

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Edelweiss Securities (IFSC) Limited**

### Opinion

We have audited the accompanying special purpose financial statements (accompanying financial statements) of Edelweiss Securities (IFSC) Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year than ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Financial Statements"). This Special Purpose Financial Statement is prepared for the purpose of preparation of consolidated financial statements for the year ended March 31, 2019 for Edelweiss Financial Service Limited Reporting (Ultimate Holding Company) under Ind-AS.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date and the basis of accounting described in Note 2 to the accompanying Special Purpose Financial Statements.

### Basis for Opinion

We conducted our audit of Special Purpose Financial Statements of the Company in accordance with the Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

### Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements of the Company

The Company's management is responsible for the preparation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the basis of accounting described in Note 2 to the accompanying Special Purpose Financial Statements. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Company for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements of the Company, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management of the Company and those charged with governance are also responsible for overseeing the Company's financial reporting process.



### **Auditor's Responsibility for Special Purpose Financial Statements of the Company**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements of the Company.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Other matters - restriction of use**

The Company has prepared a separate set of financial statements for the year ended March 31, 2019 which is prepared in accordance with Division III of Schedule III of the Companies Act, 2013 ("the Act") and Indian Accounting Standards (Ind-AS) prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended, on which we issued a separate auditor's report to the members of the Company dated May 10, 2019.

The comparative Ind AS financial statements of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 1, 2017, included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements' prepared in accordance with the Companies (Accounting Standards) Rules 2006, have been audited by us and have expressed an unmodified opinion on those statements vide report dated April 23, 2018 and May 12, 2017 for the year ended March 31, 2018 and March 31, 2017 respectively, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.



This report is issued at the request of the Company and is intended solely for the information and use of the ABC Limited for its reporting of Consolidated audited financial results for the year ended March 31, 2019 to Edelweiss Financial Service Limited ('Ultimate Parent Company'), and is not intended to be and should not be used for any other purpose or by anyone other than the specified parties without our prior written consent.

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



**R.P. Soni**  
Partner  
Membership Number: 104796



Place: Mumbai  
Date: May 10, 2019

# Edelweiss Securities (IFSC) Limited

## Balance Sheet

(Currency : Indian rupees)

	Note	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	7	30,669,803	98,150,377	101,738,660
Bank balances other than cash and cash equivalents	8	84,309,316	39,284,355	-
Other financial assets	9	15,874,374	13,230,044	18,154,808
		<u>130,853,493</u>	<u>150,664,776</u>	<u>119,893,468</u>
<b>Non-financial assets</b>				
Current tax assets (net)		90,351	-	-
Property, Plant and Equipment	10	9,766,630	2,684,130	-
Other intangible assets	11	3,937,074	3,206,657	-
Other non- financial assets	12	2,150,629	1,720,049	50,000
		<u>15,944,684</u>	<u>7,610,836</u>	<u>50,000</u>
<b>TOTAL ASSETS</b>		<u><b>146,798,177</b></u>	<u><b>158,275,612</b></u>	<u><b>119,943,468</b></u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Trade payables</b>				
Total outstanding dues of micro enterprises and small enterprises	32	979,194	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,590,379	4,394,339	38,100
Borrowings (other than debt securities)	13	-	6,974,036	6,565,425
Other financial liabilities	14	15,905,896	11,294,546	9,794,820
		<u>21,475,469</u>	<u>22,662,921</u>	<u>16,398,345</u>
<b>Non-financial liabilities</b>				
Provisions	15	48,930	1,049,387	-
Other non-financial liabilities	16	184,786	202,002	6,500
		<u>233,716</u>	<u>1,251,389</u>	<u>6,500</u>
<b>Equity</b>				
Equity share capital	17	147,341,440	147,341,440	108,461,440
Other equity		(22,252,448)	(12,980,138)	(4,922,817)
		<u>125,088,992</u>	<u>134,361,302</u>	<u>103,538,623</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>146,798,177</b></u>	<u><b>158,275,612</b></u>	<u><b>119,943,468</b></u>

The accompanying notes are an integral part of the financial statements

1 to 33

As per our report of even date attached.

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



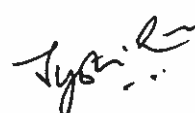
R. P. Soni  
Partner  
Membership No.: 104796



Mumbai  
10 May 2019

For and on behalf of the Board of Directors

  
Udit Sureka  
Director  
DIN : 02190342

  
Jyoti Rai  
Director  
DIN : 07091343

  
Sharad Sharma  
Chief Financial Officer

  
Chirag Thakkar  
Company Secretary

10 May 2019

# Edelweiss Securities (IFSC) Limited

## Statement of Profit and Loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue from operations</b>			
Interest income	18	1,851,704	255,529
Fee and commission income	19	997,716	182,262
<b>Other income</b>		-	(2,334)
<b>Total Revenue</b>		<b>2,849,420</b>	<b>435,457</b>
<b>Expenses</b>			
Finance costs	20	78,526	431,430
Employee benefits expense	21	5,402,853	4,252,848
Depreciation, amortisation and impairment	10 & 11	3,923,839	638,188
Other expenses	22	11,430,733	3,566,660
<b>Total expenses</b>		<b>20,835,951</b>	<b>8,889,126</b>
<b>Loss before tax</b>		<b>(17,986,531)</b>	<b>(8,453,669)</b>
<b>Tax expenses</b>		-	-
<b>Loss for the year</b>		<b>(17,986,531)</b>	<b>(8,453,669)</b>
<b>Other Comprehensive Income</b>			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / loss on defined benefit plans		4,041	-
(b) Items that will be reclassified to profit or loss			
Foreign Exchange Translation Reserve		8,710,180	396,348
<b>Other Comprehensive Income (a+b)</b>		<b>8,714,221</b>	<b>396,348</b>
<b>Total Comprehensive Income</b>		<b>(9,272,310)</b>	<b>(8,057,321)</b>
<b>Earnings per equity share:</b>			
Basic and diluted (face value of Rs. 10 each)	24	(1.22)	(0.78)

The accompanying notes are an integral part of the financial statements

1 to 33

As per our report of even date attached.

