Globe Capital Market Limited

Consolidated Financials

For year ended 31 March 2016

Independent Auditors' Report
To the Members of Globe Capital Market Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Globe Capital Market Limited ('the Holding Company'), and its subsidiaries and a step-down subsidiary (or 'the components') (together referred to as 'the Group'), which comprise the consolidated Balance Sheet as at 31 March 2016, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as the 'consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

P. C. Bindal & Co. New Delhi Chartered Accountants

B S R & Co. LLP Chartered Accountants

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the information and explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other matter

The results of two subsidiaries included in these Consolidated Finance Statements which constitutes total assets of Rs. 5,299,392,935 as at 31 March 2016, total revenue (including other income) of Rs. 780,408,914 and cash inflows of Rs. 82,283,985 for the year ended on that date, have been audited by P.C. Bindal & Co.. B S R & Co. LLP has placed reliance on the audit reports furnished by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, we did not audit the financial statements and other financial information of one step-down subsidiary incorporated outside India, included in these consolidated financial statements, which constitute total assets amounting to Rs. 176,477,829 as at 31 March 2016, total revenue (including other income) of Rs. 6,755,525, and net cash outflow amounting to Rs. 11,506,003 for the year then ended. The financial statements and other financial information of the step down subsidiary as drawn up in accordance with the generally accepted accounting principles of the respective country ('the local GAAP') has been audited by other auditor duly qualified to act as the auditor in that country. The report of the other auditor has been furnished to us, and our opinion on the Consolidated Financial Statements, to the extent it has been derived from such financial statements is based solely on the report received of such other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and reports of other auditors and the financial statements certified by the management.

Report on other legal and regulatory requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

   (b) In our opinion, proper books of accounts as required by law related to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

P.C. BINDAL & CO. New Delhi Chartered Accountants

B S R & Co. LLP Chartered Accountants

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure to this report.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial statements of the Group – Refer Note 2.24 to the consolidated financial statements.

(ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 29 April 2016

For **P.C. Bindal & Co.**
Chartered Accountants
Firm Registration No.: 003824N

K. C. Gupta
Partner
Membership No.: 088638

Place: New Delhi
Date: 29 April 2016

Annexure to the Independent Auditors' Report
(Referred to our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Globe Capital Market Limited (the 'Holding Company'), and its subsidiary companies which are incorporated in India (together referred to as 'the Group'), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

P.C. Bindal & Co. New Delhi Chartered Accountants

B S R & Co. LLP Gurgaon Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group, has in all material respect, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiaries, which are companies incorporated in India. The report on the adequacy and operating effectiveness of the internal financial controls over financial reporting has been provided by P.C. Bindal & Co.. B S R & Co. LLP has placed reliance on the reports furnished by the management and our opinion in respect of these subsidiaries, is based solely on the reports of the other auditors.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 29 April 2016

For **P.C. Bindal & Co.**
Chartered Accountants
Firm Registration No.: 003824N

P.C. Bindal & Co.
New Delhi
Chartered Accountants

K. C. Gupta
Partner
Membership No.: 088638

Place: New Delhi
Date: 29 April 2016

Globe Capital Market Limited
Consolidated Balance Sheet as at 31 March 2016
(All amounts are in Indian rupees)

	Note	As at 31 March 2016	As at 31 March 2015
Equity and liabilities			
Shareholders' funds			
Share capital	2.01	328,125,000	328,125,000
Reserves and surplus	2.02	9,998,558,588	9,162,966,514
Non-current liabilities			
Long-term borrowings	2.03	59,000,000	220,000,000
Long-term provisions	2.04	30,850,591	25,290,746
Current liabilities			
Short-term borrowings	2.05	1,716,811,674	3,729,083,824
Trade payables	2.06		
(a) Total outstanding dues of micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		20,048,763	115,834,607
Other current liabilities	2.07	5,330,756,566	4,641,531,558
Short-term provisions	2.08	64,510,082	54,787,058
		17,548,661,264	**18,277,619,307**
Assets			
Non-current assets			
Fixed assets	2.09		
Tangible assets		35,808,244	35,258,399
Intangible assets		-	-
Non-current investments	2.10	488,939,839	73,983,607
Deferred tax assets	2.11	30,282,096	29,291,722
Long-term loans and advances	2.12	810,187,717	443,513,780
Other non-current assets	2.13	3,346,502,391	1,807,010,670
Current assets			
Inventories	2.14	2,579,243,316	5,103,205,786
Trade receivables	2.15	1,164,574,448	1,376,772,264
Cash and bank balances	2.16	4,395,730,923	5,179,878,480
Short-term loans and advances	2.17	3,749,409,234	4,154,618,448
Other current assets	2.18	947,983,056	74,086,151
		17,548,661,264	**18,277,619,307**

