

Globe Capital Market Limited
Standalone Financial Statements
For the year ended 31 March 2017

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Globe Capital Market Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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



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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2016 ('Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the said Order.


As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone 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 written representations received from the directors as at 31 March 2017, and taken on record by the Board of Directors, none of the directors is 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- 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 Auditors) Rules, 2014 read with Companies (Audit and Auditors) Amendment Rule, 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.24 to the financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- (iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period 8 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management – Refer Note 2.32 of the financial statements.

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


Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 28 April 2017

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


K. C. Gupta
Partner
Membership No.: 088638

Place: New Delhi
Date: 28 April 2017

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

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

We have audited the internal financial controls over financial reporting of Globe Capital Market Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company'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 ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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 auditor's 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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 Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BSR & Co. LLP
Chartered Accountants
Firm Registration No.: 101248W/ W-100022


Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 28 April 2017

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


K. C. Gupta
Partner
Membership No.: 088638

Place: New Delhi
Date: 28 April 2017

Annexure A to the Independent Auditors' Report
(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 annually. In our opinion, the 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) According to the information and explanations given to us and from our examination of books of account and other documents, the title deeds of immovable properties owned by the Company are held in the name of the Company.
- ii. As informed to us, the inventory, which is in the nature of securities, has been physically verified by the management during the year, either by actual inspection or on the basis of statement received from depository participants in respect of shares held as inventory. In our opinion, the frequency of such verification is reasonable. No material discrepancies have been noticed on physical verification of inventory.
- iii. The Company has not granted any loans, secured or unsecured, to companies or other parties covered in the register maintained under Section 189 of the Act. According to the information and explanations given to us, we are of the opinion that there are no firms or limited liability partnerships covered in the register maintained under Section 189 of the Act.
- iv. According to the information and explanations given to us, in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act, to the extent applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company. Hence, the provisions of paragraph 3(vi) of the Order is not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Service tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Value added-tax, Sales-tax, Cess, Duty of excise and Duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Provident Fund, Service tax and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.



- (b) According to the information and explanations given to us, there are no dues on account of Income-tax, Provident Fund and Service tax which have not been deposited with the appropriate authorities on account of dispute as at 31 March 2017.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any banks and financial institutions. The Company did not have any outstanding loans or borrowings from the Government and did not have any dues to debenture holders during the year.
- ix. According to the information and explanations given to us and our examination of the records of the Company, the term loans obtained by the Company during the year have been applied for the purposes for which they were raised. Further, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments).
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Hence, the provisions of paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with Section 177 and 188 of the Act and the details have been disclosed in the financial statements, as required, by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

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


Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 28 April 2017

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


K. C. Gupta
Partner
Membership No.: 088638

Place: New Delhi
Date: 28 April 2017

Globe Capital Market Limited
Balance Sheet as at 31 March 2017
(All amounts are in Indian rupees)

	Note	As at 31 March 2017	As at 31 March 2016
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	291,125,000	328,125,000
Reserves and surplus	2.2	7,093,694,092	7,160,567,176
Non-current liabilities			
Long-term borrowings	2.3	833,750,000	-
Long-term provisions	2.4	28,852,240	24,383,740
Current liabilities			
Short-term borrowings	2.5	2,927,909,871	837,297,941
Trade payables	2.6	-	-
(a) Total outstanding dues of micro enterprises and small enterprises		23,090,610	14,770,051
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Other current liabilities	2.7	5,966,689,445	5,078,513,828
Short-term provisions	2.8	56,770,827	30,775,953
		17,221,882,085	13,474,433,689
Assets			
Non-current assets			
Fixed assets	2.9	35,010,935	25,717,134
Tangible assets		-	-
Intangible assets		-	-
Non-current investments	2.10	2,829,114,257	3,114,494,244
Deferred tax assets (net)	2.11	7,227,555	20,010,377
Long-term loans and advances	2.12	104,875,610	153,604,346
Other non-current assets	2.13	1,481,524,160	2,644,094,253
Current assets			
Inventories	2.14	2,227,090,784	1,950,264,829
Trade receivables	2.15	1,553,486,834	1,031,335,041
Cash and bank balances	2.16	5,877,803,493	3,345,440,226
Short-term loans and advances	2.17	3,048,579,541	255,781,350
Other current assets	2.18	57,168,916	933,691,889
		17,221,882,085	13,474,433,689

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 **BSR & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894



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

K. C. Gupta
Partner
Membership No.: 088638



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

Yashpal Mendiratta
Managing Director
DIN: 00004185

Dhiraj Jaiswal
Company Secretary

Place: New Delhi
Date: 28 April 2017

Ashok Kumar Agarwal
Whole-time Director
DIN: 00003988

Amit Kumar Singhal
Chief Financial Officer

Place: New Delhi
Date: 28 April 2017

Globe Capital Market Limited
Statement of Profit and Loss for the year ended 31 March 2017
(All amounts are in Indian rupees)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue			
Revenue from operations	2.19	2,939,013,575	1,751,798,326
Other income	2.20	12,128,517	764,966
Total revenue		2,951,142,092	1,752,563,292
Expenses			
Employee benefits expense	2.21	447,753,415	342,686,000
Other expenses	2.22	559,323,644	537,831,066
Finance cost	2.23	465,588,779	359,582,440
Depreciation and amortisation	2.9	6,228,887	7,674,179
Total expenses		1,478,894,725	1,247,773,685
Profit before tax		1,472,247,367	504,789,607
Tax expense			
Current income-tax		445,570,000	164,250,000
Deferred tax charge/ (credit)		12,782,822	(4,168,655)
Prior year tax adjustment		367,629	-
Profit after tax for the year		1,013,526,916	344,708,262

Earnings per equity share (par value Rs. 10 per share)

Basic and diluted earnings per share (Rs.)	2.31	33.12	10.51
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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 **BSR & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022