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

R. P. Soni  
Partner  
Membership No.: 104796



Mumbai  
10 May 2019

For and on behalf of the Board of Directors

  
Udit Sureka  
Director  
DIN : 02190342

  
Jyoti Rai  
Director  
DIN : 07091343

  
Sharad Sharma  
Chief Financial Officer

  
Chirag Thakkar  
Company Secretary

10 May 2019

# Edelweiss Securities (IFSC) Limited

## Statement of changes in Equity

For the year ended 31 March 2019

(Currency: Indian rupees)

Particulars	Equity Share Capital	Other Equity		Total
		Reserves and surplus	Other comprehensive Income	
		Retained earnings	Foreign exchange translation reserve	
Balance at 1 April 2017 (Indian GAAP)	108,461,440	(209,631)	(4,316,838)	103,934,971
Ind AS adjustments	-	(4,713,186)	4,316,838	(396,348)
Loss for the year	-	(8,453,669)	-	(8,453,669)
Other comprehensive income	-	-	396,348	396,348
<b>Total Comprehensive Income for the year</b>	-	<b>(8,453,669)</b>	<b>396,348</b>	<b>(8,057,321)</b>
Issue of equity share	38,880,000	-	-	38,880,000
<b>Balance at 31 March 2018</b>	<b>147,341,440</b>	<b>(13,376,486)</b>	<b>396,348</b>	<b>134,361,302</b>
Loss for the year	-	(17,986,531)	-	(17,986,531)
Other comprehensive income	-	-	8,710,180	8,710,180
Remeasurement gain / loss on defined benefit plans (OCI)	-	4,041	-	4,041
<b>Total Comprehensive Income for the year</b>	-	<b>(17,982,490)</b>	<b>8,710,180</b>	<b>(9,272,310)</b>
<b>Balance at 31 March 2019</b>	<b>147,341,440</b>	<b>(31,358,976)</b>	<b>9,106,528</b>	<b>125,088,992</b>

### Other Equity

#### Notes :

#### Foreign Exchange Translation Reserve

The functional currency of the Company is United states Dollars. These financial statements are prepared and presented in INR which is the functional currency of the Ultimate Parent Entity, for the purposes of consolidation. Foreign Exchange Translation reserve represents the exchange difference arising on translation difference arising on conversion of financial statements from functional currency to the presentation currency.

As per our report of even date attached

For **NGS & Co. LLP**

Chartered Accountants

Firm Registration No.: 119850W



**R. P. Soni**

Partner

Membership No.: 104796



For and on behalf of the Board of Directors



**Udit Sureka**

Director

DIN : 02190342



**Jyoti Rai**

Director

DIN : 07091343



**Sharan Sharma**

Chief Financial Officer



**Chirag Thakkar**

Company Secretary

Mumbai

10 May 2019

10 May 2019

# Edelweiss Securities (IFSC) Limited

## Cash Flow Statement

(Currency: Indian rupees)

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>A Cash flow from operating activities</b>		
Loss before taxation	(17,986,531)	(8,453,669)
Adjustments for		
Depreciation and amortization expenses	3,923,839	638,188
Provision for employee benefits	(37,070)	125,318
Interest expense	74,082	426,939
<b>Operating cash flow before working capital changes</b>	<b>(14,025,680)</b>	<b>(7,263,224)</b>
Add / (Less): Adjustments for working capital changes		
(Increase) in financial assets	(47,669,291)	(27,625,792)
Decrease in other non-financial assets	(430,580)	-
Increase in loans and advances	-	(8,366,800)
Decrease in trade payables	1,175,234	4,356,239
Decrease in other financial liabilities	4,611,350	1,615,091
(Increase) / decrease in other non-financial liabilities	(976,562)	924,069
<b>Cash used in operations</b>	<b>(57,315,529)</b>	<b>(36,360,417)</b>
Income taxes paid	(90,351)	-
<b>Net cash used in operating activities - A</b>	<b>(57,405,880)</b>	<b>(36,360,417)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed asset	(11,737,216)	(6,534,884)
<b>Net cash used in investing activities - B</b>	<b>(11,737,216)</b>	<b>(6,534,884)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of ordinary shares	-	38,880,000
Repayment of short term borrowings	(6,504,410)	-
Interest paid on short term borrowings	(543,708)	-
<b>Net cash (used in) / generated from financing activities - C</b>	<b>(7,048,118)</b>	<b>38,880,000</b>
<b>D Foreign exchange translation reserve - D</b>	<b>8,710,640</b>	<b>427,018</b>
<b>Net decrease in cash and cash equivalents (A+B+C+D)</b>	<b>(67,480,574)</b>	<b>(3,588,283)</b>
Cash and cash equivalent as at the beginning of the year	98,150,377	101,738,660
Cash and cash equivalent as at the end of the year (refer note 7)	30,669,803	98,150,377

As per our report of even date attached

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


R. P. Soni  
Partner  
Membership No.: 104796



Mumbai  
10 May 2019

For and on behalf of the Board of Directors

  
Udit Sureka  
Director  
DIN : 02190342

  
Jyoti Rai  
Director  
DIN : 07091343

  
Sharad Sharma  
Chief Financial Officer

  
Chirag Thakkar  
Company Secretary

10 May 2019



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 1. Background

Edelweiss Securities (IFSC) Limited ('the Company') was incorporated on 23<sup>rd</sup> December 2016 and it is wholly owned subsidiary of Edelweiss Financial Services Limited.

The business of the Company is to provide brokerage and clearing services. The Company is registered with Securities and Exchange Board of India (SEBI) as broker and having membership of India International Exchange (INDIA INX), India International Clearing Corporation (INDIA ICC), and National Stock Exchange International Financial Services Centre (NSE IFSC) & National Stock Exchange International Financial Services Centre Clearing Corporation (NSE IFSC CC) as A Trading & Clearing Member.

### 2. Basis of preparation of financial statements and Functional Currency

The financial statements of the Company has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The Company being a company in Gity city of India, prepares its financial statements in USD which is its Functional currency. However for consolidation purpose, the company presents these financial statements in INR, which is the functional currency of the ultimate holding company.

The assets and liabilities are translated into INR at the spot rate of exchange prevailing at the reporting date and their statement of profit and loss are translated at average exchange rate prevailing during the year. The exchange differences arising on translation are recognised in OCI and accumulated as a separate component of other equity.

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31<sup>st</sup> March 2019 are the first financial statements of the Company prepared under Ind AS. Refer to note 33 for information on how the Company adopted Ind AS.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and other financial assets held for trading, which have been measured at fair value. The Financial Statements are presented in Indian Rupees (INR).





# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 3. Presentation of financial statements

These financial statements are Special Purpose Indian Accounting Standards (Ind-AS) Financial Statement prepared in Indian Rupees (INR) for the purpose of preparation of consolidated financial statements for the year ended March 31, 2019 for Edelweiss Financial Service Limited for its reporting of Consolidated audited financial results under Ind-AS Division III of Schedule III of the Companies Act, 2013. The Company has prepared a separate set of financial statements for the year ended March 31, 2019 in Indian rupees in Millions, which is prepared in accordance with Division III of Schedule III and Ind-AS prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 27.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

### 4. Significant accounting policies

#### 4.1 Recognition of Interest

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and debt instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

#### 4.2 Financial Instruments

##### 4.2.1 Date of recognition

Financial assets and financial liabilities, with the exception of borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. The Company recognises borrowings when funds are available for utilisation to the Company.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.2 Financial Instruments (continued)

##### 4.2.2 Initial measurement of financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### 4.2.3 Day 1 profit or loss

When the transaction price of the financial instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised

#### 4.3 Classification of financial instruments

##### 4.3.1 Financial assets:

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The Company measures debt financial assets that meet the following conditions at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- The financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.3 Classification of financial instruments (continued)

##### 4.3.1 Financial assets: (continued)

##### 4.3.1.1 Amortized cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

##### 4.3.1.2 Financial assets held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Financial assets designated at FVTPL.

##### 4.3.2 Financial liabilities

All financial liabilities are measured at amortised cost except loan commitments, financial guarantees, and derivative financial liabilities.

##### 4.3.2.1 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.3 Classification of financial instruments (continued)

##### 4.3.2 Financial liabilities (continued)

##### 4.3.2.2 Financial assets and Financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or
- The liabilities are part of a Company of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.
- Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.3 Classification of financial instruments (continued)

##### 4.3.2 Financial liabilities (continued)

##### 4.3.2.3 Financial liabilities and equity instruments

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### 4.4 Reclassification of financial assets and financial liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

#### 4.5 Derecognition of financial assets and financial liabilities

##### 4.5.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.5 Derecognition of financial assets and financial liabilities (continued)

##### 4.5.2 Derecognition of financial assets (other than due to substantial modification)

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.5 Derecognition of financial assets and financial liabilities (continued)

##### 4.5.3 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability. The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, would be recognised in profit or loss.

#### 4.6 Impairment of financial assets

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitment, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and lease receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables. However if receivables contain a significant financing component, the Company chooses as its accounting policy to measure the loss allowance by applying general approach to measure ECL.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk (SICR) since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (12m ECL). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.





# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.6 Impairment of financial assets (continued)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default (EAD), for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

If a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Company cannot separately identify the ECL on the loan commitment component from those on the financial asset component, the ECL on the loan commitment have been recognised together with the loss allowance for the financial asset. To the extent that the combined ECL exceeds the gross carrying amount of the financial asset, the ECL have been recognised as a provision. Also, for other loan commitments and all financial guarantee contracts, the loss allowance has been recognised as a provision.

#### 4.7 Write off

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery.

#### 4.8 Determination of fair value

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.8 Determination of fair value (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments –Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.9 Revenue from contract with customer

Revenue is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Company excludes the estimates of variable consideration that are constrained.

- a. Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is reflected net of related sub-brokerage expenses, goods and service tax ("GST"), transaction charges and stock exchange expenses.

#### 4.10 Operating leases

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, in which case lease payments are recognized based on contractual terms. Contingent rental payable is recognized as an expense in the period in which it is incurred

#### 4.11 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

#### 4.12 Foreign currency transactions

Transactions in foreign currencies other than functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.13 Retirement and other employee benefit

##### Provident fund and national pension scheme

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

##### Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method. Benefits in respect of gratuity are funded with an Insurance company approved by Insurance Regulatory and Development Authority (IRDA).

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods

##### Compensated Absences

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge in the statement of profit and loss and corresponding liability on such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits is determined using the projected unit credit method.

#### 4.14 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent costs incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives. Depreciation is provided on a written down value basis (except otherwise mentioned) from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.14 Property, plant and equipment (continued)

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

Estimated useful lives of the assets are as follows:

Nature of assets	Estimated useful life
Furniture and fixtures	10 years
Office Equipment	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

For transition to Ind AS, the Company has elected to continue with carrying value of all of its property, plant and equipment recognised as of 1 April 2017 (transition date) measured as per the previous Indian GAAP notified by MCA rules 2006 and use that carrying value as its deemed cost as of the transition date.

#### 4.15 Intangible assets

The Company's intangible assets mainly include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life.

Intangibles such as software is amortised over a period of upto 3 years based on its estimated useful life.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.16 Impairment of non-financial assets

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

#### 4.17 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

#### 4.18 Provisions and other contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.





# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 4. Significant accounting policies (continued)

#### 4.19 Income tax expenses

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### 4.19.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### 4.19.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are also recognised with respect to carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

##### 4.19.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.





# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 5.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

##### 5.1.1 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Companies of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the quantum, the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

##### 5.1.2 Significant increase in credit risk

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Ind AS 109 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 5. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### 5.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### 5.2.1 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

##### 5.2.2 Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Probabilities of defaults (PDs) the calculation of which includes historical data, assumptions and expectations of future conditions.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss model basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, exposure at defaults and loss given defaults (LGDs)
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It is Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 5. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### 5.2.3 Effective interest rate method

The Company's EIR methodology, as explained in note 4.3.1.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of characteristics of the product life cycle

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes fee income/expense that are integral parts of the instrument.

#### 5.2.4 Accounting for deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has recognised deferred tax assets on carried forward tax losses where the Company believes that the said deferred tax assets shall be recoverable based on the estimated future taxable income which in turn is based on approved business plans and budgets. The losses are allowed to be carried forward to the years in which the Company expects that there will be sufficient taxable profits to offset these losses.

### 6. Standards issued but not yet effective

#### 6.1 Ind AS 116 Leases:

Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The application of this standard is not likely to have a material impact on the Financial Statements.

#### 6.2 Prepayment Features with Negative Compensation (Amendments to Ind AS 109)

The amendments to Ind AS 109 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. These amendments are to be applied for annual periods beginning on or after 1 April, 2019.

The application of these amendments is not likely to have a material impact on the Financial Statements.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 6. Standards issued but not yet effective (*continued*)

#### 6.3 Annual Improvements to Ind AS (2018)

##### 6.3.1 Ind AS 12 Income taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. These amendments are to be applied for annual periods beginning on or after 1 April 2019.

#### 6.4 Plan Amendment, Curtailment or Settlement (Amendments to Ind AS 19)

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). The change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

An entity is also now required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under Ind AS 19 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

These amendments are to be applied to plan amendments, curtailments or settlements occurring on or after 1 April 2019.

The application of these amendments is not likely to have a material impact on the Financial Statements.

