

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying special purpose financial statements (accompanying financial statements) of Edelweiss Securities (Hong Kong) Private 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 Services 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 1.2 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 1.2 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.

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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.

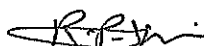
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matters - restriction of use

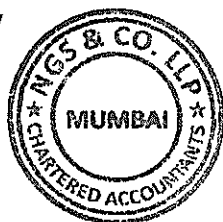
The comparative Ind AS financial statements of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 1, 2017, included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) and 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 Edelweiss Securities (Hong Kong) Private Limited for its reporting of Consolidated audited financial results for the year ended March 31, 2019 to Edelweiss Financial Services 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 07, 2019

Edelweiss Securities (Hong Kong) Private Limited

Balance Sheet

(Currency : Indian rupees)

	Note	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	2.1	<u>8,017,840</u>	<u>20,138,080</u>	<u>29,153,470</u>
		<u>8,017,840</u>	<u>20,138,080</u>	<u>29,153,470</u>
Non-financial assets				
Other non- financial assets	2.2	<u>148,794</u>	<u>175,900</u>	<u>274,401</u>
		<u>148,794</u>	<u>175,900</u>	<u>274,401</u>
TOTAL ASSETS		<u>8,166,634</u>	<u>20,313,980</u>	<u>29,427,871</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Trade payables	2.3	<u>2,781,652</u>	<u>2,141,512</u>	<u>735,720</u>
		<u>2,781,652</u>	<u>2,141,512</u>	<u>735,720</u>
Non-financial liabilities				
Other non-financial liabilities	2.4	<u>79,344</u>	<u>74,584</u>	<u>-</u>
		<u>79,344</u>	<u>74,584</u>	<u>-</u>
EQUITY				
Equity share capital	2.5	<u>46,511,044</u>	<u>46,511,044</u>	<u>46,511,044</u>
Other equity		<u>(41,205,406)</u>	<u>(28,413,160)</u>	<u>(17,818,893)</u>
		<u>5,305,638</u>	<u>18,097,884</u>	<u>28,692,151</u>
TOTAL LIABILITIES AND EQUITY		<u>8,166,634</u>	<u>20,313,980</u>	<u>29,427,871</u>

Significant accounting policies and notes forming part of the financial statement 1 & 2

This is the Balance Sheet referred to in our report of even date.

For NGS & Co. LLP

Chartered Accountants

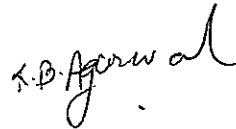
Firm Registration No.: 119850W



R. P. Soni
Partner
Membership No.: 104796
Mumbai
May 8, 2019



For and on behalf of the Board of Directors



Kanhaiyalal Agarwal
Director



Philip Yin/Loong Cheung
Director

May 8, 2019

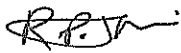
Edelweiss Securities (Hong Kong) Private Limited

Statement of Profit and Loss
(Currency : Indian rupees)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations			
Interest income	2.6	168	267
Total Income		<u>168</u>	<u>267</u>
Expenses			
Finance costs	2.7	23,383	22,418
Employee benefits expense	2.8	6,625,222	1,440,153
Other expenses	2.9	7,436,781	9,124,880
Total expenses		<u>14,085,386</u>	<u>10,587,451</u>
Loss before tax		<u>(14,085,218)</u>	<u>(10,587,184)</u>
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Loss for the year		<u>(14,085,218)</u>	<u>(10,587,184)</u>
Other comprehensive income			
Items that will be reclassified to profit or loss			
Foreign Exchange Translation Reserve - OCI		1,292,972	(7,083)
Other comprehensive income		<u>1,292,972</u>	<u>(7,083)</u>
Total comprehensive income		<u>(12,792,246)</u>	<u>(10,594,267)</u>
Earnings per equity share (Face value of HKD 1 each):			
Basic and diluted	2.10	(2.42)	(1.82)
Significant accounting policies and notes forming part of the financial statement	1 & 2		

This is the Statement of Profit and Loss referred to in our report of even date.