Jiten Chopra
Partner
Membership No.: 092894

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


K. C. Gupta
Partner
Membership No.: 088638

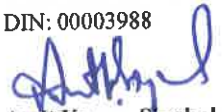
For and on behalf of Board of Directors of
Globe Capital Market Limited


Yashpal Mendiratta
Managing Director
DIN: 00004185


Dhiraj Jaiswal
Company Secretary

Place: New Delhi
Date: 28 April 2017


Ashok Kumar Agarwal
Whole-time Director
DIN: 00003988


Amit Kumar Singhal
Chief Financial Officer

Place: Gurgaon
Date: 28 April 2017

Place: New Delhi
Date: 28 April 2017

Globe Capital Market Limited
Cash Flow Statement for the year ended 31 March 2017
 (All amounts are in Indian rupees)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Cash flow from operating activities		
Profit before tax	1,472,247,367	504,789,607
Add:		
Depreciation and amortisation	6,228,887	7,674,179
Provision for doubtful debts	-	3,266,696
Processing fees on term-loan (refer note 4 below)	38,000,000	-
Discount on issuance of commercial paper (refer note 4 below)	67,157,189	76,564,434
Interest expense on term loan and bank overdrafts (refer note 4 below)	140,999,388	86,797,850
Less:		
Gain on sale of investments (net)	(53,679,023)	(2,736,246)
Interest on income-tax refund	(11,825,212)	-
Profit on sale of fixed assets (net)	(50,945)	(124,487)
Dividend income on non-current investments	(37,636,342)	(39,778,344)
Provision/ liabilities no longer required written-back	(301,253)	(489,941)
Operating profit before working capital changes	1,621,140,056	635,963,738
Adjustments for:		
(Increase)/ decrease in inventories	(410,352,764)	1,338,437,289
(Increase)/ decrease in trade receivables	(522,151,792)	231,698,695
(Increase)/ decrease in loans and advances (refer note 2 below)	(2,801,192,026)	752,075,480
(Increase)/ decrease in other current assets	876,522,974	(869,643,991)
(Increase)/ decrease in other bank balances (refer note 3 below)	(968,475,001)	(352,814,063)
Increase/ (decrease) in trade payables	8,621,812	3,042,107
Increase/ (decrease) in other current liabilities and provisions (refer note 2 below)	626,913,379	662,457,187
Cash generated from operations	(1,568,973,362)	2,401,216,440
Income taxes paid (net of refund)	(364,276,353)	(147,674,502)
Interest on income-tax refund	11,825,212	-
Net cash (used in)/ from operating activities (A)	(1,921,424,503)	2,253,541,938
Cash flow from investing activities		
Purchase of fixed assets	(15,709,956)	(10,283,346)
Proceeds from sale of fixed assets	238,212	562,775
Purchase of investments	(28,470,205)	(431,393,593)
Purchase of equity shares in subsidiary	(109,999,940)	-
Proceeds from disposal of investments	112,755,965	15,111,246
Proceeds from redemption of preference shares in subsidiary	498,300,000	-
Dividend on long-term investments	37,636,342	39,778,344
Net cash (used in)/ from investing activities (B)	494,750,417	(386,224,574)
Cash flow from financing activities		
Interest paid on term loans and bank overdrafts	(140,999,388)	(86,797,850)
Proceeds from term loans (net of processing fees)	1,175,285,788	-
Repayment of term loans	(114,535,788)	-
Proceeds from commercial paper (net of discount on issue)	4,368,893,270	3,181,878,528
Repayment of commercial paper	(3,710,000,000)	(3,740,000,000)
Payment for equity shares buyback	(1,117,400,000)	-
Proceeds from/ (repayment of) - bank overdrafts (net)	1,364,561,470	(1,247,935,614)
Net cash (used in)/ from financing activities (C)	1,825,805,352	(1,892,854,936)
Net increase/ (decrease) in cash or cash equivalents (A+B+C)	399,131,266	(25,537,572)
Cash and cash equivalent at the beginning of the year (refer Note 2.16)	29,923,226	55,460,798
Cash and cash equivalent at the end of the year (refer Note 2.16)	429,054,492	29,923,226

Notes:

- 1 The Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Accounting Standard 3, 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 Include both long-term and short-term assets/ liabilities.
- 3 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.
- 4 Interest expense on others and other borrowing cost (excluding discount on commercial paper and processing fees on term loan) has been included in operating activities.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm Registration No.: 101248W/W-100022

Jiten Chopra

Partner

Membership No.: 092894

For P.C. Bindal & Co.

Chartered Accountants

Firm Registration No.: 003824N

K. C. Gupta

Partner

Membership No.: 088638

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

Yashpal Mendiratta

Managing Director

DIN: 00004185

Shiraj Naiswal

Company Secretary

Ashok Kumar Agarwal

Whole-time Director

DIN: 00003988

Amir Kumar Singhal

Chief Financial Officer

Place: Gurgaon

Date: 28 April 2017

Place: New Delhi

Date: 28 April 2017

Place: New Delhi

Date: 28 April 2017

1. Significant accounting policies

(i) Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention 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, as adopted consistently by the Company.

(ii) 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.

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. Based on the above definition, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

(iii) Use of estimates

The preparation of 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 recognized prospectively.



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees)

(iv) Revenue recognition

- i. Revenue from broking activities is accounted for on an accrual basis on the trade date of transaction and includes related charges recovered from customers.
- ii. Income from trading in securities and derivatives and arbitrage comprises profit/ loss on sale of securities held as inventories and profit/ loss on equity and derivatives instruments. Profit/ loss on sale of securities are determined on First-In-First-Out ('FIFO') cost of the securities sold and are accounted for on the trade date of transaction. Profit/ loss on equity derivatives transactions is accounted for as explained below:

Equity index 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 futures, which are released on final settlement/ squaring-up of underlying contracts, are disclosed under 'short-term loans and advances'.
- 2 Equity index/ stock futures are marked-to-market on a daily basis. Debit or credit balance disclosed under 'short term loans and advances' or 'other 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.
- 3 As at the Balance Sheet date, profit/ loss on open positions in index/ stock futures are accounted for as follows:
 - 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.
 - 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.
- iii. Income from interest on fixed deposit is recognized on a time proportion basis, based on applicable interest rates.
- iv. Dividend from investments is accounted for as income when the right to receive dividend is established.
- v. Income from depository and portfolio management services is accounted for on an accrual basis.
- vi. In respect of other heads of income, the Company follows the practice of recognizing income on an accrual basis.

