

**INDEPENDENT AUDITOR'S REPORT**

**To the Directors of Edelweiss Financial Services (UK) Limited**

**Opinion**

We have audited the accompanying special purpose financial statements (accompanying financial statements) of Edelweiss Financial Services (UK) 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 then 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 profit 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.

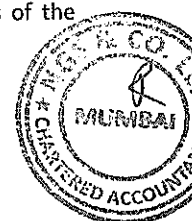
**Auditor's Responsibility for Special Purpose Financial Statements of the Company**

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.

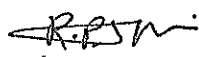
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

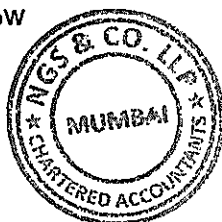
#### Other matters - restriction of use

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 19, 2018 and May 05, 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 Financial Services (UK) 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: April 24, 2019

# Edelweiss Financial Services (UK) Limited

## Balance Sheet

(Currency : Indian rupees)

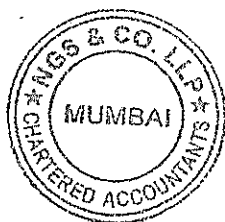
ASSETS	Note	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
<b>Financial assets</b>				
Cash and cash equivalents	2.1	15,040,073	16,635,595	20,947,419
Trade receivables	2.2	10,610,146	8,255,647	-
Other financial assets	2.3	78,623	49,557	-
		<u>25,728,842</u>	<u>24,940,799</u>	<u>20,947,419</u>
<b>Non-financial assets</b>				
Deferred tax assets (net)	2.4	573,248	-	-
Property, plant and equipment	2.5	24,955	38,182	-
Other non-financial assets	2.6	387,841	525,373	403,492
		<u>986,044</u>	<u>563,555</u>	<u>403,492</u>
<b>TOTAL ASSETS</b>		<u>26,714,886</u>	<u>25,504,354</u>	<u>21,350,911</u>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial liabilities</b>				
Trade payables	2.7	1,793,593	1,677,780	739,056
		<u>1,793,593</u>	<u>1,677,780</u>	<u>739,056</u>
<b>Non-financial liabilities</b>				
Other non-financial liabilities	2.8	205,069	-	265,884
		<u>205,069</u>	<u>-</u>	<u>265,884</u>
<b>EQUITY</b>				
Equity share capital	2.9	26,227,882	26,227,882	26,227,882
Other equity		(1,511,658)	(2,401,308)	(5,881,911)
		<u>24,716,224</u>	<u>23,826,574</u>	<u>20,345,971</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>26,714,886</u>	<u>25,504,354</u>	<u>21,350,911</u>

Significant accounting policies and notes forming part of the financial statements. 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

Ranganathan Purushothaman  
Director

Rutesh Durve  
Director

May 8, 2019

**Edelweiss Financial Services (UK) Limited**

**Statement of Profit and Loss**

(Currency : Indian rupees)

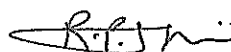
	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue from operations</b>			
Fee and commission income	2.10	12,385,956	10,568,236
<b>Total Income</b>		<u>12,385,956</u>	<u>10,568,236</u>
<b>Expenses</b>			
Finance costs	2.11	44,940	41,062
Employee benefits expense	2.12	6,103,899	5,500,488
Depreciation, amortisation and impairment	2.5	12,653	11,788
Other expenses	2.13	5,427,558	4,448,435
<b>Total expenses</b>		<u>11,589,050</u>	<u>10,001,773</u>
<b>Profit before tax</b>		796,906	566,463
<b>Tax expenses:</b>			
Current tax			
Deferred tax		(581,249)	-
<b>Profit for the year</b>		<u>1,378,155</u>	<u>566,463</u>
<b>Other comprehensive income</b>			
Items that will be reclassified to profit or loss			
Foreign Exchange Translation Reserve - OCI		(488,505)	2,914,140
<b>Other comprehensive income</b>		<u>(488,505)</u>	<u>2,914,140</u>
<b>Total comprehensive income</b>		<u>889,650</u>	<u>3,480,603</u>
<b>Earnings per equity share (Face value of GBP 1 each):</b>			
Basic and diluted	2.14	4.59	1.89

Significant accounting policies and notes forming part of the financial statements

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



Ranganathan Purushothaman  
Director



Rutesh Durve  
Director

May 8, 2019

# Edelweiss Financial Services (UK) Limited

## Cash Flow Statement

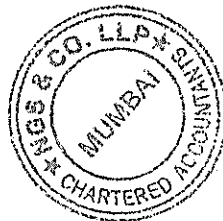
(Currency: Indian rupees)