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



R. P. Soni
Partner
Membership No.: 104796
Mumbai
May 8, 2019



For and on behalf of the Board of Directors



Kanhaiyalal Agarwal
Director



Philip Yin Loong Cheung
Director

May 8, 2019

Edelweiss Securities (Hong Kong) Private Limited

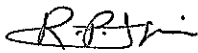
Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2019	For the year ended 31 March 2018
A Cash flow from operating activities		
Loss before taxation	(14,085,218)	(10,587,184)
Adjustments for non-cash/non-operating items	-	-
Operating cash flow before working capital changes	<u>(14,085,218)</u>	<u>(10,587,184)</u>
Adjustments for working capital changes		
Decrease in loans and advances	27,106	98,502
Increase in other current liabilities	4,760	74,584
Increase in trade payables	640,140	1,405,791
Cash used in operations	<u>(13,413,212)</u>	<u>(9,008,307)</u>
Net cash used in operating activities - A	<u>(13,413,212)</u>	<u>(9,008,307)</u>
B Cash flow from investing activities - B	-	-
C Cash flow from financing activities - C	-	-
D Change in foreign exchange translation reserve - D	1,292,972	(7,083)
Net decrease in cash and cash equivalents (A+B+C+D)	<u>(12,120,240)</u>	<u>(9,015,390)</u>
Cash and cash equivalents as at the beginning of the year	20,138,080	29,153,470
Cash and cash equivalents as at the end of the year (refer note 2.1)	8,017,840	20,138,080

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
May 8, 2019



For and on behalf of the Board of Directors



Kanhaiyalal Agarwal
Director



Philip Yin Loong Cheung
Director

May 8, 2019

Edelweiss Securities (Hong Kong) Private Limited

Statement of changes in Equity

(Currency : Indian rupees)

A. Equity share capital

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Balance at the beginning of the year	46,511,044	46,511,044	46,511,044
Changes in equity share capital (refer note 2.5)	-	-	-
Balance at the end of the year	46,511,044	46,511,044	46,511,044

B. Other Equity

	Reserve and surplus	Other comprehensive income	Total
	Retained earnings	Foreign Exchange Translation Reserve	
Balance at 01 April 2017 (Indian GAAP)	(17,818,893)	-	(17,818,893)
Loss for the year	(10,587,184)	-	(10,587,184)
Other comprehensive income	-	(7,083)	(7,083)
Total Comprehensive Income for the year	(10,587,184)	(7,083)	(10,594,267)
Balance at 31 March 2018 (Ind AS)	(28,406,077)	(7,083)	(28,413,160)
Loss for the year	(14,085,218)	-	(14,085,218)
Other comprehensive income	-	1,292,972	1,292,972
Total Comprehensive Income for the year	(14,085,218)	1,292,972	(12,792,246)
Balance at 31 March 2019 (Ind AS)	(42,491,295)	1,285,889	(41,205,406)

Retained earnings

Retained earnings comprises of the Company's undistributed earnings after taxes.

Foreign exchange translation reserve

The functional currency of the Company is Hong Kong dollars. These financial statements are prepared and presented in INR which is the functional currency of the Ultimate Parent Entity, for the purpose 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.

This is the Statement of changes in equity referred to in our report of even date.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

R.P. Soni

R. P. Soni

Partner

Membership No.: 104796

Mumbai

May 8, 2019



For and on behalf of the Board of Directors

K.B. Agarwal

Kanhaiyalal Agarwal
Director

Philip Yin Loong Cheung

Philip Yin Loong Cheung
Director

May 8, 2019

Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency : Indian rupees)

1. Significant accounting policies

1.1 Company background

Edelweiss Securities (Hong Kong) Private Limited ('the Company') was incorporated on 6 February 2013. The company is a 100% subsidiary of Edelweiss Securities Limited which in turn is a 100% subsidiary of Edelweiss Financial Services Limited.

1.2 Basis of preparation of financial statements

The financial statements have 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).

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 March 2019 are the first financial statements of the Company prepared under Ind AS. Refer to note 2.22 for information on how the Company adopted Ind AS for opening balance sheet.

The Company's 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 through profit or loss. The Company's financial statements are presented in Indian Rupees (INR).

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 "Statement of Changes in Equity". The same is in compliance with Indian Accounting Standard (Ind AS) 21 issued by the Institute of Chartered Accountants of India on "The Effects of Changes in Foreign Exchange Rates".