(v) Fixed assets and related depreciation/ amortisation

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

Depreciation on fixed assets other than intangible assets 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:



Globe Capital Market Limited**Significant accounting policies and notes to the financial statements for the year ended 31 March 2017****(All amounts are in Indian Rupees)**

Assets Category	Useful life of asset
Building	60 years (1.67%)
Furniture and fittings	10 years (10%)
Office equipment	5 years (20%)
Computers	3 years (33.33%)
Computer server	6 years (16.67%)
Vehicles	8 years (12.50%)

Amortisation of intangible assets comprising 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.

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

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

(vi) Impairment

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.

(vii) 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 non-current investments and those which are intended to be held for less than one year are classified as current investments. Long-term 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 non-current 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.

(viii) Inventories

Inventories or stock-in-trade is valued at lower of cost and net realizable value on a category-wise basis (equity shares, preference shares, mutual funds, bonds etc.). 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.



(ix) Employee benefits

The Company's obligation towards various employee benefits is recognized 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 recognized in the Statement of Profit and Loss in the year in which the employee renders the related service.

Employee entitlements to annual leave are recognized 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 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 recognized immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

(x) Current and deferred tax

Income-tax expense comprises current tax (i.e. amount of tax for the 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 year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization 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 realized.

(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 recognized 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.

(xii) Leases

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



(xiii) Provision, contingent liabilities and contingent assets

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

Contingent assets are not recognized in the 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 recognized in the period in which the change occurs.

(xiv) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are 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.

(xv) 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.

(xvi) 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.



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
 (All amounts are in Indian Rupees)

2. Notes to the financial statements

2.1(a): Share capital

	As at 31 March 2017	As at 31 March 2016
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	<u>5,000,000</u>	<u>5,000,000</u>
Issued, subscribed and fully paid-up:		
29,112,500 (previous year 32,812,500) equity shares of Rs. 10 each *	291,125,000	328,125,000
	<u><u>291,125,000</u></u>	<u><u>328,125,000</u></u>

* refer to Note 2.29(b)

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

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
At the beginning of the year	32,812,500	328,125,000	32,812,500	328,125,000
Add: Issued during the year	-	-	-	-
Less: Bought back during the year *	3,700,000	37,000,000	-	-
Outstanding at the end of the year	<u>29,112,500</u>	<u>291,125,000</u>	<u>32,812,500</u>	<u>328,125,000</u>

* refer to Note 2.29(b)

2.1(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 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.

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

Name of the shareholder	Number of shares as at 31 March 2017	Number of shares as at 31 March 2016
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)	1,826,907	4,188,324
A to Z Consultants Private Limited	1,575,000	1,575,000
CVCIGP II Employee Rosehill Limited	1,023,218	2,345,805

2.1(e): Details of shares buy back (during 5 years immediately preceding 31 March 2017):

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Equity shares buy back by capitalisation of securities premium account *	3,700,000	-	-	-	-

* refer to Note 2.29(b)

2.2: Reserves and surplus

	As at 31 March 2017	As at 31 March 2016
Capital redemption reserve		
Opening balance	5,000,000	5,000,000
Add: Addition during the year *	<u>37,000,000</u>	<u>-</u>
	42,000,000	5,000,000
Securities premium account		
Opening balance	1,334,324,960	1,334,324,960
Less: Utilised during the year *	<u>1,117,400,000</u>	<u>-</u>
	216,924,960	1,334,324,960
General reserve		
Opening balance	2,650,000,000	2,450,000,000
Add: Addition during the year	<u>250,000,000</u>	<u>200,000,000</u>
	2,900,000,000	2,650,000,000
Surplus		
Opening balance	3,171,242,216	3,026,533,954
Add: Transfer from Statement of Profit and Loss	<u>1,013,526,916</u>	<u>344,708,262</u>
	4,184,769,132	3,371,242,216
Less: Transfer to general reserve	<u>250,000,000</u>	<u>200,000,000</u>
	3,934,769,132	3,171,242,216
	<u><u>7,093,694,092</u></u>	<u><u>7,160,567,176</u></u>

* refer to Note 2.29(b)



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
 (All amounts are in Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
2.3: Long-term borrowings		
Secured		
Term loans *		
- from banks	490,000,000	-
- from others	343,750,000	-
	<u>833,750,000</u>	<u>-</u>

* refer to Note 2.7 for current maturities and Note 2.30 for terms of borrowings.

2.4: Long-term provisions

Provision for gratuity #	28,852,240	24,383,740
	<u>28,852,240</u>	<u>24,383,740</u>

refer to Note 2.26

2.5: Short-term borrowings

Secured		
Loans repayable on demand from banks (overdrafts) #	1,942,493,425	577,931,954
Unsecured		
Commercial paper ##	985,416,446	259,365,987
	<u>2,927,909,871</u>	<u>837,297,941</u>

Rs. 942,237,318 (previous year Rs. 577,931,954) are secured against fixed deposits pledged, interest rate varies from 8.25% to 9.25% per annum (previous year 8% to 9.50% per annum) and Rs. 1,000,256,107 (previous year Nil) are secured against all current assets (excluding specifically earmarked for others), interest rate 9.35% per annum (previous year Nil).

