

## Independent Auditors' Report

To the Directors of  
**Edelweiss Securities (Hong Kong) Private Limited**

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company. This responsibility also includes maintenance of adequate accounting records 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing, which requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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

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

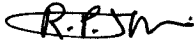
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

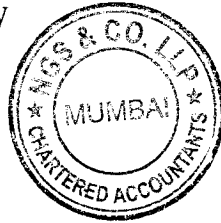
**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss and its cash flows for the year ended on that date.

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



**R.P.Soni**  
**Partner**  
**Membership No. 104796**  
Place: Mumbai  
Date: 12 May 2017



# Edelweiss Securities (Hong Kong) Private Limited

## Balance Sheet

(Currency: Indian rupees)

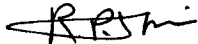
	Note	As at 31 March 2017	As at 31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	46,511,044	46,511,044
Reserves and surplus	2.2	(17,818,893)	(9,401,868)
		<u>28,692,151</u>	<u>37,109,176</u>
<b>Current liabilities</b>			
Trades payables		735,721	481,642
Other current liabilities	2.3	-	25,643
		<u>735,721</u>	<u>507,285</u>
<b>TOTAL</b>		<u><u>29,427,872</u></u>	<u><u>37,616,461</u></u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2.4	29,153,470	37,472,103
Short-term loans and advances	2.5	274,402	144,358
		<u>29,427,872</u>	<u>37,616,461</u>
<b>TOTAL</b>		<u><u>29,427,872</u></u>	<u><u>37,616,461</u></u>

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

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

  
R. P. Soni  
Partner  
Membership No.: 104796



Mumbai  
12 May 2017

For and on behalf of the Board of Directors

  
Sachin Jain  
Director

  
Dhawal Shah  
Director

12 May 2017

# Edelweiss Securities (Hong Kong) Private Limited

## Statement of Profit and Loss

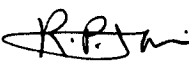
(Currency: Indian rupees)

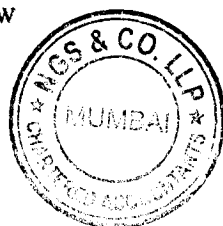
Particulars	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Revenue from operations</b>			
Interest income	2.6	355	393
<b>Total revenue</b>		<u>355</u>	<u>393</u>
<b>Expenses</b>			
Employee benefit expenses	2.7	1,171,403	971,527
Finance costs	2.8	28,206	3,335
Other expenses	2.9	6,644,993	891,866
<b>Total expenses</b>		<u>7,844,602</u>	<u>1,866,728</u>
<b>Loss before tax</b>		(7,844,247)	(1,866,335)
<b>Tax expense</b>		-	-
<b>Loss for the year</b>		<u>(7,844,247)</u>	<u>(1,866,335)</u>
<b>Earnings per equity share:</b>			
Basic and diluted (of HKD 1 each)	2.11	(1.35)	(0.32)

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

As per our report of even date attached.


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

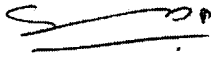
  
R. P. Soni  
Partner  
Membership No.: 104796



12 May 2017

For and on behalf of the Board of Directors

  
Sachin Jain  
Director

  
Dhawal Shah  
Director

12 May 2017

# Edelweiss Securities (Hong Kong) Private Limited

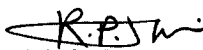
## Cash Flow Statement

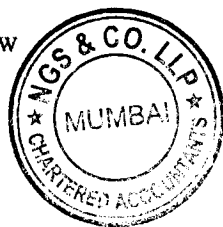
(Currency: Indian Rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>A Cash flow from operating activities</b>		
Loss before taxation	(7,844,247)	(1,866,335)
Adjustments for non-cash/non-operating items	-	-
<b>Operating cash flow before working capital changes</b>	<b>(7,844,247)</b>	<b>(1,866,335)</b>
<i>Adjustments for working capital changes</i>		
(Increase)/decrease in loans and advances	(130,044)	49,224
Decrease in other current liabilities	(25,643)	(1,974,357)
Increase in trade payables	254,079	124,216
<b>Cash used in operations</b>	<b>(7,745,855)</b>	<b>(3,667,252)</b>
Income taxes paid	-	-
<b>Net cash used in operating activities - A</b>	<b>(7,745,855)</b>	<b>(3,667,252)</b>
<b>B Cash flow from investing activities - B</b>	-	-
<b>C Cash flow from financing activities - C</b>	-	-
<b>D Change in foreign exchange translation reserve - D</b>	<b>(572,778)</b>	<b>2,175,307</b>
<b>Net decrease in cash and cash equivalents (A+B+C+D)</b>	<b>(8,318,633)</b>	<b>(1,491,945)</b>
Cash and cash equivalents as at the beginning of the year	37,472,103	38,964,048
Cash and cash equivalents as at the end of the year (refer note 2.4)	29,153,470	37,472,103