#### 6.5 Uncertainty over Income Tax Treatments (Appendix C of Ind AS 12)

This Appendix sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Appendix requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a Company; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Appendix is effective for annual periods beginning on or after 1 April 2019. Entities can apply the Appendix with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>7 Cash and cash equivalents</b>			
- in current accounts	30,669,803	98,150,377	101,738,660
	<b>30,669,803</b>	<b>98,150,377</b>	<b>101,738,660</b>
<b>8 Bank balances other than cash and cash equivalents</b>			
Accrued interest on fixed deposits	1,303,756	257,895	-
- Short term deposits with banks (*)	83,005,560	39,026,460	-
(other bank deposits with maturity less than 12 months)			
	<b>84,309,316</b>	<b>39,284,355</b>	<b>-</b>
(*) Out of above, short term deposits amounting to Rs. 41,502,780 (2018: 39,026,460) have been pledged with exchanges for meeting margin requirement .			
<b>9 Other financial assets</b>			
(Unsecured considered good, unless stated otherwise)			
Deposits placed with/ for exchange	13,939,401	13,107,688	6,483,860
Rental deposits	1,695,353	-	-
Deposits- others	235,810	15,923	-
Receivable from exchange /clearing house (net)	2,747	49,433	-
Margin placed with broker	-	-	11,670,948
Advances recoverable in cash or in kind or for value to be received	1,063	57,000	-
	<b>15,874,374</b>	<b>13,230,044</b>	<b>18,154,808</b>



## Edelweiss Securities (IFSC) Limited

Notes to the financial statements  
For the year ended 31 March 2019  
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### 10 Property, Plant and Equipment

Description of Assets	Gross Block			Accumulated Depreciation and Impairment					Net Block		
	As at 1 April 2018	Additions during the year	Disposals during the year	Other adjustments	As at 31 March 2019	As at 1 April 2018	Charge for the year	Disposals during the year	Other adjustments (*)	As at 31 March 2019	As at 31 March 2019
Leasehold Premises	515,246	548,921	-	-	1,064,167	18,367	112,429	-	(15)	130,781	933,386
Furnitures & Fixtures	370,284	23,496	-	-	393,780	17,489	89,635	-	267	107,391	286,389
Office Equipments	205,244	168,118	-	-	373,362	16,878	111,696	-	(248)	128,328	245,036
Computers	1,805,177	8,969,423	-	-	10,774,600	159,087	2,327,498	-	(13,804)	2,472,781	8,301,819
Total	2,895,951	9,709,958	-	-	12,605,909	211,821	2,641,258	-	(13,800)	2,839,279	9,766,630

Description of Assets	Gross Block				Accumulated Depreciation and Impairment					Net Block	
	As at 1 April 2017	Additions during the year	Disposals during the year	Other adjustments	As at 31 March 2018	As at 1 April 2017	Charge for the year	Disposals during the year	Other adjustments (*)	As at 31 March 2018	
Leasehold Premises	-	515,246	-	-	515,246	-	18,199	-	168	18,367	496,879
Furniture & Fixtures	-	370,284	-	-	370,284	-	17,329	-	160	17,489	352,795
Office Equipments	-	205,244	-	-	205,244	-	16,723	-	155	16,878	188,366
Computers	-	1,805,177	-	-	1,805,177	-	157,627	-	1,460	159,087	1,646,090
Total	-	2,895,951	-	-	2,895,951	-	209,878	-	1,943	211,821	2,684,130

(\*) Other adjustment represent movement in foreign exchange difference arising due to conversion from functional currency to presentation currency.



## Edelweiss Securities (IFSC) Limited

Notes to the financial statements  
For the year ended 31 March 2019  
(Currency: Indian rupees)

### 11 Other Intangible Assets

Description of Assets	Gross Block				Accumulated Depreciation and Impairment				Net Block	
	As at 1 April 2018	Additions during the year	Disposals during the year	Other adjustments	As at 31 March 2019	As at 1 April 2018	Charge for the year	Disposals during the year	Other adjustments (*)	As at 31 March 2019
Software	3,638,933	2,027,258	-	-	5,666,191	432,276	1,282,581	-	14,260	1,729,117
										3,937,074
Total	3,638,933	2,027,258	-	-	5,666,191	432,276	1,282,581	-	14,260	1,729,117
										3,937,074

Description of Assets	Gross Block			Accumulated Depreciation and Impairment				Net Block	
	As at 1 April 2017	Additions during the year	Disposals during the year	Other adjustments	As at 31 March 2018	Charge for the year	Disposals during the year	Other adjustments (*)	As at 31 March 2018
Software	-	3,638,933	-	-	3,638,933	428,310	-	3,966	3,208,657
Total	-	3,638,933	-	-	3,638,933	428,310	-	3,966	3,208,657

(\*) Other adjustment represent movement in foreign exchange difference arising due to conversion from functional currency to presentation currency.





# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>12 Other non-financial assets</b>			
(Unsecured Considered good, unless stated otherwise)			
Input tax credit	454,799	101,768	-
Advances to others	1,156,090	1,618,281	50,000
Prepaid expenses	462,203	-	-
Advances recoverable in cash or in kind or for value to be received	77,537	-	-
	<b>2,150,629</b>	<b>1,720,049</b>	<b>50,000</b>



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>13 Borrowings (other than debt securities)</b>			
Short-term borrowings - at amortised cost			
<u>Unsecured</u>			
Loan from Holding Company including interest accrued	-	6,974,036	6,565,425
	-	6,974,036	6,565,425

The loan from Holding Company is a variable interest rate loan taken in India at prevailing quaterly average Government of India Securities yield ranging from Nil (2018 : 6.25% to 6.53% p.a. ) and for a tenure of one year from the date of loan.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>14 Other financial liabilities</b>			
Accrued salaries and benefits	1,767,347	1,637,922	-
Payable to exchange / clearing house (net)	29,952	37,048	-
Payable to client (net)	14,108,597	9,619,576	9,794,820
	<b>15,905,896</b>	<b>11,294,546</b>	<b>9,794,820</b>
<b>15 Provisions</b>			
Provision for employee benefits			
Gratuity	25,000	106,000	-
Compensated leave absences	23,930	77,477	-
Others			
Provision for capital expenditure	-	865,910	-
	<b>48,930</b>	<b>1,049,387</b>	<b>-</b>
<b>16 Other non-financial liabilities</b>			
Withholding taxes, Goods and service tax and other taxes payable	184,786	201,172	6,500
Others	-	830	-
	<b>184,786</b>	<b>202,002</b>	<b>6,500</b>



## Edelweiss Securities (IFSC) Limited

Notes to the financial statements  
For the year ended 31 March 2019  
(Currency: Indian rupees)

### 17 Equity share capital

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(a) Authorised : 15,000,000 equity shares of Rs. 10 each	150,000,000	150,000,000	150,000,000
(b) Issued, Subscribed and Paid up: 14,734,144 (2018 : 14,734,144) equity shares of Rs. 10 each, fully paid-up (The entire share capital is held by Edelweiss Financial Services Limited, the holding Company and its nominees)	147,341,440	147,341,440	108,461,440
	147,341,440	147,341,440	108,461,440

### (c) Movement in share capital :

	31 March 2019		31 March 2018		1 April 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	14,734,144	147,341,440	10,846,144	108,461,440	-	-
Issued during the year	-	-	3,888,000	38,880,000	10,846,144	108,461,440
As at the end of the year	14,734,144	147,341,440	14,734,144	147,341,440	10,846,144	108,461,440

### (d) Terms/rights attached to ordinary shares

The Company has only one class of equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of ordinary shares held by the shareholders. The Company has only one class of ordinary shares. Each holder of ordinary shares is entitled to one vote per share held. Dividend declared by the Company, if any will be paid in United States Dollars.