Detail of repayment, interest rate and installment due for the year ended 31 March 2017:

Particulars	As at 31 March 2017	Date of redemption
8.00% HDFC Bank (INE081J14446)	250,000,000	26 May 2017
8.00% HDFC Bank (INE081J14461)	240,000,000	07 June 2017
8.00% HDFC Bank (INE081J14453)	260,000,000	13 June 2017
8.00% HDFC Bank (INE081J14479)	250,000,000	16 June 2017
Total	1,000,000,000	

Detail of repayment, interest rate and installment due for the year ended 31 March 2016:

Particulars	As at 31 March 2016	Date of redemption
9.10% HDFC Bank (INE081J14289)	260,000,000	11 April 2016
Total	260,000,000	

2.6: Trade payables

Payables against goods and services		
(a) Total outstanding dues of micro enterprises and small enterprises *	23,090,610	14,770,051
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
	<u>23,090,610</u>	<u>14,770,051</u>

* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on information received and available with the Company, there are no amounts payable to Micro and Small Enterprises as at 31 March 2017 and 31 March 2016.



Globe Capital Market Limited
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 (All amounts are in Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
2.7: Other current liabilities		
Advance/ margin received from:		
- customers	4,710,115,953	3,013,252,292
- related parties #	718,039,885	837,446,172
Current maturities of long term debt *	265,000,000	-
Payable to exchanges	150,951,189	1,132,679,397
Salary, bonus and other employee payables	74,410,050	41,261,419
Income received in advance	6,582,369	5,422,345
Book overdrafts	-	26,562,583
Withholding and other taxes payable	41,589,999	21,889,620
	<u>5,966,689,445</u>	<u>5,078,513,828</u>

refer to Note 2.27

* refer to Note 2.30

2.8: Short-term provisions

Provision for income-tax	51,832,131	25,106,519
[net of advance tax Rs. 393,737,869 (previous year 139,143,481)]	4,938,696	5,669,434
Provision for gratuity #	<u>56,770,827</u>	<u>30,775,953</u>

refer to Note 2.26



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2.9: Fixed assets

Particulars	Gross block				Accumulated depreciation/ amortisation			Net block	
	As at 1 April 2016	Additions during the year	Deletions during the year	As at 31 March 2017	As at 1 April 2016	Depreciation charge for the year	Deletions during the year	As at 31 March 2017	As at 31 March 2016
Tangible assets									
Building	-	11,478,000	-	11,478,000	-	24,616	-	24,616	11,453,384
Furniture and fittings	3,898,107 (4,722,493)	220,763 (108,444)	192,575 (932,830)	3,926,295 (3,898,107)	2,620,404 (3,162,279)	266,577 (272,458)	185,246 (814,333)	2,701,755 (2,620,404)	1,224,560 (1,277,703)
Computers	72,423,735 (69,567,884)	2,901,398 (5,169,004)	375,050 (2,313,133)	74,950,083 (72,423,735)	66,086,621 (64,779,109)	2,194,892 (3,605,638)	375,050 (2,298,126)	67,906,463 (66,086,621)	7,043,620 (6,337,114)
Office equipment	16,198,698 (17,073,202)	1,109,795 (947,764)	1,242,359 (1,824,268)	16,066,134 (16,198,698)	12,348,401 (11,917,033)	1,508,685 (1,950,874)	1,062,420 (1,519,506)	12,794,666 (12,348,401)	3,271,468 (3,850,297)
Vehicles	18,072,320 (14,014,186)	-	700,920	17,371,400 (18,072,320)	3,820,300 (1,975,091)	2,234,117 (1,843,209)	700,920	5,353,497 (3,820,360)	12,017,903 (14,252,020)
Total tangible assets (I)	110,592,860 (105,379,765)	15,709,956 (10,283,346)	2,510,904 (5,070,251)	123,791,912 (110,592,860)	84,875,726 (81,833,512)	6,228,887 (7,674,179)	2,323,636 (4,631,965)	88,780,977 (84,875,726)	35,010,935 (25,717,134)
Intangible assets									
Software	6,275,062 (6,275,062)	-	-	6,275,062 (6,275,062)	6,275,062 (6,275,062)	-	-	6,275,062 (6,275,062)	-
Total intangible assets (II)	6,275,062 (6,275,062)	-	-	6,275,062 (6,275,062)	6,275,062 (6,275,062)	-	-	6,275,062 (6,275,062)	-
Grand total (I+II)	116,867,922	15,709,956	2,510,904	130,066,974	91,150,788	6,228,887	2,323,636	95,056,039	35,010,935
Previous year total	(111,654,827)	(10,283,346)	(5,070,251)	(116,867,922)	(86,108,574)	(7,674,179)	(4,631,965)	(91,150,788)	(25,717,134)

