(10.90)			
Edelweiss Asset Reconstruction Company Limited				-			
				(0.75)			
<i>Inter-corporate deposits repaid</i>							
Edelweiss Real Estate Advisors Private Limited				-			
				(29.70)			
Edelweiss Asset Reconstruction Company Limited				-			
				(0.75)			
<i>Dividend paid</i>							
Rashesh Shah	65.11						
	(21.73)						
Venkat Ramaswamy	26.51						
	(10.61)						
Aparna T. C.			6.00				
			(2.40)				
Kaavya Venkat			6.00				
			(2.40)				
Vidya Shah			15.18				
			(6.07)				
A V Ramaswamy			0.03				
			(0.01)				

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Individual exercising significant control	Key Management Personnel	Relatives of individuals exercising significant influence	Enterprises where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group
Shilpa Mody			0.00*				
			(0.00)*				
Sharmishta Chandrakant Shah			0.01				
			(4.33)				
Oak Holdings Private Limited							24.00
							(14.40)
<i>Interest income</i>							
Edelweiss Real Estate Advisors Private Limited				0.08			
				(0.29)			
Edelweiss Asset Reconstruction Company Limited				0.05			
				(0.04)			
<i>Fee received</i>							
Blue River Capital Advisors (India) Private Limited				-			
				(3.00)			
<i>Purchase of securities acting as a broker</i>							
Edelweiss Employee Welfare Trust				1,025.29			
				(203.90)			
Rashesh Shah	388.69						
	(-)						
Vidya Shah			198.13				
			(219.77)				
Aparna T. C.			0.09				
			(184.60)				
<i>Sale of securities acting as a broker</i>							
Rashesh Shah	0.92						
	(1.76)						
Vidya Shah			187.36				
			(201.42)				
Sharmishta Chandrakant Shah			0.07				
			(1.08)				
Aparna T. C.			2.13				
			(176.18)				
Naresh Kothari		0.63					
		(-)					
Hiralal Chopra		1.20					
		(-)					

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)**25.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Individual exercising significant control	Key Management Personnel	Relatives of individuals exercising significant influence	Enterprises where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group
<i>Sale of Commodities</i>							
Dahlia Financial Services Private Limited				16.30			
				-			
Magnolia Financial Services Private Limited				16.38			
				-			
<i>Brokerage earned</i>							
Edelweiss Employee Welfare Trust				0.04			
				(0.00)*			
Rashesh Shah	0.23						
	(0.00)*						
Vidya Shah			0.12				
			(0.29)				
Sharmishta Chandrakant Shah			0.00*				
			(0.00)*				
Aparna T. C.			0.00*				
			(0.35)				
Naresh Kothari		0.00*					
		(-)					
Hiralal Chopra		0.00*					
		(-)					
<i>Remuneration</i>							
Rashesh Shah	20.57						
	(12.22)						
Venkat Ramaswamy	15.97						
	(10.52)						
Ravi Bubna		18.49					
		(-)					
Naresh Kothari		8.57					
		(9.44)					
Hiralal Chopra		1.83					
		(2.11)					
<i>Interest Expense on non-convertible debentures</i>							
Oak Holdings Private Limited							5.86
							(0.20)
Aparna T. C.			1.26				
			(-)				
Kaavya Venkat			1.01				
			(-)				
Venkat Ramaswamy	1.01						
	(-)						

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Individual exercising significant control	Key Management Personnel	Relatives of individuals exercising significant influence	Enterprises where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group
<i>Interest Expense on inter-corporate deposits</i>							
Edelweiss Real Estate Advisors Private Limited				–			
				(0.24)			
Edelweiss Asset Reconstruction Company Limited				–			
				(0.01)			
<i>Rent paid</i>							
Aparna T. C.			–				
			(0.68)				
Vidya Shah			1.54				
			(4.41)				
<i>Donations given</i>							
Edelgive Foundation					27.30		
					(5.48)		
<i>Common expenses recovered</i>							
<i>Shared staff cost</i>							
Edelweiss Real Estate Advisors Private Limited				9.44			
				(15.00)			
Dahlia Financial Services Private Limited				0.10			
				(–)			
Magnolia Financial Services Private Limited				0.10			
				(–)			
Edelweiss Asset Reconstruction Company Limited				1.50			
				(–)			
<i>Rent</i>							
Edelweiss Real Estate Advisors Private Limited				0.25			
				(0.60)			
Edelweiss Asset Reconstruction Company Limited				0.50			
				(–)			
Dahlia Financial Services Private Limited				0.03			
				(–)			
Magnolia Financial Services Private Limited				0.03			
				(–)			
Blue River Capital Advisors (India) Private Limited				–			
				(4.03)			

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)**25.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Individual exercising significant control	Key Management Personnel	Relatives of individuals exercising significant influence	Enterprises where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group
<i>Utilities</i>							
Edelweiss Real Estate Advisors Private Limited				0.09			
				(0.30)			
Edelweiss Asset Reconstruction Company Limited				0.18			
				(-)			
Dahlia Financial Services Private Limited				0.01			
				(-)			
Magnolia Financial Services Private Limited				0.01			
				(-)			
Blue River Capital Advisors (India) Private Limited				-			
				(0.53)			
<i>Printing and stationery</i>							
Edelweiss Real Estate Advisors Private Limited				0.01			
				(-)			
Edelweiss Asset Reconstruction Company Limited				0.03			
				(-)			
Dahlia Financial Services Private Limited				0.00*			
				(-)			
Magnolia Financial Services Private Limited				0.00*			
				(-)			
<i>Repairs and maintenance</i>							
Edelweiss Real Estate Advisors Private Limited				0.00*			
				(-)			
Edelweiss Asset Reconstruction Company Limited				0.01			
				(-)			
<i>Computer software and other expenses</i>							
Edelweiss Real Estate Advisors Private Limited				0.01			
				(-)			
Edelweiss Asset Reconstruction Company Limited				0.02			
				(-)			
Dahlia Financial Services Private Limited				0.00*			
				(-)			
Magnolia Financial Services Private Limited				0.00*			
				(-)			
<i>Legal and professional fees</i>							
Edelweiss Real Estate Advisors Private Limited				0.01			
				(-)			

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Individual exercising significant control	Key Management Personnel	Relatives of individuals exercising significant influence	Enterprises where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group
Edelweiss Asset Reconstruction Company Limited				0.01			
				(-)			
Dahlia Financial Services Private Limited				0.00*			
				(-)			
Magnolia Financial Services Private Limited				0.00*			
				(-)			
<i>Travelling and conveyance</i>							
Edelweiss Real Estate Advisors Private Limited				0.00*			
				(-)			
Edelweiss Asset Reconstruction Company Limited				0.01			
				(-)			
Balances with related parties							
<i>Investments</i>							
Edelweiss Real Estate Advisors Private Limited				0.50			
				(0.50)			
Blue River Capital Advisors (India) Private Limited				0.10			
				(0.10)			
Edelweiss Asset Reconstruction Company Limited				24.50			
				(10.78)			
Edelweiss Capital USA, LLC					2.39		
					(-)		
Edelgive Foundation					0.10		
					(0.10)		
Dahlia Financial Services Private Limited				1.00			
				(-)			
Magnolia Financial Services Private Limited				1.00			
				(-)			
Blue River Capital Management Company 1, LLC				0.18			
				(0.20)			
<i>Loans</i>							
Edelweiss Asset Reconstruction Company Limited				-			
				(0.54)			
Edelweiss Real Estate Advisors Private Limited				-			
				(0.79)			

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)**25.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Individual exercising significant control	Key Management Personnel	Relatives of individuals exercising significant influence	Enterprises where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group
Oak Holdings Private Limited							–
							(0.21)
<i>Advances</i>							
Edelweiss Real Estate Advisors Private Limited				9.75			
				(5.06)			
Edelweiss Asset Reconstruction Company Limited				2.26			
				(0.02)			
Edelweiss Employee Welfare Trust				1,444.05			
				(424.82)			
Blue River Capital Advisors (India) Private Limited				1.62			
				(3.31)			
Edelgive Foundation					–		
					(0.21)		
Dahlia Financial Services Private Limited				0.14			
				(–)			
Magnolia Financial Services Private Limited				0.14			
				(–)			
Ravi Bubna		3.22					
		(–)					
<i>Sundry Debtors</i>							
Dahlia Financial Services Private Limited				16.46			
				(–)			
Magnolia Financial Services Private Limited				16.54			
				(–)			
<i>Non-convertible debenture outstanding</i>							
Oak Holdings Private Limited							22.50
							(29.50)
Aparna T. C.			5.00				
			(5.00)				
Kaavya Venkat			4.00				
			(4.00)				
Venkat Ramaswamy	4.00						
	(4.00)						
<i>Interest payable on non-convertible debentures</i>							
Oak Holdings Private Limited							6.06
							(0.20)

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Individual exercising significant control	Key Management Personnel	Relatives of individuals exercising significant influence	Enterprises where significant influence is exercised	Subsidiary Companies	Enterprises which exercise significant influence over subsidiary	Enterprises which exercise significant influence over group
Aparna T. C.			1.26				
			(-)				
Kaavya Venkat			1.01				
			(-)				
Venkat Ramaswamy	1.01						
	(-)						
<i>Bonus payable</i>							
Rashesh Shah	15.00						
	(13.00)						
Venkat Ramaswamy	12.00						
	(11.70)						
Naresh Kothari		3.50					
		(4.00)					
Ravi Bubna		13.00					
		(-)					

Amounts in brackets represent previous year numbers

* Amount is less than Rs. 0.01 million

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. Notes to the accounts (Continued)

25.3 Earnings per share

In accordance with Accounting Standard 20 – Earnings Per Share prescribed by Companies (Accounting Standards) Rules, 2006, the computation of earnings per share is set out below:

	2010	2009
a) Shareholders earnings (as per profit and loss account)	2,291.60	1,864.44
Less: Preference dividend declared by the Company (including dividend distribution tax)	–	0.30
Net profit available to equity shareholders for the purpose of calculating basic and diluted earnings per share	2,291.60	1,864.14
b) Calculation of weighted average number of equity shares of Rs. 5 each:		
– Number of shares at the beginning of the year	74,933,155	74,933,155
– Number of shares issued during the year	138,738	–
Total number of equity shares outstanding at the end of the year	75,071,893	74,933,155
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	74,999,515	74,933,155
c) Number of dilutive potential equity shares	3,016,562	1,829,176
d) Basic earnings per share (in rupees) {a/b}	30.56	24.88
e) Diluted earnings per share (in rupees) {a/(b+c)}	29.37	24.28

25.4 Deferred taxes

The primary components relating to deferred tax assets are as follows:

	2010	2009
Deferred tax asset		
<i>Tax effect of the timing differences on account of:</i>		
General loan loss provision	30.94	21.32
Provision for advances	8.89	11.99
Provision for mark to market loss on outstanding future and option contracts	272.55	175.71
Difference between book and tax depreciation	27.18	18.62
Disallowance under section 43B	238.37	277.35
Provision for doubtful debts	15.12	31.07
Preliminary expenses allowed under section 35 D	1.33	1.48
Provision for non-performing assets	7.48	3.25
Amortisation of income on sale of receivable	0.97	1.51
Carried forward losses	–	0.02
Deferred tax asset	602.83	542.32

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.5 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

(A) Defined contribution plan (Provident fund):

Amount of Rs. 14.82 million (Previous year: Rs. 13.79 million) is recognised as expenses and included in "Employee Costs" – Schedule 22 in the profit and loss account.

(B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the profit and loss account and the fund status and amount recognised in the balance sheet for the Gratuity benefit plan.

Profit and loss account

Net employee benefit expenses (recognised in employee costs)

	2010	2009
Current service cost	15.21	25.17
Interest on defined benefit obligation	3.61	4.49
Expected return on plan assets	–	0.09
Net actuarial losses/(gains) recognised in the year	–	–
Past service cost	–	–
Actuarial (gain)/losses	(8.30)	(16.87)
Total included in 'employee benefit expense'	10.52	12.88

Balance sheet

Details of provision for gratuity

	2010	2009
Liability at the end of the year	46.04	37.11
Fair value of plan assets at the end of the year	–	–
Difference	46.04	37.11
Unrecognised past service cost	–	–
Unrecognised transition liability	–	–
Amount in Balance sheet	46.04	37.11

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

	2010	2009
Liability at the beginning of the year	37.11	24.25
Interest cost	3.48	3.88
Current service cost	14.99	25.57
Past service cost (non vested benefit)	–	–
Past service cost (vested benefit)	–	–
Benefits paid	(1.58)	(0.03)
Actuarial (gain)/loss	(7.96)	(16.56)
Liability at the end of the year	46.04	37.11

Principal actuarial assumptions at the balance sheet date:

	2010	2009
Discount rate	7.50%	7.00%
Salary escalation	8.00%	8.00%
Employee attrition rate	2.00%-15.00%	2.00%-15.00%

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.6 Operating leases

The Group has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2010 aggregated to Rs.340.86 million (Previous year Rs. 347.11 million) which has been included under the head Operating expenses – Rent in the profit and loss account.

Details of future minimum lease payments for non-cancellable operating leases are as follows:

	2010	2009
Minimum lease payments for non-cancellable lease		
– not later than one year	164.34	103.67
– later than one year and not later than five years	114.97	93.10
– later than five years	–	–
Total	279.31	196.77

25.7 A) Open interest in Equity Index/Stock Futures as at the balance sheet date:

Long Position

Sr. No.	Name of Future	Series of Future	Number of contracts	Number of Units Involved
1	India Infoline Limited	29-Apr-10	10	25,000.00
2	Reliance Industries Limited	29-Apr-10	9	2,700.00
3	S&P CNX Nifty	29-Apr-10	41	2,050.00
4	10 year UK Treasury Bond	21-Jun-10	65	65,000.00

Short Position

Sr. No.	Name of Future	Series of Future	Number of contracts	Number of Units Involved
1	GBP futures - UK Treasury	28-Jun-10	30	30,000.00
2	2 year US Treasury Notes	30-Jun-10	12	24,000.00

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.7 B) Open interest in Commodity Futures as at the balance sheet date:

Long Position

Sr. No.	Name of Future	Series of Future	Number of contracts	Measurement Unit	Number of Units Involved
1	Gold 995	5-Apr-10	30	Kgs	30.00
2	Gold Mini 995	5-Apr-10	821	Kgs	82.10
3	Chilli	20-Apr-10	10	Kgs	50,000.00
4	Gaur Seed	20-Apr-10	29	Kgs	290,000.00
5	Soyabean	20-Apr-10	251	Kgs	2,510,000.00
6	Copper	30-Apr-10	3,778	Kgs	3,778,000.00
7	Nickel	30-Apr-10	245	Kgs	61,250.00
8	Zinc	30-Apr-10	406	Kgs	2,030,000.00
9	Silver	5-May-10	3111	Kgs	93,330.00
10	Gaur Gum	20-May-10	47	Kgs	235,000.00
11	Gold 995	5-Jun-10	632	Kgs	632.00
12	Gold-GC	28-Jun-10	166	Troy Ounces	16,600.00
13	Gold-YG	28-Jun-10	17	Fine Troy Ounces	564.40

Short Position

Sr. No.	Name of Future	Series of Future	Number of contracts	Measurement Unit	Number of Units Involved
1	Gold 995	5-Apr-10	571	Kgs	571.00
2	Gold Mini 995	5-Apr-10	14,141	Kgs	1,414.00
3	Cotton Seed Cake	20-Apr-10	373	Kgs	3,730,000.00
4	Gaur Gum	20-Apr-10	47	Kgs	235,000.00
5	Jeera	20-Apr-10	129	Kgs	387,000.00
6	Rape Must Seed	20-Apr-10	277	Kgs	2,770,000.00
7	Wheat	20-Apr-10	71	Kgs	710,000.00
8	Aluminium	30-Apr-10	43	Kgs	215,000.00
9	Lead	30-Apr-10	1,159	Kgs	5,795,000.00
10	Gold Mini 995	5-May-10	23,102	Kgs	2,310.20
11	Chana	20-May-10	27	Kgs	270,000.00
12	Cotton Seed Cake	20-May-10	8	Kgs	80,000.00
13	Jeera	20-May-10	37	Kgs	111,000.00
14	Soyabean	20-May-10	251	Kgs	2,510,000.00
15	Gold Mini 995	5-Jun-10	3910	Kgs	391.00
16	Chilli	18-Jun-10	10	Kgs	50,000.00
17	Crude	20-Apr-10	1	Barrels	1,000.00
18	Silver	26-May-10	674	Troy Ounces	3,370,000.00
19	Silver	28-Jul-10	1	Troy Ounces	5,000.00
20	Copper	26-May-10	232	Pounds	5,800,000.00

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.7 C) Open interest in Currency Derivatives as at the balance sheet date:

Long Position

Sr. No.	Name of Future	Series of Future	Number of contracts	Number of Units Involved
1	Euro	28-Apr-10	500	500,000.00
2	GBP	28-Apr-10	1	1,000.00
3	JPY	28-Apr-10	600	600,000.00
4	USD	27-May-10	450	450,000.00
5	USD	28-Jun-10	219	219,000.00
6	USD	28-Jul-10	10	10,000.00

Short Position

Sr. No.	Name of Future	Series of Future	Number of contracts	Number of Units Involved
1	USD	28-Apr-10	31,095	31,095,000.00
2	USD	27-May-10	1,048	1,048,000.00
3	USD	28-Jun-10	1,305	1,305,000.00
4	GBP	14-Jun-10	4	250,000.00
5	CAD	15-Jun-10	3	300,000.00
6	Euro	14-Jun-10	11	1,375,000.00
7	JPY	14-Jun-10	3	37,500,000.00
8	CHF	14-Jun-10	1	125,000.00
9	Dollar Index	14-Jun-10	37	37,000.00
10	JPY mini	14-Jun-10	1	6,250,000.00

25.8 Option contracts outstanding as on the balance sheet date:

Sr. No.	Name of the Option – Index/Stock	Total premium carried forward at 31 March 2010 (Net of provisions made)
1	S&P CNX Nifty	(200.23)
2	IFCI	0.03
3	Australian Dollars	0.04
4	Crude	0.25
5	Gold	0.93
6	Great Britain Pound	(0.04)
7	JPY options – Nikkei	8.57
	Total	(190.45)

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.9 Employee stock option plans

The Company has currently six Employee Stock Option Plans ('Plans') in force. The Plans provide that the Company's employees and those of its subsidiaries are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period.

The Company follows the intrinsic value method to account for its stock based compensation plans. Compensation cost is measured as the excess, if any, of the fair market value of the underlying share over the exercise price.

During the year, the Company has issued ESOP 2009 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher. The schedule of stock options vesting period is as follows:-

Sr. No.	Vesting Date	Maximum % of Options that shall Vest
1	36 months from the date of grant	30 (Thirty)% of grant
2	48 months from the date of grant	30 (Thirty)% of grant
3	60 months from the date of grant	40 (Forty)% of grant
Total		100 (One Hundred)% of grant

For determination of compensation cost, the Company has assumed the exercise price to be the specified amount.

During the previous year, the Company has issued ESOP 2008 Plan wherein stock options were granted to employees with a variable exercise price (i.e. the exercise price was linked to either a discount on market price at the time of exercise or a specified amount, whichever is higher). The stock options vested after one year from the date of grant. For determination of compensation cost, the Company has assumed the exercise price to be the specified amount.

With respect to stock options granted upto 31 March 2008, the fair market value of the underlying shares has been determined based on an independent valuer's report as these stock options were granted by the Company to its employees when it was not listed on the stock exchanges. The fair value under stock options granted during the year is arrived as stipulated in the Guidance Note on Accounting for Employee Share Based Payments issued by The Institute of Chartered Accountants of India. The compensation cost recorded in the profit and loss account for the year is Rs. 7.63 million (Previous year: Rs.6.80 million).