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

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 29 April 2016

For **P.C. Bindal & Co.**
Chartered Accountants
Firm Registration No.: 003824N

K. C. Gupta
Partner
Membership No.: 088638

Place: New Delhi
Date: 29 April 2016

For and on behalf of Board of Directors of
Globe Capital Market Limited

Yashpal Mendiratta
Managing Director
DIN: 00004185

Ashok Kumar Agarwal
Whole-time Director
DIN: 00003988

Dhiraj Jaiswal
Company Secretary

Place: New Delhi
Date: 29 April 2016

Globe Capital Market Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2016
(All amounts are in Indian rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue			
Revenue from operations	2.19	2,938,713,219	3,614,711,744
Other income	2.20	1,483,947	979,442
Total revenue		**2,940,197,166**	**3,615,691,186**
Expenses			
Employee benefits expenses	2.21	409,280,006	438,251,694
Other expenses	2.22	823,014,795	914,503,680
Finance cost	2.23	455,776,358	451,917,375
Depreciation and amortisation	2.09	9,702,964	14,698,787
Total expenses		**1,697,774,123**	**1,819,371,536**
Profit before tax		**1,242,423,043**	**1,796,319,650**
Tax expense			
Current income tax		417,640,000	572,865,000
Deferred tax charge/ (credit)		(990,373)	(7,280,889)
Prior year tax adjustment		-	(294,499)
Profit after tax for the year		**825,773,416**	**1,231,030,038**
Earnings per equity share (par value Rs. 10 per share)			
Basic and diluted earnings per share (Rs.)	2.32	25.17	37.52
Significant accounting policies and notes to the financial statements	1, 2		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 29 April 2016