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>A Cash flow from operating activities</b>		
Profit before taxation	796,906	566,463
<i>Adjustments for non-cash non-operating items:</i>		
Depreciation, amortisation and impairment	12,653	11,788
Operating cash flow before working capital changes	809,559	578,251
<i>Add: (Less): Adjustments for working capital changes</i>		
Increase in trade receivables	(2,354,499)	(8,255,647)
Increase / (decrease) in loans and advances	108,466	(171,438)
Increase / (decrease) in other current liabilities	205,069	(265,884)
Increase in trade payables	115,813	938,724
<b>Cash used in operations</b>	(1,115,592)	(7,175,994)
Income taxes paid	-	-
<b>Net cash used in operating activities - A</b>	(1,115,592)	(7,175,994)
<b>B Cash flow from investing activities - B</b>		
Purchase of fixed assets	-	(47,152)
Sale of fixed assets	574	-
<b>Net cash used in investing activities - B</b>	574	(47,152)
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital	-	-
<b>Net cash generated from financing activities - C</b>	-	-
<b>D Change in foreign exchange translation reserve - C</b>	(480,504)	2,911,322
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C+D)</b>	(1,595,522)	(4,311,824)
Cash and cash equivalents as at the beginning of the year	16,635,595	20,947,419
Cash and cash equivalents as at the end of the year (refer note 2.1)	15,040,073	16,635,595

This is the cash flow statement 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

Ranganathan Purushothaman  
Director

Rutesh Durve  
Director

May 8, 2019

**Edelweiss Financial Services (UK) Limited****Notes to the financial statements (Continued)**

(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	26,227,882	26,227,882	26,227,882
Changes in equity share capital (refer note 2.9)	-	-	-
Balance at the end of the year	26,227,882	26,227,882	26,227,882

**B. Other Equity**

	Reserve and surplus	Other comprehensive income	Total
	Retained earnings	Foreign Exchange Translation Reserve	
Balance at 1 April 2017 (Indian GAAP)	(4,350,260)	(1,531,651)	(5,881,911)
Ind AS adjustments	(1,531,651)	1,531,651	-
Profit for the year	566,463	-	566,463
Other comprehensive income	-	2,914,140	2,914,140
Total Comprehensive Income for the year	566,463	2,914,140	3,480,603
Balance at 31 March 2018 (Ind AS)	(5,315,448)	2,914,140	(2,401,308)
Profit for the year	1,378,155	-	1,378,155
Other comprehensive income	-	(488,505)	(488,505)
Total Comprehensive Income for the year	1,378,155	(488,505)	889,650
Balance at 31 March 2019 (Ind AS)	(3,937,293)	2,425,635	(1,511,658)

**Retained earnings**

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

**Foreign exchange translation reserve**

The functional currency of the Company is British Pound. 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**

Partner

Membership No.: 104796

Mumbai

May 8, 2019

**For and on behalf of the Board of Directors**

**Ranganathan Purushothaman**

Director


**Rutesh Durve**

Director

May 8, 2019



# Edelweiss Financial Services (UK) 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 Financial Services (UK) Limited ('the Company') was incorporated on August 27, 2015. 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 2.28 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 has prepared a separate set of financial statements for the year ended 31 March 2019 which is prepared in accordance with Division III of Schedule III and Ind-AS prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 2.18

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 Financial Services (UK) 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.

- Research services fee income is accounted when there is reasonable certainty as to its receipts
- Fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Interest income is recognised on accrual basis of accounting.

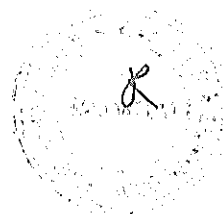
### 1.5 Financial Instruments

#### 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 and loss.





# Edelweiss Financial Services (UK) 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

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

- Amortised cost
- Fair value through other comprehensive income [FVOCI]
- Fair value through profit or loss [FVTPL]

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

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit 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.



# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements *(Continued)*

for the year ended 31 March 2019

(Currency: Indian rupees)

### 1.5 Financial Instruments *(Continued)*

#### Financial assets held for trading

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

#### Financial assets at fair value through profit or 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

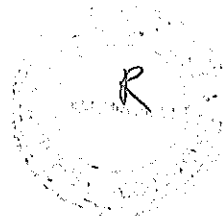
After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

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.

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.



# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency: Indian rupees)

### 1.5 Financial Instruments (Continued)

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.