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued) 25.9 Employee stock option plans (Continued)

Details of various schemes are stated below:

Exercise Price (Rs.)	5	79.17	10.42	20.83	79.17	166.67	79.17	166.67	Pricing Formula (*)			Range of Exercise price (**)							
									ESOP 2002				ESOP 2004			ESOP 2006			
ESOP Plan Scheme	ESOP 2002			ESOP 2004			ESOP 2006			ESOP 2007			ESOP 2008			ESOP 2009			
Total Options approved by the members	D			F			G			I			II			III			
	6,096,000			2,400,000			4,800,000			8,100,000			1,200,000			5,000,000			
Grants as at 1 April 2009	1,500	1,500	94,500	195,000	271,055	240,000	1,554,600	240,000	408,000	788,300	1,755,200	419,200	419,200						
Add - Options granted during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,637,500
Less - Options lapsed / cancelled during the year	-	-	(6,000)	(6,000)	(4,950)	-	-	-	(59,050)	(138,700)	(163,000)	(64,400)	(64,400)						(613,700)
Less - Options exercised during the year	-	-	(24,000)	(48,000)	(33,888)	-	(33,300)	-	-	-	-	-	-						-
Grants as at 31 March 2010	1,500	1,500	64,500	141,000	232,217	240,000	1,521,300	240,000	348,950	649,600	1,592,200	354,800	354,800						2,023,800
Options exercisable as at 31 March 2010	1,500	1,500	64,500	141,000	164,717	180,000	864,000	-	348,950	649,600	1,592,200	354,800	354,800						-

Activity in the options outstanding under the employees stock options plan as at 31 March 2009:

Exercise Price (Rs.)	5	79.17	10.42	20.83	79.17	166.67	79.17	166.67	Pricing Formula (*)			Pricing Formula (*)							
									ESOP 2006				ESOP 2007			ESOP 2008			
ESOP Plan Scheme	ESOP 2002			ESOP 2004			ESOP 2006			ESOP 2007			ESOP 2008						
Total Options approved by the members	D			F			G			I			II			III			
	6,096,000			2,400,000			4,800,000			8,100,000			1,200,000						
Grants as at 1 April 2008	1,500	1,500	94,500	195,000	195,000	291,157	240,000	1,574,400	240,000	521,350	990,700	1,939,000							
Add - Options granted during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	545,200
Less - Options lapsed / cancelled during the year	-	-	(20,102)	(20,102)	(20,102)	(20,102)	(19,800)	(19,800)	(113,350)	(113,350)	(202,400)	(183,800)	(183,800)						(126,000)
Less - Options exercised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-						-
Grants as at 31 March 2009	1,500	1,500	94,500	195,000	195,000	271,055	240,000	1,554,600	240,000	408,000	788,300	1,755,200	419,200						419,200
Options exercisable as at 31 March 2009	-	-	94,500	193,500	193,500	101,780	120,000	657,300	-	408,000	788,300	1,755,200							-

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.9 Employee stock option plans (Continued)

(*) Pricing formula:

ESOP 2008 (I)

Period during which vested options are exercised	From the date of vesting to 31 December 2010	From 1 January 2011 to 31 December 2011
Exercise price payable for such vested options	10% discount to market price or Rs. 1,200; whichever is higher; otherwise Rs. 1,200.	10% discount to the reference price i.e., average of closing price of grant date and 14 days preceding the grant date

ESOP 2008 (III)

Period during which vested options are exercised	From the date of vesting to 31 December 2012	From 1 January 2013 to 31 December 2013
Exercise price payable for such vested options	In case shares are listed, 10% discount to market price or Rs. 1,200; whichever is higher; otherwise Rs. 1,200.	10% discount to the reference price i.e., average of closing price of grant date and 14 days preceding the grant date

ESOP 2007 (I)

Period during which vested options are exercised	From the date of vesting to 30 September 2008	From 1 October 2008 to 30 September 2009	From 1 October 2009 to 30 September 2010	From 1 October 2010 to 30 September 2011
Exercise price payable for such vested options	In case shares are listed, 10 % discount to market price or Rs. 1,167; whichever is higher; otherwise Rs. 1,167.	In case shares are listed, 25 % discount to market price or Rs. 833; whichever is higher; otherwise Rs. 833.	Rs. 583	Rs. 217

ESOP 2007 (II)

Period during which vested options are exercised	From the date of vesting to 30 June 2008	From 1 July 2008 to 30 June 2009	From 1 July 2009 to 30 June 2010	From 1 July 2010 to 30 June 2011	From 1 July 2011 to 30 June 2012
Exercise price payable for such vested options	In case shares are listed, 10% discount to market price or Rs. 1,167; whichever is higher; otherwise Rs. 1,167.	In case shares are listed, 25% discount to market price or Rs. 833; whichever is higher; otherwise Rs. 833.	In case shares are listed, 50% discount to market price or Rs. 667; whichever is higher; otherwise Rs. 667.	Rs. 500	Rs. 333

ESOP 2007 (III)

Period during which vested options are exercised	From the date of vesting to 31 December 2007	From 1 January 2008 to 31 December 2008	From 1 January 2009 to 31 December 2009	From 1 January 2010 to 31 December 2010
Exercise price payable for such vested options	Rs. 1,167	In case shares are listed, 25% discount to market price or Rs. 833; whichever is higher; otherwise Rs. 833.	In case shares are listed, 50% discount to market price or Rs. 667; whichever is higher; otherwise Rs. 667.	Rs. 517

(**) Range of Exercise price

ESOP 2009

Exercise price payable for such vested options	Closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher.	Rs. 394.40 to Rs. 502.60
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Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.9 Employee stock option plans (Continued)

Following summarises the information about stock options outstanding as at 31 March 2010:

Plan	ESOP 2002	ESOP 2004	ESOP 2006	ESOP 2007	ESOP 2007	ESOP 2007	ESOP 2008	ESOP 2008	ESOP 2009
	Scheme D	Scheme F	Scheme G	Scheme I	Scheme II	Scheme III	Scheme I	Scheme III	
- Range of exercise price	Rs. 5.00 to Rs. 79.17	Rs. 10.42 to Rs.166.67	Rs. 79.17 to Rs.166.67	Pricing formula	Pricing formula	Pricing formula	Pricing formula	Pricing formula	Rs. 394.40 to Rs. 502.60
- Number of shares arising out of options	3,000	677,717	1,761,300	348,950	649,600	1,592,200	354,800	354,800	2,023,800
- Weighted average life of outstanding options (in years)	1.50	3.83	4.77	1.50	2.25	0.75	1.75	3.75	6.19
Weighted average exercise prices of stock options									
- outstanding at the beginning of the year	42.08	83.07	90.87	217.00	333.00	517.00	463.03	348.15	N.A.
- granted during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	399.97
- forfeited/cancelled during the year	N.A.	34.18	N.A.	217.00	333.00	517.00	463.03	348.15	395.28
- exercised during the year	N.A.	37.14	79.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
- outstanding at the end of the year	42.08	17.56	91.09	217.00	333.00	517.00	463.03	348.15	401.39
- exercisable at the end of the year	42.08	81.02	79.17	217.00	333.00	517.00	463.03	348.15	N.A.

The weighted average market share price for stock options exercised during the year is Rs. 433.29 (Previous year: Rs. Nil).

Fair value methodology

The fair value of options used to compute pro-forma net income and earnings per share have been estimated on the dates of each grant, on or after the date the 'Guidance Note on Accounting for Employee Share-based Payments', issued by the council of the Institute of Chartered Accountants of India, became applicable, i.e. 1 April 2005, using the black-scholes option pricing model. In absence of the shares of the Company being listed at the time of the grant the Company has estimated the volatility based on the historical market volatility. The various assumptions considered in the pricing model for the aforementioned ESOP's granted are:

	2010
Dividend yield	0.4% - 1.5%
Expected volatility	16.29% - 46.69%
Risk free interest rate	6.50% - 7.75%
Expected life of the option	3.19 - 9 years

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.9 Employee stock option plans (Continued)

Impact of fair value method on net profit and earnings per share

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have reduced to the pro-forma amounts as indicated below :

	2010
Net Profit (as reported)	2,291.60
Less: Impact of incremental cost under fair value approach	116.10
Net Profit: (pro-forma)	2,175.50
Basic earnings per share (as reported) (In Rupees)	30.56
Basic earnings per share (pro-forma) (In Rupees)	29.01
Diluted earnings per share (as reported) (In Rupees)	29.37
Diluted earnings per share (pro-forma) (In Rupees)	27.89

25.10 Provisions

Nature of Liability	Provision as on 1 April 2009	Addition	Amount used	Unused amount reversed	Provision as on 31 March 2010
Claims and rebates (#)	6.11	–	–	6.11	–

(#) During the financial year 2005-06, Edelweiss Securities Limited had received claims from certain Beneficial Owners ('BO') on account of transactions in Depository accounts at its branch through counterfeit signatures by the remisers on Delivery Instructions Slips. In respect of any other future claims by BOs, a prudential provision of Rs. 6.11 million had been made during the financial year 2005-06 by the management. The same has been reversed during the year as it not required any further

25.11 Capital commitment

Capital commitments (net of advances) – Rs.1,871.93 million (Previous year Rs. 316.28 million), out of which capital commitments to the tune of Rs. 1,640 million (Previous Year Rs. Nil) are subject to regulatory approvals.

25.12 Contingent liability

(i) Edelweiss Capital Limited

- Taxation matters in respect of which appeal is pending – Rs.8.72 million (Previous year: Rs. 2.06 million). The demand paid under protest in respect of disputed taxation matters pertaining to open assessments of earlier years is Rs. 1.75 million (Previous year: Rs. 1.75 million).
- The Company has issued corporate guarantees to the extent of Rs. 3,800 million (Previous year: Rs. 6,188.30 million), in favour of banks to secure the credit facilities sanctioned by these banks to Edelweiss Securities Limited, EC Commodity Limited, Edelweiss Broking Limited and Edelweiss Commodities Limited (subsidiary companies).
- The Company has issued also corporate guarantees to the extent of Rs. 2,500 million in favour of IDBI Trusteeship Services Limited for non-convertible debentures issued by ECL Finance Limited against due discharge of debt.
- Fixed deposits of Rs. 300 million (Previous year: Rs. Nil) is marked as lien in favour of IDBI Trusteeship Services Limited for non-convertible debentures issued by the Company.

(ii) Edelweiss Securities Limited (ESL)

- ESL has provided bank guarantees aggregating to Rs. 150 million (Previous year: Rs. 3,807 million), also included in paragraph 25.12 (i)(b), as on 31 March 2010 for the following purposes to:
 - The National Stock Exchange of India Limited - Rs. 150 million (Previous year: Rs. 3,504.50 million) and Rs. Nil (Previous year: Rs. 2.50 million) for meeting margin requirements and towards security deposit respectively.
 - Bombay Stock Exchange Limited - Rs. Nil (Previous year: Rs. 300 million) for meeting margin requirements.

ESL has pledged fixed deposits with banks aggregating of Rs. 75 million (Previous year: Rs. 1,903.50 million) for obtaining the above bank guarantees.

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.12 Contingent liability (Continued)

b) Fixed deposits have also been pledged with:

1. OTCEI Rs. Nil (Previous year: Rs. 0.30 million) for meeting base capital requirements.
2. Bombay Stock Exchange Limited Rs. 207.45 million (Previous year: Rs. 52.50 million) for meeting base capital requirements.
3. National Stock Exchange of India Limited Rs. 4,479.50 million (Previous year: Rs. 6,457.80 million) for meeting base capital requirements.
4. MCX Stock Exchange Limited Rs. 101.70 million (Previous year: Rs.42.50 million) for meeting base capital requirements.
5. Canara Bank amounting to Rs. 548.50 million (Previous year: Rs. Nil) for availing secured bank overdraft.
6. Citibank amounting to Rs. Nil (Previous year: Rs.50 million) for availing secured bank overdraft.
7. HDFC Bank amounting to Rs. Nil (Previous year: Rs.1,013.90 million) for availing secured bank overdraft.
8. Federal Bank amounting to Rs. Nil (Previous year: Rs.550 million) for availing secured bank overdraft.

c) Taxation matters in respect of which appeal is pending – Rs. 36.27 million (Previous year: Rs. Nil).

(iii) Edelweiss Finance & Investments Limited

Taxation matters in respect of which appeal is pending – Rs. 7.45 million (Previous year: Rs. 0.99 million). The demand paid under protest in respect of disputed taxation matters pertaining to open assessments of earlier years is Rs. Nil (Previous year: Rs. 0.18 million).

(iv) Edelweiss Commodities Limited (E Comm)

a) E Comm has provided bank guarantee aggregating to Rs. 10 million (Previous year: Rs. 100 million), also included in paragraph 25.12 (i)(b), as on 31 March 2010 to The Multi Commodity Exchange of India Limited for meeting margin requirements.

E Comm has pledged fixed deposit with bank amounting to Rs. 5 million (Previous year: Rs. 50 million) for obtaining the above bank guarantee.

b) E Comm has provided stand-by letter of credit aggregating to Rs. 1,750 million (Previous year: Rs. Nil), also included in paragraph 25.12 (i)(b), as on 31 March 2010 to The State Trading Corporation of India Limited for meeting margin requirements for buying bullion.

E Comm has provided stand-by letter of credit aggregating to Rs. 250 million (Previous year: Rs. Nil), also included in paragraph 25.12 (i)(b), as on 31 March 2010 to The Bank of Nova Scotia for meeting margin requirements for buying bullion.

E Comm has pledged fixed deposit with bank amounting to Rs. 512.50 million (Previous year: Rs. Nil) for obtaining the above stand-by letter of credit.

c) Fixed deposits have also been pledged with:

1. The Multi Commodity Exchange of India Limited Rs. 1,334 million (Previous year: Rs. 739.70 million) for meeting margin requirements.
2. The National Commodity and Derivatives Exchange Limited Rs. 42.10 million (Previous year: Rs. 20 million) for meeting margin requirements.
3. The National Spot Exchange Limited Rs. 4.25 million (Previous year: Rs. 1.25 million) for meeting base capital requirements.
4. The Indian Commodity Exchange Limited Rs. 49.50 million (Previous year: Rs. Nil) for meeting base capital requirements.
5. Axis Bank Rs. 861.30 million (Previous year: Rs. 800 million) for meeting margin requirements for forward contracts entered with the bank and for meeting margin requirements for buying bullion.
6. Kotak Mahindra Bank Rs. 198.90 million (Previous year: Rs. Nil) for meeting margin requirements for forward contracts entered with the bank and for meeting margin requirements for buying bullion.
7. HDFC Bank Rs. 633.60 million (Previous year: Rs. Nil) for meeting margin requirements for buying bullion.
8. ICICI Bank Rs. 178.20 million (Previous year: Rs. Nil) for meeting margin requirements for buying bullion.
9. Agriculture Produce Market Committee Indore Rs. 0.30 million (Previous year: Rs. Nil) for mandi license.

Schedules to the consolidated financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

25. NOTES TO THE ACCOUNTS (Continued)

25.12 Contingent liability (Continued)

(v) ECL Finance Limited

Taxation matters in respect of which appeal is pending – Rs. 0.69 million (Previous year: Rs. Nil). The demand paid under protest in respect of disputed taxation matters pertaining to open assessments of earlier years is Rs. Nil (Previous year: Rs. Nil).

(vi) Edelweiss Broking Limited (EBL)

1. EBL has provided bank guarantees to The National Stock Exchange of India Limited – Rs. Nil. (Previous year: Rs.100 million), also included in paragraph 25.12 (i)(b), as on 31 March 2010 for the meeting additional base capital requirements.

EBL has pledged fixed deposits with banks aggregating to Rs. Nil. (Previous year: Rs.50 million) for obtaining the above bank guarantees.

2. Fixed deposits have also been pledged with:

- a. Bombay Stock Exchange Limited Rs.10.90 million (Previous year: Rs.10.50 million) for meeting base and additional base capital requirements.
- b. National Stock Exchange of India Limited Rs. 76.80 million (Previous year: Rs.10 million) for meeting base capital requirements.

(vii) Edel Commodities Limited (Edel Comm)

Edel Comm has placed fixed deposit with bank amounting to Rs. Nil (Previous year: Rs.48.50 million) as margin towards Letter of Credit opened by bank for import of Zinc Ingots.

(viii) EC Commodity Limited (EC Comm)

a. EC Comm has provided bank guarantee aggregating Rs. Nil (Previous year: Rs. 3.25 million), also included in paragraph 25.12 (i)(b), as at 31 March 2010 to The Multi Commodity Exchange of India Limited for meeting margin requirements.

EC Comm has pledged fixed deposit with bank amounting to Rs. Nil (Previous year: Rs.1.63 million) for obtaining the above bank guarantee.

b. EC Comm has also pledged fixed deposit with bank amounting to Rs. 82.45 million (Previous year: Rs.53.25 million) with The Multi Commodity Exchange of India Limited for meeting margin requirements.

c. EC Comm has also pledged fixed deposit with bank amounting to Rs. 0.08 million (Previous year: Rs. Nil) with Sales Tax Authorities for meeting deposit requirements.

(ix) ECap Equities Limited (ECap)

ECap has pledged fixed deposit with bank amounting to Rs. 0.08 million (Previous year: Rs. Nil) with Sales Tax Authorities for meeting deposit requirements.

25.13 In accordance with the accounting policy set out on paragraph 1.17 of significant accounting policies, general loan loss provision, created in the books as at 31 March 2010, is Rs. 93.16 million (Previous year: Rs. 58.20 million). Further provision towards non-performing assets created in the books as at 31 March 2010, is Rs. 22.53 million (Previous year: Rs. 14.10 million).

25.14 Prior period comparatives

Previous year figures have been regrouped and reclassified wherever necessary.

For and on behalf of the Board of Directors

Rashesh Shah
Chairman & Managing Director

Venkat Ramaswamy
Whole-time Director

B Renganathan
V. P. & Company Secretary

Mumbai | 21 May 2010

Details of Subsidiary Companies pursuant to approval obtained u/s 212(8) of The Companies Act, 1956

(Currency: Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Securities Limited	Edelweiss Finance & Investments Limited	Edelweiss Commodities Limited	ECL Finance Limited	Edelweiss Insurance Brokers Limited	Edelweiss Capital Services Limited ¹	Edelweiss Financial Products & Solutions Limited	Edelweiss Trustee Services Limited	ECap Equities Limited
Total issued Equity Share Capital of the subsidiary company	45.00	21.30	19.00	1,891.85	6.95	42.27	10.00	0.50	2.40
Reserves of the subsidiary	2,746.11	4,425.14	2,106.44	9,262.39	1.88	(10.98)	63.89	4.96	(63.65)
Total assets of the subsidiary	13,766.79	7,429.04	9,729.35	22,750.50	61.10	83.33	83.94	6.24	1,432.20
Total liabilities of the subsidiary	10,827.67	2,967.64	7,603.91	11,596.27	52.27	52.04	10.05	0.78	1,493.44
Investments (other than in subsidiary companies)	1,395.62	586.20	92.97	28.31	—	—	—	—	0.43
Total turnover	2,867.43	856.51	1,631.65	1,979.82	61.93	21.35	150.78	2.93	266.57
Profit/(loss) before taxation	186.68	437.85	872.76	1,168.25	2.30	(6.54)	18.75	2.71	(127.34)
Provision for taxation (including Deferred tax and MAT credit entitlement)	46.39	152.46	165.87	385.41	0.91	3.81	3.21	0.90	(12.55)
Profit/(loss) after taxation	140.29	285.39	706.89	782.84	1.39	(10.35)	15.54	1.81	(114.79)
Proposed dividend	0.16	—	—	—	—	—	—	—	—

Details of Subsidiary Companies pursuant to approval obtained u/s 212(8) of The Companies Act, 1956 (Continued)

(Currency: Indian rupees in millions)

Name of the Subsidiary Company	Edelcap Securities Limited	Edelweiss Broking Limited	EC Global Limited ¹	Edelweiss Asset Management Limited	Edelweiss Trusteeship Company Limited	Edel Commodities Limited	EC Commodity Limited	Edelweiss Housing Finance Limited	Edelweiss Alternative Asset Advisors Limited
Total issued Equity Share Capital of the subsidiary company	2.40	27.56	0.44	600.00	1.00	0.50	9.58	25.50	22.56
Reserves of the subsidiary	40.69	16.90	580.23	390.24	0.32	(19.46)	188.22	(1.22)	62.43
Total assets of the subsidiary	1,965.10	771.70	973.34	1,008.02	1.39	57.04	302.00	24.32	102.56
Total liabilities of the subsidiary	1,922.01	727.24	392.66	17.79	0.07	76.00	104.21	0.03	17.58
Investments (other than in subsidiary companies)	45.17	–	36.99	138.33	1.16	–	–	–	94.08
Total turnover	544.38	137.57	726.68	91.94	1.03	1.10	25.15	0.76	20.23
Profit/(loss) before taxation	86.06	(79.72)	500.80	32.62	0.45	(18.91)	(11.30)	0.72	2.61
Provision for taxation (including Deferred tax and MAT credit entitlement)	42.32	0.09	–	4.52	0.14	–	–	–	0.76
Profit/(loss) after taxation	43.74	(79.81)	500.80	28.10	0.31	(18.91)	(11.30)	0.72	1.85
Proposed dividend	150.00	–	–	–	–	–	–	–	–

Details of Subsidiary Companies pursuant to approval obtained u/s 212(8) of The Companies Act, 1956 (Continued)

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Property Advisors Limited	Edel Land Limited	Edelweiss Custodial Services Limited	Edelweiss Capital (Singapore) Pte. Limited	Edelweiss Alternative Asset Advisors Pte. Limited ²	Edelweiss International (Singapore) Pte. Limited ²	EC International Limited	Aster Commodities DMCC ³	Allium Finance Private Limited ⁵
Total issued Equity Share Capital of the subsidiary company	0.50	0.50	47.50	0.15	0.03	0.03	6.20	135.18	8.30
Reserves of the subsidiary	376.51	122.90	477.66	(0.06)	(0.04)	(0.05)	0.92	24.53	13.96
Total assets of the subsidiary	389.62	127.78	526.64	0.16	0.10	-	620.19	269.76	22.31
Total liabilities of the subsidiary	8.81	3.13	1.48	0.08	0.11	0.02	613.07	110.04	0.05
Investments (other than in subsidiary companies)	-	-	-	-	-	-	-	-	21.67
Total turnover	10.01	-	14.43	0.01	-	-	79.76	45.77	2.58
Profit/(loss) before taxation	0.98	(0.56)	13.46	(0.06)	(0.02)	(0.02)	(1.77)	25.66	0.64
Provision for taxation (including Deferred tax and MAT credit entitlement)	0.55	-	4.89	-	-	-	-	-	0.02
Profit/(loss) after taxation	0.43	(0.56)	8.57	(0.06)	(0.02)	(0.02)	(1.77)	25.66	0.62
Proposed dividend	-	-	-	-	-	-	-	-	-

Details of Subsidiary Companies pursuant to approval obtained u/s 212(8) of The Companies Act, 1956 (Continued)

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Arum Investments Private Limited ⁶	Edelweiss Tokio Life Insurance Company Limited	Edel Investments Limited	EAAA LLC ⁴	ECap International Limited ³	EW India Special Assets Advisors LLC ⁷	EW Special Opportunities Advisors LLC ⁷	EdelGive Foundation
Total issued Equity Share Capital of the subsidiary company	13.70	0.70	8.70	2.36	2.36	1.14	1.14	0.10
Reserves of the subsidiary	11.82	3.47	12.19	(1.28)	(0.45)	(1.03)	3.38	0.06
Total assets of the subsidiary	257.84	485.66	21.00	2.50	2.36	1.07	20.91	1.85
Total liabilities of the subsidiary	0.07	1.49	0.11	1.43	0.45	0.96	16.28	1.69
Investments (other than in subsidiary companies)	256.29	–	–	–	–	–	–	–
Total turnover	5.14	4.57	0.34	–	–	–	9.53	28.62
Profit/(loss) before taxation	2.89	(14.91)	–	(1.30)	(0.46)	(1.07)	3.64	0.52
Provision for taxation (including Deferred tax and MAT credit entitlement)	0.02	0.93	0.11	–	–	–	0.12	–
Profit/(loss) after taxation	2.87	(15.84)	(0.11)	(1.30)	(0.46)	(1.07)	3.52	0.52
Proposed dividend	–	–	–	–	–	–	–	–

The financial statements of foreign subsidiaries are converted into Indian Rupees on the basis of appropriate exchange rate.