For **P.C.Bindal & Co.**
Chartered Accountants
Firm Registration No.: 003824N

BINDAL & CO. New Delhi Chartered Accountants

K. C. Gupta
Partner
Membership No.: 088638

Place: New Delhi
Date: 29 April 2016

For and on behalf of Board of Directors of
Globe Capital Market Limited

Yashpal Mendiratta
Managing Director
DIN: 00004185

Ashok Kumar Agarwal
Whole-time Director
DIN: 00003988

Dhiraj Jaiswal
Company Secretary

Place: New Delhi
Date: 29 April 2016

Globe Capital Market Limited
Consolidated Cash Flow Statement for the year ended 31 March 2016
(All amounts are in Indian rupees)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Cash flow from operating activities		
Profit before tax	1,242,423,043	1,796,319,650
Add:		
Depreciation and amortisation	9,702,964	14,698,787
Bad debts written-off (net of provision no longer required written back)	20,471,020	34,557,325
Provision for doubtful debts	6,117,197	2,529,231
Provision for standard assets	3,310,983	363,125
Provision for non-performing assets	4,375,025	26,063,030
Provision for special mention account (SMA)	4,112,737	-
Loss on sale of fixed assets (net)	-	397,826
Discount on issuance of commercial paper (included in other borrowing cost)	79,266,915	55,441,176
Interest expense on overdrafts	98,340,281	105,649,506
Less:		
Profit on sale of fixed assets (net)	(66,113)	-
Profit on sale of non-trade investments (net)	(8,387,983)	(44,232,091)
Interest on investment in tax-free bonds	-	(661,038)
Provision for non-performing assets	(26,063,030)	-
Bad debts recovered	(188,790)	-
Dividend earned from non-trade investments	(39,778,344)	(1,519,869)
Provisions no longer required written-back	(489,941)	(1,207,025)
Operating profit before working capital changes	**1,393,145,964**	**1,988,399,633**
Adjustments for:		
(Increase)/ decrease in inventories	2,523,962,470	(2,477,655,676)
(Increase)/ decrease in trade receivables	185,798,390	(1,155,372,772)
(Increase)/ decrease in loans and advances (refer note 3 below)	46,783,583	(512,236,654)
(Increase)/ decrease in other current assets (refer note 3 below)	(873,896,905)	(753,070)
(Increase)/ decrease in other bank balances (refer note 2 below)	(782,191,840)	(398,850,161)
Increase/ (decrease) in trade payables	(95,295,903)	36,810,679
Increase/ (decrease) in liabilities and provisions (refer note 3 below)	694,463,946	838,155,381
Cash generated from operations	**3,092,769,705**	**(1,681,502,640)**
Income taxes paid (net of refund)	(401,809,262)	(564,088,110)
Contributions towards corporate social responsibility	-	(23,651,000)
Net cash (used in)/ generated from operating activities (A)	**2,690,960,443**	**(2,269,241,750)**
Cash flow from investing activities		
Purchase of fixed assets	(10,760,247)	(17,774,475)
Proceeds from sale of fixed assets	573,549	675,390
Purchase of investments	(432,611,621)	(59,909,569)
Proceeds from disposal of investments	26,043,371	71,640,405
Interest on investment in tax-free bonds	-	661,038
Dividend on long term investments	39,778,344	1,519,869
Net cash (used in)/ generated from investing activities (B)	**(376,976,604)**	**(3,187,342)**
Cash flow from financing activities		
Borrowings	-	673,230,508
Interest paid on overdrafts	(98,125,428)	(113,091,255)
Current maturities of long term debt	(269,492)	(193,852)
Proceeds/ (repayment) loan from related parties (refer to Note 4 below)	(20,000,000)	20,000,000
Proceeds from commercial paper	3,377,136,156	2,931,426,600
Repayment of commercial paper	(3,740,000,000)	(2,490,000,000)
Proceeds/ (repayment) from		
-bank overdrafts (net) (refer to Note 4 below)	(1,198,688,219)	985,732,758
-term loan (net) (refer to Note 4 below)	(161,000,000)	-
-others (net) (refer to Note 4 below)	(509,987,000)	-
Net cash generated/ (used in) financing activities (C)	**(2,350,933,983)**	**2,007,104,759**
Increase in cash or cash equivalents (A+B+C)	**(36,950,144)**	**(265,324,333)**
Add: Adjustment on consolidation of subsidiaries/ step-subsidiaries	9,818,658	7,256,958
Net increase in cash or cash equivalents	(27,131,486)	(258,067,375)
Cash and cash equivalent at the beginning of the year (refer note 2.16)	274,868,329	532,935,704
Cash and cash equivalent at the end of the year (refer note 2.16)	**247,736,843**	**274,868,329**

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method setout in AS-3 on 'Cash Flow Statement', as per Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. Fixed deposits and related interest income have been included in the operating activities, since these are directly attributable to the primary revenue generating operations of the Company. Interest expense on others and other borrowing cost (excluding discount on commercial paper) has been included in operating activities.
3. Include both long-term and short-term assets/ liabilities.
4. Net figures have been reported on account of volume of transactions.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 29 April 2016

For **P.C. Bindal & Co.**
Chartered Accountants
Firm Registration No.: 003824N

New Delhi

K.C. Gupta
Partner
Membership No.: 088638

Place: New Delhi
Date: 29 April 2016

For and on behalf of Board of Directors of
Globe Capital Market Limited

Yashpal Mendiratta
Managing Director
DIN: 00004185

Ashok Kumar Agarwal
Whole-time Director
DIN: 00003988

Dhiraj Jaiswal
Company Secretary

Place: New Delhi
Date: 29 April 2016

(All amounts are in Indian Rupees)

1. Significant accounting policies

(i) Basis of preparation

The Consolidated Financial Statements (hereinafter referred to as 'CFS') of Globe Capital Market Limited ('the Company') and its subsidiaries and step-down subsidiaries, (together referred to as 'the Group') are prepared under the historical cost convention on a going concern basis, i.e. on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, relevant pronouncements of the Institute of Chartered Accountants of India ('ICAI'), the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ('Prudential Norms'), dated 27 March 2015 issued by the Reserve Bank of India as applicable to a subsidiary company - Globe Fincap Limited. Also refer to (iv) below.

(ii) The Consolidated Financial Statements comprise the results of the Company, its subsidiaries, and step down subsidiaries which have been listed below:

Name of the subsidiary/ step-down subsidiary	Country of incorporation	Proportion of ownership	Date of incorporation / acquisition
Globe Commodities Limited	India	100%	1 April 2007
Globe Fincap Limited	India	100%	3 April 2008
Globe Derivatives and Securities Limited	India	100%	27 October 2010
Globe Comex International DMCC *	Dubai, United Arab Emirates	100%	22 October 2005

* 100% subsidiary of Globe Commodities Limited

(iii) Current–non-current classification

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

Assets

An asset is classified as current when it satisfies any of the following criteria:

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

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

All other assets are classified as non-current.