#### 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.



# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency: Indian rupees)

### 1.5 Financial Instruments (Continued)

#### 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.

#### Determination of fair value

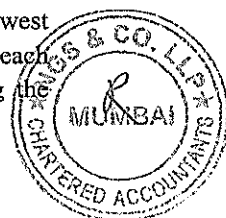
The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement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



# Edelweiss Financial Services (UK) 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 (*Continued*)

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.

### 1.6 Property, plant and equipment and capital work in progress

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

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

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives. Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

Property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense in the statement of profit and loss in the year the asset is derecognised.

The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

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



# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency: Indian rupees)

### 1.6 Property, Plant and Equipment and Capital work in progress (Continued)

The estimated useful lives of the fixed assets are as follows:

Class of asset	Useful life
Office equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units – End user devices, such as desktops, laptops etc.	3 years

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment 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.

#### Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible fixed assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

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

#### Impairment of non-financial assets

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

### 1.7 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.



# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency: Indian rupees)

### 1.8 Foreign currency transactions

The financial statements are presented in Indian Rupees which is also functional currency is in GBP. 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.

### 1.9 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.

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.



# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency: Indian rupees)

### 1.9 Income tax expenses (*Continued*)

#### Deferred tax (*Continued*)

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.

### 1.10 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.

### 1.11 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.





# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2019

(Currency: Indian rupees)

### 1.12 Significant accounting judgements, estimates and assumptions

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.

### 1.13 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.

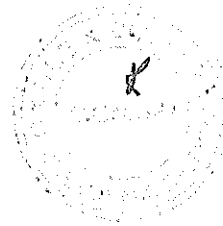


## Edelweiss Financial Services (UK) Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
<b>2.1 Cash and cash equivalents</b>			
Balances with banks			
- in current accounts	15,040,073	16,635,595	20,947,419
	<u>15,040,073</u>	<u>16,635,595</u>	<u>20,947,419</u>
<b>2.2 Trade receivables</b>			
Receivable - Unsecured and considered good	10,610,146	8,255,647	-
	<u>10,610,146</u>	<u>8,255,647</u>	<u>-</u>



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.2 Trade receivables (Continued)

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
	10,610,146	8,255,647	-
Less : Allowance for expected credit losses	-	-	-
	10,610,146	8,255,647	-

Provision matrix for trade receivables

Trade receivables days past due	Current	1-90days	91-180 days	181-360 days	more than 360 days	Total
Sunday, March 31, 2019						
Estimated total gross carrying amount at default	-	10,610,146	-	-	-	10,610,146
Net carrying amount	-	10,610,146	-	-	-	10,610,146
Saturday, March 31, 2018						
Estimated total gross carrying amount at default	-	8,255,647	-	-	-	8,255,647
Net carrying amount	-	8,255,647	-	-	-	8,255,647
Saturday, April 1, 2017						
Estimated total gross carrying amount at default	-	-	-	-	-	-
Net carrying amount	-	-	-	-	-	-



**Edelweiss Financial Services (UK) 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
<b>2.3 Other financial assets</b>			
Rental deposits	78,623	49,557	-
	<u>78,623</u>	<u>49,557</u>	<u>-</u>
<b>2.4 Deferred tax assets (net)</b>			
Deferred tax assets			
Difference between book and tax depreciation	573,248	-	-
	<u>573,248</u>	<u>-</u>	<u>-</u>



# Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

## 2.5 Property, plant and equipment

Description of Assets	Gross block			Accumulated depreciation and impairment				Net block
	As at 01 April 2018	Additions during the year	Deduction / Other adjustments	As at 31 March 2019	Impairment losses / (reversals)	Charge for the year	Deduction / Other adjustments (as applicable)	As at 31 March 2019
Office Equipment	50,910	-	998	49,912	-	12,653	424	24,957
Total	50,910	-	998	49,912	-	12,653	424	24,957

## 2.5 Property, plant and equipment

Description of Assets	Gross block			Accumulated depreciation and impairment				Net block
	As at 01 April 2017	Additions during the year	Disposals during the year	As at 31 March 2018	Impairment losses / (reversals)	Charge for the year	Disposals during the year	As at 31 March 2018
Office Equipment	-	47,152	3,758	50,910	-	11,788	940	38,182
Total	-	47,152	3,758	50,910	-	11,788	940	38,182