As per our report of even date attached.

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

  
R. P. Soni  
Partner  
Membership No.: 104796



Mumbai  
12 May 2017

For and on behalf of the Board of Directors

  
Sachin Jain  
Director

  
Dhawal Shah  
Director

12 May 2017

# Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Indian Rupees)

## 1. Significant accounting policies

### 1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), (hereinafter referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian Rupees.

The entity being a foreign company, the assets and liabilities for the purpose of preparation of these financial statements, are translated into Indian Rupees at the rate of exchange prevailing as at the Balance Sheet date. Further, revenue and expense are translated into Indian Rupees at the average exchange rate prevailing during the year and the resulting net translation adjustment has been disclosed as "Foreign Exchange Translation Reserve" in "Reserves and Surplus". The same is in compliance with Accounting Standard 11 issued by the Institute of Chartered Accountants of India on "The Effects of Changes in Foreign Exchange Rates".

### 1.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent liabilities on date of the financial statements and reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### 1.3 Current and Non-current classification

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

#### Assets

An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 12 months after the reporting date or it is cash or cash equivalent unless it is restricted from being exchanged or expected to be used to settle a liability for at least 12 months after the reporting date. Current assets include the current portion of non-current assets. All other assets are classified as non-current.



# Edelweiss Securities (Hong Kong) Private Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

### 1. Significant accounting policies (Continued)

#### 1.3 Current and Non-current classification (Continued)

##### Liabilities

A liability is classified as current when it is expected to be settled in the company's normal operating cycle or it is held primarily for the purpose of being traded or it is due to be settled within 12 months after the reporting date or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.

#### 1.4 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset 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 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.

#### 1.5 Revenue recognition

Interest income is recognised on accrual basis.

#### 1.6 Employee benefits

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS"):

##### Provident fund

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



# Edelweiss Securities (Hong Kong) Private Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

### 1. Significant accounting policies (Continued)

#### 1.7 Taxation

Tax expense comprises income tax (i.e. amount of tax for the year determined in accordance with the applicable Income Tax Act) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

##### *Current tax*

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

##### *Deferred taxation*

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carry forward losses under taxation laws, a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable / probable (as the case may be) to be realised.

#### 1.8 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” as prescribed under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding for the year.

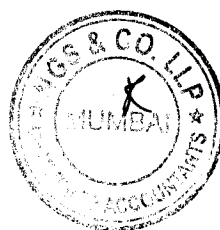
Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the ordinary shareholders for the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

#### 1.9 Provisions and contingencies

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

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

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





## Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.1 Share capital</b>		
(a) <b>Issued, subscribed and paid up :</b>		
5,818,566 (Previous year: 5,818,566) ordinary shares of HKD 1 each, fully paid-up	46,511,044	46,511,044
	<u>46,511,044</u>	<u>46,511,044</u>

(The entire capital is held by Edelweiss Securities Limited, the holding company, which in turn is a wholly owned subsidiary of Edelweiss Financial Services Limited).

(b) **Movement in share capital**

	As at 31 March 2017		As at 31 March 2016	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	5,818,566	46,511,044	5,818,566	46,511,044
Shares issued during the year	-	-	-	-
As at the end of year	<u>5,818,566</u>	<u>46,511,044</u>	<u>5,818,566</u>	<u>46,511,044</u>

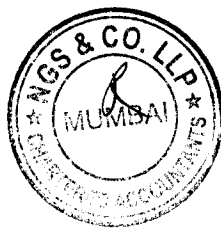
(c) **Terms/rights attached to ordinary shares:**

The Company has only one class of ordinary shares. Each holder of ordinary shares is entitled to one vote per share held.