Jc

P. C. Bindal & Co. New Delhi Chartered Accountants

GURGAON Chartered Accountants

Liabilities

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

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

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

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

(iv) Consolidation procedures

a) The CFS are prepared in accordance with Accounting Standard (AS-21) 'Consolidated Financial Statements' as notified under the Companies (Accounts) Rules, 2014. The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses (including taxes) and after eliminating intra-group balances/ transactions. Also refer to (xx) below.

b) The separate financial statements of foreign step-down subsidiary are prepared on the basis of generally accepted accounting principles, laws and regulations as prevalent in their respective country and such financial statements are considered for consolidation. The effect of adjustments on account of variance in accounting policies of such foreign step-down subsidiary vis-à-vis those of the Company, if material, are reflected in the Consolidated Financial Statements.

c) Subsidiaries are consolidated on the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.

d) The separate financial statements of the Company, its subsidiaries and its step-down subsidiary had been drawn for the period from 1 April 2015 to 31 March 2016.

e) The Company's cost of its investment in its subsidiaries has been eliminated against the Company's portion of equity of each subsidiary as on the date of investment in that subsidiary. Similarly, in the case of step-down subsidiary, a subsidiary's cost of its investment in its subsidiaries has been eliminated against the subsidiary's portion of equity of each subsidiary as on the date of investment in that subsidiary. The excess/ short, if any, is recognised as 'Goodwill' or 'Capital reserve' as the case may be.

f) Minority interest, if any, in the net profit of consolidated subsidiaries for the reporting period is identified and adjusted against the income of the group in order to arrive at the net income attributed to the owners of the Company; and the minority interest in the net assets of consolidated subsidiaries is identified and presented in the CFS separately from liabilities and the equity of the Company's shareholders. Minority interests in the net assets comprise of:

P.C. Bindal & Co. New Delhi Chartered Accountants

B S R & Co. LLP Chartered Accountants

(i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

(ii) the minorities' share of movements in equity since the date the parent–subsidiary relationship came in existence.

g) For the purpose of compilation of the CFS, the foreign currency assets, liabilities, income and expenditure are translated as per Accounting Standard (AS-11) on 'Accounting for the Effects of Changes in Foreign Exchange Rates', as notified under the Companies (Accounts) Rules, 2014. Exchange differences arising are recognised in the foreign currency translation reserve classified under 'Reserves and Surplus'.

h) As far as possible, the Consolidated Financial Statements have been prepared using uniform accounting policies for comparable transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

(v) Use of estimates

The preparation of Consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Adjustments as a result of differences between actual results and estimates are recognised prospectively.

(vi) Fixed assets (including intangible assets) and related depreciation/ amortisation

All fixed assets (including intangible assets) are stated at historical cost less any accumulated depreciation. Cost includes original cost of acquisition and incidental expenses related to such acquisition.

Depreciation on fixed assets (except in case of foreign subsidiary) is provided on the straight-line basis over the estimated useful life of each asset as determined by the management. Depreciation is provided at the following rates which are in line with the corresponding rates prescribed in Schedule II of the Companies Act, 2013:

Assets Category	Useful life of Asset (Rate of depreciation)
Furniture and fixtures	10 years (10%)
Office equipment	5 years (20%)
Computers	3 years (33.33%)
Computer server	6 years (16.67%)
Car	8 years (12.50%)

Amortisation of intangible assets (except in case of foreign subsidiary) comprising of computer software has been provided at straight-line basis over a period of five years, which in the opinion of the management represents the best estimate of useful life of these assets.

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In case of foreign subsidiary:

- Depreciation on tangible fixed assets has been provided on straight line basis as under:-

- Globe Comex International DMCC	: Office equipment	: 6.7 years
	: Furniture and fittings	: 6.7 years

The appropriateness of depreciation/ amortisation is reviewed by the management in each financial year.