¹ held through Edelweiss Finance & Investments Limited

² held through Edelweiss Capital (Singapore) Pte. Limited

³ held through EC International Limited

⁴ held through ECap International Limited

⁵ held through Edelweiss Commodities Limited

⁶ held through Edelweiss Securities Limited

⁷ held through EAAA LLC

For and on behalf of the Board of Directors

Rashesh Shah
Chairman & Managing Director

Venkat Ramaswamy
Whole-time Director

B Renganathan
V. P. & Company Secretary

Mumbai | 21 May 2010

Edelweiss Capital Limited

Standalone Financial Statements
for the year ended 31 March 2010
together with Auditors' Report

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Auditors' Report to Standalone Financial Statements

To the Members of Edelweiss Capital Limited

We have audited the accompanying balance sheet of Edelweiss Capital Limited ('the Company') as at 31 March 2010, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 and amendments thereto (together referred to as 'the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the balance sheet, profit and loss account and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) On the basis of the written representations received from the directors of the Company as at 31 March 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2010 from being appointed as director in terms of clause (g) of sub section (1) of section 274 to the Act; and
 - (f) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements, give the information required by the Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2010;
 - (ii) in the case of the profit and loss account, of the profit of the Company for the year ended 31 March 2010; and
 - (iii) in the case of cash flow statement, of the cash flows of the Company for the year ended 31 March 2010.

For B S R & Associates
Chartered Accountants
Firm's Registration No.: 116231W

Mumbai
21 May 2010

Akeel Master
Partner
Membership No.: 046768

Annexure to Auditors' Report – 31 March 2010

(Referred to in our report of even date)

- (i) (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 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.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) The Company is a service company. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) (a) The Company has granted unsecured loans to its subsidiary companies which are covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs 457.36 lakhs and the year-end balance of such loans was Rs 321.09 lakhs.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to the companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) In case of loans granted to the companies listed in the register maintained under section 301, which are repayable on demand, the borrowers have been regular in repaying the interest as stipulated.
- (d) The loans granted to the companies listed in the register maintained under section 301 are repayable on demand. Accordingly, there is no overdue amount of more than Rs 1 lakh in respect of loans granted to any of the companies, firms or other parties listed in the register maintained under section 301.
- (e) The Company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) 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 purchase of fixed assets and with regard to sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the activities conducted by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Service tax and other material statutory dues have been generally 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 Employees' State Insurance, Sales-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and Investor Education and Protection fund.
- (b) 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 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, other than those stated in Appendix I to this report there are no dues of Income-tax, Provident Fund, Wealth tax, Service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- (d) There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been made effective by the Central Government.

Annexure to Auditors' Report – 31 March 2010 (Continued)

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to information and explanations given to us, the Company is not a chit fund, nidhi or mutual benefit fund/ society.
- (xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing in securities and timely entries have been made therein. Further, such securities and investments have been held by the Company in its own name except to the extent of exemption granted under section 49 of the Companies Act 1956.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks are not prejudicial to the interest of the Company.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has created security or charge in respect of debentures issued during the year. The Company is not required to create any charge on outstanding unsecured debentures.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **B S R & Associates**
Chartered Accountants
Firm's Registration No.: 116231W

Mumbai
21 May 2010

Akeel Master
Partner
Membership No.: 046768

Appendix I

Details of statutory dues which have not been deposited on account of any dispute

Name of the statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	6,779,144	A.Y 2007-08	CIT(A)

Balance Sheet as at 31 March 2010

(Currency: Indian rupees in millions)	Schedule	31 March 2010	31 March 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	375.36	374.67
Share application money		0.04	–
Stock options outstanding account		18.91	12.79
Reserves and surplus	4	12,707.01	13,173.59
		13,101.32	13,561.05
Loan funds			
Secured loans	5	4,718.51	1,084.59
Unsecured loans	6	9,815.55	4,007.23
TOTAL		27,635.38	18,652.87
APPLICATION OF FUNDS			
Fixed assets			
	7		
Gross block		97.51	103.12
Less: Accumulated depreciation		66.48	57.06
Net block		31.03	46.06
Capital work-in-progress		–	17.44
		31.03	63.50
Investments	8	11,536.05	12,497.26
Deferred tax asset	21.4	67.37	83.68
Current assets, loans and advances			
Sundry debtors	9	583.85	44.08
Cash and bank balances	10	314.35	219.04
Loans and advances	11	16,896.54	6,481.31
		17,794.74	6,744.43
Less: Current liabilities and provisions			
Current liabilities	12	986.75	342.19
Provisions	13	807.06	393.81
		1,793.81	736.00
Net current assets		16,000.93	6,008.43
TOTAL		27,635.38	18,652.87
Significant accounting policies	2		
Notes to the accounts	21		

The schedules referred to above form an integral part of the balance sheet.

As per our report attached.
For **B S R & Associates**
Chartered Accountants
Firm's Registration No.: 116231W

Akeel Master
Partner
Membership No.: 046768

Mumbai | 21 May 2010

For and on behalf of the Board of Directors

Rashesh Shah Chairman & Managing Director
Venkat Ramaswamy Whole-time Director
B Renganathan V. P. & Company Secretary

Profit and Loss Account for the year ended 31 March 2010

(Currency: Indian rupees in millions)	Schedule	31 March 2010	31 March 2009
INCOME			
Fee income	14	1,282.06	240.79
Income from investments and dividend	15	370.57	350.77
Interest income	16	788.58	1,322.33
Other income	17	14.05	3.49
		2,455.26	1,917.38
EXPENDITURE			
Employee costs	18	281.44	283.69
Operating and other expenses	19	361.48	300.91
Financial expenses	20	1,372.21	978.19
Depreciation		16.68	43.77
		2,031.81	1,606.56
PROFIT BEFORE TAXATION		423.45	310.82
Provision for taxation			
- Income tax (includes short provision for earlier years of Rs. 4.61 million; Previous year: Rs. 65.05 million)		65.10	118.75
- Deferred tax charge/(benefit)		16.31	(75.19)
- Fringe benefit tax		-	3.55
PROFIT AFTER TAXATION		342.04	263.71
BALANCE IN PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		550.90	553.56
PROFIT AND LOSS ACCOUNT BALANCE AVAILABLE FOR APPROPRIATION		892.94	817.27
APPROPRIATIONS			
Proposed dividend		600.73	224.80
Interim dividend		150.09	0.25
Dividend distribution tax (includes write back of Rs. 12.16 million; Previous year Rs. Nil)		65.16	12.22
Transfer to general reserve		34.20	26.50
Transfer to capital redemption reserve		-	2.60
Profit and loss account balance carried to balance sheet		42.76	550.90
		892.94	817.27
Basic earnings per share (Rs.) (Face value Rs. 5 each)	21.3	4.56	3.52
Diluted earnings per share (Rs.) (Face value Rs. 5 each)	21.3	4.38	3.43
Significant accounting policies	2		
Notes to the accounts	21		

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached.
For **B S R & Associates**
Chartered Accountants
Firm's Registration No.: 116231W

Akeel Master
Partner
Membership No.: 046768

For and on behalf of the Board of Directors

Rashesh Shah Chairman & Managing Director
Venkat Ramaswamy Whole-time Director
B Renganathan V. P. & Company Secretary

Mumbai | 21 May 2010

Cash flow statement for the year ended 31 March 2010

(Currency: Indian rupees in millions)	31 March 2010	31 March 2009
A Cash flow from operating activities		
Profit before taxation	423.45	310.82
Adjustments for		
Depreciation	16.68	43.77
Profit on sale of investments (net)	(162.78)	(107.53)
Profit on sale of fixed assets	(13.97)	(1.35)
Interest income	(788.58)	(1,351.30)
Financial expenses	1,372.05	976.35
Dividend income	(207.79)	(214.26)
Write back of provision for diminution in long term investments	–	(1.00)
Provision for diminution in long term investments	20.69	18.30
Bad debts written off	19.49	3.18
Provision for doubtful debts	(37.64)	35.86
ESOP compensation cost	7.63	6.80
Provision for doubtful advances written back	–	(0.32)
Operating cash flow before working capital changes	649.23	(280.68)
Adjustments for		
(Increase)/decrease in loans and advances	(1,590.62)	15.80
Increase in sundry debtors	(521.64)	(1.95)
Increase/(decrease) in current liabilities and provisions	67.50	(175.77)
Cash used in operations	(1,395.53)	(442.60)
Income taxes paid	113.15	118.47
Net cash used in operating activities – A	(1,508.68)	(561.07)
B Cash flow from investing activities		
Purchase of fixed assets	(1.67)	(17.66)
Proceeds from sale of fixed assets	31.43	4.53
Decrease in current investments	136.43	2,292.50
Purchase of long term investments	(1,056.25)	(4,108.19)
Redemption/sale of long term investments	2,023.12	1.00
Dividend received	360.79	61.26
Interest income on fixed deposits	5.43	113.66
Net cash generated from/(used in) investing activities – B	1,499.28	(1,652.90)

Cash flow statement for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)	31 March 2010	31 March 2009
C Cash flow from financing activities		
Share application money received	0.04	–
Proceeds from issue of share capital including securities premium	6.53	26.84
Repayment on redemption of preference share	–	(2.60)
Borrowed through secured loans	4,210.42	5,581.18
Repayment of secured loans	(562.50)	(5,767.75)
Borrowed through unsecured loans	424,425.21	326,604.73
Repayment of unsecured loans	(418,630.89)	(332,355.62)
Dividend paid	(374.89)	(150.43)
Dividend distribution tax paid	(2.46)	(25.57)
(Increase)/decrease in loan to subsidiary companies (Refer Note 2)	(8,917.47)	7,061.30
Interest income from subsidiary companies	749.23	1,234.10
Interest income others	21.83	–
Financial expenses	(820.34)	(919.45)
Net cash generated from financing activities – C	104.71	1,286.73
Net increase/(decrease) in cash and cash equivalents (A+B+C)	95.31	(927.24)
Cash and cash equivalents as at the beginning of the year	219.04	1,146.28
Cash and cash equivalents as at the end of the year (Refer Note 1)	314.35	219.04

Note: 1 Cash and cash equivalents represent cash, balances with banks in current account and fixed deposits placed with banks (Refer schedule 10 to the financial statements).

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

As per our report attached.

For **B S R & Associates**

Chartered Accountants

Firm's Registration No.: 116231W

Akeel Master

Partner

Membership No.: 046768

Mumbai | 21 May 2010

For and on behalf of the Board of Directors

Rashesh Shah

Chairman & Managing Director

Venkat Ramaswamy

Whole-time Director

B Renganathan

V. P. & Company Secretary

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian rupees in millions)

1 BACKGROUND

Edelweiss Capital Limited ('the Company') was incorporated as a public limited company on 21 November 1995 and is the ultimate holding company of Edelweiss group of entities. The Company is registered as a Merchant Banker and Portfolio Management Advisor with the Securities & Exchange Board of India ('SEBI'). The Company is principally engaged in providing investment banking services and fund management activities for Edelweiss group entities.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable. The financial statements are presented in Indian rupees in millions.

2.2 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 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.

2.3 Revenue recognition

- a) Investment banking fee income is recognised, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- b) Interest income is recognised on accrual basis.
- c) Dividend income is recognised when the right to receive payment is established.
- d) Profit earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- e) The rating support fee for the borrowing programme of the subsidiaries is accrued on straight line basis over the rating period and as per the contractual terms agreed with the subsidiaries.
- f) Portfolio management fees are accounted on accrual basis as follows:
 - i) In case of percentage based fees, as a percentage of the unaudited net asset value at the end of each financial quarter, on a quarterly basis.
 - ii) In case of return based fee, as a percentage of the annual profit, on an annual basis.

2.4 Benchmark linked debentures

The Company has issued certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at year end. The unrealised loss on the fair valuation of these embedded derivatives is recognised in the profit and loss account and unrealised gain, if any is ignored. The resultant debt component of such debentures is measured at amortised cost using yield to maturity basis.

2.5 Fixed assets and depreciation

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 to use or put to use, whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

Depreciation is charged at the rates prescribed in the Schedule XIV to the Companies Act, 1956 as given below:

Class of asset	Rate of depreciation
Flat	5.00%
Office equipments	13.91%
Computers	40.00%
Furniture and fixtures	18.10%
Vehicles	25.89%

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

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase.

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Fixed assets and depreciation (Continued)

Software expense includes expenditure on licences for various office applications which are written off in the year of purchase on a prudent basis.

2.6 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/ external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

2.7 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 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.

2.8 Foreign currency transactions

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

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

2.9 Employee benefits

Provident fund

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

Gratuity

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

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

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

Actuarial gains and losses are recognised immediately in the profit and loss account.

2.10 Taxation

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

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Taxation (Continued)

Current tax

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.

Deferred taxation

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised 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 reasonable/virtually certain (as the case may be) to be realised.

Fringe benefit tax

For the previous year, provision for Fringe Benefit Tax ('FBT') is made on the basis of applicable FBT on the taxable value of chargeable expenditure of the Company as prescribed under the Income Tax Act, 1961 and the same has been included in the provision for income tax.

2.11 Operating leases

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

2.12 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share prescribed by the Companies (Accounting Standards) Rules, 2006. Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

2.13 Employee stock option plans

The Company follows the intrinsic value method to account for compensation cost of its stock based employee compensation plans. The compensation cost is amortised on a straight-line basis.

2.14 Provisions and contingences

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.

Schedules to the financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
3 SHARE CAPITAL		
Authorised:		
100,000,000 (Previous year: 100,000,000) Equity shares of Rs. 5 (Previous year: Rs. 5) each	500.00	500.00
4,000,000 (Previous year: 4,000,000) Preference shares of Rs. 5 (Previous year: Rs. 5) each	20.00	20.00
	520.00	520.00
Issued, Subscribed and Paid up:		
75,071,893 (Previous year: 74,933,155) Equity shares of Rs. 5 (Previous year: Rs. 5) each, fully paid-up	375.36	374.67
	375.36	374.67
<i>Bonus:</i>		
(a) Of the above, 44,916,806 equity shares of Re. 1 each (before consolidation of face value of equity share from Re. 1 per share to Rs. 5 per share) have been allotted as fully paid up bonus shares by capitalisation of Rs. 44.92 million from securities premium account.		
(b) Of the above, 35,937,448 equity shares of Rs. 5 each have been allotted as fully paid up bonus shares by capitalisation of Rs. 179.69 million from securities premium account.		
4 RESERVES AND SURPLUS		
Securities premium account		
Opening balance	12,504.58	12,477.74
Add: Additions during the year	7.36	26.84
	12,511.94	12,504.58
Capital redemption reserve		
Opening balance	2.60	–
Add: Additions during the year	–	2.60
	2.60	2.60
General reserve		
Opening balance	115.51	89.01
Add: Additions during the year	34.20	26.50
	149.71	115.51
Balance in profit and loss account	42.76	550.90
	12,707.01	13,173.59

Schedules to the financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
5 SECURED LOANS		
Non-convertible debentures (Refer schedule 21.14)		
(a) Secured by way of fixed charge on immovable property and floating charge on sundry debtors, cash and bank balances and loans and advances	1,787.30	1,070.60
(b) Secured by way of second charge on immovable property and floating charge on loans to subsidiary companies	2,930.00	–
	4,717.30	1,070.60
Vehicles loan (Secured by hypothecation of vehicles)	1.21	1.61
Housing loan (Secured by hypothecation of the flat under construction)	–	12.38
	4,718.51	1,084.59
6 UNSECURED LOANS		
Fully convertible debentures	1,800.00	1,800.00
Non-convertible debentures	2,840.00	–
Inter corporate deposits	–	20.00
Commercial paper	5,250.00	2,250.00
Less: Unamortised discount	74.45	62.77
	5,175.55	2,187.23
	9,815.55	4,007.23

Schedules to the financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

7 FIXED ASSETS

Particulars	Gross Block		Depreciation		Net Block				
	As at 1 April 2009	Additions during the year	Deductions during the year	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009			
Leasehold improvements	39.65	–	7.06	26.25	8.00	7.06	27.19	5.40	13.40
Flat	2.78	–	–	0.15	0.13	–	0.28	2.50	2.63
Office equipments	14.99	0.37	–	4.31	1.51	–	5.82	9.54	10.68
Computers	34.90	0.21	–	20.88	5.69	–	26.57	8.54	14.02
Furniture and fixtures	4.05	–	–	1.83	0.40	–	2.23	1.82	2.22
Vehicles	6.75	1.08	0.21	3.64	0.95	0.20	4.39	3.23	3.11
Total	103.12	1.66	7.27	57.06	16.68	7.26	66.48	31.03	46.06
Previous year	122.77	16.27	35.92	46.03	43.77	32.74	57.06	46.06	

Schedules to the financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
8 INVESTMENTS		
Long term investments		
I. Quoted		
(a) Equity shares *	0.00	0.00
II. Unquoted		
(a) Equity shares		
(i) In subsidiaries	10,268.24	9,407.09
(ii) In associates	0.60	0.60
(iii) Others	284.34	245.34
	10,553.18	9,653.03
(b) Preference shares		
(i) In subsidiaries	700.00	1,550.00
(c) Debentures and bonds		
(i) In subsidiaries	–	1,020.90
(d) Units of venture capital funds	274.64	270.76
(e) Others	36.60	36.60
	11,564.42	12,531.29
Less: Diminution in value of unquoted long term investments	54.72	34.03
	11,509.70	12,497.26
<i>Total long term investments</i>	11,509.70	12,497.26
Current investments		
I. Unquoted		
(a) Units of mutual funds	26.35	–
<i>Total current investments</i>	26.35	–
Total investments	11,536.05	12,497.26
Aggregate of quoted investments		
– At book value *	0.00	0.00
– At market value *	0.00	0.00
Aggregate of unquoted long term investments		
– At book value	11,509.70	12,497.26
Aggregate of unquoted current investments		
– At book value	26.35	–
* Amount is less than Rs. 0.01 million		

Schedules to the financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
9 SUNDRY DEBTORS		
(Unsecured and considered good, unless otherwise stated)		
Debtors outstanding for a period exceeding six months		
(a) Considered good	21.70	7.29
(b) Considered doubtful	3.49	43.84
Other debts		
(a) Considered good	562.15	36.79
(b) Considered doubtful	–	1.83
	587.34	89.75
Less: Provision for doubtful debts	3.49	45.67
	583.85	44.08
10 CASH AND BANK BALANCES		
Cash in hand	0.07	0.32
Cheques in hand	0.10	181.78
Balances with scheduled banks		
– in current accounts	11.58	1.84
– in fixed deposits	302.60	35.10
(Refer schedule 21.13)		
	314.35	219.04
11 LOANS AND ADVANCES		
(Unsecured and considered good, unless otherwise stated)		
(Refer schedule 21.16)		
Advances recoverable in cash or in kind or for value to be received		
(a) Subsidiaries	674.62	226.10
(b) Others	1,724.98	609.38
Accrued interest on fixed deposits	19.34	2.44
Accrued interest on loans	1.34	6.15
Loans to subsidiary companies	14,182.25	5,264.78
(includes interest accrued Rs. 379.91 million; Previous year: Rs. 1,027.29 million)		
Deposits	27.33	153.82
Advance tax and tax deducted at source	266.68	218.64
(net of provision for taxation of Rs. 485.03 million; Previous year: Rs. 419.89 million)		
	16,896.54	6,481.31