figures in brackets relates to previous year



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	As at 31 March 2017	As at 31 March 2016
2.10: Non-current investments (non-trade, at cost)		
A. Investment in equity instruments		
Quoted		
Fully paid up of face value Rs. 10 each		
19,114 (previous year 19,114) shares of Kothari Products Limited	447,321	447,321
Nil (previous year 2,606) shares of Mawana Sugars Limited	-	52,102
121,261 (previous year 121,261) shares of Jayshree Chemicals Limited	1,818,914	1,818,914
Nil (previous year 27,197) shares of Oberoi Realty Limited	-	7,071,220
55,419 (previous year 108,600) shares of Murudeshwar Ceramics Limited	1,108,380	2,172,000
600 (previous year 1,200) shares of Thejo Engineering Limited	120,600	241,200
Nil (previous year 7,365) shares of Uttam Sugar Mills Limited	-	162,030
6,625 (previous year 6,625) shares of Narayana Hrudayalaya Limited	1,656,250	1,656,250
3,657,874 (previous year 1,828,937) shares of Rural Electrification Corporation Limited	417,362,525	417,362,342
135,900 (previous year Nil) shares of Goodyear India Limited *	65,261,803	-
385,000 (previous year Nil) shares of Deccan Gold Mine Limited *	13,192,295	-
80,670 (previous year Nil) shares of Bombay Burmah Trading Corporation *	29,560,166	-
Fully paid up of face value Rs. 5 each		
60,000 (previous year 75,000) shares of Castrol India Limited	2,762,457	3,453,071
Fully paid up of face value Rs. 2 each		
694 (previous year 694) shares of East India Hotels Limited	45,804	45,804
Unquoted		
Fully paid up of face value Rs. 10 each		
In subsidiary companies (wholly owned)		
2,670,000 (previous year 2,670,000) shares of Globe Commodities Limited	152,570,475	152,570,475
6,678,375 (previous year 6,678,375) shares of Globe Fincap Limited	618,540,000	618,540,000
50,000 (previous year 50,000) shares of Globe Derivatives and Securities Limited	500,000	500,000
10,928,799 (previous year Nil) shares of Globe Capital (IFSC) Limited	109,999,940	-
In other companies		
771 (previous year 771) shares of Bharat NRE Coke Limited	100,000	100,000
159 (previous year 159) shares of Sistema Shyam Teleservices Limited	1,590	1,590
31,338 (previous year Nil) shares of Tamilnadu Mercantile Bank Limited	4,065,812	-
B. Investment in preference shares		
In wholly owned subsidiaries		
7,764,705 (previous year 7,764,705) 12% non cumulative redeemable preference shares of Rs. 10 each fully paid of Globe Fincap Limited	659,999,925	659,999,925
3,000,000 (previous year 3,000,000) 12% non cumulative redeemable preference shares of Rs. 10 each fully paid of Globe Derivatives and Securities Limited	750,000,000	750,000,000
Nil (previous year 660,000) 12% non cumulative redeemable preference shares of Rs. 10 each fully paid of Globe Commodities Limited	-	498,300,000
	<u>2,829,114,257</u>	<u>3,114,494,244</u>
Aggregate market value of quoted investments	896,621,847	347,272,757
Aggregate book value of quoted investments	533,336,515	434,482,254
Aggregate book value of unquoted investments	2,295,777,742	2,680,011,990

* reclassified from inventory to investment, at cost on the date of transfer. No impact on the Profit and Loss of the year.



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	As at 31 March 2017	As at 31 March 2016
2.11: Deferred tax assets (net)		
Deferred tax assets		
Provision for doubtful debts	-	2,450,194
Provision for gratuity	11,694,367	10,400,802
Disallowances u/s 43B of the Income-tax Act, 1961	160,074	3,983,055
Disallowances on unrealised loss as per Income Computation and Disclosure Standards	-	1,516,785
Difference between carrying cost of fixed assets as per Companies Act, 2013 and Income-tax Act, 1961	1,003,567	1,659,541
Total (A)	<u>12,858,009</u>	<u>20,010,377</u>
Deferred tax liability		
Disallowances on unrealised profit as per Income Computation and Disclosure Standards	5,630,453	-
Total (B)	<u>5,630,453</u>	<u>-</u>
	<u>7,227,555</u>	<u>20,010,377</u>
2.12: Long-term loans and advances (unsecured, considered good)		
Margins/ deposit with stock exchange and others	53,631,376	49,410,149
Income-taxes recoverable	45,420,112	100,355,776
[net of provision for tax Rs. 1,325,720,000 (previous year Rs. 1,452,770,000)]	5,824,122	3,838,421
Other advances	-	-
	<u>104,875,610</u>	<u>153,604,346</u>
2.13: Other non-current assets		
Bank deposits with maturity more than twelve months *		
- placed under lien with banks	502,899,000	2,054,800,000
- pledged with the clearing corporations and stock exchanges as margin	551,439,000	309,000,000
- deposits in hand	424,305,000	279,600,000
	<u>1,478,643,000</u>	<u>2,643,400,000</u>
Interest accrued but not due	2,881,160	694,253
	<u>1,481,524,160</u>	<u>2,644,094,253</u>
* refer to Note 2.16		
2.14: Inventories (at lower of cost and net realisable value)		
Stock-in-trade of shares and bonds	2,227,090,784	1,950,264,829
	<u>2,227,090,784</u>	<u>1,950,264,829</u>
2.15: Trade receivables		
Secured		
a) Outstanding for more than six months from due date		
- Considered good	40,124,063	52,841,086
b) Other trade receivables		
- Considered good	1,402,096,115	945,255,323
Unsecured		
a) Outstanding for more than six months from due date		
- Considered good	1,185,597	1,116,338
- Considered doubtful	-	4,814,023
b) Other trade receivables		
- Considered good	110,081,059	32,122,294
- Considered doubtful	-	2,265,825
	<u>1,553,486,834</u>	<u>1,038,414,889</u>
Less: Provision for doubtful debts	-	7,079,848
	<u>1,553,486,834</u>	<u>1,031,335,041</u>



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
 (All amounts are in Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
2.16: Cash and bank balances		
Cash and cash equivalents		
Cash in hand	460,213	199,657
Balances with banks:		
- in current accounts	418,594,279	29,723,569
- in deposit accounts	<u>10,000,000</u>	<u>-</u>
	429,054,492	29,923,226
Other bank balances		
Bank deposits with maturity less than twelve months *		
- placed under lien with banks	3,846,400,000	1,761,798,000
- pledged with the clearing corporations and stock exchanges and others as margin	1,389,649,001	1,136,814,000
- deposits in hand	<u>212,700,000</u>	<u>416,905,000</u>
	5,448,749,001	3,315,517,000
Bank deposits with maturity more than twelve months *		
- placed under lien with banks	502,899,000	2,054,800,000
- pledged with the clearing corporations and stock exchanges and others as margin	551,439,000	309,000,000
- deposits in hand	<u>424,305,000</u>	<u>279,600,000</u>
	1,478,643,000	2,643,400,000
Total cash and bank balances	7,356,446,493	5,988,840,226
Less: bank deposits with maturity more than twelve months classified as other non current assets	1,478,643,000	2,643,400,000
	<u><u>5,877,803,493</u></u>	<u><u>3,345,440,226</u></u>