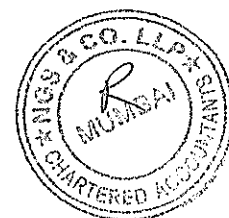
1.3 Presentation of financial statements

These financial statements are Special Purpose Indian Accounting Standards (Ind-AS) Financial Statement prepared for the purpose of preparation of consolidated financial statements for the year ended 31 March 2019 for Edelweiss Financial Service Limited Reporting (Ultimate Holding Company) for its reporting of Consolidated audited financial results under Ind-AS Division III of Schedule III of the Companies Act, 2013 ("the Act").

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 2.11

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:

1. The normal course of business
2. The event of default
3. The event of insolvency or bankruptcy of the Company and/or its counterparties



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency : Indian rupees)

1.4 Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when the Company satisfies a performance obligation.

- Interest income is recognised on accrual basis of accounting.

1.5 Financial Instruments

Date of recognition

Financial assets and financial liabilities 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.

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 statement of profit or loss.

Classification of financial instruments

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]



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency : Indian rupees)

1.5 Financial Instruments (*Continued*)

Classification of financial instruments (*Continued*)

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 and 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.

Amortized cost and Effective interest rate (EIR)

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

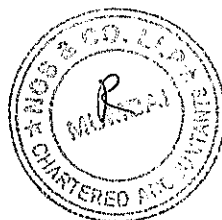
For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction 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.

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.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency : Indian rupees)

1.5 Financial Instruments (*Continued*)

Financial assets at fair value through profit and loss

Financial assets 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.

Disclosure requirement of Ind AS 107-Financial Instruments: Disclosure

Investment in equity instruments

The Company subsequently measures all equity investments (other than subsidiaries) at fair value through profit and loss, unless the management has elected to classify irrevocably some of its strategic equity investments to be measured at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Investments in subsidiaries are carried at cost, as permitted under Ind AS 27.

Financial liabilities

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

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.

As per Ind AS 23, The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. These amendments are to be applied for annual periods beginning on or after 1 April 2019.

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.

Financial liabilities and equity instruments (*Continued*)

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 the 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.

Reclassification of financial assets and 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.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency : Indian rupees)

1.5 Financial Instruments (*Continued*)

Derecognition of financial assets and financial liabilities

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.

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 liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Impairment of financial assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade 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 and is adjusted for forward-looking estimates.

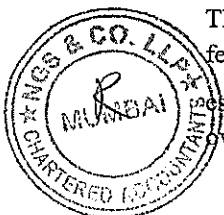
Business model assessment

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 groups 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 measured, the risks that affect the performance of the assets and how these are managed.

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.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency : Indian rupees)

1.5 Financial Instruments (*Continued*)

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.

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.

Determination of fair value (*Continued*)

- 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 (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency : Indian rupees)

1.6 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at Banks, on hand and short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

1.7 Foreign currency transactions

The financial statements are presented in Indian Rupees which is also functional currency is in HKD. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) 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.

1.8 Income tax expenses

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

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.

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 carry forward 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.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency : Indian rupees)

1.8 Income tax expenses (*Continued*)

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.

MAT credit asset is recognized where there is convincing evidence that the asset can be realized in future. MAT credit assets are reviewed as at the balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

1.9 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Indian Accounting Standard 33 - Earnings Per Share. Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the 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.

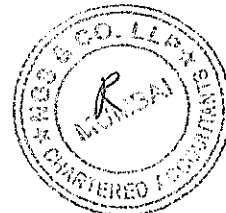
1.10 Provisions and other contingent liabilities

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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

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

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

1.11 Significant accounting judgements, estimates and assumptions



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2019.

(Currency : Indian rupees)

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- (a) Actuarial assumptions used in calculation of defined benefit plans
- (b) Assumptions used on discounted cash flows, growth rate and discount rate to justify the value of management rights reported under intangible assets.
- (c) Assumptions used in estimating the useful lives of tangible assets reported under property, plant and equipment.