Schedules to the financial statements as at 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
12 CURRENT LIABILITIES		
Sundry creditors (Refer schedule 21.15)		
(a) Subsidiaries	–	0.19
(b) Others	254.66	209.80
	254.66	209.99
Book overdraft	2.18	1.77
Income received in advance	15.00	–
Interest accrued but not due	651.81	100.10
Other liabilities	63.10	30.33
	986.75	342.19
13 PROVISIONS		
Gratuity	11.36	9.12
Provision for deferred bonus	120.11	147.71
Proposed dividend	600.73	224.80
Dividend distribution tax	74.86	12.18
	807.06	393.81

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
14 FEE INCOME		
Investment banking fees	685.04	195.13
(Tax deducted at source Rs. 39.87 million; Previous year: Rs. 12.41 million)		
Advisory fees	201.26	18.91
(Tax deducted at source Rs. 20.35 million; Previous year: Rs. 2.52 million)		
Rating support fees and other fees	395.76	26.75
(Tax deducted at source Rs. 9.71 million; Previous year: Rs. 2.88 million)		
	1,282.06	240.79
15 INCOME FROM INVESTMENTS AND DIVIDEND		
Profit on sale of current investments (net)	162.19	107.53
Gain on structured products	–	28.97
Profit on sale of long term investments	0.59	–
Dividend on current investments	–	61.24
Dividend on long term investments		
– Subsidiaries	207.76	153.00
– Others	0.03	0.03
	370.57	350.77
16 INTEREST INCOME		
On loan to subsidiary companies	729.23	1,074.76
(Tax deducted at source Rs. 10.90 million; Previous year: Rs. 15.84 million)		
On fixed deposits	22.33	114.91
(Tax deducted at source Rs. 2.31 million; Previous year: 13.45 million)		
On debentures of subsidiary company	20.00	130.37
(Tax deducted at source Rs. 4.53 million; Previous year: Rs. 29.54 million)		
Others	17.02	2.29
(Tax deducted at source Rs. 3.54 million; Previous year: Rs.0.10 million)		
	788.58	1,322.33
17 OTHER INCOME		
Diminution in value of long term investments written back	–	1.00
Provision for doubtful advances written back and bad debts recovered	–	0.32
Profit on sale of fixed assets	13.88	0.06
Foreign exchange gain	–	0.82
Miscellaneous income	0.17	1.29
	14.05	3.49
18 EMPLOYEE COSTS		
Salaries and bonus #	273.41	271.27
Contribution to provident fund and other funds	3.61	4.02
Gratuity	2.47	3.04
Staff welfare	1.95	5.36
	281.44	283.69
# Refer schedule 21.17		

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

	31 March 2010	31 March 2009
19 OPERATING EXPENSES		
Advertisement, publicity and business promotion #	32.20	15.73
Auditors' remuneration (Refer schedule 21.10)	2.71	2.84
Bad debts written off	19.49	3.18
Commission to non-executive directors	3.50	2.50
Commission and brokerage	9.62	0.43
Communication	9.86	11.63
Computer software and website development charges	11.74	9.15
Custodian charges	1.39	0.60
Dematerialisation charges	0.55	0.85
Directors' sitting fees	0.87	0.72
Donation	–	0.19
Electricity #	12.55	4.52
Foreign exchange loss (net)	99.33	–
Insurance	3.29	3.53
Legal and professional fees	58.23	55.52
Membership and subscription	10.27	11.32
Office expense	6.13	16.40
Postage and courier	4.33	6.35
Printing and stationery #	13.48	13.55
Provision for diminution in value of long term investments	20.69	18.30
Provision for doubtful debts	(37.64)	35.86
Rates and taxes	12.46	6.30
Rent #	18.01	36.93
Repairs and maintenance - others	3.26	7.65
Securities transaction tax	0.07	–
Seminars and conference	8.02	0.74
Travelling and conveyance	34.32	35.16
Wealth tax	0.03	0.03
Miscellaneous expenses	2.72	0.93
	361.48	300.91
20 FINANCIAL EXPENSES		
Interest on		
– Debentures	1,069.71	553.43
– Inter-corporate deposits	0.27	5.36
– Expenses on debenture redemption	–	28.97
– Bank overdraft	0.60	3.58
– Vehicle loan	0.15	0.27
Discount on commercial paper	281.94	384.73
Financial charges	19.38	0.40
Bank charges	0.16	1.45
	1,372.21	978.19
# Refer schedule 21.17		

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS

21.1 Segment reporting

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

Segment	Activities covered
Agency business	Advisory and transactional services
Holding company activities	Group's fund management

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

Based on such allocations, segmental balance sheet as at 31 March 2010 and segmental profit & loss account for the year ended 31 March 2010 have been prepared.

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED) 21.1 Segment reporting (Continued)

Particulars	Agency business		Holding company activities		Un-allocated		Total	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Segment revenue								
Income from external customers	900.92	242.17	1,540.32	1,675.14	14.02	0.07	2,455.26	1,917.38
Total	900.92	242.17	1,540.32	1,675.14	14.02	0.07	2,455.26	1,917.38
Segment result	710.45	41.36	(172.72)	390.44	(114.28)	(120.98)	423.45	310.82
Income tax					65.10	118.75	65.10	118.75
Deferred tax benefit					16.31	(75.19)	16.31	(75.19)
Fringe benefit tax					–	3.55	–	3.55
Profit after tax							342.04	263.71
Other information								
Carrying amount of segment assets	314.42	55.39	28,643.83	18,870.57	470.94	462.91	29,429.19	19,388.87
Carrying amount of segment liabilities	121.29	97.18	15,315.78	5,316.35	890.80	414.29	16,327.87	5,827.82
Capital expenditure	0.90	3.15	0.36	13.58	0.40	0.94	1.66	17.67
Depreciation	8.94	7.80	3.72	33.65	4.02	2.32	16.68	43.77
Other non cash expenditure	(18.14)	21.48	20.69	35.86	–	–	2.55	57.34

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties

(A) Subsidiaries which are controlled by the Company and with whom transactions have taken place during the year:

Edelweiss Securities Limited
 Edelweiss Commodities Limited
 Edelweiss Insurance Brokers Limited
 Edelweiss Finance & Investments Limited
 Edelweiss Capital USA, LLC
 Edelweiss Trustee Services Limited
 ECL Finance Limited
 Edelweiss Custodial Services Limited
 Edelcap Securities Limited
 ECap Equities Limited
 EC Commodity Limited
 Edel Commodities Limited
 Edelweiss Financial Products & Solutions Limited
 Edelweiss Trusteeship Company Limited
 Edelweiss Asset Management Limited
 Edelweiss Broking Limited
 Edelweiss Property Advisors Limited
 Edel Land Limited
 Edelweiss Capital Services Limited
 EC International Limited, Mauritius
 Edelgive Foundation
 Edelweiss Alternative Asset Advisors Limited
 Edelweiss Housing Finance Limited
 Edelweiss Tokio Life Insurance Company Limited
 Edel Investments Limited
 Allium Finance Private Limited (w.e.f. 15 June 2009)
(through Edelweiss Commodities Limited)
 Arum Investments Private Limited (w.e.f. 15 June 2009)
(through Edelweiss Securities Limited)
 Edelweiss Capital (Singapore) Pte. Limited
 Edelweiss Asset Reconstruction Company Limited (upto 12 December 2008)

(B) Enterprise over which significant influence is exercised:

Edelweiss Employee Welfare Trust

(C) Subsidiaries which are controlled by the Company and with whom no transactions have taken place during the year:

EC Global Limited *(through Edelweiss Finance & Investments Limited)*
 Aster Commodities DMCC
(through EC International Limited, Mauritius)
 ECap International Limited *(through EC International Limited, Mauritius)*
 Edelweiss International (Singapore) Pte. Limited
(through Edelweiss Capital (Singapore) Pte. Limited)
 Edelweiss Securities (Singapore) Pte. Limited
(through Edelweiss Capital (Singapore) Pte. Limited)
 Edelweiss Alternative Asset Advisors Pte. Limited
(through Edelweiss Capital (Singapore) Pte. Limited)
 EAAA LLC Mauritius *(through EC International Limited, Mauritius)*
 EW Special Opportunities Advisors LLC *(through EAAA LLC, Mauritius)*
 EW India Special Assets Advisors LLC *(through EAAA LLC, Mauritius)*

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties (Continued)

(D) Associates:

Edelweiss Asset Reconstruction Company Limited (w.e.f. 13 December 2008)
(through Edelweiss Alternative Asset Advisors Limited)
Edelweiss Real Estate Advisors Private Limited
Blue River Capital Advisors (India) Private Limited
Blue River Capital Management Company I, LLC *(through EC Global Limited)*
Dahlia Financial Services Private Limited *(through Edelweiss Securities Limited)*
Magnolia Financial Services Private Limited *(through Edelweiss Securities Limited)*

(E) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company:

Rashesh Shah
Venkat Ramaswamy

(F) Relatives of individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company:

Vidya Shah
Aparna T. C.
Kaavya Venkat
Shilpa Mody
Sharmishta Chandrakant Shah
A V Ramaswamy

(G) Enterprise which exercise significant influence over the company:

Oak Holdings Private Limited

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)**21.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Capital account transactions						
<i>Investments in Equity shares</i>						
ECL Finance Limited	–					
	(2,267.72)					
Edelweiss Finance & Investments Limited	–					
	(700.00)					
Edelweiss Asset Management Limited	–					
	(880.00)					
Edelweiss Financial Products & Solutions Limited	–					
	(35.63)					
Edelweiss Broking Limited	90.80					
	(30.00)					
EC Commodity Limited	201.00					
	(10.00)					
Edel Commodities Limited	–					
	(0.50)					
Edelweiss Alternative Asset Advisors Limited	–					
	(110.80)					
Edelweiss Housing Finance Limited	25.00					
	(0.50)					
Edelgive Foundation	–					
	(0.10)					
Edelweiss Property Advisors Limited	–					
	(0.50)					
Edelweiss Capital (Singapore) Pte. Limited	–					
	(0.15)					
Edel Land Limited	–					
	(0.50)					
Edelweiss Custodial Services Limited	517.00					
	(0.50)					
EC International Limited	5.00					
	(1.20)					
Edel Investments Limited	21.00					
	(–)					
Edelweiss Tokio Life Insurance Company Limited	1.35					
	(–)					
<i>Investments in Preference shares</i>						
Edelweiss Property Advisors Limited	70.00					
	(–)					
Edel Land Limited	80.00					
	(–)					
<i>Equity shares sold</i>						
Edelweiss Alternative Asset Advisors Limited	–					
	(0.50)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
<i>Redemption of Optionally fully convertible debentures</i>						
ECL Finance Limited	1,020.90					
	(-)					
<i>Redemption of Preference shares</i>						
Edelweiss Commodities Limited	1,000.00					
	(-)					
<i>Non-convertible debentures subscribed</i>						
Oak Holdings Private Limited						20.00
						(29.50)
Aparna T. C.					-	
					(5.00)	
Kaavya Venkat					-	
					(4.00)	
Venkat Ramaswamy				-		
				(4.00)		
<i>Preference shares of the company redeemed</i>						
Rashesh Shah				-		
				(2.60)		
<i>Non-convertible debentures redeemed</i>						
ECap Equities Limited	349.50					
	(-)					
<i>Share application money paid</i>						
Edelweiss Tokio Life Insurance Company Limited	278.85					
	(-)					
<i>Current account transactions</i>						
<i>Loans repaid by</i>						
Edelweiss Securities Limited	128,392.51					
	(115,267.50)					
Edelweiss Insurance Brokers Limited	44.20					
	(40.80)					
Edelweiss Commodities Limited	60,025.61					
	(35,758.25)					
Edelweiss Finance & Investments Limited	13,335.09					
	(34,050.51)					
ECL Finance Limited	33,165.81					
	(17,059.38)					
ECap Equities Limited	21,178.97					
	(9,163.98)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Edelcap Securities Limited	17,948.96 (15,406.84)					
Edelweiss Financial Products & Solutions Limited	1,973.34 (610.27)					
Edelweiss Asset Reconstruction Company Limited			21.82 (-)			
Edelweiss Alternative Asset Advisors Limited	17.36 (16.10)					
Edelweiss Broking Limited	3,309.35 (0.52)					
Edelweiss Trustee Services Limited	0.19 (0.97)					
Edel Commodities Limited	1,358.61 (1.39)					
EC Commodity Limited	12,167.90 (-)					
Edelweiss Employee Welfare Trust		12.65 (-)				
Edel Land Limited	2.60 (-)					
Edelweiss Asset Management Limited	8.00 (-)					
EC International Limited	750.32 (-)					
Edelweiss Real Estate Advisors Private Limited			8.60 (15.61)			
Edelweiss Capital Services Limited	2.14 (0.57)					
<i>Loan given to</i>						
Edelweiss Securities Limited	130,556.81 (114,845.16)					
Edelweiss Insurance Brokers Limited	38.25 (60.23)					
Edelweiss Commodities Limited	64,349.70 (34,654.45)					
Edelweiss Finance & Investments Limited	13,311.10 (30,942.34)					
ECL Finance Limited	33,561.10 (15,775.18)					
ECap Equities Limited	21,578.35 (9,310.95)					
Edelcap Securities Limited	19,114.35 (13,578.54)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Edelweiss Financial Products & Solutions Limited	1,808.54 (757.16)					
Edelweiss Asset Reconstruction Company Limited			21.28 (0.54)			
Edelweiss Asset Management Limited	8.00 (-)					
Edelweiss Broking Limited	3,557.23 (69.77)					
Edelweiss Employee Welfare Trust		1,031.88 (201.65)				
Edelweiss Trustee Services Limited	0.68 (0.97)					
Edelweiss Alternative Asset Advisors Limited	26.07 (18.75)					
Edel Commodities Limited	1,371.59 (51.49)					
EC Commodity Limited	11,946.30 (250.21)					
Edel Land Limited	5.45 (-)					
EC International Limited	1,287.49 (-)					
Edelweiss Real Estate Advisors Private Limited			7.81 (7.17)			
Edelweiss Capital Services Limited	2.14 (0.57)					
<i>Reimbursement recovered</i>						
Edelweiss Finance & Investments Limited	67.87 (153.86)					
Edelweiss Commodities Limited	192.41 (136.48)					
ECap Equities Limited	65.24 (93.42)					
ECL Finance Limited	310.73 (101.92)					
Edelweiss Capital Services Limited	2.77 (3.80)					
Edelcap Securities Limited	140.71 (112.56)					
Edelweiss Securities Limited	27.29 (-)					
Edelweiss Asset Management Limited	8.48 (10.18)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)**21.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Edelweiss Asset Reconstruction Company Limited			0.18			
			(0.05)			
Edelweiss Financial Products & Solutions Limited	104.33					
	(41.40)					
Edelweiss Insurance Brokers Limited	10.17					
	(4.77)					
Edelweiss Broking Limited	5.58					
	(0.23)					
Edelweiss Real Estate Advisors Private Limited			9.21			
			(2.76)			
Edelweiss Trustee Services Limited	0.75					
	(0.65)					
Allium Financial Services Private Limited	0.46					
	(-)					
Arum Investments Private Limited	0.51					
	(-)					
Edelweiss Trusteeship Company Limited	0.14					
	(0.03)					
Edelweiss Property Advisors Limited	0.07					
	(0.00)*					
Edelweiss Housing Finance Limited	0.01					
	(0.00)*					
EC Commodity Limited	1.29					
	(0.26)					
Edel Land Limited	0.08					
	(-)					
Edel Investments Limited	0.00*					
	(-)					
Edelweiss Tokio Life Insurance Company Limited	0.00*					
	(-)					
Edel Commodities Limited	1.16					
	(0.00)*					
Oak Holdings Private Limited						0.02
						(0.01)
Edelweiss Alternative Asset Advisors Limited	13.25					
	(3.33)					
Edelgive Foundation	0.09					
	(0.04)					
Edelweiss Custodial Services Limited	2.51					
	(0.81)					
<i>Dividend paid</i>						
Rashesh Shah				65.11		
				(21.73)		

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Venkat Ramaswamy				26.51 (10.61)		
Aparna T. C.					6.00 (2.40)	
Kaavya Venkat					6.00 (2.40)	
Vidya Shah					15.18 (6.07)	
A V Ramaswamy					0.03 (0.01)	
Shilpa Mody					0.00* (0.00)*	
Sharmishta Chandrakant Shah					0.01 (4.33)	
Oak Holdings Private Limited						24.00 (14.40)
<i>Remuneration</i>						
Rashesh Shah				20.57 (12.22)		
Venkat Ramaswamy				15.97 (10.52)		
<i>Rent paid</i>						
Aparna T. C.					- (0.68)	
Vidya Shah					1.54 (4.41)	
<i>Dividend income</i>						
Edelweiss Securities Limited	72.16 (153.00)					
Edelcap Securities Limited	135.60 (-)					
<i>Interest income</i>						
Edelweiss Securities Limited	164.86 (249.04)					
Edelweiss Insurance Brokers Limited	3.38 (3.91)					
Edelweiss Commodities Limited	92.59 (174.31)					
Edelweiss Finance & Investments Limited	125.68 (284.16)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)**21.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
ECL Finance Limited	18.08 (116.35)					
Edelweiss Financial Products & Solutions Limited	18.01 (0.81)					
ECap Equities Limited	45.33 (120.17)					
Edelcap Securities Limited	166.68 (124.03)					
Edelweiss Broking Limited	4.20 (0.68)					
Edel Commodities Limited	6.20 (0.51)					
EC Commodity Limited	8.67 (0.21)					
Edelweiss Asset Reconstruction Company Limited			0.05 (0.04)			
Edelweiss Trustee Services Limited	0.00* (0.01)					
Edelweiss Alternative Asset Advisors Limited	0.09 (0.54)					
Edel Land Limited	0.05 (-)					
Edelweiss Asset Management Limited	0.00* (-)					
Edelweiss Capital Services Limited	0.00* (-)					
EC International Limited	75.41 (-)					
Edelweiss Real Estate Advisors Private Limited			0.08 (0.29)			
<i>Loss on non-convertible debentures</i>						
Edelweiss Finance and Investments Limited	- (28.97)					
<i>Interest income from optionally fully convertible debentures</i>						
ECL Finance Limited	20.00 (130.37)					
<i>Advisory fee received</i>						
Blue River Capital Advisors (India) Private Limited			- (3.00)			
Edelweiss Securities Limited	8.00 (15.00)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
ECap Equities Limited	80.32					
	(-)					
ECL Finance Limited	12.00					
	(-)					
Edelweiss Financial Products & Solutions Limited	84.10					
	(-)					
<i>Rating fee received</i>						
ECL Finance Limited	163.77					
	(-)					
Edelweiss Securities Limited	195.15					
	(-)					
Edelweiss Commodities Limited	22.24					
	(-)					
Primary market transactions						
<i>Interest expense on non-convertible debentures</i>						
Oak Holdings Private Limited						5.86
						(0.20)
Aparna T. C.					1.26	
					(-)	
Kaavya Venkat					1.01	
					(-)	
Venkat Ramaswamy				1.01		
				(-)		
Ecap Equities Limited	37.40					
	(-)					
<i>Reimbursements paid for common expenses</i>						
<i>Rent</i>						
Edelweiss Securities Limited	6.48					
	(-)					
<i>Reimbursements recovered for common expenses</i>						
<i>Shared staff cost</i>						
Edelweiss Securities Limited	45.56					
	(60.00)					
Edelweiss Commodities Limited	22.31					
	(5.00)					
Edelweiss Real Estate Advisors Private Limited			8.44			
			(10.00)			
ECL Finance Limited	23.73					
	(20.00)					
<i>Rent</i>						
Edelweiss Securities Limited	23.76					
	(46.22)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)**21.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Edelweiss Commodities Limited	4.54					
	(-)					
Edelweiss Insurance Brokers Limited	3.30					
	(-)					
ECL Finance Limited	-					
	(17.40)					
Blue River Capital Advisors (India) Private Limited			-			
			(4.03)			
<i>Advertisement</i>						
Edelweiss Securities Limited	7.42					
	(11.00)					
ECL Finance Limited	7.42					
	(5.00)					
Edelweiss Finance & Investments Limited	7.42					
	(-)					
Edelweiss Asset Management Limited	4.92					
	(-)					
Edelweiss Commodities Limited	4.92					
	(5.00)					
<i>Electricity</i>						
ECL Finance Limited	-					
	(6.00)					
Blue River Capital Advisors (India) Private Limited			-			
			(0.53)			
<i>Printing and stationery</i>						
ECL Finance Limited	-					
	(1.20)					
<i>Incorporation expenses recovered</i>						
Edelweiss Property Advisors Limited	-					
	(0.06)					
Edelweiss Housing Finance Limited	-					
	(1.86)					
Edel Commodities Limited	-					
	(0.25)					
Edel Land Limited	-					
	(0.26)					
Edelweiss Tokio Life Insurance Company Limited	15.49					
	(-)					
EC Commodity Limited	-					
	(0.26)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Edelgive Foundation	–					
	(0.21)					
Edelweiss Custodial Services Limited	–					
	(0.81)					
Edel Investments Limited	0.28					
	(–)					
Balances with related parties						
<i>Sundry creditors</i>						
ECL Finance Limited	–					
	(0.19)					
<i>Investments in Equity shares</i>						
Edelweiss Securities Limited	92.00					
	(92.00)					
Edelweiss Insurance Brokers Limited	5.00					
	(5.00)					
Edelweiss Commodities Limited	1,108.00					
	(1,108.00)					
Edelweiss Finance & Investments Limited	1,772.27					
	(1,772.27)					
Edelweiss Capital USA, LLC	2.39					
	(2.39)					
Edelweiss Real Estate Advisors Private Limited			0.50			
			(0.50)			
Blue River Capital Advisors (India) Private Limited			0.10			
			(0.10)			
Edelweiss Trustee Services Limited	0.50					
	(0.50)					
ECL Finance Limited	5,190.56					
	(5,190.56)					
ECap Equities Limited	10.00					
	(10.00)					
Edelcap Securities Limited	10.00					
	(10.00)					
Edelweiss Asset Management Limited	1,000.00					
	(1,000.00)					
Edelweiss Broking Limited	135.80					
	(45.00)					
Edelweiss Financial Products & Solutions Limited	45.62					
	(45.62)					
Edelweiss Trusteeship Company Limited	1.00					
	(1.00)					
EC Commodity Limited	211.00					
	(10.00)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)**21.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Edel Commodities Limited	0.50					
	(0.50)					
Edelweiss Alternative Asset Advisors Limited	110.80					
	(110.80)					
Edelweiss Housing Finance Limited	25.50					
	(0.50)					
Edelgive Foundation	0.10					
	(0.10)					
Edelweiss Property Advisors Limited	0.50					
	(0.50)					
Edelweiss Capital (Singapore) Pte. Limited	0.15					
	(0.15)					
Edel Land Limited	0.50					
	(0.50)					
Edelweiss Custodial Services Limited	517.50					
	(0.50)					
Edel Investments Limited	21.00					
	(-)					
Edelweiss Tokio Life Insurance Company Limited	1.35					
	(-)					
EC International Limited	6.20					
	(1.20)					
<i>Investments in Preference shares</i>						
Edelweiss Property Advisors Limited	70.00					
	(-)					
Edel Land Limited	80.00					
	(-)					
Edelweiss Commodities Limited	-					
	(1,000.00)					
Edelweiss Securities Limited	350.00					
	(350.00)					
Edelweiss Finance & Investments Limited	200.00					
	(200.00)					
<i>Optionally fully convertible debentures</i>						
ECL Finance Limited	-					
	(1,020.90)					
<i>Loans</i>						
Edelweiss Securities Limited	4,709.41					
	(2,545.12)					
Edelweiss Insurance Brokers Limited	32.11					
	(38.06)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Edelweiss Commodities Limited	4,510.16 (186.07)					
Edelweiss Finance & Investments Limited	1,496.41 (1,520.40)					
ECL Finance Limited	510.18 (114.89)					
ECap Equities Limited	546.42 (147.03)					
Edelcap Securities Limited	1,341.44 (176.05)					
Edelweiss Financial Products & Solutions Limited	– (164.80)					
Edelweiss Asset Reconstruction Company Limited			– (0.54)			
Edelweiss Alternative Asset Advisors Limited	11.35 (2.65)					
Edelweiss Broking Limited	317.15 (69.26)					
Edel Commodities Limited	63.08 (50.10)					
EC Commodity Limited	28.61 (250.21)					
Edelweiss Real Estate Advisors Private Limited			– (0.79)			
Edelweiss Trustee Services Limited	0.50 (0.01)					
Edel Land Limited	2.85 (–)					
EC International Limited	537.17 (–)					
Edelweiss Capital USA, LLC	– (0.12)					
Oak Holdings Private Limited						– (0.21)
<i>Non-convertible debentures outstanding</i>						
Oak Holdings Private Limited						22.50 (29.50)
Aparna T. C.					5.00 (5.00)	
Kaavya Venkat					4.00 (4.00)	
Venkat Ramaswamy				4.00 (4.00)		