* excludes bank deposits given to exchanges by constituents, as margins, on their behalf amounting to Rs. 5,179,711,126 (previous year Rs. 4,794,782,000)

2.17: Short-term loans and advances (unsecured, considered good)

Margins/ deposit with stock exchange and others *	78,547,770	43,658,180
Advance to related parties	2,981,699	-
Receivable from exchanges	2,949,288,329	194,815,122
Other advances	17,761,743	17,308,048
	<u><u>3,048,579,541</u></u>	<u><u>255,781,350</u></u>

* excludes security deposits given to exchanges by constituents, as margins, on their behalf amounting to Rs. 391,834,657 (previous year Rs. 390,980,948)

2.18: Other current assets

Interest accrued but not due	56,239,156	62,151,410
Receivable from clients *	-	871,534,179
Dividend receivable	929,760	6,300
	<u><u>57,168,916</u></u>	<u><u>933,691,889</u></u>

* As per accounting policy, the accounting is done on trade date basis. This figure represents net receivable from clients, pertaining to trades which are settled in next financial year as per exchange mechanism.



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.19: Revenue from operations		
Brokerage earned (gross)	813,929,996	721,044,479
Income from trading in securities	958,871,065	89,833,403
Income from depository and portfolio management services	25,433,312	27,625,369
Dividend earned	115,100,487	26,971,064
Other operating revenues		
Interest earned	933,525,844	843,319,480
Gain on sale of investments (net)	53,679,023	2,736,246
Dividend income on non-current investments	37,636,342	39,778,344
Bad debts recovered	536,253	-
Provisions/ liabilities no longer required written-back	301,253	489,941
	<u><u>2,939,013,575</u></u>	<u><u>1,751,798,326</u></u>
2.20: Other income		
Interest on income-tax refund	11,825,212	-
Profit on sale of fixed assets (net)	50,945	124,487
Miscellaneous	252,360	640,479
	<u><u>12,128,517</u></u>	<u><u>764,966</u></u>
2.21: Employee benefits expense		
Salaries and wages	429,488,877	324,361,756
Contribution to provident fund	7,691,219	6,421,661
Gratuity *	6,025,297	6,821,876
Staff welfare	4,548,022	5,080,707
	<u><u>447,753,415</u></u>	<u><u>342,686,000</u></u>

* refer to Note 2.26



Globe Capital Market Limited

Significant accounting policies and notes to the financial statements for the year ended 31 March 2017

(All amounts are in Indian Rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.22: Other expenses		
Communication	28,614,051	30,880,677
Travelling and conveyance	18,183,290	18,111,117
Printing and stationery	2,158,735	2,469,584
Rent #	38,389,904	39,946,021
Rates and taxes (net of recoveries)	2,918,813	1,242,109
Fees and subscription	1,792,021	2,003,729
Bad debts written-off:		
Debts written-off during the year	6,524,257	-
Less: provision made earlier, no longer required written back	<u>6,524,257</u>	<u>-</u>
Provision for doubtful debts	2,332,372	3,266,686
Entertainment/ business promotion	202,939,899	238,275
Brokerage and commission	10,411,765	173,265,672
Electricity	7,165,186	11,571,347
Depository expenses	88,601,714	5,819,084
Exchange charges	1,816,057	81,855,168
Advertisement	14,385,874	2,356,133
Legal and professional *	9,433,198	14,314,095
Repairs and maintenance - others	795,818	9,377,867
Insurance	21,073,994	756,426
Computer and data processing charges	128,500	14,729,566
Donation	14,800,000	661,100
Contributions towards corporate social responsibility **	2,184,284	13,620,000
Festivity expenses	87,197,193	2,692,209
Security transaction tax	4,000,976	105,474,970
Miscellaneous	<u>559,323,644</u>	<u>3,179,231</u>
	<u><u>559,323,644</u></u>	<u><u>537,831,066</u></u>

represents rental expense incurred in respect of office space leased by the Company under operating lease arrangements. These leases are cancellable arrangements that extend for a maximum period of 3 years from their respective dates of inception.

* Audit fees includes (excluding service tax):

As auditors	3,200,000	2,500,000
For tax audit	50,000	50,000
For other matters	1,400,000	1,400,000
Reimbursement of expenses	428,000	418,000
	<u>5,078,000</u>	<u>4,368,000</u>

** refer to Note 2.33

2.23: Finance cost

Interest expense		
- on term loans from bank	52,351,030	-
- on bank overdrafts	88,648,358	86,797,850
- on others	172,051,833	161,094,119
Other borrowing costs		
- discount on commercial papers	67,157,189	76,564,434
- other	85,380,369	35,126,037
	<u>465,588,779</u>	<u>359,582,440</u>



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees)

2.24 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March 2017	As at 31 March 2016
Contingent liabilities		
Claims against the Company not acknowledged as debt (on account of arbitration filed by client)	49,724,570	45,130,570
On account of stamp duty from office of collector of stamp Duty	246,530,566	246,530,566
Commitments		
Guarantee given for borrowing taken by wholly owned subsidiary (refer to Note 2.27)	-	200,000,000

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

2.25 Foreign currency expenditure:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Travelling and conveyance	2,086,573	225,805
Computer and data processing charges	-	6,859
Total	2,086,573	232,664

2.26 Employee benefits

(i) The following table sets out the status of un-funded gratuity plan and the amounts recognized in the Company's financial statements as at 31 March 2017 and 31 March 2016:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
a) Change in present value of obligation		
Present value of obligation at the beginning of the year	30,053,174	25,418,257
Current service cost	4,679,348	4,306,873
Interest cost	2,314,094	1,982,624
Benefit paid	(2,287,535)	(2,186,959)
Actuarial (gain)/ loss on obligation	(968,145)	532,379
Present value of obligations at the end of the year	33,790,936	30,053,174
b) Amount recognized in the Balance Sheet		
Present value of obligations at the end of the year	33,790,936	30,053,174
Net liability recognized in the Balance Sheet #	33,790,936	30,053,174
c) Gratuity cost for the year		
Current service cost	4,479,348	4,306,873
Interest cost	2,314,094	1,982,624
Net actuarial (gain)/ loss recognized in the year	(968,145)	532,379
Net gratuity cost/ (gain) recognized in the Statement of Profit and Loss	6,025,297	6,821,876
d) Assumptions used for actuarial valuation		
Discount rate	6.80%	7.70%
Rate of increase in compensation	5.00%	5.00%
Withdrawal rate	10.00%	10.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

includes current portion Rs.4,938,696 (previous year Rs. 5,669,434) and non-current portion Rs.28,852,240 (previous year Rs. 24,383,740).