1.12 Standards issued but not yet effective

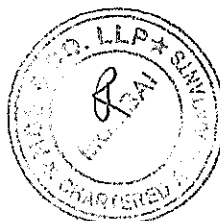
a) Ind AS 116 Leases:

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.

b) 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 (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
2.1 Cash and cash equivalents			
Balances with banks - in current accounts	8,017,840	20,138,080	29,153,470
	<u>8,017,840</u>	<u>20,138,080</u>	<u>29,153,470</u>
2.2 Other non-financial assets			
Prepaid expenses	-	90,553	90,267
Vendor advances	148,794	85,347	184,134
	<u>148,794</u>	<u>175,900</u>	<u>274,401</u>



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
2.3 Trade payables			
Trade payables to non-related parties	2,744,438	2,059,231	735,720
Trade payables to related parties	37,214	82,281	-
	<u>2,781,652</u>	<u>2,141,512</u>	<u>735,720</u>
2.4 Other non-financial liabilities			
Withholding taxes, goods & service tax and other taxes payable	79,344	74,584	-
	<u>79,344</u>	<u>74,584</u>	<u>-</u>

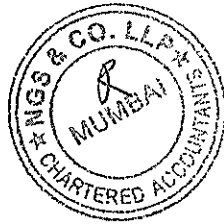


Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
2.4 Other non-financial liabilities			
Withholding taxes, Goods & service tax and other taxes payable	79,344	74,584	-
	<u>79,344</u>	<u>74,584</u>	<u>-</u>



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
2.5 Equity share capital			
(a) Issued, Subscribed and Paid up:			
5,818,566 (Previous year: 5,818,566) ordinary shares of HKD 1 each, fully paid-up	<u>46,511,044</u>	<u>46,511,044</u>	<u>46,511,044</u>
	<u>46,511,044</u>	<u>46,511,044</u>	<u>46,511,044</u>

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

(b) Movement in share capital :

	31 March 2019		31 March 2018		Saturday, April 1, 2017	
	No of shares	Amount	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	5,818,566	46,511,044
Shares issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	<u>5,818,566</u>	<u>46,511,044</u>	<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 equity shares :

The Company has only one class of ordinary shares. Each holder of ordinary shares is entitled to one vote per share held. The Company declares and pays dividend in Hong Kong Dollar. 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.

	AS at 31 March 2019	AS at 31 March 2018	AS at 01 April 2017
Reserves and surplus			
Foreign Exchange Translation Reserves	(7,083)	-	-
Add : Additions during the year	<u>1,292,972</u>	<u>(7,083)</u>	<u>-</u>
	1,285,889	(7,083)	-
Opening Balance	(28,406,077)	(17,818,893)	(9,974,646)
Add: Loss for the year	<u>(14,085,218)</u>	<u>(10,587,184)</u>	<u>(7,844,247)</u>
Closing balance	<u>(42,491,295)</u>	<u>(28,406,077)</u>	<u>(17,818,893)</u>
	<u>(41,205,406)</u>	<u>(28,413,160)</u>	<u>(17,818,893)</u>



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements *(Continued)*

(Currency : Indian rupees)

2.6 Interest income	For the year ended 31 March 2019		For the year ended 31 March 2018	
	On financial assets measured at amortised cost	Total	On financial assets measured at amortised cost	Total
Bank interest	168	168	267	267
Total	168	168	267	267

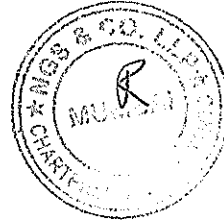


Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.7 Finance costs	For the year ended 31 March 2019		For the year ended 31 March 2018	
	On financial liabilities measured at amortised cost	Total	On financial liabilities measured at amortised cost	Total
Bank charges	23,383	23,383	22,418	22,418
Total	23,383	23,383	22,418	22,418



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

for the year ended
31 March 2019

for the year ended
31 March 2018

2.8 Employee benefit expenses

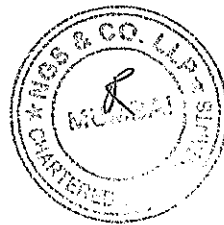
Salaries and wages	6,544,953	1,390,748
Contribution to provident and other funds	80,269	49,405
	<u>6,625,222</u>	<u>1,440,153</u>

2.9 Other expenses

Auditors' remuneration (refer note below)	121,156	165,339
Communication	14,114	-
Legal and professional fees	6,955,108	8,690,253
Foreign exchange loss (net)	2,018	269,288
Travelling and conveyance	344,385	-
	<u>7,436,781</u>	<u>9,124,880</u>

Auditors' remuneration:

As Auditors	112,253	130,751
For taxation matters	-	26,353
Towards reimbursement of expenses	8,903	8,235
	<u>121,156</u>	<u>165,339</u>