In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

**2.2 Reserves and surplus**

Foreign exchange translation reserve	1,615,142	2,187,920
Deficit in the statement of profit and loss		
Opening balance	(11,589,788)	(9,723,453)
Add: Loss for the year	(7,844,247)	(1,866,335)
Closing balance	<u>(19,434,035)</u>	<u>(11,589,788)</u>
	<u>(17,818,893)</u>	<u>(9,401,868)</u>



# Edelweiss Securities (Hong Kong) Private Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
<b>2.3 Other current liabilities</b>		
Statutory dues	-	25,643
	<u>-</u>	<u>25,643</u>
<b>2.4 Cash and cash equivalents</b>		
Balances with banks - in current accounts	29,153,470	37,472,103
	<u>29,153,470</u>	<u>37,472,103</u>
<b>2.5 Short-term loans and advances</b>		
<u>Unsecured, considered good</u>		
Other loans and advances		
Prepaid expenses	90,267	91,298
Vendor advances	184,135	53,060
	<u>274,402</u>	<u>144,358</u>

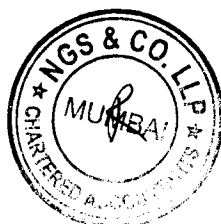


# Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>2.6 Other income</b>		
Interest income - others	355	393
	<u>355</u>	<u>393</u>
<b>2.7 Employee benefit expenses</b>		
Salaries and wages	1,112,833	806,964
Contribution to provident and other funds	58,570	164,563
	<u>1,171,403</u>	<u>971,527</u>
<b>2.8 Finance costs</b>		
Bank charges	28,206	3,335
	<u>28,206</u>	<u>3,335</u>
<b>2.9 Other expenses</b>		
Business promotion expenses	93,464	20,608
Auditors' remuneration (refer note below)	109,624	125,699
Foreign exchange loss (net)	49,474	14,535
Legal and professional fees	6,392,431	690,464
Postage and courier	-	3,859
Miscellaneous expenses	-	36,701
	<u>6,644,993</u>	<u>891,866</u>
<i>Auditors' remuneration:</i>		
As auditors	101,842	95,305
For taxation matters	-	23,638
For reimbursement of expenses	7,782	6,756
	<u>109,624</u>	<u>125,699</u>



# Edelweiss Securities (Hong Kong) Private Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

### 2.10 Segment reporting

Since the Company has not commenced business, there is no reportable business segment within the meaning of Accounting Standard 17 - Segment Reporting.

### 2.11 Earnings per share

In accordance with Accounting Standard 20 on Earnings Per Share as prescribed under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

Particulars	For the year	For the year
	ended 31 March 2017	ended 31 March 2016
a) Net loss attributable to ordinary shareholders (as per statement of profit and loss)	(7,844,247)	(1,866,335)
b) Calculation of weighted average number of ordinary Shares of HKD 1/- each :		
– Number of shares at the beginning of the year	5,818,566	5,818,566
– Shares issued during the year (number of shares issued)	-	-
Total number of ordinary shares outstanding at the end of the year	5,818,566	5,818,566
Weighted average number of ordinary shares outstanding during the year (based on the date of issue of shares)	5,818,566	5,818,566
Value per share in HKD	1	1
c) Basic and diluted earnings per share (in Indian rupees) (a/b)	(1.35)	(0.32)

The basic and diluted earnings per share are the same as there are no dilutive potential ordinary shares.



# Edelweiss Securities (Hong Kong) Private Limited

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

**2.12 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014:**

**(A) Names of related parties by whom control is exercised**

Edelweiss Securities Limited	Holding company
Edelweiss Financial Services Limited	Ultimate holding company

**(B) Transactions with related parties**

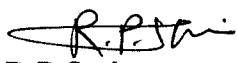
There were no transactions with related parties during the year (previous year: Nil)

**2.13 Capital commitments and contingent liabilities**

The Company has Rs. Nil (previous year Rs Nil) capital commitments and contingent liabilities as at the balance sheet date.

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  
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