Globe Capital Market Limited

Significant accounting policies and notes to the financial statements for the year ended 31 March 2017

(All amounts are in Indian Rupees)

(ii) Experience adjustments

	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Present value of obligation	33,790,936	30,053,174	25,418,257	18,942,805	18,546,571
Surplus/ (Deficit)	(33,790,936)	(30,053,174)	(25,418,257)	(18,942,805)	(18,546,571)
Experience adjustments on plan liabilities	1,250,176	(365,021)	(58,918)	2,323,472	1,456,183

Explanations to assumptions used for actuarial valuation for gratuity

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discount rate has been chosen by reference to market yields on government bonds as at the date of the valuation with reference to the term that matched the liability.

Defined contribution plan

A sum of Rs. 7,691,219 (previous year Rs. 6,421,661) on account of provident fund is recognized as an expense and included in 'contribution to provident fund' in the Statement of Profit and Loss.

2.27 Related party disclosure

a) List of the related parties:

Subsidiary companies/ step-down subsidiary

Globe Commodities Limited
Globe Fincap Limited
Globe Derivatives and Securities Limited
Globe Capital (IFSC) Limited (w.e.f. 9 December 2016)
Globe Comex International DMCC (Dubai, UAE)

Key management personnel #

Yashpal Mendiratta – managing director
Ashok Kumar Agarwal – whole time director

Relatives of key management personnel#

Alka Mendiratta
Alka Agarwal
Arpit Agarwal
Ankit Agarwal
Sahil Mendiratta
Nidhi Aggarwal

Enterprises in which key management personnel and/ or their relatives have significant influence:

A To Z Venture Capital Limited
Rolex Finvest Private Limited #
A To Z Consultants Private Limited #
M. Agarwal Stock Brokers Private Limited
Lakshya Impex Private Limited #
Bolt Synthetic Private Limited
A M Share Brokers Private Limited
Yashpal Mendiratta (HUF) #
Ashok Kumar Agarwal (HUF) #
Globe Capital Foundation

the above parties are also shareholders of the Company



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees)

b) Transactions with related parties

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Brokerage earned		
Globe Commodities Limited	403,763	672,599
Globe Fincap Limited	492,850	768,824
Globe Derivatives and Securities Limited	4,605,684	4,689,332
Others	52,320	47,077
Income from depository services		
Globe Commodities Limited	431,737	909,242
Globe Fincap Limited	29,029	112,931
Globe Derivatives and Securities Limited	6,013	4,057
Others	23,077	14,658
Income from portfolio management services		
M. Agarwal Stock Brokers Private Limited	277,212	140,746
Globe Derivatives and Securities Limited	267,493	77,975
Ankit Agarwal	41,295	-
Sale of shares (held in physical form)		
Globe Derivatives and Securities Limited	5,961	-
Remuneration to directors (inclusive of perquisites)		
Ashok Kumar Agarwal	62,777,892	13,879,392
Yashpal Mendiratta	62,777,892	13,879,392
Reimbursement of expenses		
Globe Commodities Limited	339,488	696,890
Globe Derivatives and Securities Limited	49,785	116,479
Globe Fincap Limited	104,388	160,685
Others	20,100	20,529
Interest expense		
Globe Derivatives and Securities Limited	13,696,089	21,778,470
M. Agarwal Stock Brokers Private Limited	849,349	2,452,382
Globe Commodities Limited	14,399,321	9,994,588
Rent		
Ashok Kumar Agarwal (HUF)	745,800	745,800
Yashpal Mendiratta (HUF)	745,800	745,800
Alka Agarwal	150,000	150,000
Alka Mendiratta	150,000	150,000
A to Z Venture Capital Limited	876,120	876,120
A to Z Consultants Private Limited	588,000	588,000
Lakshya Impex Private Limited	866,160	866,160
Contributions towards corporate social responsibility		
Globe Capital Foundation (refer to Note 2.33)	12,800,000	11,120,000
Investment in subsidiary companies		
Globe Capital (IFSC) Limited	109,999,940	-
Redemption of preference shares in subsidiary company		
Globe Commodities Limited	498,300,000	-



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Balances outstanding as at the year end		
Advance/ margin received from related parties		
Globe Commodities Limited	10,371,863	382,699,255
Globe Derivatives and Securities Limited	703,100,538	453,424,028
M. Agarwal Stock Brokers Private Limited	745,198	784,609
Rolex Finvest Private Limited	1,742,957	538,280
Ashok Kumar Agarwal	2,079,328	-
Advance/ margin recoverable from related parties		
Globe Capital (IFSC) Limited	2,977,251	-
A to Z Venture Capital Limited	4,403	-
Lakshya Impex Private Limited	45	-
Salary, bonus and other payables		
Ashok Kumar Agarwal	18,575,499	2,489,753
Yashpal Mendiratta	18,575,499	2,419,753
Guarantees given		
Globe Fincap Limited	-	200,000,000

Notes:

1. Receivable and payable balances exclude the amount of transactions for the last day trading (except in the case of subsidiaries), if any, settled subsequent to year end and do not include payments made on behalf of constituents.
2. Balances outstanding as at the year-end being advance/ margin received from related parties are presented as net-off debits and credits during the year, being voluminous in nature and in the normal course of business.