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

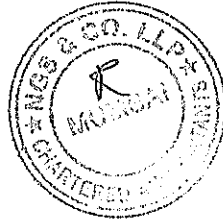
(Currency : Indian rupees)

2.10 Earnings per share

The following table shows the income and share data used in the basic and diluted EPS calculations:

	Particulars	31-Mar-19	31-Mar-18
a)	Net loss attributable to Shareholders (as per statement of profit and loss)	(14,085,218)	(10,587,184)
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 (based on the date of issue of shares)	5,818,566	5,818,566
C)	Basic and diluted earnings per share (in Rupees) (a/b)	(2.42)	(1.82)

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)

2.11 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 settle:

Particulars	31-Mar-19			31-Mar-18			1-Apr-17		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	8,017,840	-	8,017,840	20,138,080	-	20,138,080	29,153,470	-	29,153,470
Non-financial assets	8,017,840	-	8,017,840	20,138,080	-	20,138,080	29,153,470	-	29,153,470
Other non-financial assets	148,794	-	148,794	175,900	-	175,900	274,401	-	274,401
	148,794	-	148,794	175,900	-	175,900	274,401	-	274,401
Total assets (A)	8,166,634	-	8,166,634	20,313,980	-	20,313,980	29,427,871	-	29,427,871
Particulars	31-Mar-19			31-Mar-18			1-Apr-17		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities									
Trade payables	2,781,652	-	2,781,652	2,141,512	-	2,141,512	735,720	-	735,720
	2,781,652	-	2,781,652	2,141,512	-	2,141,512	735,720	-	735,720
Non-financial liabilities									
Other non-financial liabilities	79,344	-	79,344	74,584	-	74,584	-	-	-
	79,344	-	79,344	74,584	-	74,584	-	-	-
Total liabilities (B)	2,860,996	-	2,860,996	2,216,096	-	2,216,096	735,720	-	735,720
Net assets (A-B)	5,305,638	-	5,305,638	18,097,884	-	18,097,884	28,692,151	-	28,692,151



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements *(Continued)*

For the year ended 31 March 2019

(Currency: Indian Rupees)

2.12 Segment reporting

Since the Company has not commenced business, there is no reportable business segment within the meaning of Indian Accounting Standard (Ind AS) 108 - Segment Reporting.

2.13 Disclosure as required by Indian Accounting Standard (Ind AS) 24 – “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) Fellow subsidiaries with whom transactions have taken place during the year

Edelweiss Rural & Corporate Services Limited
(Formerly known as Edelweiss Commodities Services Limited)*
Edelweiss Business Services Limited*

(C) Key managerial personnel

Kanhaiyalal Agrawal
Dhawal Shah (Up to 20th April 2018)
Philip Yin Loong CHEUNG (From 15th January 2019)

* Edel Commodities Limited and EFSL Trading Limited was merged into EFSL Comtrade Limited vide Order of National Company Law Tribunal at Hyderabad. Further With effect from the Appointed Date i.e. 01 August 2018, EFSL Comtrade Limited, Edelweiss Business Services Limited, Edelweiss Agri Value Chain Limited, Edelweiss Capital Markets Limited and Edelweiss Fund Advisors 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 (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2019

(Currency: Indian Rupees)

2.13 Disclosure as required by Indian accounting standard (Ind AS) 24 – “Related Party Disclosure” (Continued)

(D) Transactions with related parties during the reporting period

Sr. No.	Nature of transaction	Related party name	For the year ended 31 March 2019	For the year ended 31 March 2018
(I)	Current account transactions during the year			
	Business support service charges paid to	Edelweiss Business Services Limited*	-	143,847
		Edelweiss Rural & Corporate Services Limited (Formerly known as Edelweiss Commodities Services Limited)*	105,882	-
	Remuneration paid to (refer note below)	Philip Yin Loong Cheung	2,693,346	-
(II)	Balances with related party			
	Trade payable to	Edelweiss Business Services Limited*	-	82,281
		Edelweiss Rural & Corporate Services Limited (Formerly known as Edelweiss Commodities Services Limited)*	37,204	-

* Edel Commodities Limited and EFSL Trading Limited was merged into EFSL Comtrade Limited vide Order of National Company Law Tribunal at Hyderabad. Further With effect from the Appointed Date i.e. 01 August 2018, EFSL Comtrade Limited, Edelweiss Business Services Limited, Edelweiss Agri Value Chain Limited, Edelweiss Capital Markets Limited and Edelweiss Fund Advisors 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.