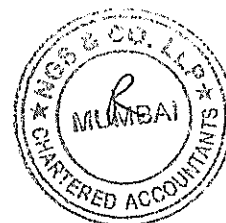


## Edelweiss Financial Services (UK) Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
<b>2.6 Other non-financial assets</b>			
Input tax credit	327,765	306,081	403,492
Advances to others	-	166,136	-
Prepaid expenses	60,076	53,156	-
	<b>387,841</b>	<b>525,373</b>	<b>403,492</b>



## Edelweiss Financial Services (UK) 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
<b>2.7 Trade payables</b>			
Trade payables to non-related parties	1,793,593	1,677,780	739,056
	<u>1,793,593</u>	<u>1,677,780</u>	<u>739,056</u>
<b>2.8 Other non-financial liabilities</b>			
Withholding taxes, goods and service tax and other taxes payable	205,069	-	265,884
	<u>205,069</u>	<u>-</u>	<u>265,884</u>



# Edelweiss Financial Services (UK) 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
<b>2.9 Equity share capital</b>			
<i>a. Issued, Subscribed and Paid up:</i>			
300,000 ordinary shares (previous year: 300,000) of GBP 1 each, fully paid-up	26,227,882	26,227,882	26,227,882
	<u>26,227,882</u>	<u>26,227,882</u>	<u>26,227,882</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)

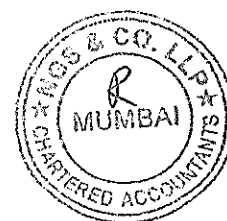
### *b. Movement in share capital :*

	31 March 2019		31 March 2018		01 April 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	300,000	26,227,882	300,000	26,227,882	75,000	7,177,244
Shares issued during the year	-	-	-	-	225,000	19,050,638
Outstanding at the end of the year	<u>300,000</u>	<u>26,227,882</u>	<u>300,000</u>	<u>26,227,882</u>	<u>300,000</u>	<u>26,227,882</u>

### *c. Terms/rights attached to equity shares :*

The Company has only one class of ordinary shares having a par value of GBP 1. 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.

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
<b>Reserves and surplus</b>			
Foreign Exchange Translation Reserves	2,914,140	(1,531,651)	-
Add : Additions during the year	<u>(488,505)</u>	<u>4,445,792</u>	<u>(1,531,651)</u>
	2,425,635	2,914,140	(1,531,651)
Opening Balance	(5,315,448)	(5,881,911)	(894,025)
Add: Profit/(loss) for the year	<u>1,378,155</u>	<u>566,463</u>	<u>(3,456,234)</u>
Closing balance	<u>(3,937,293)</u>	<u>(5,315,448)</u>	<u>(5,881,911)</u>
	<u>(1,511,658)</u>	<u>(2,401,308)</u>	<u>(5,881,911)</u>





## Edelweiss Financial Services (UK) Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees)

#### 2.10 Fee income

Advisory and other fees

For the year ended 31 March 2019      For the year ended 31 March 2018

12,385,956      10,568,236

12,385,956      10,568,236



**Edelweiss Financial Services (UK) Limited**Notes to the financial statements *(Continued)*

(Currency : Indian rupees)

	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
2.11 Finance costs				
Bank charges	44,940	44,940	41,062	41,062
<b>Total</b>	<b>44,940</b>	<b>44,940</b>	<b>41,062</b>	<b>41,062</b>



## Edelweiss Financial Services (UK) Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>2.12 Employee benefit expenses</b>		
Salaries and wages	5,998,359	5,145,486
Contribution to provident and other funds	105,540	355,002
	<b>6,103,899</b>	<b>5,500,488</b>
<b>2.13 Other expenses</b>		
Advertisement and business promotion	2,049,691	339,756
Auditors' remuneration (refer note below)	261,454	262,403
Insurance	-	5,857
Legal and professional fees	2,217,879	2,521,427
Rent	474,693	596,666
Foreign exchange loss (net)	56,856	79,019
Office expenses	27,341	9,807
Postage and courier	-	2,205
Travelling and conveyance	339,644	631,295
	<b>5,427,558</b>	<b>4,448,435</b>
<b>Auditors' remuneration:</b>		
As auditors	261,454	253,856
Towards reimbursement of expenses	-	8,547
	<b>261,454</b>	<b>262,403</b>



## Edelweiss Financial Services (UK) Limited

### Notes to the financial statements (Continued)

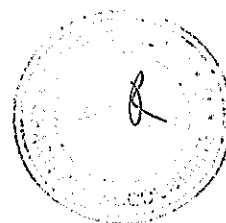
(Currency : Indian rupees)