2.28 In the opinion of the management, capital market activities comprising brokerage income earned on secondary market transactions done on behalf of clients, services rendered as depository participant and proprietary trading in securities and derivatives is considered as one reportable segment, as envisaged in Accounting Standard 17 'Segment Reporting' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

The Company operates principally within India and does not have operations in economic environments with different risks and returns; hence, it is considered operating in single geographical segment.

2.29 (a) The Board of Directors had earlier decided to delist the Company's equity shares from the Delhi Stock Exchange ('DSE'). Pursuant to SEBI pronouncement on 'Non-Operational Stock Exchanges', DSE vide letter dated 29 September 2014 had sought Company's decision out of the options available. After evaluating the various options available and on receipt of a letter from DSE, the Company has forwarded them the information as was required for onward submission to the Dissemination Board of BSE. During the previous year, DSE vide its letter dated 18 May 2015 informed the Company that it has been transferred to the Dissemination Board of the Bombay Stock Exchange. Further, it also mentioned that the Company is not required to comply with listing agreement made with DSE and not required to pay the listing fee from 1 April 2015 onwards. The Company has informed SEBI that in its board meeting held on 29 October 2015, the Board has decided not to go for direct listing on any other exchange, and to provide the investors/ public shareholders exit opportunity as mutually agreed in accordance with applicable laws.

(b) During the current year, the Board of Directors in their meeting held on 31 May 2016 had recommended to buy back 3,700,000 equity shares at the rate of Rs. 302/- per share from the public shareholders on proportionate basis and the same had been approved by the share holders in their meeting on 27 June 2016. Consequently, the relevant shareholders had tendered 3,700,000 equity shares through tender offer for Buy Back and after paying off the consideration of Rs. 1,117,400,000 to the shareholders, the Company extinguished the tendered equity share capital.



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees)

2.30 Terms of the borrowings

ICICI bank term loan is secured by first pari-passu charge over receivables of the Company, also pledged by part shares held by the Company. Kotak Mahindra Investments Limited term loans is secured by pledge of part of total share capital of the Company, also personal guarantee has been given by two directors.

Following are the details of certain pertinent terms and conditions of the borrowings for the year ended 31 March 2017 and year ended 31 March 2016:

Funder	Facility and rate of interest	Amount outstanding		Repayment terms			Interest payment terms
		As at 31 March 2017		Installment	Periodicity	Start date	Periodicity
		Long term maturity	Current maturity				
ICICI Bank	Term loan 10%	490,000,000	140,000,000	20	Quarterly	31 Dec 2016	Monthly
Kotak Mahindra Investments Limited	Term loan 9.25%	343,750,000	125,000,000	16	Quarterly	4 Feb 2017	Monthly
Total		833,750,000	265,000,000				

Note: There were no term loans as at 31 March 2016.

2.31 Basic and diluted earnings per share

- (a) Basic and diluted earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year:

Description	For the year ended 31 March 2017	For the year ended 31 March 2016
Net profits attributable to equity shareholders (A)	1,013,526,916	344,708,262
Weighted average number of equity shares (B)	30,602,637	32,812,500
Basic and diluted earnings per equity share of the face value of Rs. 10 each (C = A/B)	33.12	10.51

- (b) Reconciliation of weighted average number of equity shares for the year ended 31 March 2017:

Description	Number of shares	Weighted average number of shares
Equity shares of face value of Rs. 10 per share from:		
- 1 April 2016 to 31 March 2017	32,812,500	32,812,500
Less: shares buy back		
- 26 August 2016 to 31 March 2017	3,700,000	2,209,863
Total	29,112,500	30,602,637

- (c) Reconciliation of weighted average number of equity shares for the year ended 31 March 2016:

Description	Number of shares	Weighted average number of shares
Equity shares of face value of Rs. 10 per share from:		
- 1 April 2015 to 31 March 2016	32,812,500	32,812,500
Total	32,812,500	32,812,500



Globe Capital Market Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees)

2.32 Disclosure on specified bank notes (SBNs)

Disclosure in respect of the specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of SBN held and transacted during the period from 08 November 2016 to 30 December 2016 is tabulated below:

Particulars	SBNs *	Other Denomination Notes	Total
Closing cash in hand as on 8 November 2016	478,500	19,436	497,936
Add: Permitted receipts	-	570,000	570,000
Less: Permitted payments	-	(161,439)	(161,439)
Less: Amount deposited in Banks	(478,500)	-	(478,500)
Closing cash in hand as on 30 December 2016	-	427,997	427,997

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated 08 November 2016.



Globe Capital Market Limited
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2.33 Pursuant to Section 135 of the Companies Act, 2013 the Company has incurred expenditure (paid) in respect of corporate social responsibility as follows:

a) Gross amount required to be spent by the Company during the year: Rs. 14,786,286.

b) Amount Spent during the year on:

Particulars	(Amount in Rs.)		
	In Cash	Yet to be paid in cash	Total
(i) Construction/Acquisition of Assets	- (-)	- (-)	- (-)
(ii) On purpose other than (i) above	14,800,000 (13,620,000)	- (-)	14,800,000 (13,620,000)
Total	14,800,000 (13,620,000)		14,800,000 (13,620,000)

(Figures in bracket represents previous year numbers)

c) During the current year, the Company has made contributions amounting to Rs 12,800,000 (previous year Rs. 11,120,000) to a Public Charitable Trust 'Globe Capital Foundation' (a related party as per AS-18).

As per our report of even date attached.

For B S R & Co. LLP
 Chartered Accountants
 FRN: 101248W/W-100022


Jiten Chopra
 Partner
 Membership No.: 092894

For P.C. Bindal & Co.
 Chartered Accountants
 FRN: 003824N


K. C. Gupta
 Partner
 Membership No.: 088638

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


Amit Kumar Singhal
 Chief Financial Officer

Place: Gurgaon
 Date: 28 April 2017

Place: New Delhi
 Date: 28 April 2017

Place: New Delhi
 Date: 28 April 2017