Note:

Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity and leave encashment 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 (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

For the year ended 31 March 2019

(Currency: Indian Rupees)

2.14 Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

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 entity is still in the process of getting regulatory licence hence 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.

Cash at bank are held with reputable financial institutions.

Liquidity risk

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.

Market risk

Price risk is the risk that the value of a financial instrument will fluctuate due to change in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements *(Continued)*

For the year ended 31 March 2019

(Currency: Indian Rupees)

2.14 Financial Risk Management *(Continued)*

Foreign currency risk

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

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in USD. Consequently, the investments are exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value of future cash flows of that portion of the financial assets or liabilities denominated in currencies other than the United States dollars.

The currency risk is managed on a daily basis by the business and risk team in accordance with policies and procedures in place, and some investment transactions have been hedged by a forward currency exchange contract. The risk monitors the movement and highlights the same to the business. The measurement of the forward currency exchange contract would be calculated by broker based on actively quoted forward exchange rates. Further, the middle office sends a report on a daily basis to business and risk teams which contains currency position and exposure. Based on these reports, the business monitors risk and takes necessary action.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.



2.15 A) - Analysis of non-derivative financial liabilities by remaining contractual maturities

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that the counterparties will not request repayment on the earliest date it could be required to pay. The table below summarises the maturity profile of the undiscouted cash flows of the Company's non-derivative financial liabilities:

As at 31 March 2019	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Trade payables	-	-	-	-	2,781,652	-	-	-	-	-	2,781,652
Total undiscouted non-derivative financial liabilities	-	-	-	-	2,781,652	-	-	-	-	-	2,781,652
As at 31 March 2018	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Trade payables	-	-	-	-	2,141,512	-	-	-	-	-	2,141,512
Total undiscouted non-derivative financial liabilities	-	-	-	-	2,141,512	-	-	-	-	-	2,141,512
As at 01 April 2017	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Trade payables	-	-	-	-	735,720	-	-	-	-	-	735,720
Total undiscouted non-derivative financial liabilities	-	-	-	-	735,720	-	-	-	-	-	735,720

B) - Analysis of non-derivative financial assets by remaining contractual maturities

The table below summarises the maturity profile of the undiscouted cash flows of the Company's non-derivative financial assets:

As at 31 March 2019	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Cash and cash equivalent and other bank balances	8,017,840	-	-	-	-	-	-	-	-	-	8,017,840
Total	8,017,840	-	-	-	-	-	-	-	-	-	8,017,840
As at 31 March 2018	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Cash and cash equivalent and other bank balances	20,138,080	-	-	-	-	-	-	-	-	-	20,138,080
Total	20,138,080	-	-	-	-	-	-	-	-	-	20,138,080
As at 01 April 2017	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Cash and cash equivalent and other bank balances	29,153,470	-	-	-	-	-	-	-	-	-	29,153,470
Total	29,153,470	-	-	-	-	-	-	-	-	-	29,153,470



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.16 Analysis of financial assets and liabilities by industry risk concentration

Industry analysis - Risk concentration for 31 March 2019

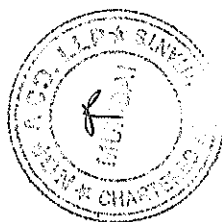
Particulars	Financial services	Total
Financial assets		
Cash and cash equivalent and other bank balances	8,017,840	8,017,840
	8,017,840	8,017,840
Other Commitments	-	-
Total	8,017,840	8,017,840

Industry analysis - Risk concentration for 31 March 2018

Particulars	Financial services	Total
Financial assets		
Cash and cash equivalent and other bank balances	20,138,080	20,138,080
	20,138,080	20,138,080
Other Commitments	-	-
Total	20,138,080	20,138,080

Industry analysis - Risk concentration for 01 April 2017

Particulars	Financial services	Total
Financial assets		
Cash and cash equivalent and other bank balances	29,153,470	29,153,470
	29,153,470	29,153,470
Other Commitments	-	-
Total	29,153,470	29,153,470



(Currency : Indian rupees)

2.17 Total market risk exposure

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. Such risks the market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non-trading positions are managed and monitored using other sensitivity analyses.