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>18 Interest income</b>		
On financial assets measured at amortised cost		
- Interest on deposits with bank		
On fixed deposits	1,847,385	255,529
- Other interest income		
Interest income - others	4,319	-
	<b>1,851,704</b>	<b>255,529</b>

<b>19 Fee income</b>		
Income from broking (refer note below)	997,716	182,262
	<b>997,716</b>	<b>182,262</b>

Below is the disaggregation of the revenue from contracts with customers and its reconciliation to amounts reported in statement of profit and loss:

Particulars	2019	2018
Service transferred at a point in time	997,716	182,262
Service transferred over time	-	-
<b>Total</b>	<b>997,716</b>	<b>182,262</b>



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>20 Finance costs</b>		
<b>Interest on financial liabilities measured at amortised cost</b>		
- Interest on borrowings		
Interest on loan from holding Company	74,082	426,939
- Other interest expense		
Interest - others	4,444	952
Financial and bank charges	-	3,539
	<b>78,526</b>	<b>431,430</b>
<b>21 Employee benefit expenses</b>		
Salaries wages and Bonus	5,141,794	4,013,783
Contribution to provident and other funds	268,431	140,143
Staff welfare expenses	(7,372)	98,922
	<b>5,402,853</b>	<b>4,252,848</b>
<b>22 Other expenses</b>		
Advertisement and business promotion	-	3,541
Auditors' remuneration (refer note 22.1)	69,927	64,512
Communication	958,871	291,372
Computer expenses	697,236	101,273
Computer software	2,690,580	7,881
Dematerialisation charges	30,742	96,088
Electricity charges	279,857	47,859
Foreign exchange loss (net)	859,174	-
Legal and professional fees	1,428,440	1,283,149
Membership and subscription	303,935	175,651
Office expenses	1,277,818	87,428
Rates and taxes	1,206	99,432
Rent	966,677	321,929
Repairs and maintenance	570,393	318,243
Goods and service tax expenses	-	46,028
Stamp duty	13,420	214,827
Travelling and conveyance	707,467	407,453
Miscellaneous expenses	28,143	(6)
Housekeeping and security charges	546,847	-
	<b>11,430,733</b>	<b>3,566,660</b>
<b>22 Other expenses</b>		
<b>22.1 Auditors remuneration:</b>		
For statutory audit and limited review	62,554	64,512
For others	7,373	-
	<b>69,927</b>	<b>64,512</b>

### 22.2 Cost Sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads include reimbursements paid based on the management's best estimate.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 23. Income tax disclosure

The components of income tax expense for the years ended are:

Particulars	2018-19	2017-18
Current tax	-	-
Deferred tax	-	-
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

### Reconciliation of total tax charge

Particulars	2018-19	2017-18
Accounting profit before tax as per financial statements	(17,986,531)	(8,453,669)
Tax rate (in percentage)	26%	26%
Income tax expense calculated based on this tax rate	(4,676,498)	(2,197,954)
Adjustment in respect of current income tax of prior years		
Others	4,676,498	2,197,954
<b>Tax charge for the year recorded in P&amp;L</b>	<b>-</b>	<b>-</b>





# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 24. Earning per share

Particulars	2019	2018
a) <b>Shareholders earnings</b> (as per statement of profit and loss)	<b>(17,986,531)</b>	<b>(8,453,669)</b>
Net Profit available to equity shareholders for the purpose of calculating basic	(17,986,531)	(8,453,669)
Calculation of weighted average number of equity shares of Rs. 10		
b) each:		
– Number of shares at the beginning of the year	14,734,144	10,846,144
– Number of shares issued during the year	-	3,888,000
Total number of equity shares outstanding at the end of the year	14,734,144	14,734,144
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	14,734,144	10,888,752
c) Number of dilutive potential equity shares	-	-
d) Basic earnings per share (in Rs.) {a/b}	(1.22)	(0.78)
e) Diluted earnings per share (in Rs.) {a/(b+c)}	(1.22)	(0.78)

### 25. Segment information

The Company has operates in one business segment agency business comprising of broking and clearing services. Therefore, the Company has only one reportable business segment the results of which are disclosed in the financial statements. Further, as the Company operates primarily in India and thus there are no reportable geographical segments.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 26. Retirement benefit plan

#### A) Defined contribution plan (Provident fund and National Pension Scheme):

Amount of Rs. 268,343/- (2018: Rs. 140,047/-) is recognised as expenses and included in "Employee benefit expense" – Note 21 in the statement of Profit and loss.

#### B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the funded and unfunded status and amount recognised in the balance sheet for the gratuity benefit plan.

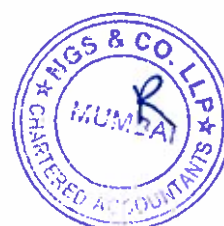
#### Statement of profit and loss

Expenses recognised in the Statement of Profit and Loss:

	2019	2018
Current service cost	21,000	40,551
Interest on defined benefit obligation	1,000	4,000
Expected return on plan assets	-	-
Past service cost	-	4,000
Exchange rate adjustment	-	-
Effect of limiting net assets to asset ceiling	-	-
Actuarial (gain) / losses	-	-
<b>Total included in 'Employee benefits expense</b>	<b>22,000</b>	<b>48,551</b>

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

	2019	2018
Present value of DBO at the beginning of the year	106,000	-
Acquisition/ (Divestiture)	-	-
Transfer (out)/in	(99,000)	57,000
Interest cost	1,000	4,000
Current service cost	21,000	40,551
Benefits paid	-	-
Past service cost	-	4,000
Actuarial (gain)/loss	(4,041)	-
Exchange Rate Adjustment	41	449
<b>Present value of DBO at the end of the year</b>	<b>25,000</b>	<b>106,000</b>



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 26. Retirement benefit plan (continued)

Net liability recognised in the balance sheet:

	2019	2018
Present value of DBO	25,000	106,000
Fair value of plan assets at the end of the year	-	-
Net Liability	(25,000)	(106,000)
Less: Effect of limiting net assets to asset ceiling	-	-
<b>Liability recognized in the balance sheet</b>	<b>(25,000)</b>	<b>(106,000)</b>