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)**21.2 Related parties (Continued)****(H) Transactions and balances with related parties:**

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Ecap Equities Limited	73.50					
	(-)					
<i>Interest payable on non-convertible debentures</i>						
Oak Holdings Private Limited						6.06 (0.20)
Aparna T. C.					1.26	
					(-)	
Kaavya Venkat					1.01	
					(-)	
Venkat Ramaswamy				1.01		
				(-)		
Ecap Equities Limited	19.52					
	(-)					
<i>Sundry debtors</i>						
ECL Finance Limited	91.27					
	(-)					
Edelweiss Securities Limited	195.15					
	(-)					
Edelweiss Commodities Limited	22.24					
	(-)					
<i>Advances</i>						
Edelweiss Tokio Life Insurance Company Limited	278.85					
	(-)					
Edelweiss Securities Limited	69.82					
	(179.41)					
Edelweiss Insurance Brokers Limited	3.28					
	(0.00)*					
Edelweiss Commodities Limited	31.97					
	(5.10)					
Edelweiss Finance & Investments Limited	122.20					
	(23.66)					
Edelweiss Real Estate Advisors Private Limited			8.38			
			(4.98)			
ECL Finance Limited	31.57					
	(-)					
ECap Equities Limited	-					
	(0.01)					
Edelcap Securities Limited	131.77					
	(2.29)					
Edelweiss Asset Management Limited	4.88					
	(0.16)					

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.2 Related parties (Continued)

(H) Transactions and balances with related parties:

Particulars	Subsidiaries controlled by the Company	Enterprise over which significant influence is exercised	Associates	Individual exercising significant control	Relatives of individuals exercising significant control	Enterprise which exercise significant influence
Edelweiss Asset Reconstruction Company Limited				–		
				(0.02)		
Edelweiss Financial Products & Solutions Limited	–					
	(6.56)					
Edelweiss Employee Welfare Trust		1,444.05				
		(424.82)				
Blue River Capital Advisors (India) Private Limited				1.62		
				(3.31)		
Edelweiss Trustee Services Limited	–					
	(0.00)*					
Edelweiss Alternative Asset Advisors Limited	0.26					
	(5.19)					
Allium Finance Private Limited	0.00*					
	(–)					
EC International Limited	75.41					
	(–)					
Edelgive Foundation	–					
	(0.21)					
EC Commodity Limited	–					
	(0.26)					
Edel Commodities Limited	–					
	(0.25)					
Edel Land Limited	–					
	(0.26)					
Edelweiss Custodial Services Limited	–					
	(0.81)					
Edelweiss Housing Finance Limited	–					
	(1.86)					
Edelweiss Capital Services Limited	0.01					
	(0.00)*					
Edelweiss Broking Limited	–					
	(0.01)					
Edelweiss Property Advisors Limited	–					
	(0.06)					
<i>Bonus payable</i>						
Rashesh Shah				15.00		
				(13.00)		
Venkat Ramaswamy				12.00		
				(11.70)		

Amount in brackets represent previous year numbers

* Amount is less than Rs. 0.01 million

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.3 Earnings per share

In accordance with Accounting Standard 20 – Earnings Per Share prescribed by Companies (Accounting Standards) Rules, 2006, the computation of earnings per share is set out below:

	2010	2009
a) Shareholders earnings (as per profit and loss account)	342.04	263.71
Less: Preference dividend declared by the Company (including dividend distribution tax)	–	0.30
Net profit available to equity shareholders for the purpose of calculating basic and diluted earnings per share	342.04	263.41
b) Calculation of weighted average number of equity shares of Rs. 5 each:		
– Number of shares at the beginning of the year	74,933,155	74,933,155
– Number of shares issued during the year	138,738	–
Total number of equity shares outstanding at the end of the year	75,071,893	74,933,155
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	74,999,515	74,933,155
c) Number of dilutive potential equity shares	3,016,562	1,829,176
d) Basic earnings per share (in rupees) {a/b}	4.56	3.52
e) Diluted earnings per share (in rupees) {a/(b+c)}	4.38	3.43

21.4 Deferred taxes

The primary components relating to deferred tax assets are as follows:

	2010	2009
Deferred tax asset		
Tax effect of the timing differences on account of:		
Difference between book and tax depreciation	12.48	11.22
Provision for doubtful debts	1.00	13.82
Disallowances under Section 43B of the Income Tax Act, 1961	53.89	58.64
Deferred tax asset	67.37	83.68

21.5 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

(A) Defined contribution plan (Provident fund):

Amount of Rs. 3.61 million (Previous year: Rs. 4.02 million) is recognised as expenses and included in “Employee Costs” – Schedule 18 in the profit and loss account.

(B) Defined benefit plan (Gratuity):

The following tables summarise the components of the net employee benefit expenses recognised in the profit and loss account, the fund status and amount recognised in the balance sheet for the gratuity benefit plan.

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.5 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

Profit and loss account

Net employee benefit expenses (recognised in employee cost)

	2010	2009
Current service cost	3.07	4.50
Interest on defined benefit obligation	0.85	0.85
Expected return on plan assets	-	-
Net actuarial losses/(gains) recognised in the year	-	-
Past service cost	-	-
Actuarial (gain)/losses	(1.45)	(2.31)
Total included in 'employee benefit expense'	2.47	3.04

Balance sheet

Details of provision for gratuity

	2010	2009
Liability at the end of the year	11.36	9.12
Fair value of plan assets at the end of the year	-	-
Difference	11.36	9.12
Unrecognised past service cost	-	-
Unrecognised transition liability	-	-
Amount in Balance sheet	11.36	9.12

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

	2010	2009
Liability at the beginning of the year	9.12	6.08
Interest cost	0.85	0.85
Current service cost	3.07	4.50
Past service cost (non vested benefit)	-	-
Past service cost (vested benefit)	-	-
Benefits paid	(0.23)	-
Actuarial (gain)/loss	(1.45)	(2.31)
Liability at the end of the year	11.36	9.12

Principal actuarial assumptions as at the balance sheet date:

	2010	2009
Discount rate	7.50%	7.00%
Salary escalation	8.00%	8.00%
Employee attrition rate	2.00%-15.00%	2.00%-15.00%

21.6 Operating leases

The Company has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2010 aggregated to Rs. 18.01 million (Previous year: Rs. 36.93 million) which has been included under the head Operating expenses – Rent – Schedule 19, in the profit and loss account.

Details of future minimum lease payments for the non-cancellable operating leases are as follows:

	2010	2009
Minimum lease payments for non-cancellable leases		
- not later than one year	2.35	1.08
- later than one year and not later than five years	-	0.15
Total	2.35	1.23

Future minimum lease payments for the non-cancellable operating leases are before sharing of expenses with group companies.

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED) 21.7 Quantitative details of investments

A) Long term investments in equity shares – quoted

	Opening		Purchases		Sold		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
Kotak Mahindra Bank Limited*	5	0.00	-	-	-	-	5	0.00
Total (A)	5	0.00	-	-	-	-	5	0.00

* Amount is less than Rs. 0.01 million

B) Long term investments in equity/preference shares/optionally fully convertible debentures of subsidiary companies – unquoted

	Opening		Purchases		Sold		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
Equity shares								
Edelweiss Finance & Investments Limited	2,130,020	1,772.27	-	-	-	-	2,130,020	1,772.27
Edelweiss Insurance Brokers Limited	499,760	5.00	-	-	-	-	499,760	5.00
Edelweiss Securities Limited	4,500,000	92.00	-	-	-	-	4,500,000	92.00
Edelweiss Capital USA, LLC	5,000	2.39	-	-	-	-	5,000	2.39
Edelweiss Commodities Limited	1,900,000	1,108.00	-	-	-	-	1,900,000	1,108.00
ECL Finance Limited	1,499,959,129	5,190.56	-	-	-	-	1,499,959,129	5,190.56
Edelweiss Trustee Services Limited	50,000	0.50	-	-	-	-	50,000	0.50
Edelweiss Asset Management Limited	60,000,000	1,000.00	-	-	-	-	60,000,000	1,000.00
Edelweiss Trusteeship Company Limited	100,000	1.00	-	-	-	-	100,000	1.00
Edelweiss Financial Products & Solutions Limited	1,000,000	45.62	-	-	-	-	1,000,000	45.62
ECap Equities Limited	240,000	10.00	-	-	-	-	240,000	10.00
Edelcap Securities Limited	240,000	10.00	-	-	-	-	240,000	10.00
Edelweiss Broking Limited	940,000	45.00	1,816,000	90.80	-	-	2,756,000	135.80
EC Commodity Limited	287,500	10.00	670,000	201.00	-	-	957,500	211.00
Edel Commodities Limited	50,000	0.50	-	-	-	-	50,000	0.50
Edelweiss Housing Finance Limited	50,000	0.50	2,500,000	25.00	-	-	2,550,000	25.50
Edelgive Foundation	10,000	0.10	-	-	-	-	10,000	0.10
Edelweiss Property Advisors Limited	50,000	0.50	-	-	-	-	50,000	0.50
Edelweiss Capital (Singapore) Pte. Limited	5,000	0.15	-	-	-	-	5,000	0.15
Edel Land Limited	50,000	0.50	-	-	-	-	50,000	0.50

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)
21.7 Quantitative details of investments (Continued)
B) Long term investments in equity/preference shares/optionally fully convertible debentures of subsidiary companies – unquoted (Continued)

	Opening		Purchases		Sold		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
Edelweiss Custodial Services Limited	50,000	0.50	4,700,000	517.00	-	-	4,750,000	517.50
EC International Limited	25,000	1.20	100,000	5.00	-	-	125,000	6.20
Edelweiss Alternative Asset Advisors Limited	2,256,000	110.80	-	-	-	-	2,256,000	110.80
Edelweiss Tokio Life Insurance Company Limited	-	-	51,703	1.35	-	-	51,703	1.35
Edel Investments Limited	-	-	870,000	21.00	-	-	870,000	21.00
Total (I)	1,574,397,409	9,407.09	10,707,703	861.15	-	-	1,585,105,112	10,268.24
Preference shares								
Edelweiss Securities Limited	15,000,000	350.00	-	-	-	-	15,000,000	350.00
Edelweiss Finance & Investments Limited	800,000	200.00	-	-	-	-	800,000	200.00
Edelweiss Commodities Limited	500,000	1,000.00	-	-	500,000	1,000.00	-	-
Edelweiss Property Advisors Limited	-	-	70,000	70.00	-	-	70,000	70.00
Edel Land Limited	-	-	80,000	80.00	-	-	80,000	80.00
Total (II)	16,300,000	1,550.00	150,000	150.00	500,000	1,000.00	15,950,000	700.00
Optionally fully convertible debentures								
ECL Finance Limited	10,209,000	1,020.90	-	-	10,209,000	1,020.90	-	-
Total (III)	10,209,000	1,020.90	-	-	10,209,000	1,020.90	-	-
Total (B) (I + II + III)	1,600,906,409	11,977.99	10,857,703	1,011.15	10,709,000	2,020.90	1,601,055,112	10,968.24

C) Long term investments in equity shares of associates – unquoted

	Opening		Purchases		Sold		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
Blue River Capital Advisors (India) Private Limited	10,000	0.10	-	-	-	-	10,000	0.10
Edelweiss Real Estate Advisors Private Limited	50,000	0.50	-	-	-	-	50,000	0.50
Total (C)	60,000	0.60	-	-	-	-	60,000	0.60

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED) 21.7 Quantitative details of investments (Continued)

D) Long term investments in equity shares of other companies – unquoted

	Opening		Purchases		Sold		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
ApnaLoan.com India Private Limited*	500	0.00	-	-	-	-	500	0.00
Cadbury India Limited*	1	0.00	-	-	-	-	1	0.00
Calltiger.com Limited	112,211	0.01	-	-	-	-	112,211	0.01
Choksi Technologies Private Limited	30,000	0.30	-	-	-	-	30,000	0.30
Datacomp WebTech Private Limited	14,850	2.48	-	-	-	-	14,850	2.48
DSP Merrill Lynch Limited	50	0.01	-	-	-	-	50	0.01
EMR Technology Ventures Private Limited	120,000	2.40	-	-	-	-	120,000	2.40
Enmail.com Private Limited	1,250	0.01	-	-	-	-	1,250	0.01
Enter Technologies Private Limited	250,000	2.50	-	-	-	-	250,000	2.50
Ezeenet Infotech Private Limited	67,600	1.34	-	-	-	-	67,600	1.34
Health Care Global Enterprise Private Limited	1,530	0.35	-	-	-	-	1,530	0.35
ITNation.com Limited	225,000	1.00	-	-	225,000	1.59	-	-
July Systems, Inc. – Common stock	83,695	0.33	-	-	-	-	83,695	0.33
July Systems, Inc. – Preferred stock	27,898	1.37	-	-	-	-	27,898	1.37
Exactus Corporation Limited	75,210	2.24	-	-	-	-	75,210	2.24
Mecklial Financial & Commercial Services Limited	10,000	0.10	-	-	-	-	10,000	0.10
N-Logue Communication Private Limited*	358	0.00	-	-	-	-	358	0.00
Octon Technologies Limited	4,165	0.04	-	-	-	-	4,165	0.04
Servion Global Solutions Limited	37,800	0.14	-	-	-	-	37,800	0.14
Starcom Software Private Limited	20,000	2.00	-	-	-	-	20,000	2.00
Travelanza Private Limited*	19	0.00	-	-	-	-	19	0.00
UTV (TSN) Private Limited	13,500	1.35	-	-	-	-	13,500	1.35
Hitech Drilling Services India	100	-	-	-	-	-	100	-
Intellect Data Systems Private Limited	1,500	0.37	-	-	-	-	1,500	0.37
JSM Holding Private Limited	14,849	2.00	-	-	-	-	14,849	2.00
Highmark Credit Information Services Private Limited	-	-	3,265,306	40.00	-	-	3,265,306	40.00
Percept Limited	67,843	200.00	-	-	-	-	67,843	200.00
You Telecom India Private Limited	1,824,818	25.00	-	-	-	-	1,824,818	25.00
Total (D)	3,004,747	245.34	3,265,306	40.00	225,000	1.59	6,045,053	284.34

* Amount is less than Rs. 0.01 million

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)
21.7 Quantitative details of investments (Continued)

E) Long term investments in units of venture capital funds – unquoted

	Opening		Purchases		Redemption		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
Edelweiss Property Fund I	25,000	250.00	-	-	-	-	25,000	250.00
The Seed Fund	450	18.00	50	4.50	-	-	500	22.50
Yatra Art Fund (*)	5,000(*)	2.76	-	-	(*)	0.62	5,000(*)	2.14
Total (E)	30,450	270.76	50	4.50	(*)	0.62	30,500	274.64

* During the year, Yatra Art Fund returned Rs. 125 per unit as capital redemption/return. Consequently, the face value of units of Yatra Art Fund has been reduced from Rs. 552.50 per unit to Rs. 427.50 per unit.