Particulars	Sunday, March 31, 2019		Saturday, March 31, 2018		Saturday, April 1, 2017	
	Carrying amount	Traded risk	Carrying amount	Traded risk	Carrying amount	Traded risk
Assets						
Cash and cash equivalent and other bank balances	8,017,840	-	20,138,080	-	29,153,470	-
Total	8,017,840	-	20,138,080	-	29,153,470	-
Particulars						
Liability						
Trade payables	2,781,652	-	2,141,512	-	735,720	-
Total	2,781,652	-	2,141,512	-	735,720	-



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.18 Disclosure related to collateral

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

	Pledge as collateral	others 1	Available as collateral	others 2	Total carrying amount
Sunday, March 31, 2019					
Cash and cash equivalent including bank balance	-	-	-	8,017,840	8,017,840
Total assets	-	-	-	8,017,840	8,017,840
Saturday, March 31, 2018					
Cash and cash equivalent including bank balance	-	-	-	20,138,080	20,138,080
Total assets	-	-	-	20,138,080	20,138,080
Saturday, April 1, 2017					
Cash and cash equivalent including bank balance	-	-	-	29,153,470	29,153,470
Total assets	-	-	-	29,153,470	29,153,470

1 Represents assets which are not pledged and Company believes it is restricted from using to secure funding for legal or contractual 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 (Hong Kong) Private Limited

Notes to the financial statements *(Continued)*

For the year ended 31 March 2019

(Currency: Indian Rupees)

2.19 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.

2.20 Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

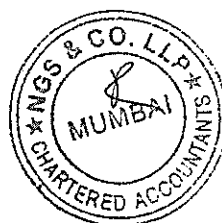
The Company is in the process of applying for regulatory registration and shall maintain minimum networth as prescribed by various regulatory authorities for time to time.

2.21 First-time adoption – mandatory exceptions, optional exemptions

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

Particulars	Year ended March 31, 2018 (Audited)
Net loss after tax as reported under Indian GAAP	(10,587,184)
Ind AS adjustments increasing / (decreasing) net profit as reported under Indian GAAP	-
Net loss as per Ind AS	(10,587,184)
Other Comprehensive Income as per Ind AS	(7,083)
Total Comprehensive Income as per Ind AS	(10,594,267)

Other Comprehensive Income includes effect of foreign currency translation on consolidation.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2019

(Currency: Indian Rupees)

2.21 First-time adoption – mandatory exceptions, optional exemptions (Continued)

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

Particulars	As at March 31, 2018 (Audited)	As at April 01, 2017 (Audited)
Shareholder's Equity as reported under Indian GAAP	18,097,884	28,692,151
Ind AS adjustments increasing / (decreasing) networth as reported under Indian GAAP	-	-
Fair valuation for assets and liabilities	-	-
other adjustment	-	-
Shareholder's Equity as per Ind AS	18,097,884	28,692,151

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 is given below as per Ind AS 101.

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).

Impairment of financial assets

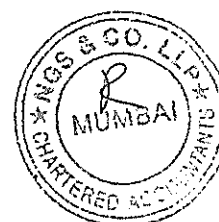
The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially 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.

Accounting estimates

The Company's estimates in accordance with Ind AS at the transition date are consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies). The same applies to the comparative period presented.

Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April 2017.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements *(Continued)*

For the year ended 31 March 2019

(Currency: Indian Rupees)

2.21 First-time adoption – mandatory exceptions, optional exemptions *(Continued)*

Deemed cost for property, plant and equipment, and intangible assets

The Company has elected to continue with the carrying value of all of its plant and equipment, investment property, and intangible assets recognised as of 1 April 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.22 Previous period comparatives

Previous year figures have been regrouped and rearranged whenever necessary

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

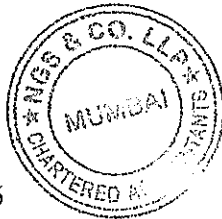
Firm Registration No: 119850W



R. P. Soni

Partner

Membership No: 104796



Mumbai

May 8, 2019

For and on behalf of the Board of Directors



Kanhaiyalal Agarwal

Director



Philip Yin Loong CHEUNG

Director

May 8, 2019