Experience adjustments:

	2019	2018
On plan liabilities: loss / (gain)	(4,041)	-
On plan assets: gain / (loss)	-	-
Estimated contribution for next year	-	-

Principal actuarial assumptions at the balance sheet date:

	2019	2018
Discount rate	7%	7.3%
Salary escalation	7%	7%
Employees attrition rate	13%-25%	13%-25%
Expected return on Plan Assets		
Mortality Rate	IALM 2012-14 (Ultimate)	IALM 2006-08 (Ult.)
Expected average remaining working lives of employees	3 Years	5 Years

Percentage Break-down of Total Plan Assets	31-Mar-19	31-Mar-18
Investment Funds with Insurance Company	-	-

Sensitivity Analysis for 2019:

Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1.00%	1.00%	1.00%	1.00%
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	(2,000)	2,000	2,000	(2,000)



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 26. Retirement benefit plan (continued)

Sensitivity Analysis for 2018:

Assumptions	Discount rate		Future salary increases	
	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease
Impact on defined benefit obligation	(8,000)	9,000	9,000	(8,000)

### Movement in Other Comprehensive Income

	31-Mar-19	31-Mar-18
<b>Balance at start of year (Loss)/ Gain</b>	<b>Nil</b>	<b>Nil</b>
Re-measurements on DBO		
a. Actuarial Loss/(Gain) from changes in demographic assumptions	-	-
b. Actuarial Loss/(Gain) from changes in financial assumptions	-	-
c. Actuarial Loss/(Gain) from experience over the past year	<b>4,041</b>	-
Re-measurements on Plan Assets		
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/ (asset)	-	-
<b>Balance at start of year Gain</b>	<b>4,041</b>	-



## Edelweiss Securities (IFSC) Limited

Notes to the financial statements  
For the year ended 31 March 2019  
(Currency: Indian rupees)

### 27. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Assets	31 March 2019			31 March 2018			1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	114,979,119	13,995,347	114,979,119	137,434,732	13,107,688	137,434,732	101,738,660	6,483,860	101,738,660
<b>Financial assets</b>	<b>1,879,027</b>		<b>15,874,374</b>	<b>122,356</b>		<b>13,230,044</b>	<b>11,670,948</b>		<b>18,154,808</b>
Cash and cash equivalents including bank balance									
Other financial assets									
<b>Non-financial assets</b>									
Current tax assets (net)	-	90,351	90,351	-	-	-	-	-	-
Property, plant and equipment	-	9,766,630	9,766,630	-	2,684,130	2,684,130	-	-	-
Capital work-in-progress	-	3,937,074	3,937,074	-	3,206,657	3,206,657	-	-	-
Other non-financial assets	2,150,629	-	2,150,629	1,720,049	-	1,720,049	50,000	-	50,000
<b>Total assets (A)</b>	<b>119,008,775</b>	<b>27,789,402</b>	<b>146,798,177</b>	<b>139,277,137</b>	<b>18,998,475</b>	<b>158,275,612</b>	<b>113,459,608</b>	<b>6,483,860</b>	<b>119,943,468</b>

Liabilities	31 March 2019			31 March 2018			1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	5,569,573	-	5,569,573	4,394,339	-	4,394,339	38,100	-	38,100
<b>Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,974,036</b>	<b>-</b>	<b>6,974,036</b>	<b>6,565,425</b>	<b>-</b>	<b>6,565,425</b>
Trade payables									
Borrowing (other than debt securities)									
Other financial liabilities	15,905,896	-	15,905,896	11,294,546	-	11,294,546	9,794,820	-	9,794,820
<b>Non-financial liabilities</b>	<b>48,930</b>	<b>-</b>	<b>48,930</b>	<b>1,049,387</b>	<b>-</b>	<b>1,049,387</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provisions	184,786	-	184,786	202,002	-	202,002	6,500	-	6,500
Other non-financial liabilities									
<b>Total liabilities (B)</b>	<b>21,709,185</b>	<b>-</b>	<b>21,709,185</b>	<b>23,914,310</b>	<b>-</b>	<b>23,914,310</b>	<b>16,404,845</b>	<b>-</b>	<b>16,404,845</b>
<b>Net (A-B)</b>	<b>97,299,590</b>	<b>27,789,402</b>	<b>125,088,992</b>	<b>115,362,827</b>	<b>18,998,475</b>	<b>134,361,302</b>	<b>97,054,763</b>	<b>6,483,860</b>	<b>103,538,623</b>



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 28. Change in liabilities arising from financing activities

Particulars	1 April 2018	Cash flows	Changes in fair values	Exchange difference	Other*	31 March 2019
Borrowings other than debt securities	6,974,036	(7,048,118)			74,082	-
<b>Total liabilities from financing activities</b>	<b>6,974,036</b>	<b>(7,048,118)</b>	<b>-</b>	<b>-</b>	<b>74,082</b>	<b>-</b>

Particulars	1 April 2017	Cash flows	Changes in fair values	Exchange difference	Other*	31 March 2018
Borrowings other than debt securities	6,565,425	-		(18,328)	426,939	6,974,036
<b>Total liabilities from financing activities</b>	<b>6,565,425</b>	<b>-</b>	<b>-</b>	<b>(18,328)</b>	<b>426,939</b>	<b>6,974,036</b>

\* Includes interest on borrowing charge for the year.

### 29. Contingent liabilities, commitments and leasing arrangements

#### 29.1. Contingent liabilities

The Company has no contingent liabilities (2018: Nil) as at the balance sheet date.

#### 29.2. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for – Rs. Nil (net of advances) (2018: Rs. 92,160)

#### 29.3. Legal Claim

There are no legal claims outstanding against the Company as at 31 March 2019 (2018: Nil). Also, the company has Rs. Nil (2018: Rs. Nil) contingent liabilities as at the balance sheet date.

#### 29.4. Operating leases

The company has taken premises on operating lease. Gross rental expenses for the year ended 31 March 19 aggregated to Rs. 966,677/- (2018: Rs. 321,929/-) which has been included under the head other expenses – Rent – in note 22 of the statement of profit and loss.