F) Long term investments – others – unquoted

	Opening		Purchases		Sold		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
MIC Electronics Limited - Warrants	1,500,000	36.60	-	-	-	-	1,500,000	36.60
Total (F)	1,500,000	36.60	-	-	-	-	1,500,000	36.60

G) Current investments in units of mutual funds – unquoted

	Opening		Purchases **		Redemptions **		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
Baroda Pioneer Liquid Fund Institutional Plan	-	-	1,211,997,659	12,390.00	1,211,997,659	12,392.97	-	-
Birla Sun Life Cash Manager-Institutional-Growth	-	-	33,682,395	500.00	33,682,395	500.14	-	-
Birla Sun Life Cash Plus-Institutional Premium-Growth	-	-	1,136,316,383	16,240.00	1,136,316,383	16,242.52	-	-
Birla Sun Life Savings Fund - Institutional - Growth	-	-	123,975,294	2,100.27	123,975,294	2,103.13	-	-
Canara Robeco Liquid Super Institutional Growth Fund	-	-	7,413,403,750	60,216.90	7,413,403,750	80,233.04	-	-
Canara Robeco Treasury Advantage Fund	-	-	45,158,508	660.00	45,158,508	660.30	-	-
DWS Insta Cash Plus Fund Super Institutional Plan	-	-	2,795,841,038	32,226.50	2,795,841,038	32,233.38	-	-
Edelweiss Liquid Fund	-	-	8,900,000	89.00	8,900,000	89.00	-	-
Edelweiss Quarterly Interval Fund	-	-	28,135	0.30	28,135	-	28,135	0.30

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED) 21.7 Quantitative details of investments (Continued) G) Current investments in units of mutual funds – Unquoted (Continued)

	Opening		Purchases **		Redemptions **		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
Edelweiss Short Term Bond Fund	-	-	10,310,926	110.00	10,310,926	111.17	-	-
Edelweiss Diversified Growth Fund - Dividend - Reinvestment	-	-	1,995,000	26.15	-	-	1,995,000	26.05
Edelweiss Diversified Growth Equity Fund - Growth	-	-	2,000,000	20.00	2,000,000	26.22	-	-
Edelweiss Liquid Fund - Retail - Growth	-	-	18,606	0.20	18,606	0.20	-	-
Fortis Money Plus Fund	-	-	14,826,382	200.02	14,826,382	200.43	-	-
Fortis Overnight Fund	-	-	40,376,375	450.00	40,376,375	450.05	-	-
Templeton India Treasury Management Account	-	-	2,714,852	3,600.00	2,714,852	3,600.64	-	-
HDFC Cash Management Fund - Savings Plan - Growth	-	-	26,646,770	500.00	26,646,770	500.06	-	-
HDFC Cash Management Fund Treasury Advantage	-	-	64,389,925	1,250.00	64,389,925	1,252.84	-	-
HDFC Liquid Fund - Premium Plan - Growth	-	-	3,049,037,975	54,378.50	3,049,037,975	54,390.36	-	-
ICICI Prudential Flexible Income Plan Premium-Growth	-	-	282,591,909	4,700.52	282,591,909	4,706.28	-	-
ICICI Prudential Liquid Plan-Super Institutional Growth	-	-	3,913,016,282	51,383.90	3,913,016,282	51,394.90	-	-
IDFC Cash Fund – Super Institutional Plan C – Growth	-	-	99,466,224	1,070.00	99,466,224	1,070.17	-	-
JP Morgan India Liquid Fund- Super Institutional – Growth	-	-	86,110,394	1,000.00	86,110,394	1,000.09	-	-
Kotak Flexi Debt Scheme Institutional –Growth	-	-	421,972,744	4,630.42	421,972,744	4,634.32	-	-
Kotak Liquid Institutional Premium – Growth	-	-	2,724,044,143	49,085.50	2,724,044,143	49,094.79	-	-
Principal Cash Management Fund-Liquid Option Institutional Premium-Growth	-	-	167,839,878	2,325.00	167,839,878	2,325.43	-	-
Principal Floating Rate Fund FMP- Institutional Option-Growth Plan	-	-	35,417,066	500.06	35,417,066	500.35	-	-
Principal Floating Rate Fund SMP- Institutional Option-Growth Plan	-	-	35,687,265	500.00	35,687,265	500.06	-	-
Principal Ultra Short Term Fund-Growth Plan	-	-	4,334,559	50.00	4,334,559	50.01	-	-

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)
21.7 Quantitative details of investments (Continued)

G) Current investments in units of mutual funds – Unquoted (Continued)

	Opening		Purchases **		Redemptions **		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
Reliance Liquid Fund-Treasury Plan-Institutional-Growth Plan	-	-	3,517,131,734	65,857.20	3,517,131,734	65,872.27	-	-
Reliance Money Manager Fund-Institutional Option-Growth Plan	-	-	4,863,564	5,900.38	4,863,564	5,912.79	-	-
Religare Liquid Fund - Super Institutional Growth	-	-	6,139,033,714	75,191.00	6,139,033,714	75,206.20	-	-
Religare Ultra Short Term Fund - Institutional Growth	-	-	242,981,683	2,980.13	242,981,683	2,986.16	-	-
SBI Magnum Instacash Fund - Cash Option	-	-	6,489,455	130.00	6,489,455	130.01	-	-
SBI Premier Liquid Fund-Super Institutional -Growth	-	-	107,398,582	1,500.00	107,398,582	1,500.19	-	-
Tata Liquid Super High Investment Plan	-	-	670,220	1,100.00	670,220	1,100.29	-	-
UTI - Treasury Advantage Fund-Institutional Plan-Growth Option	-	-	420,357	500.00	420,357	500.41	-	-
UTI Money Market MF - Growth Plan	-	-	3,168,310,744	78,805.70	3,168,310,744	78,821.59	-	-
UTI Money Market MF - Institutional Growth Plan	-	-	3,042,780,858	48,425.00	3,042,780,858	48,433.82	-	-
Birla Sweep Fund	-	-	2,344,914	23.70	2,344,914	23.70	-	-
Total (G)	-	-	39,984,528,262	600,616.35	39,982,505,127	600,750.28	2,023,135	26.35

** Purchases/redemptions include transfers done from one scheme to another scheme of same fund house.

H) Current investments – equity– unquoted

	Opening		Purchases		Sold		Closing	
	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount	Quantity (No.)	Amount
MCX India Limited	-	-	815,950	497.44	815,950	499.36	-	-
Total (H)	-	-	815,950	497.44	815,950	499.36	-	-

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.8 Managerial remuneration

The aggregate managerial remuneration under Section 198 of the Companies Act, 1956, to the directors (including managing director) is:

Particulars	2010	2009
Whole-time directors		
Salaries and bonus	35.74	21.02
Rent	0.80	1.72
Total remuneration	36.54	22.74
Non-whole-time directors		
Commission	3.50	2.50
Total remuneration	3.50	2.50

Provision for gratuity is based on actuarial valuation done on an overall basis which is excluded from above.

Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 and calculation of commission payable to non-whole-time directors for financial year 2009-10:

Particulars	2010
Profit before tax as per profit and loss account	423.45
Add:	
Whole-time directors' remuneration	36.54
Commission to non-whole-time directors	3.50
Provision for diminution in the value of long term investments	20.69
Provision for doubtful debts	–
Gratuity provision	2.47
Loss on sale of fixed assets	–
Sub-total	63.20
Less:	
Profit on sale of fixed assets credited to profit and loss account	13.97
Write back of provision for diminution in long term investments (net)	–
Provision for doubtful advances written back	37.64
Sub-total	51.61
Profit as per section 349 of the Companies Act, 1956	435.04
Commission payable to non-whole-time directors:	
Maximum allowed as per Companies Act, 1956 at 1%	4.35
Commission approved by the Board	3.50

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.9 Foreign currency transactions

The Company has undertaken the following transactions in foreign currency:

	2010	2009
Expenditure incurred in foreign currency (on accrual basis)		
Travel	2.08	2.60
Professional fees	5.26	26.37
Employee costs	–	0.51
Purchase of fixed assets	–	1.43
Printing and distribution	–	1.18
Software licence fees	0.94	–
Interest on fully convertible debentures	229.53	229.84
Subscription charges	1.45	3.34
Total	239.26	265.27
Income earned in foreign currency (on accrual basis)		
Fee income	91.60	63.12
Reimbursement	12.02	0.22
Total	103.62	63.34

Amount remitted in foreign currency during the year ended 31 March 2010 on account of equity dividend:

	(Dividend)	(Interim dividend)
Number of equity shareholders	12	11
Number of equity shares	11,877,024	6,901,082
Dividend relates to year ended	31 March 2009	31 March 2010
Amount remitted (Indian rupees in millions)	35.63	13.81

Amount remitted in foreign currency during the year ended 31 March 2009 on account of equity dividend:

	(Dividend)
Number of equity shareholders	16
Number of equity shares	16,593,669
Dividend relates to year ended	31 March 2008
Amount remitted (Indian rupees in millions)	33.19

21.10 Auditors' remuneration

	2010	2009
As auditors	2.40	2.25
Other matters	0.23	0.50
Out-of-pocket expenses	0.08	0.09
Total	2.71	2.84

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.11 Employee stock option plans

The Company has currently six Employee Stock Option Plans ('Plans') in force. The Plans provide that the Company's employees and those of its subsidiaries are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period.

The Company follows the intrinsic value method to account for its stock based compensation plans. Compensation cost is measured as the excess, if any, of the fair market value of the underlying share over the exercise price.

During the year, the Company has issued ESOP 2009 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher. The schedule of stock options vesting period is as follows:-

Sr. No.	Vesting Date	Maximum % of Options that shall Vest
1	36 months from the date of grant	30 (Thirty)% of grant
2	48 months from the date of grant	30 (Thirty)% of grant
3	60 months from the date of grant	40 (Forty)% of grant
Total		100 (One Hundred)% of grant

For determination of compensation cost, the Company has assumed the exercise price to be the specified amount.

During the previous year, the Company has issued ESOP 2008 Plan wherein stock options were granted to employees with a variable exercise price (i.e. the exercise price was linked to either a discount on market price at the time of exercise or a specified amount, whichever is higher). The stock options vested after one year from the date of grant. For determination of compensation cost, the Company has assumed the exercise price to be the specified amount.

With respect to stock options granted upto 31 March 2008, the fair market value of the underlying shares has been determined based on an independent valuer's report as these stock options were granted by the Company to its employees when it was not listed on the stock exchanges. The fair value under stock options granted during the year is arrived as stipulated in the Guidance Note on Accounting for Employee Share Based Payments issued by The Institute of Chartered Accountants of India. The compensation cost recorded in the profit and loss account for the year is Rs. 7.63 million (Previous year: Rs.6.80 million).

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED) 21.11 Employee stock option plans (Continued)

Details of various schemes are stated below:

Exercise Price (Rs.)	5	79.17	10.42	20.83	79.17	166.67	79.17	166.67	Pricing Formula (*)			Range of Exercise price(**)			
									ESOP 2002				ESOP 2006		
ESOP Plan	ESOP 2002			ESOP 2004			ESOP 2006			ESOP 2007			ESOP 2008		
Scheme	D			F			G			I			III		
Total Options approved by the members	6,096,000			2,400,000			4,800,000			8,100,000			1,200,000		
Grants as at 1 April 2009	1,500	1,500	94,500	195,000	271,055	240,000	1,554,600	240,000	408,000	788,300	1,755,200	419,200	419,200	-	
Add - Options granted during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	2,637,500	
Less - Options lapsed / cancelled during the year	-	-	(6,000)	(6,000)	(4,950)	-	-	-	(59,050)	(138,700)	(163,000)	(64,400)	(64,400)	(613,700)	
Less - Options exercised during the year	-	-	(24,000)	(48,000)	(33,888)	-	(33,300)	-	-	-	-	-	-	-	
Grants as at 31 March 2010	1,500	1,500	64,500	141,000	232,217	240,000	1,521,300	240,000	348,950	649,600	1,592,200	354,800	354,800	2,023,800	
Options exercisable as at 31 March 2010	1,500	1,500	64,500	141,000	164,717	180,000	864,000	-	348,950	649,600	1,592,200	354,800	354,800	-	

Activity in the options outstanding under the employees stock options plan as at 31 March 2009:

Exercise Price (Rs.)	5	79.17	10.42	20.83	79.17	166.67	79.17	166.67	Pricing Formula (*)			Pricing Formula(*)			
									ESOP 2004				ESOP 2006		
ESOP Plan	ESOP 2002			ESOP 2004			ESOP 2006			ESOP 2007			ESOP 2008		
Scheme	D			F			G			I			III		
Total Options approved by the members	6,096,000			2,400,000			4,800,000			8,100,000			1,200,000		
Grants as at 1 April 2008	1,500	1,500	94,500	195,000	291,157	240,000	1,574,400	240,000	521,350	990,700	1,939,000	-	-		
Add - Options granted during the year	-	-	-	-	-	-	-	-	-	-	-	545,200	545,200		
Less - Options lapsed / cancelled during the year	-	-	(20,102)	-	(20,102)	-	(19,800)	-	(113,350)	(202,400)	(183,800)	(126,000)	(126,000)		
Less - Options exercised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-		
Grants as at 31 March 2009	1,500	1,500	94,500	195,000	271,055	240,000	1,554,600	240,000	408,000	788,300	1,755,200	419,200	419,200		
Options exercisable as at 31 March 2009	-	-	94,500	193,500	101,780	120,000	657,300	-	408,000	788,300	1,755,200	-	-		

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)**21.11 Employee stock option plans (Continued)**

(*) Pricing formula:

ESOP 2008 (I)

Period during which vested options are exercised	From the date of vesting to 31 December 2010	From 1 January 2011 to 31 December 2011
Exercise price payable for such vested options	10% discount to market price or Rs. 1,200; whichever is higher; otherwise Rs. 1,200.	10% discount to the reference price i.e., average of closing price of grant date and 14 days preceding the grant date

ESOP 2008 (III)

Period during which vested options are exercised	From the date of vesting to 31 December 2012	From 1 January 2013 to 31 December 2013
Exercise price payable for such vested options	In case shares are listed, 10% discount to market price or Rs. 1,200; whichever is higher; otherwise Rs. 1,200.	10% discount to the reference price i.e., average of closing price of grant date and 14 days preceding the grant date

ESOP 2007 (I)

Period during which vested options are exercised	From the date of vesting to 30 September 2008	From 1 October 2008 to 30 September 2009	From 1 October 2009 to 30 September 2010	From 1 October 2010 to 30 September 2011
Exercise price payable for such vested options	In case shares are listed, 10 % discount to market price or Rs. 1,167; whichever is higher; otherwise Rs. 1,167.	In case shares are listed, 25 % discount to market price or Rs. 833; whichever is higher; otherwise Rs. 833.	Rs. 583	Rs. 217

ESOP 2007 (II)

Period during which vested options are exercised	From the date of vesting to 30 June 2008	From 1 July 2008 to 30 June 2009	From 1 July 2009 to 30 June 2010	From 1 July 2010 to 30 June 2011	From 1 July 2011 to 30 June 2012
Exercise price payable for such vested options	In case shares are listed, 10% discount to market price or Rs. 1,167; whichever is higher; otherwise Rs. 1,167.	In case shares are listed, 25% discount to market price or Rs. 833; whichever is higher; otherwise Rs. 833.	In case shares are listed, 50% discount to market price or Rs. 667; whichever is higher; otherwise Rs. 667.	Rs. 500	Rs. 333

ESOP 2007 (III)

Period during which vested options are exercised	From the date of vesting to 31 December 2007	From 1 January 2008 to 31 December 2008	From 1 January 2009 to 31 December 2009	From 1 January 2010 to 31 December 2010
Exercise price payable for such vested options	Rs. 1,167	In case shares are listed, 25% discount to market price or Rs. 833; whichever is higher; otherwise Rs. 833	In case shares are listed, 50% discount to market price or Rs. 667; whichever is higher; otherwise Rs. 667	Rs. 517

(**) Range of Exercise price

ESOP 2009

Exercise price payable for such vested options	Closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher.	Rs. 394.40 to Rs. 502.60
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Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.11 Employee stock option plans (Continued)

Following summarises the information about stock options outstanding as at 31 March 2010:

Plan	ESOP 2002 Scheme D	ESOP 2004 Scheme F	ESOP 2006 Scheme G	ESOP 2007 Scheme I	ESOP 2007 Scheme II	ESOP 2007 Scheme III	ESOP 2008 Scheme I	ESOP 2008 Scheme III	ESOP 2009
- Range of exercise price	Rs. 5.00 to Rs. 79.17	Rs. 10.42 to Rs.166.67	Rs. 79.17 to Rs.166.67	Pricing formula	Pricing formula	Pricing formula	Pricing formula	Pricing formula	Rs. 394.40 to Rs. 502.60
- Number of shares arising out of options	3,000	677,717	1,761,300	348,950	649,600	1,592,200	354,800	354,800	2,023,800
- Weighted average life of outstanding options (in years)	1.50	3.83	4.77	1.50	2.25	0.75	1.75	3.75	6.19
Weighted average exercise prices of stock options									
- outstanding at the beginning of the year	42.08	83.07	90.87	217.00	333.00	517.00	463.03	348.15	N.A.
- granted during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	399.97
- forfeited/cancelled during the year	N.A.	34.18	N.A.	217.00	333.00	517.00	463.03	348.15	395.28
- exercised during the year	N.A.	37.14	79.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
- outstanding at the end of the year	42.08	17.56	91.09	217.00	333.00	517.00	463.03	348.15	401.39
- exercisable at the end of the year	42.08	81.02	79.17	217.00	333.00	517.00	463.03	348.15	N.A.

The weighted average market share price for stock options exercised during the year is Rs. 433.29 (Previous year: Rs. Nil).

Fair value methodology

The fair value of options used to compute pro-forma net income and earnings per share have been estimated on the dates of each grant, on or after the date the 'Guidance Note on Accounting for Employee Share-based Payments', issued by the council of the Institute of Chartered Accountants of India, became applicable, i.e. 1 April 2005, using the black-scholes option pricing model. In absence of the shares of the Company being listed at the time of the grant the Company has estimated the volatility based on the historical market volatility. The various assumptions considered in the pricing model for the aforementioned ESOP's granted are:

	2010
Dividend yield	0.4% - 1.5%
Expected volatility	16.29% - 46.69%
Risk free interest rate	6.50% - 7.75%
Expected life of the option	3.19 - 9 years

Impact of fair value method on net profit and earnings per share

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have reduced to the pro-forma amounts as indicated below:

	2010
Net Profit (as reported)	342.04
Less: Impact of incremental cost under fair value approach	116.10
Net Profit: (pro-forma)	225.94
Basic earnings per share (as reported) (in rupees)	4.56
Basic earnings per share (pro-forma) (in rupees)	3.01
Diluted earnings per share (as reported) (in rupees)	4.38
Diluted earnings per share (pro-forma) (in rupees)	2.89

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.12 Capital commitment

Capital commitments (net of advances) – Rs.Nil (Previous year: Rs. 39 million)

21.13 Contingent liability

- a. Taxation matters in respect of which appeal is pending – Rs.8.72 million (Previous year: Rs. 2.06 million). The demand paid under protest in respect of disputed taxation matters pertaining to open assessments of earlier years is Rs. 1.75 million (Previous year: Rs. 1.75 million).
- b. The Company has issued corporate guarantees to the extent of Rs. 3,800 million (Previous year: Rs. 6,188.30 million), in favour of banks to secure the credit facilities sanctioned by these banks to Edelweiss Securities Limited, EC Commodity Limited, Edelweiss Broking Limited and Edelweiss Commodities Limited (subsidiary companies) and Rs. 2,500 million in favour of IDBI Trusteeship Services Limited for non-convertible debentures issued by ECL Finance Limited against due discharge of debt (subsidiary company).
- c. Fixed deposits of Rs. 300 million (Previous year: Rs. Nil) is marked as lien in favour of IDBI Trusteeship Services Limited, for non-convertible debentures issued by the Company.

21.14 Secured loans (non-convertible debentures)

Series of issue	Amount Outstanding	Date of redemption
C1C803	26.00	30-Jun-11
C1C804	33.00	30-Jun-11
C1C806	30.00	20-Jun-11
C1C807	20.00	20-Jun-11
D1D804	5.00	29-Jul-11
D0D803*	19.00	30-Jun-10
D1E807	23.00	5-Aug-11
E1F802	44.00	1-Sep-11
F1G801	33.00	3-Oct-11
F1G803	18.00	10-Oct-11
F1G808	50.00	11-Oct-11
F1G807	23.00	14-Oct-11
G1G809	12.00	17-Oct-11
G1G810	16.00	18-Oct-11
F1G806*	35.00	4-Oct-11
G1H802	37.00	7-Nov-11
G1H801	37.00	8-Nov-11
H1H802	5.00	25-Nov-11
I1I801*	5.00	29-Dec-11
K1K801	1.50	28-Feb-12
A1A803	3.00	29-Mar-12
A2A905	2.00	27-Apr-12
A0A906	1.00	27-Apr-10
A0A907	1.50	29-Apr-10
A2A904	7.80	30-Apr-12
A0B903	2.50	28-Apr-10
A2B901	0.80	26-Apr-12
B0B904	3.50	26-May-10
B2B905	3.00	28-May-12
B0C903	4.00	3-Jun-10
B0C902	0.50	10-Jun-10
B2C901	0.50	8-Jun-12
D0D904	10.00	8-Jul-10

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.14 Secured loans (non-convertible debentures) (Continued)

Series of issue	Amount Outstanding	Date of redemption
D0D905	10.00	13-Jul-10
D2D901	6.60	26-Jul-12
D0D902	3.00	30-Jul-10
E0E902	2.20	5-Aug-10
D0D906	0.50	30-Jul-10
E0F902	14.50	13-Sep-10
E0F903	16.90	20-Sep-10
F0F904	50.00	30-Jun-10
F0F905	50.00	30-Jun-10
F2F901*	21.00	25-Oct-12
F0F906	1.50	29-Sep-10
F2G901*	5.00	6-Nov-12
F2G905*	50.00	8-Nov-12
F2G907*	55.00	18-Nov-12
F0G902	0.40	17-Oct-10
G0G904	1.50	21-Oct-10
G0G903	2.80	24-Oct-10
G2G906*	1.00	30-Nov-12
G2H902*	72.70	3-Dec-12
G2H903*	20.00	3-Dec-12
G2H905*	5.00	14-Dec-12
H2H908*	5.00	26-Dec-12
H2H904	3.50	28-Nov-12
I2I902*	24.00	29-Oct-12
I0I901	2.50	30-Dec-10
I2J901*	3.00	31-Dec-12
I2J902*	25.00	1-Nov-12
I2J903*	4.50	1-Nov-12
I2J904*	55.00	6-Nov-12
I2J905*	20.00	6-Nov-12
J0J907*	1.30	28-Jan-11
I2J906*	21.60	30-Jan-13
J0K903*	17.00	16-Feb-11
J2K902*	80.00	29-Dec-12
J2K908*	116.00	29-Dec-12
J2K904*	7.20	18-Feb-13
K2K907*	36.00	28-Dec-12
J2K910*	153.00	29-Dec-12
K2K912*	59.00	28-Dec-12
J2K911*	0.70	28-Feb-13
K2K915*	100.00	26-Feb-13
K0K916*	67.40	2-Mar-11
K2K914*	46.90	28-Dec-12
K2K917*	20.00	31-Dec-12
A2A901	1.50	3-Apr-12
A2A902	2.00	3-Apr-12
B2B902	2.00	18-May-12
D2D903	1.00	27-Jul-12

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.14 Secured loans (non-convertible debentures) (Continued)

Series of issue	Amount Outstanding	Date of redemption
G0H804	10.00	8-Nov-10
9.25% Debentures	666.67	14-May-10
9.25% Debentures	666.67	14-Nov-10
9.25% Debentures	666.66	14-May-11
9% Debentures	400.00	19-Jan-11
9% Debentures	250.00	20-Jan-11
9% Debentures	250.00	18-Feb-11
7% Debentures	30.00	10-Feb-11
	4,717.30	

* Non-principal protected

The non-convertible debentures other than non-principal protected issued during the year are redeemable at par.