(vii) Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. For assets that are not yet available for use, the recoverable is estimated at each Balance Sheet date. An impairment loss is recognized whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

(viii) Investments

Investments are classified into non-current investments and current investments based on intent of management at the time of making the investment. Investments which are intended to be held for more than one year are classified as long term investments and those which are intended to be held for less than one year are classified as current investments. Non-current investments are valued at cost unless there is diminution, other than temporary, in their value. Diminution is considered other than temporary based on criteria that include the extent to which cost exceeds the market value, the duration of the market decline and the financial health of and specific prospects for the issuer. Diminution in value of long-term investments when considered to be other than temporary is fully provided for and reflected as a provision for diminution in investment. Current investments are valued at lower of cost and market value. Market value for quoted shares is determined after adjusting quoted price of shares for management estimate of impact of market parameters affecting the actual sale value e.g. volume of sale, frequency of sale etc.

(ix) Inventories

Inventories or stock-in-trade is valued at lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of business in bringing such stock to their location and conditions and includes appropriate overheads. Stock-in-trade includes stock pledged, if any, against secured loans from banks and kept as margin/ securities with the stock exchanges and does not include stocks held on behalf of clients/ constituents. Cost is calculated on FIFO basis. Uptill 31 March 2015, the above mentioned computation of cost/ net realizable value was carried out on a scrip-wise basis. The Company has changed its accounting policy from 1 April 2015 to value such inventories on a category-wise basis (equity shares, preference shares, bonds etc. excluding stock-in-trade pertaining to commodities). Also refer Note 2.29.

(x) Revenue recognition

a) Revenue from broking activities is accounted for on an accrual basis on the trade date of transaction and includes related charges recovered from customers/ constituents.

b) Income from trading in securities, commodities and derivatives and arbitrage comprises profit/ loss on sale of securities/ commodities held as stock-in-trade and profit/ loss on equity/ commodity and

P. C. Bindal & Co. New Delhi Chartered Accountants derivatives instruments. Profit/ loss on sale of securities/ commodities is determined based on the FIFO cost of the securities/ commodities sold and is accounted for on the trade date of transaction. Profit/ loss on equity/ commodity derivatives transactions is accounted as explained below:

Equity index/ stock commodity and derivatives

1. 'Initial margin' representing initial margin paid, and 'margin deposits', representing additional margin over and above initial margin, for entering into contracts for equity index/ stock and commodity futures, which are released on final settlement/ squaring-up of underlying contracts, are disclosed under 'short-term/ long-term loans and advances'.

2. Equity index/ stock and commodity futures are marked-to-market on a daily basis. Debit or credit balance disclosed under 'short term loans and advances' or 'current liabilities', respectively, in the 'Mark-to-Market Margin–Equity Index/ Stock and Commodity 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.

3. As on the Balance Sheet date, profit/ loss on open positions in index/ stock and commodity futures are accounted for as follows:

   - Uptill 31 March 2015, Credit balance in the 'Mark-to-Market Margin–Equity Index/ Stock Futures Account', being anticipated profit, was ignored and no credit for the same was taken in the Statement of Profit and Loss. Debit balance in the 'Mark-to-Market Margin–Equity Index/ Stock Futures Account', being anticipated loss was adjusted in the Statement of Profit and Loss.

   - With effect from 1 April 2015, Credit/ debit balance in the 'Mark-to-Market Margin–Equity Index/ Stock Futures Account', being anticipated profit/ loss, is adjusted in the Statement of Profit and Loss. Also refer Note 2.30.

   - On final settlement or squaring-up of contracts for equity index/ stock 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–Equity Index/ Stock Futures Account' is recognized in the Statement of Profit and Loss. When more than one contract in respect of the relevant series of equity index 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 FIFO method for calculating profit/loss on squaring-up.

c) Dividend from investments is accounted for as income when the right to receive dividend is established.

d) Interest on financing activities is recognised on accrual basis as per contractual terms and when there is no uncertainty in receiving the same. In terms of the RBI directions, interest income on Non-Performing Assets (NPA's), if any, is recognised only when it is actually realised.

e) Interest on fixed deposit, depository income, portfolio management fees and other heads of income are accounted on accrual basis.

f) In respect of other heads of income, the Company follows the practice of recognizing income on an accrual basis.

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(xi) Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. Exchange difference arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items is recognised in the Statement of Profit and Loss.

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevailing at the date of Balance Sheet and resultant gain/ loss, if any, is recorded as an income or expense in the period in which they arise.
Also refer to Note 1(iv)(g).

(xii) Current and deferred tax

Income-tax expense comprises current tax (i.e. amount of tax for the period/ year determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period/ year). The deferred tax charge or credit and the corresponding deferred tax liabilities or 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 assets 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 such assets.