There are no future minimum lease payments due on account of non-cancellable operating lease.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 30. Related party disclosures - as required by Ind AS 24—

#### (A) Name of related parties by whom control is exercised

Edelweiss Financial Services Limited Holding company

#### (B) Fellow subsidiaries with whom transactions have taken place during the year/period :

Edelweiss Securities Limited  
Edelweiss Rural & Corporate Services Limited \*\*  
Edelweiss Broking Limited  
Edelweiss Custodial Services Limited  
Edelweiss Comtrade Limited

\*\* With effect from the Appointed Date i.e. 01 August 2018, Edelweiss Business Services Limited, have been merged into Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd). Hence all related party transactions transacted during the year and the outstanding balances thereof, as at the end of the year relating to the Merged are considered to be transacted with Edelweiss Rural & Corporate Services Limited and disclosed accordingly



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

#### 30. Related party disclosures (continued)

##### (C) Transactions and balances with Related Parties:

Sr No.	Nature of transaction	Related party name	For the year ended 31 March 2019	For the year ended 31 March 2018
(I)	<b>Capital account transactions during the year</b>			
	Issue of equity shares to	Edelweiss Financial Services Limited	-	38,880,000
(II)	<b>Current account transactions during the year</b>			
	Short term borrowing repaid to	Edelweiss Financial Services Limited	6,988,888	-
	Interest expenses on loans taken from	Edelweiss Financial Services Limited	74,082	426,939
	Cost reimbursements paid to			
	Office expenses paid to	Edelweiss Rural & Corporate Services Limited	1,023,955	803,964
	Rent and electricity expenses paid to	Edelweiss Rural & Corporate Services Limited	12,802	112,854
		Edelweiss Broking Limited	-	39,080
	Reimbursements paid to			
	Other reimbursements paid to	Edelweiss Rural & Corporate Services Limited	-	529,608
		Edelweiss Custodial Services Limited	1,444	-
		Edelweiss Comtrade Limited	97,556	-
	Reimbursements received from			
	Other receivable	Edelweiss Securities Limited	-	1,000
		Edelweiss Broking Limited	-	56,000
	Nomination deposit received and repaid from	Edelweiss Financial Services Limited	-	300,000
	Remuneration paid to	Hiren Kansara	664,954	157,283
		Chirag Thakkar	311,304	
		Sharad Sharma	175,396	
(III)	<b>Balances with related parties</b>			
	Short-term borrowings from	Edelweiss Financial Services Limited	-	6,504,410
	Accrued interest on loans taken from	Edelweiss Financial Services Limited	-	469,626
	Other advances to be recovered from	Edelweiss Securities Limited	1,063	1,000
		Edelweiss Broking Limited	-	56,000
		Edelweiss Custodial Services Limited	62,700	-
	Trade payable	Edelweiss Financial Services Limited	1,003	-
		Edelweiss Rural & Corporate Services Limited	393,687	606,407
		Edelweiss Custodial Services Limited	97,556	-
		Edelweiss Comtrade Limited	1,444	-
		Edelweiss Broking Limited	-	36,099

#### Notes :

i) Loan given/taken to/from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.

ii) Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity and compensated absences which are provided for group of employees on an overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.





# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 31. Capital management

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines "capital employed" to include all components of shareholders' equity and borrowings. The amount of capital employed at 31 March 2019 by the Company was Rs. 125,088,992 (2018: Rs. 141,335,338).

The Company's capital structure is regularly reviewed and managed having due regard to the capital management practices of the Company. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company, to the extent these do not conflict with the directors' fiduciary duties towards the Company or the requirements of local regulation. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are to be declared.

The Company is required to maintain minimum Networth of USD 1,500,000 with respect to the trading clearing license issued by Securities and Exchange Board of India.

There were no changes in the Company's approach to capital management during the year.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 31.1. Analysis of risk concentration

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The carrying amounts of financial assets in the statement of financial position represent the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of their financial assets.

At the reporting date, there was no significant concentration of credit risk. The maximum credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company's cash and cash equivalents are held with reputed and regulated financial institutions. Other financial assets largely comprise of deposits place with exchanges for trading purposes.

The following table shows the risk concentration by industry for the components of the balance sheet.

Particulars	Financial services		
	31 March 2019	31 March 2018	1 April 2017
<b>Financial assets</b>			
Cash and cash equivalent and other bank balances	114,979,119	137,434,732	101,738,660
Other financial assets	15,874,374	13,230,044	18,154,808
	<b>130,853,493</b>	<b>150,664,776</b>	<b>119,893,468</b>
Other Commitments	-	-	-
<b>Total</b>	<b>130,853,493</b>	<b>150,664,776</b>	<b>119,893,468</b>



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 31.2. Analysis of financial assets and liabilities by remaining contractual maturities

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

The table below summarises the maturity profile of the undiscounted cash flows of the Company financial liabilities as at 31 March

As at 31 March 2019	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	> 3 years	Total
Trade payables	5,569,573	-	-	-	-	5,569,573
Other financial liabilities	15,905,896	-	-	-	-	15,905,896
<b>Total undiscounted non-derivative financial liabilities</b>	<b>21,475,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,475,469</b>

As at 31 March 2018	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	> 3 years	Total
Trade payables	4,394,339	-	-	-	-	4,394,339
Borrowings (other than debt securities)	-	-	6,974,036	-	-	6,974,036
Other financial liabilities	11,294,546	-	-	-	-	11,294,546
<b>Total undiscounted non-derivative financial liabilities</b>	<b>15,688,885</b>	<b>-</b>	<b>6,974,036</b>	<b>-</b>	<b>-</b>	<b>22,662,921</b>

As at 1 April 2017 (i.e. 31-Mar-2017)	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	> 3 years	Total
Trade payables	38,100	-	-	-	-	38,100
Borrowings (other than debt securities)	-	-	6,565,425	-	-	6,565,425
Other financial liabilities	9,794,820	-	-	-	-	9,794,820
<b>Total undiscounted non-derivative financial liabilities</b>	<b>9,832,920</b>	<b>-</b>	<b>6,565,425</b>	<b>-</b>	<b>-</b>	<b>16,398,345</b>



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 31.3. Analysis of non-derivative financial assets by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company financial assets as at 31 March

As at 31 March 2019	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	> 3 years	Total
Cash and cash equivalent and other bank balances	73,205,943	-	41,773,176	-	-	114,979,119
Other financial assets	3,810	-	1,875,217	-	13,995,347	15,874,374
<b>Total</b>	<b>73,209,753</b>	<b>-</b>	<b>43,648,393</b>	<b>-</b>	<b>13,995,347</b>	<b>130,853,493</b>

As at 31 March 2018	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	> 3 years	Total
Cash and cash equivalent and other bank balances	98,150,377	-	39,284,355	-	-	137,434,732
Other financial assets	106,433	-	15,923	-	13,107,688	13,230,044
<b>Total</b>	<b>98,256,810</b>	<b>-</b>	<b>39,300,278</b>	<b>-</b>	<b>13,107,688</b>	<b>150,664,776</b>