21.15 Details of dues to macro enterprises and small enterprises

The Company has requested its creditors to confirm the applicability to them under the Micro Small and Medium Enterprises Development Act, 2006. Based on the responses received by the Company, the details of dues to macro enterprises and small enterprises:

Sr. No.	Particulars	2010	2009
1.	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting period	Nil	Nil
2.	the amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during accounting period	Nil	Nil
3.	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4.	the amount of interest accrued and remaining unpaid at the end of accounting period	Nil	Nil
5.	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

21.16 Disclosure of loans and advances pursuant to clause 32 of listing agreement

- Rs. 11.35 million (Previous year: Rs. 2.65 million) due from Edelweiss Alternative Asset Advisors Limited (maximum amount due at any time during the year Rs. 11.35 million; Previous year: Rs. 16.17 million)
- Rs. Nil (Previous year: Rs. Nil) due from Edelweiss Asset Management Limited (maximum amount due at any time during the year Rs. 3.20 million; Previous year: Rs. Nil)
- Rs. 317.15 million (Previous year: Rs. 69.26 million) due from Edelweiss Broking Limited (maximum amount due at any time during the year Rs. 1,500.73 million; Previous year: Rs. 73.39 million)
- Rs. 28.61 million (Previous year: Rs. 250.21 million) due from EC Commodity Limited (maximum amount due at any time during the year Rs. 2,838.51 million; Previous year: Rs. 250.21 million)
- Rs. 4,510.16 million (Previous year: Rs. 186.07 million) due from Edelweiss Commodities Limited (maximum amount due at any time during the year Rs. 13,955.10 million; Previous year: Rs. 5,296.67 million)
- Rs. 546.42 million (Previous year: Rs. 147.03 million) due from ECap Equities Limited (maximum amount due at any time during the year Rs. 4,527.62 million; Previous year: Rs. 3,178.81 million)
- Rs. 63.08 million (Previous year: Rs. 50.10 million) due from Edel Commodities Limited (maximum amount due at any time during the year Rs. 975.99 million; Previous year: Rs. 50.10 million)
- Rs. 1,341.44 million (Previous year: Rs. 176.05 million) due from Edelcap Securities Limited (maximum amount due at any time during the year Rs. 4,573.42 million; Previous year: Rs. 3,043.01 million)

Schedules to the financial statements for the year ended 31 March 2010 (Continued)

(Currency: Indian rupees in millions)

21 NOTES TO THE ACCOUNTS (CONTINUED)

21.16 Disclosure of loans and advances pursuant to clause 32 of listing agreement. (Continued)

- i) Rs. 1,496.41 million (Previous year: Rs. 1,520.40 million) due from Edelweiss Finance & Investments Limited (maximum amount due at any time during the year Rs. 3,912.42 million; Previous year: Rs. 5,490.08 million)
 - j) Rs. 2.85 million (Previous year: Rs. Nil) due from Edel Land Limited (maximum amount due at any time during the year Rs. 5.30 million; Previous year: Rs. Nil)
 - k) Rs. 4,709.41 million (Previous year: Rs. 2,545.12 million) due from Edelweiss Securities Limited (maximum amount due at any time during the year Rs. 12,129.62 million; Previous year: Rs. 6,869.21 million)
 - l) Rs. Nil (Previous year: Rs. Nil) due from Edelweiss Capital Services Limited (maximum amount due at any time during the year Rs. 0.70 million; Previous year: Rs. Nil)
 - m) Rs. 0.50 million (Previous year: Rs. 0.01 million) due from Edelweiss Trustee Services Limited (maximum amount due at any time during the year Rs. 0.50 million; Previous year: Rs. 0.39 million)
 - n) Rs. Nil (Previous year: Rs. 164.80 million) due from Edelweiss Financial Products & Solutions Limited (maximum amount due at any time during the year Rs. 751.56 million; Previous year: Rs. 355.75 million)
 - o) Rs. 1,444.05 million (Previous year: Rs. 424.82 million) due from Edelweiss Employees Welfare Trust (maximum amount due at any time during the year Rs.1,451.80 million; Previous year: Rs. 424.82 million)
 - p) Rs. 130.20 million (Previous year: Rs. Nil) due from Edelweiss Employees Incentive and Welfare Trust (maximum amount due at any time during the year Rs. 130.20 million; Previous year: Rs. Nil)
 - q) Rs. 534.55 million (Previous year: Rs. Nil) due from EC International Limited (maximum amount due at any time during the year Rs. 2,838.51 million; Previous year: Rs. Nil)
 - r) Rs. 510.18 million (Previous year: Rs. 114.89 million) due from ECL Finance Limited (maximum amount due at any time during the year Rs. 7,317.55 million; Previous year: Rs. 2,787.98 million)
 - s) Rs. 32.11 million (Previous year: Rs. 38.06 million) due from Edelweiss Insurance Brokers Limited (maximum amount due at any time during the year Rs. 45.74 million; Previous year: Rs. 38.99 million)
 - t) Rs. Nil (Previous year: Rs. 0.54 million) due from Edelweiss Asset Reconstruction Company Limited (maximum amount due at any time during the year Rs. 21.11 million; Previous year: Rs. 0.54 million)
 - u) Rs. Nil (Previous year: Rs. 0.79 million) due from Edelweiss Real Estate Advisors Private Limited (maximum amount due at any time during the year Rs. 3.55 million; Previous year: Rs. 11.06 million)
- All the above loans are repayable on demand except for loan of Rs. 482.50 million and Rs. 1,304.80 million to Edelweiss Finance & Investments Limited and Edelcap Securities Limited respectively where repayment is as per contracted terms.
 - Of the above loans, items a) to p) are at the interest rate below the rate specified in the section 372A

21.17 Cost sharing

Edelweiss Capital Limited, being the holding company incurs expenditure like common senior management compensation cost, advertisement cost, rent expenditure, etc. which is for the common benefit of itself and certain subsidiary companies. This cost so expended is recovered as reimbursement from the subsidiaries on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. On the same lines, operational cost expended by the Company's Subsidiary for the benefit of the Company is reimbursed by the Company. Accordingly, and as identified appropriately, the expenditure heads in Schedule 18 and schedule 19 are net of these reimbursements.

21.18 Schedule VI disclosures

Disclosures under Schedule VI to the Companies Act, 1956 has been made to the extent applicable to the Company.

21.19 Prior period comparatives

Previous year figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors

Rashesh Shah
Chairman & Managing Director

Venkat Ramaswamy
Whole-time Director

B Renganathan
V. P. & Company Secretary

Mumbai | 21 May 2010

Balance sheet abstract and Company's general business profile

I Registration Details

Registration No. State code

Balance sheet date

II Capital raised during the year (Amount in Rupees Thousands)

Public Issue	Rights Issue
<input type="text" value="-"/>	<input type="text" value="-"/>

Bonus Issue	Private Placement
<input type="text" value="-"/>	<input type="text" value="6,534"/>

III Position of Mobilisation and Deployment of Funds (Amount in Rupees Thousands)

Total Liabilities	Total Assets
<input type="text" value="27,635,380"/>	<input type="text" value="27,635,380"/>

Source of Funds

Paid-up Capital	Reserves & Surplus
<input type="text" value="375,359"/>	<input type="text" value="12,707,014"/>

Stock Options Outstanding	Share Application Money
<input type="text" value="18,912"/>	<input type="text" value="36"/>

Secured Loans	Unsecured Loans
<input type="text" value="4,718,507"/>	<input type="text" value="9,815,552"/>

Application of Funds

Net Fixed Assets	Investments
<input type="text" value="31,032"/>	<input type="text" value="11,536,055"/>

Net Current Assets	Miscellaneous Expenditure
<input type="text" value="16,000,925"/>	<input type="text" value="-"/>

Deferred Tax Asset
<input type="text" value="67,369"/>

Balance sheet abstract and Company's general business profile (Continued)

IV Performance of the Company (Amount in Rupees Thousands)

Turnover	Total Expenditure
2,455,254	2,031,809
Profit/(Loss) before tax	Profit/(Loss) after tax
423,446	342,039
Earnings per Share (in Rupees)	Dividend rate
4.56	200%

V Generic Names of Three Principal Products/Services of the Company

(as per monetary terms)

Item code No

(ITC Code)

Not applicable

Product Description

Investment Banking and Financial Services

For and on behalf of the Board of Directors

Rashesh Shah

Chairman & Managing Director

Venkat Ramaswamy

Whole-time Director

B Renganathan

V. P. & Company Secretary

Mumbai | 21 May 2010

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

(Currency: Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Securities Limited	Edelweiss Finance & Investments Limited	Edelweiss Commodities Limited	ECL Finance Limited	Edelweiss Insurance Brokers Limited	Edelweiss Capital Services Limited ¹	Edelweiss Financial Products & Solutions Limited	Edelweiss Trustee Services Limited	ECap Equities Limited
Relevant financial period/year of the subsidiary ended on	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010
Number of Equity Shares held in subsidiary	4,500,000	2,130,020	1,900,000	1,597,375,812	499,760	4,227,451	1,000,000	50,000	240,000
Total issued Equity Share Capital of the subsidiary company	45.00	21.30	19.00	1,891.85	6.95	42.27	10.00	0.50	2.40
Percentage of Equity Shares held in the subscribed capital of the subsidiary	100.00	100.00	100.00	84.44	71.91	100.00	100.00	100.00	100.00
The net aggregate amount so far as it concerns members of the Company and is not dealt with in the Company's accounts of subsidiary									
(i) Profit/(loss) for the financial period/year ended	66.29	285.39	706.89	661.03	1.00	(10.35)	15.54	1.81	(114.79)
(ii) Profit/(loss) for the Previous financial years of the subsidiary since it became the Company's subsidiary	2,487.42	1,493.28	310.55	940.62	0.35	(0.63)	12.72	3.16	43.54
The net aggregate amount so far as it concerns members of the company and is dealt with in the Company's accounts of subsidiary									
(i) Profit/(loss) for the financial period/year ended	72.00	-	-	-	-	-	-	-	-
(ii) Profit/(loss) for the Previous financial years of the subsidiary since it became the Company's subsidiary	160.20	6.00	-	-	-	-	-	-	-

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies (Continued)

(Currency: Indian rupees in millions)

Name of the Subsidiary Company	Edelcap Securities Limited	Edelweiss Broking Limited	EC Global Limited ¹	Edelweiss Asset Management Limited	Edelweiss Trusteeship Company Limited	Edel Commodities Limited	EC Commodity Limited	Edelweiss Housing Finance Limited	Edelweiss Alternative Asset Advisors Limited
Relevant financial period/year of the subsidiary ended on	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010
Number of Equity Shares held in subsidiary	2,40,000	2,756,000	10,000	60,000,000	100,000	50,000	957,500	2,550,000	2,256,000
Total issued Equity Share Capital of the subsidiary company	2.40	27.56	0.44	600.00	1.00	0.50	9.58	25.50	22.56
Percentage of Equity Shares held in the subscribed capital of the subsidiary	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
The net aggregate amount so far as it concerns members of the Company and is not dealt with in the Company's accounts of subsidiary									
(i) Profit/(loss) for the financial period/year ended	43.74	(79.81)	500.80	28.10	0.31	(18.91)	(11.30)	0.72	1.85
(ii) Profit/(loss) for the Previous financial years of the subsidiary since it became the Company's subsidiary	322.92	(11.53)	73.17	(37.79)	(0.10)	(0.55)	(1.90)	(1.93)	(27.66)
The net aggregate amount so far as it concerns members of the company and is dealt with in the Company's accounts of subsidiary									
(i) Profit/(loss) for the financial period/year ended	135.60	-	-	-	-	-	-	-	-
(ii) Profit/(loss) for the Previous financial years of the subsidiary since it became the Company's subsidiary	-	-	-	-	-	-	-	-	-

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies (Continued)

(Currency: Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Property Advisors Limited	Edel Land Limited	Edelweiss Custodial Services Limited	Edelweiss Capital (Singapore) Pte. Limited	Edelweiss Alternative Asset Advisors Pte. Limited ²	Edelweiss International (Singapore) Pte. Limited ²	EC International Limited	Aster Commodities DMCC ³	Allium Finance Private Limited ⁵
Relevant financial period/year of the subsidiary ended on	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010
Number of Equity Shares held in subsidiary	50,000	50,000	4,750,000	5,000	1,000	1,000	125,000	11,000	830,000
Total issued Equity Share Capital of the subsidiary company	0.50	0.50	47.50	0.15	0.03	0.03	6.20	135.18	8.30
Percentage of Equity Shares held in the subscribed capital of the subsidiary	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
The net aggregate amount so far as it concerns members of the Company and is not dealt with in the Company's accounts of subsidiary									
(i) Profit/(loss) for the financial period/year ended	0.43	(0.56)	8.57	(0.06)	(0.02)	(0.02)	(1.77)	25.66	0.62
(ii) Profit/(loss) for the Previous financial years of the subsidiary since it became the Company's subsidiary	(0.12)	(0.29)	(0.90)	(0.03)	(0.02)	(0.02)	(0.22)	NA	NA
The net aggregate amount so far as it concerns members of the company and is dealt with in the Company's accounts of subsidiary									
(i) Profit/(loss) for the financial period/year ended	-	-	-	-	-	-	-	-	-
(ii) Profit/(loss) for the Previous financial years of the subsidiary since it became the Company's subsidiary	-	-	-	-	-	-	-	NA	NA

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies (Continued)

(Currency: Indian rupees in millions)

Name of the Subsidiary Company	Arum Investments Private Limited ⁶	Edelweiss Tokio Life Insurance Company Limited	Edel Investments Limited	EAAA LLC ⁴	ECap International Limited ³	EW India Special Assets Advisors LLC ⁷	EW Special Opportunities Advisors LLC ⁷	EdelGive Foundation
Relevant financial period/year of the subsidiary ended on	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010	31 March 2010
Number of Equity Shares held in subsidiary	1,370,000	51,703	870,000	51,001	51,001	25,000	25,000	10,000
Total issued Equity Share Capital of the subsidiary company	13.70	0.70	8.70	2.36	2.36	1.14	1.14	0.10
Percentage of Equity Shares held in the subscribed capital of the subsidiary	100.00	74.00	100.00	100.00	100.00	100.00	100.00	100.00
The net aggregate amount so far as it concerns members of the Company and is not dealt with in the Company's accounts of subsidiary								
(i) Profit/(loss) for the financial period/year ended	2.87	(11.72)	(0.11)	(1.30)	(0.46)	(1.07)	3.52	0.52
(ii) Profit/(loss) for the Previous financial years of the subsidiary since it became the Company's subsidiary	NA	NA	NA	NA	NA	NA	NA	(0.46)
The net aggregate amount so far as it concerns members of the company and is dealt with in the Company's accounts of subsidiary								
(i) Profit/(loss) for the financial period/year ended	-	-	-	-	-	-	-	-
(ii) Profit/(loss) for the Previous financial years of the subsidiary since it became the Company's subsidiary	NA	NA	NA	NA	NA	NA	NA	-

The financial statements of foreign subsidiaries are converted into Indian Rupees on the basis of appropriate exchange rate.

¹ held through Edelweiss Finance & Investments Limited

² held through Edelweiss Capital (Singapore) Pte. Limited

³ held through EC International Limited

⁴ held through ECap International Limited

⁵ held through Edelweiss Commodities Limited

⁶ held through Edelweiss Securities Limited

⁷ held through EAAA LLC

For and on behalf of the Board of Directors

Rashesh Shah
Chairman & Managing Director

Venkat Ramaswamy
Whole-time Director

B Renganathan
V. P. & Company Secretary

Mumbai | 21 May 2010

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF EDELWEISS CAPITAL LIMITED will be held on Friday, July 30, 2010 at 3.00 p.m. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai - 400 020, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet of the Company as at March 31, 2010 and the Profit and Loss Account of the Company for the financial year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Venkat Ramaswamy, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kunnasagaran Chinniah, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To re-appoint BSR & Associates, Chartered Accountants, Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary resolution:

“RESOLVED THAT Mr. Berjis Desai, who was appointed by the Board of Directors as an Additional Director of the Company with effect from November 18, 2009 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retirement by rotation.”

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:

“RESOLVED THAT subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 and any amendment, re-enactment, thereof, the Rules, Regulations, Guidelines and Circulars thereto, Mr. Rashesh Shah be re-appointed as the Managing Director of the Company for a further period of three years with effect from April 1, 2011 on the terms and conditions mentioned below:

- a) Salary Limit: Not to exceed Rs. 1,50,00,000/- per annum.
- b) Performance Bonus: In addition to salary and perquisites, performance based bonus payments up to 200% of salary limit may also be made and at such intervals as may be decided by the Board of Directors of the Company.
- c) Perquisites: The expenditure incurred by the Company on perquisites shall be restricted to an amount equivalent to the annual salary. The following perquisites shall be paid to Mr. Rashesh Shah:
 - i) Housing: Rent free residential accommodation will be provided by the Company in a place where Mr. Rashesh Shah is posted. In case the accommodation is owned by the Company, an amount equivalent to 10% of his salary shall be taken as the perquisite value. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance as per the Company Rules. The Company shall defray the expenses incurred on gas, electricity, water and furnishing for the residential accommodation.
 - ii) Medical Reimbursement: Expenses incurred for Mr. Rashesh Shah and his family subject to a ceiling of one month's salary in a year or 3 month's salary over a period of 3 years.
 - iii) Leave Travel Concession: Leave Travel concession for Mr. Rashesh Shah and his family once a year incurred in accordance with the Company Rules.
 - iv) Club Fees: Fees of clubs subject to a maximum of 2 clubs.
 - v) Personal Accident Insurance: Premium not to exceed Rs. 8,000/- per annum.
 - vi) A chauffeur driven car and telephone at residence for use on Company's business.
 - vii) Leave with full salary and perquisites as per the Company rules.
 - viii) Payment of Gratuity as per the Company rules.

RESOLVED FURTHER THAT the consent of the Company be and is hereby given to the Board of Directors/Committee thereof to vary the terms & conditions of his appointment from time to time as may be required.

RESOLVED FURTHER THAT where in any financial year during the currency of his tenure as the Managing Director, the Company has no profits or its profits are inadequate, a minimum remuneration be paid subject to the limits specified under the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors/Committee thereof be and is hereby authorized to fix the remuneration payable to Mr. Rashesh Shah in such manner as it deems fit within the above limits and to do all such acts, deeds and things that may be necessary to give effect to this resolution.”

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:

“RESOLVED THAT subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Rules, Regulations, Guidelines and Circulars thereto, Mr. Venkat Ramaswamy be re-appointed as a Whole-time Director of the Company for a further period of three years with effect from April 1, 2011 on the terms and conditions as mentioned below:

- a) Salary Limit: Not to exceed Rs. 1,50,00,000/- per annum.
- b) Performance Bonus: In addition to salary and perquisites, performance based bonus payments up to 200% of salary limit may also be made and at such intervals as may be decided by the Board of Directors of the Company.
- c) Perquisites: The expenditure incurred by the Company on perquisites shall be restricted to an amount equivalent to the annual salary. The following perquisites shall be paid to Mr. Venkat Ramaswamy:
 - i) Housing: Rent free residential accommodation will be provided by the Company in a place where Mr. Venkat Ramaswamy is posted. In case the accommodation is owned by the Company, an amount equivalent to 10% of his salary shall be taken as the perquisite value. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance as per the Company Rules. The Company shall defray the expenses incurred on gas, electricity, water and furnishing for the residential accommodation.
 - ii) Medical Reimbursement: Expenses incurred for Mr. Venkat Ramaswamy and his family subject to a ceiling of one month's salary in a year or 3 month's salary over a period of 3 years.
 - iii) Leave Travel Concession: Leave Travel Concession for Mr. Venkat Ramaswamy and his family once a year incurred in accordance with the Company Rules.
 - iv) Club Fees: Fees of clubs subject to a maximum of 2 clubs.
 - v) Personal Accident Insurance: Premium not to exceed Rs. 8,000/- per annum.
 - vi) A chauffeur driven car and telephone at residence for use on Company's business.
 - vii) Leave with full salary and perquisites as per the Company rules.
 - viii) Payment of Gratuity as per the Company rules.

RESOLVED FURTHER THAT the consent of the Company be and is hereby given to the Board of Directors/Committee thereof to vary the terms & conditions of his appointment from time to time as may be required.

RESOLVED FURTHER THAT where in any financial year during the currency of his tenure as a Whole-time Director, the Company has no profits or its profits are inadequate, a minimum remuneration be paid subject to the limits specified under the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors/Committee thereof be and is hereby authorized to fix the remuneration payable to Mr. Venkat Ramaswamy in such manner as it deems fit within the above limits and to do all such acts, deeds and things that may be necessary to give effect to this resolution.”

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as a Special resolution:

“RESOLVED THAT in accordance with the provisions of the Securities & Exchange Board of India (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999 and all other applicable provisions and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to amend the Edelweiss Employees Stock Incentive Plan - 2007 (Plan 2007) and the Schemes framed thereunder as approved by the members of the Company at their meeting held on July 20, 2007, by extending the exercise period of the Vested Options by a further period of three years over and above the exercise period provided under Scheme I, Scheme II and Scheme III framed under the Plan 2007.