Deferred tax assets are reviewed as at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

(xiii) Employee benefits

The Group's obligation towards various employee benefits is recognised as follows:

Short-term employee benefits
All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the consolidated Statement of Profit and Loss in the period/ year in which the employee renders the related service.

Employee entitlements to annual leave are recognised when they accrue to the eligible employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by the eligible employees up to the Balance Sheet date.

Defined contribution plan
Provident fund is a defined contribution plan. The contribution towards provident fund has been deposited with Regional Provident Fund Commissioner and is charged to the consolidated Statement of Profit and Loss.

Defined benefit plan
The Company pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The gratuity liability as at year end is determined by an independent actuary appointed by the Company. Actuarial valuation of gratuity liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the Projected Unit Credit Method.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

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(xiv) Leases

Lease payments under operating lease are recognised as an expense in the consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

(xv) Provision, contingent liabilities and contingent assets

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 an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the Consolidated Financial Statements. However, contingent asset are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

(xvi) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive potential equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

(xvii) Reserve Bank of India Prudential Norms

Globe Fincap Limited, subsidiary of the Company, is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) and thus complies with the prudential norms relating to income recognition, Accounting Standards, asset classification and the minimum provisioning for standard, sub-standard, and bad and doubtful debts, specified in the directions issued by the RBI in terms of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" ('Prudential Norms') by circular DNBR (PD) CC.No. 024/ 03.10.001/ 2014-15 dated 27 March 2015 issued by the Reserve Bank of India and the provisions of the Companies Act, 2013, as applicable to it. Provision on standard assets has been provided at the rate of 0.25% on outstanding balance in accordance with the Prudential Norms.

(xviii) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(xix) Commercial paper

In respect of commercial papers issued, the difference between the redemption value and acquisition value of commercial paper is amortized over the tenure of the instrument. The liability as at the Balance Sheet date in respect of such instruments is recognized at face value net of unamortized discount.

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(All amounts are in Indian Rupees)

(xx) Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements.

Name of entity	Net assets		Share in profit or loss	
	As % of consolidated net assets	**Amount**	**As % of consolidated profit or loss**	**Amount**
Holding Company				
Globe Capital Market Limited	72.52	7,488,692,175	41.74	344,708,262
Subsidiary Company				
Indian :-				
Globe Commodities Limited	11.90	1,228,802,879	16.76	138,379,178
Globe Fincap Limited	10.58	1,092,089,471	30.30	250,196,452
Globe Derivatives and Securities Limited	3.94	407,130,762	11.36	93,839,940
Foreign :-				
Globe Comex International DMCC	1.06	109,968,306	(0.16)	(1,350,417)
Total	**100**	**10,326,683,593**	**100**	**825,773,416**

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(All amounts are in Indian Rupees)

2. Notes to the financial statements

	As at 31 March 2016	As at 31 March 2015
2.01(a) : Share capital		
Authorised		
50,500,000 (previous year 50,500,000) equity shares of Rs. 10 each	505,000,000	505,000,000
500,000 (previous year 500,000) 10% non cumulative redeemable preference shares of Rs. 10 each.	5,000,000	5,000,000
Issued, subscribed and fully paid-up:		
32,812,500 (previous year 32,812,500) equity shares of Rs. 10 each	328,125,000	328,125,000
	328,125,000	**328,125,000**

2.01(b): Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
At the beginning of the year	32,812,500	328,125,000	32,812,500	328,125,000
Issued during the period	-	-	-	-
Outstanding at the end of the year	32,812,500	328,125,000	32,812,500	328,125,000

2.01(c): Rights, preferences and restrictions attached to share capital

The Company has one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The paid-up equity shares of the Company rank *pari-passu* in all respects including dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.01(d): Shares held by shareholders holding more than 5% shares

Name of the shareholder	Number of shares as at 31 March 2016	Number of shares as at 31 March 2015
Ashok Kumar Agarwal	5,775,000	5,775,000
Yashpal Mendiratta	5,772,900	5,772,900
Alka Agarwal	2,100,000	2,100,000
Alka Mendiratta	2,100,000	2,100,000
Lakshya Impex Private Limited	2,625,000	2,625,000
Rolex Finvest Private Limited	2,625,000	2,625,000
Client Rosehill Limited (formerly known as CVCIGP II Client Rosehill Limited)	4,188,324	4,188,324
CVCIGP II Employee Rosehill Limited	2,345,805	2,345,805

2.01(e): Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding 31 March 2016):

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium account	-	-	-	-	-

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