As at 1 April 2017 (i.e. 31-Mar-2017)	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	> 3 years	Total
Cash and cash equivalent and other bank balances	101,738,660	-	-	-	-	101,738,660
Other financial assets	11,670,948	-	-	-	6,483,860	18,154,808
<b>Total</b>	<b>113,409,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,483,860</b>	<b>119,893,468</b>



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 31.4. Financial assets available to support future funding

Following table sets out availability of Company financial assets to support funding

31 March 2019	Pledged as collateral	others (1)	Available as collateral	others (2)	Total carrying amount
Cash and cash equivalent including bank balance	41,502,780	-	41,502,780	31,973,559	114,979,119
Other financial assets	13,939,401	-	-	1,934,973	15,874,374
Property, Plant and Equipment	-	-	-	9,766,630	9,766,630
<b>Total assets</b>	<b>55,442,181</b>	<b>-</b>	<b>41,502,780</b>	<b>43,675,162</b>	<b>140,620,123</b>

31 March 2018	Pledged as collateral	others (1)	Available as collateral	others (2)	Total carrying amount
Cash and cash equivalent including bank balance	39,026,460	-	-	98,408,272	137,434,732
Other financial assets	13,107,688	-	-	122,356	13,230,044
Property, Plant and Equipment	-	-	-	2,684,130	2,684,130
<b>Total assets</b>	<b>52,134,148</b>	<b>-</b>	<b>-</b>	<b>101,214,758</b>	<b>153,348,906</b>

1 April 2017	Pledged as collateral	others (1)	Available as collateral	others (2)	Total carrying amount
Cash and cash equivalent including bank balance	-	-	-	101,738,660	101,738,660
Other financial assets	18,154,808	-	-	-	18,154,808
<b>Total assets</b>	<b>18,154,808</b>	<b>-</b>	<b>-</b>	<b>101,738,660</b>	<b>119,893,468</b>

(1). Represents assets which are not pledged and Company believes it is restricted from using to secure funding for legal or other reason

(2). Represents assets which are not restricted for use as collateral, but that the Company would not consider readily available to secure funding in the normal course of business



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 31.5. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity.

Currency of borrowing / advances	2018-19					
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
US dollar (if any)	25	-	-	25	-	-

Currency of borrowing / advances	2017-18					
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
US dollar (if any)	25	(16,261)	-	25	16,261	-

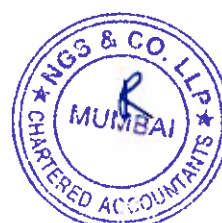
### 31.6. Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The table below indicates the currencies to which the Company had significant exposure at the end of the reported periods. The analysis calculates the effect of a reasonably possible movement of the currency rate against the INR (all other variables being constant) on the statement of profit and loss and equity.

Currency	2018-19					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
INR	5	521,294	-	5	(521,294)	-

Currency	2017-18					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
INR	5	28,944	-	5	(28,944)	-



# Edelweiss Securities (IFSC) Limited

Notes to the financial statements  
For the year ended 31 March 2019  
(Currency: Indian rupees)

## 31.7 Market Risk

Fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately using sensitivity analyses.

Particulars	31 March 2019			31 March 2018			1 April 2017		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
<b>Assets</b>									
Cash and cash equivalent and other bank balances	114,979,119	-	114,979,119	137,434,732	-	137,434,732	101,738,660	-	101,738,660
Other financial assets	15,874,374	-	15,874,374	13,230,044	-	13,230,044	18,154,808	11,670,948	6,483,860
<b>Total</b>	<b>130,853,493</b>	<b>-</b>	<b>130,853,493</b>	<b>150,664,776</b>	<b>-</b>	<b>150,664,776</b>	<b>119,893,468</b>	<b>11,670,948</b>	<b>108,222,520</b>
<b>Liability</b>									
Borrowings (other than Debt Securities)	-	-	-	6,974,036	-	6,974,036	6,585,425	-	6,585,425
Trade payables	5,589,573	-	5,589,573	4,394,339	-	4,394,339	38,100	-	38,100
Other liabilities	15,905,896	-	15,905,896	11,294,546	-	11,294,546	9,794,820	-	9,794,820
<b>Total</b>	<b>21,475,469</b>	<b>-</b>	<b>21,475,469</b>	<b>22,662,921</b>	<b>-</b>	<b>22,662,921</b>	<b>16,398,345</b>	<b>-</b>	<b>16,398,345</b>



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 32. Details of dues to Micro, Small and Medium enterprises

Trade Payables includes Rs. 979,194/- (2018: Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the period to "Suppliers" registered under this Act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

### 33. First-time adoption – mandatory exceptions, optional exemptions

#### 33.1. Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2017 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

#### 33.2. Exemption applied

##### 33.2.1. Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2017 (the transition date).

##### 33.2.2. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

##### 33.2.3. Cumulative translation differences on foreign operations

The Company has elected the option to reset the cumulative translation differences on foreign operations that exist as of the transition date to zero.





# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 33. First-time adoption – mandatory exceptions, optional exemptions (continued)

#### 33.3. Reconciliation of Net Profit for the year ended 31 March 2018 as reported under erstwhile Indian GAAP and Ind AS are summarised as below:

Particulars	Year Ended 31 March 2018
Net profit after tax as reported under Indian GAAP	(8,453,669)
Ind AS adjustments increasing / (decreasing) net profit as reported under Indian GAAP:	-
Net profit as per Ind AS	(8,453,669)
Other Comprehensive Income after tax as per Ind AS (*)	396,348
Total Comprehensive Income as per Ind AS	(8,057,321)

(\*) Other Comprehensive Income effect of foreign currency translation on conversion and re-measurement gains/losses on actuarial valuation of post employment defined benefits.



# Edelweiss Securities (IFSC) Limited

## Notes to the financial statements

For the year ended 31 March 2019

(Currency: Indian rupees)

### 33. First-time adoption – mandatory exceptions, optional exemptions (continued)

#### 33.4. Reconciliation of Networth as reported under erstwhile Indian GAAP and Ind AS are summarised as below:

Particulars	As at 31 March 2018	As at 1 April 2017
Shareholder's Equity as reported under Indian GAAP	134,361,302	103,538,623
Ind AS adjustments increasing / (decreasing) network as reported under Indian GAAP:	-	-
other adjustment	-	-
Shareholder's Equity as per Ind AS	134,361,302	103,538,623

#### Notes:

##### Other comprehensive income:-

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

  
R. P. Soni

Partner

Membership No.: 104796



Mumbai

10 May 2019

For and on behalf of the Board of Directors

  
Udit Sureka

Director

DIN : 02190342

  
Jyoti Rai

Director

DIN : 07091343

  
Sharad Sharma

Chief Financial Officer

  
Chirag Thakkar

Company Secretary

10 May 2019