RESOLVED FURTHER THAT subject to and in accordance with the provisions of law, as may be applicable from time to time, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary resolution:

“RESOLVED THAT subject to the provisions of Sections 16, 94 and other applicable provision, if any, of the Companies Act, 1956, approval of the members be and is hereby accorded for increase in the Authorised Share Capital of the Company from Rs. 52,00,00,000 (Rupees Fifty Two crores) to Rs. 1,25,00,00,000 (Rupees One Hundred Twenty Five crores) by creation of additional equity share Capital of Rs. 73,00,00,000 (Rupees Seventy Three crores only).

RESOLVED FURTHER THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the Articles of Association of the Company, and subject to such other approvals, consents, sanctions, if any, required from any authority and subject to

such conditions as may be prescribed while granting such approvals, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof), consent of the members be and is hereby accorded for sub-dividing each of the equity shares of the face value of Rs. 5/- each, including the paid-up shares, into equity shares of the face value of Re. 1/- each.

RESOLVED FURTHER THAT the approval of the members be and is hereby accorded to alter Clause V of the Memorandum of Association of the Company to give effect to the increase in the Authorised Share Capital and the Sub-division of the equity shares.

RESOLVED FURTHER THAT the equity shares arising pursuant to the increase shall be subject to the Memorandum and Articles of Association of the Company and shall in all respects rank *pari passu* with the then existing equity shares of the Company.

RESOLVED FURTHER THAT subject to and in accordance with the provisions of law, as may be applicable from time to time, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary resolution:-

"RESOLVED THAT pursuant to the Articles of Association of the Company, subject to the provisions of the Companies Act, 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Foreign Exchange Management Act, 2000 and all other applicable provisions, if any, (including any modification and re-enactment thereof), and subject to such consents and approvals as may be required in this regard, consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof) for capitalisation of the Reserves and utilising the Securities Premium of the Company, as may be considered necessary by the Board, for the purpose of issue of Bonus Shares of the face value of Re. 1/- each as fully paid equity shares to the holders of the equity shares of the Company whose names appear in the Register of Members on such Record date as may be fixed in this regard, in the proportion of 1 (one) new equity share for every 1 (one) equity share.

RESOLVED FURTHER THAT the new equity shares of Re. 1/- each to be allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the existing equity shares and shall be entitled to participate in full in any dividend to be declared for the financial year in which the Bonus Shares are allotted.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the new equity shares."

NOTES:

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item 6 to 11 set out above is annexed hereto. The details in respect of item Nos. 3, 4, 6, 7 and 8 above, as required under Clause 49 of the Listing Agreement are annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting, along with the Annual Report.

4. Book Closure and Dividend

The Register of Members and the Share Transfer Book of the Company will remain closed from July 1, 2010 to July 5, 2010 (both days inclusive).

Dividend if declared at the Annual General Meeting will be paid on or after July 30, 2010, to those persons or their mandates:

- (a) whose names appear as Beneficial Owners as at the end of the business hours on June 30, 2010, in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
- (b) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Registrar and Share Transfer Agent on or before June 30, 2010.

5. Nomination Facility

Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar and Share Transfer Agent.

Members holding shares in electronic form may obtain the Nomination forms from their respective Depository Participants.

6. Electronic Clearing Services (ECS) facility

To avoid loss of dividend warrants in transit and undue delay in respect of receipt thereof, the Company provides ECS facility to the members. ECS facility is available at the locations identified by the Reserve Bank of India.

Members holding shares in physical form and who are desirous of availing this facility are requested to contact the Registrar & Share Transfer Agent of the Company.

Members holding shares in electronic form are requested to contact their respective Depository Participants.

7. Bank Mandates

In order to provide protection against fraudulent encashment of the dividend warrants, members holding shares in physical form are requested to intimate the Registrar & Share Transfer Agent under the signature of the Sole/First holder, the following information to be incorporated on the Dividend Warrants:

I. Name of the Sole/First joint holder and the folio number

II. Particulars of Bank Account viz.,

- a) Name of the Bank
- b) Name of the Branch
- c) Complete address of the Bank with Pin code
- d) Bank Account Number allotted by the Bank

8. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name/address, etc., the members are requested to approach:

- the Company's Registrar and Share Transfer Agent, in case of shares held in physical form and
- the respective Depository Participants, in case of shares held in electronic form.

In all correspondence with the Company/Registrar and Share Transfer Agent, members are requested to quote their account/folio numbers or DP ID and Client ID in respect of physical or electronic holdings, respectively.

9. Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to "Investors Education and Provident Fund" (Fund).

No amount is due for transfer to the Fund.

10. Certificates issued by the auditors of the Company pursuant to Clause 14 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 shall be placed at the meeting.

11. Members desirous of getting any information in respect of the contents of the Annual Report are requested to forward the queries to the Company at least ten days prior to the Meeting so that the required information can be made available at the Meeting.

Place : Mumbai

Date : June 24, 2010

**For and on behalf of the Board of Directors
EDELWEISS CAPITAL LIMITED**

Registered Office:
14th Floor, Express Towers,
Nariman Point, Mumbai – 400021

**B. Renganathan
V.P. & Company Secretary**

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 6:

Mr. Berjis Desai was appointed as an Additional Director by the Board of Directors of the Company, with effect from November 18, 2009. In accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Berjis Desai will hold office as a Director upto the date of the ensuing Annual General Meeting.

Mr. Desai is the Managing Partner of J. Sagar & Associates, one of India's leading law firms. He holds a Masters degree in Law and also a Solicitor. He has been in practice for 30 years and has rich and varied experience in the legal field, especially on corporate law, merger & acquisitions, derivatives, securities & financial laws, international business laws and international commercial arbitration.

Your Directors are of the view that the Company would be immensely benefited by the wealth of experience and expertise of Mr. Berjis Desai. Therefore, the Board recommends for approval the resolution contained in Item No. 6 of the Notice convening the Annual General Meeting.

None of the Directors except Mr. Berjis Desai is concerned or interested in Item No. 6 of the Notice.

Item No. 7 & 8:

The tenure of appointment of Mr. Rashesh Shah as the Managing Director and Mr. Venkat Ramaswamy as Whole-time Director expires on March 31, 2011. The Board of Directors at their meeting held on May 21, 2010 had, subject to the approval of the members, re-appointed Mr. Rashesh Shah as the Managing Director and Mr. Venkat Ramaswamy as the Whole-time Director for a period of three years w.e.f. April 1, 2011.

Statement pursuant to Section II (C) of Part II of Schedule XIII of Companies Act, 1956

II. GENERAL INFORMATION

i. Nature of Industry:

Edelweiss Capital Limited (ECL) along with its subsidiaries operates in financial services industry and is a diversified financial services company in India, providing inter alia investment banking, institutional equities, asset management, wealth management, private client brokerage, wholesale financing and client advisory services to corporate, institutional and high net worth individual clients.

It has grown from a boutique investment bank in 1996 to a diversified financial services company engaged in agency and capital business lines operating through the Company and its subsidiaries. The agency business lines include investment banking, institutional equities, private client brokerage, asset management wealth management and client advisory services; while the capital business lines include wholesale financing services and treasury operations.

Being a company engaged in the financial services sector, a substantial portion of the total cost is incurred on Human Resources who manage the business which is distinct from the manufacturing industry, where inputs form the major component of cost.

ii. Date or expected date of commencement of commercial production:

N.A.

iii. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

N.A.

iv. Financial performance:

The net profit of Edelweiss Capital Limited on a consolidated basis has grown from Rs. 1,864.44 million for the financial year ending March 31, 2009 to Rs. 2,291.60 million for the financial year ending March 31, 2010. The standalone net profits of the Company has grown from Rs. 263.71 million for the financial year ending March 31, 2009 to Rs. 342.04 million for the financial year ending March 31, 2010.

v. Export performance and net foreign exchange collaborations:

N.A.

vi. Foreign investments or collaborators, if any:

During the financial year ending March 31, 2010, the Company has made foreign investments of Rs. 1,246.89 million (including loans given at gross value) in its wholly-owned subsidiaries abroad.

II. INFORMATION ABOUT THE APPOINTEE/S

i. Background:

Mr. Rashesh Shah is the co-founder of the Company, Chairman, CEO and Managing Director of Edelweiss Capital Limited. He has over two decades of years of experience in financial services sector Mr. Rashesh Shah holds a bachelor's degree in science from Bombay University and a PGDBA from the Indian Institute of Management, Ahmedabad. Previously, he was Head of Research, Prime Securities Private Limited and a Manager at ICICI Limited. He has handled a World Bank aided programme for export-oriented projects at ICICI Limited. He has advised various clients on a wide range of issues, financial and otherwise. He serves on the Board of various companies including on some committees.

Mr. Venkat Ramaswamy holds a bachelor's degree in engineering from the Karnataka University and masters degree in business administration from the University of Pittsburgh. Previously, Mr. Venkat Ramaswamy was a Fund Manager at Spartek Emerging Opportunities of India Fund. Mr. Venkat Ramaswamy was with ICICI Ltd. as an Assistant Manager and Tata Unisys Limited. Mr. Venkat Ramaswamy has worked with the Mumbai and Bangalore offices of ICICI with primary responsibilities of project appraisal, financial modeling and disbursement of loans and grants. Mr. Venkat Ramaswamy co-founded Edelweiss Capital Limited and is the Head of Investment Banking.

ii. Past Remuneration:

The Gross remuneration drawn by Mr. Rashesh Shah was Rs. 3,14,34,303/-, Rs. 1,22,18,078/- and Rs. 21,181,064 for financial year 2007-08, 2008-09 and 2009-10 respectively.

The Gross remuneration drawn by Mr. Venkat Ramaswamy was Rs. 3,08,76,781, Rs. 1,05,24,001 and Rs. 15,359,400 for financial year 2007-08, 2008-09 and 2009-10 respectively.

iii. Recognition and Awards:

Mr. Rashesh Shah has served on the Executive Committee of National Stock Exchange (NSE) and was the Chairman of the Capital Market Committee of FICCI. He is on the Board of various companies. He has been featured in a variety of publications, including The Far Eastern Economic Review, Business India, Business World and The Economic Times. Mr. Rashesh Shah was recently honoured with 'The Alumnus of the Year' award from the Indian Institute of foreign Trade (IIFT) and the "Entrepreneur of the Year" by Bombay Management Association for 2008-2009.

iv. Job profile and suitability:

Mr. Rashesh Shah is the Managing Director of Edelweiss Capital Limited (ECL). As the Managing Director of ECL, Mr. Rashesh Shah is responsible for the overall functioning of the Company, its subsidiaries and associates. As the Managing Director of ECL he spends substantial time not only in overseeing the working and performance of the Company but also its various subsidiaries. He is involved in formulating strategy and providing vital inputs for the effective functioning of those companies.

Mr. Venkat Ramaswamy is the Whole-time Director of Edelweiss Capital Limited (ECL). He oversees business development activities as well as execution of various deals. He leads a team of qualified professionals who are responsible for soliciting new clients for the investment banking business. He also extends support to some of the subsidiaries and associates. Mr. Venkat Ramaswamy is responsible for the entire operations of the investment banking department.

v. Remuneration Proposed:

The proposed remuneration for each of them shall include an annual salary of Rs. 1,50,00,000/-, performance based bonus payments upto 200% of salary limit and perquisites up to an amount equivalent to the annual salary. The details have been provided in the resolution.

vi. Comparative remuneration profile:

The remuneration proposed to be paid to the Managing Director and Whole-time Director is not directly comparable with other entities in the financial sector due to the diverse nature of business, but is broadly in line with other corporates engaged in similar operations.

vii. Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any.

Mr. Rashesh Shah and Mr. Venkat Ramaswamy are not related to any other Directors of the Company.

iii. OTHER INFORMATION

i. Reasons of loss or inadequate profits:

The Company did not incur any loss during the previous financial years. The Company being in the financial services sector, a substantial portion of the total cost is incurred on Human Resources. Considering the services rendered by the Managing Director and the Whole-time Director to the Company, its subsidiaries and associates, the profits of the Company may be inadequate to remunerate them.

ii. Steps taken or proposed to be taken for improvement:

The Company is constantly looking to enhance the ambit of services provided and is gradually increasing its market presence.

iii. Expected increase in productivity and profits in measurable terms.

The Company expects increase in the profits in line with the increase in its activity and market penetration.

None of the Directors except Mr. Rashesh Shah and Mr. Venkat Ramaswamy is concerned or interested in Item No. 7 and 8 respectively of the Notice.

Item No. 9:

With a view to provide the employees of the Company a share in the growth of the Company, to attract, retain and motivate the best available talent in the Company, your Company had evolved Edelweiss Employees Stock Option Plan 2007 (Plan) and granted Options under three Schemes framed under the Plan. As on March 31, 2010, 348,950 vested options are outstanding under Scheme I of the Plan; 649,600 vested options are outstanding under Scheme II of the Plan and 1,592,200 vested options are outstanding under Scheme III of the Plan. The exercise

period under all the three schemes applicable for exercise at the lowest exercise price is one year. All the unexercised options shall lapse after the aforesaid period of one year. Due to the market conditions, exercise of some of the Options have become unattractive, therefore, it is proposed to extend the Exercise period of these options by a further period of three years. There shall be no change / revision in the exercise price of the vested options.

Such variation is in compliance with the Securities & Exchange Board of India (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999 and is subject to the approval of the members of the Company. The other terms of the Plan shall remain unchanged.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Your Directors recommend the Special Resolution for the approval of the members.

Item No. 10:

At present, the Authorised Share Capital of the Company is Rs. 52 crores divided into 10,00,00,000 equity shares of Rs. 5/- each and 40,00,000 Preference Shares of the face value of Rs. 5/- each and the paid-up share capital of the Company is Rs. 37.55 crores divided into 7,50,96,718 equity shares of Rs. 5/- each.

In view of the proposed issue of the Bonus Shares and to meet the future requirements, the Authorised equity share capital of the Company is being increased from Rs. 50,00,00,000 to Rs. 1,23,00,00,000 by creation of equity share capital of Rs. 73,00,00,000.

In order to improve the liquidity of the Company's equity shares on the Stock Exchanges and, to make the equity shares of the Company affordable to small investors, it is proposed to sub-divide each equity share of the face value of Rs. 5/- each into equity shares of Re. 1/- each.

Accordingly, equity share capital of Rs. 1,23,00,00,000 comprised in the Authorised Share Capital is proposed to be sub-divided into 1,23,00,00,000 equity shares of Re. 1/- each. The issued, subscribed and the paid-up equity share capital of the Company, existing on the Record Date for the purposes of sub-division will also stand sub-divided into equity share of Re. 1/- each.

In respect of the equity shares held in physical form as on the Record Date, new share certificates shall be issued by the Company in lieu of the existing share certificates without calling back the existing equity share certificates and on the issue of new share certificates the existing share certificates shall stand cancelled.

Consequent to the increase in the Authorised Share Capital and the sub-division of the equity shares, Clause V of the Memorandum of Association of the Company would stand altered accordingly.

A copy of the existing Memorandum and Articles of Association of the Company alongwith the proposed draft amendments is available for inspection by any member at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all working days (except Saturdays, Sundays and Public Holidays).

Your Directors, recommend passing the resolution set out at Item No. 10 of the Notice.

Mr. Rashesh Shah, Mr. Venkat Ramaswamy, Mr. Narendra Jhaveri, Mr. P. N. Venkatchalam and Mr. Navtej S. Nandra, the Directors are also members of the Company.

Item No. 11:

The Board of Directors of the Company at their meeting held on June 24, 2010 after taking into account the capital employed, securities premium, free reserves available for distribution, other relevant factors and, in conformity with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and subject to necessary approvals, recommended an issue of Bonus Shares in the proportion of 1:1 i.e. one Bonus Share of the face value of Re. 1/- each for every one equity share of the face value of Re. 1/- each (after sub-division of the equity shares in the manner set out in the Item No. 10 of the Notice) held by the members on the Record Date to be fixed in this behalf, by capitalising the Reserves and utilising the Securities Premium of the Company. As at March 31, 2010, the Company had free reserves and surplus of Rs. 1,266.42 crores including Securities Premium.

Accordingly, the approval of the members is sought for issue of bonus shares, vide resolution at Item No. 11 of the Notice.

The Board recommends the Resolutions set forth in Item No. 11 for the approval of the members.

The Directors of the Company may be deemed to be concerned or interested in the issue of bonus shares to the extent of their shareholdings in the Company.

Place : Mumbai
Date : June 24, 2010

For and on behalf of the Board of the Directors
EDELWEISS CAPITAL LIMITED

Registered Office:
14th Floor, Express Towers,
Nariman Point, Mumbai – 400021

B. Renganathan
V.P. & Company Secretary

Details of Directors seeking appointment/reappointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) as at June 24, 2010

Name of Director	Rashesh Shah	Venkat Ramaswamy	Kunnasagaran Chinniah	Berjis Desai
Date of Birth	September 30, 1963	August 12, 1966	May 10, 1957	August 2, 1956
Date of Appointment	November 21, 1995	February 20, 1996	June 5, 2007	November 18, 2009
Experience in specific functional area	Has more than 2 decades of experience in public and private markets in India	Has more than 2 decades experience in venture capital and private equity advisory and fund raising.	Has more than 2 decades experience in private equity business.	Has more than 3 decades varied experience in the legal field.
Qualification	B. Sc from the University of Bombay in November. PGDBM from the Indian Institute of Management, Ahmedabad.	B. E. (Electronic & Communication) from Karnataka University. MBA from the University of Pittsburgh.	B. E. (Electrical) National University of Singapore in 1982 MBA degree from the University of California (Berkeley) in 1989 Chartered Financial Analyst certified by the Chartered Financial Analyst Institute	Masters in Law
Directorship in other Companies	<ul style="list-style-type: none"> • Icleo Com Limited • Edelweiss Asset Reconstruction Company Limited • Edelweiss Tokio Life Insurance Company Limited • Edelweiss Trusteeship Company Limited • Rediff.com India Limited • Ivy Financial Services Private Limited 	<ul style="list-style-type: none"> • Edelweiss Insurance Brokers Limited • Edelweiss Alternative Asset Advisors Limited • Edelweiss Property Advisors Limited • Edelweiss Tokio Life Insurance Company Limited • Icleo Com Limited • Edelweiss Advisors Limited • Exactus Corporation Private Limited • Ivy Financial Services Private Limited 	<ul style="list-style-type: none"> • Reid & Taylor (India) Limited • Asset Reconstruction Company (India) Limited 	<ul style="list-style-type: none"> • Sterlite Industries (India) Limited • The Great Eastern Shipping Company Limited • NOCIL Limited • Praj Industries Limited • Emcure Pharmaceuticals Limited • Greatship (India) Limited • Centrum Capital Limited • Deepak Nitrite Limited • Centrum Fiscal Private Limited • Capricorn Studfarm Private Limited • Capricorn Agrifarms & Developers Private Limited • Capricorn Plaza Private Limited • Equine Bloodstock Private Limited • Spring Healthcare Advisors Private Limited • Sabre Capital India Investment Advisors Private Limited • Eden Realtors Private Limited
Membership of committees of other companies (includes Audit and Shareholders' Grievance Committee)	Rediff.com India Limited	Nil	Reid & Taylor (India) Limited	<ul style="list-style-type: none"> • Sterlite Industries (India) Limited • Praj Industries Limited • Emcure Pharmaceuticals Limited • The Great Eastern Shipping Company Limited • Centrum Capital Limited • NOCIL Limited
No. of shares held in the Company	13,947,673	5,302,656	Nil	Nil

Edelweiss Capital Limited

Registered Office: 14th Floor, Express Towers, Nariman Point, Mumbai – 400021

Attendance Slip

(To be signed and handed over at the entrance of the meeting venue)

Regd. Folio No.:
No. of Shares held :

DP ID*	
Client ID*	

Full Name of the Member (in Block Letters) _____

Name of the Proxy _____

(To be filled-in if the Proxy Form has been duly deposited with the Company)

I hereby record my presence at the **FIFTEENTH ANNUAL GENERAL MEETING** of the Company at the Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai - 400 020 on **Friday, July 30, 2010 at 3:00 p.m.**

Member / Proxy's Signature
(To be signed at the time of handing over this slip)

* Applicable for members holding shares in electronic form.

Note : Members are requested to bring their copies of the Annual Report to the meeting.

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Edelweiss Capital Limited

Registered Office: 14th Floor, Express Towers, Nariman Point, Mumbai – 400021

PROXY FORM

Regd. Folio No.:
No. of Shares held :

DP ID*	
Client ID*	

I/We _____

of _____ in the district of _____

being a member / members of the above-named Company hereby appoint Shri _____

of _____ in district of _____

_____ or failing him Shri _____

as my / our proxy to vote for me / us on my / our behalf at the **FIFTEENTH ANNUAL GENERAL MEETING** of the Company to be held on **Friday, July 30, 2010 at 3:00 p.m.** at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai - 400 020 and at any adjournment thereof.

Signed this _____ day of _____ 2010

Signature _____

Affix
Revenue
Stamp

* Applicable for members holding shares in electronic form.

Note : This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



Head Office: Edelweiss Capital Limited
14th Floor, Express Towers
Nariman Point, Mumbai 400021
Maharashtra, India
www.edelcap.com