#### 2.14 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)	Profit attributable to Ordinary shareholders (as per Statement of profit and loss)	1,378,155	566,463
b)	Calculation of weighted average number of ordinary shares of GBP 1/- each:		
	- Number of shares at the beginning of the year	300,000	300,000
	- shares issued during the year	-	-
	Total number of ordinary shares outstanding at the end of the year	300,000	300,000
	Weighted average number of ordinary shares outstanding during the year (based on the date of issue of shares)	300,000	300,000
	Nominal value per share in GBP	1	1
c)	Basic and diluted earnings per share (in rupees) (a/b)	4.59	1.89

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



# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 2.15a Income Tax

The components of income tax expense for the year ended March 31, 2019 and 2018 are:

Particulars	31-Mar-19	31-Mar-18
Deferred tax relating to origination and reversal of temporary differences	(581,249)	-
Total tax charge	(581,249)	-
Current tax	-	-
Deferred tax	(581,249)	-

### 2.15b Reconciliation of total tax charge

Particulars	31-Mar-19	31-Mar-18
Accounting profit before tax as per financial statements	796,906	566,463
Tax rate (in percentage)	19%	19%
Income tax expense calculated based on this tax rate	151,412	107,628
Others	-	(107,628)
Effect of non recognition of deferred tax asset on prior period tax losses	(580,738)	-
Effect of utilization of tax loss on which deferred tax asset earlier not recognised	(151,923)	-
Tax charge for the year recorded in P&L	(581,249)	-

	Opening deferred tax asset / (liability) as per Ind AS	Recognised in statement of profit or loss	Movement for the period (2018-19)				Total movement	Closing deferred tax asset / (liability) as per Ind AS
			Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to statement of profit or loss	Others		
Deferred taxes in relation to:								
Property, plant and equipment	-	581,249	-	-	-	-	581,249	581,249
Total	-	581,249	-	-	-	-	581,249	581,249



# Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)  
for the year ended 31 March 2019

(Currency: Indian Rupees)

## 2.16 Segment reporting

The Company has operated in only one business segment during the year. Therefore, the Company has only one reportable business segment, the results of which are disclosed in the financial statements. Further, there are no geographical segments. Hence, no disclosures are required under Indian Accounting Standard (Ind AS) 108 on Segment Reporting.

## 2.17 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) Names of key managerial personnel

Sunil Kumar Goel (Up to 14<sup>th</sup> February 2019)

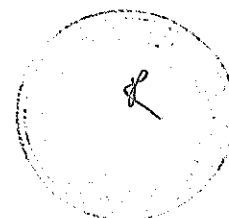
Ranganathan Purushothaman

Rutesh Durve (From 27<sup>th</sup> February 2019)

### (C) Transactions and balances with related parties:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Current accounts transactions</b>		
<b>Fee income received from</b>		
Edelweiss Securities Limited	10,758,234	7,646,308
<b>Remuneration paid to</b>		
Sunil Kumar Goel	2,917,281	-
Rutesh Durve	696,203	-
<b>Balances with related parties</b>		
<b>Trade receivable</b>		
Edelweiss Securities Limited	10,610,146	8,255,647

Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus 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 Financial Services (UK) Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 2.18 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
<b>Financial assets</b>									
Cash and cash equivalents	15,040,073	-	15,040,073	16,635,595	-	16,635,595	20,947,419	-	20,947,419
Trade receivables	10,610,146	-	10,610,146	8,255,647	-	8,255,647	-	-	-
Other financial assets	-	78,623	78,623	49,557	-	49,557	-	-	-
	25,650,219	78,623	25,728,842	24,940,799	-	24,940,799	20,947,419	-	20,947,419
<b>Non-financial assets</b>									
Deferred tax assets (net)	-	573,248	573,248	-	-	-	-	-	-
Property, plant and equipment	-	24,955	24,955	-	38,182	38,182	-	-	-
Other non-financial assets	387,841	-	387,841	525,373	-	525,373	403,492	-	403,492
	387,841	598,203	986,044	525,373	38,182	563,555	403,492	-	403,492
<b>Total assets (A)</b>	26,038,060	676,826	26,714,886	25,466,172	38,182	25,504,354	21,350,911	-	21,350,911

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
<b>Financial liabilities</b>									
Trade payables	1,793,593	-	1,793,593	1,677,780	-	1,677,780	739,056	-	739,056
	1,793,593	-	1,793,593	1,677,780	-	1,677,780	739,056	-	739,056
<b>Non-financial liabilities</b>									
Other non-financial liabilities	205,069	-	205,069	-	-	-	265,884	-	265,884
	205,069	-	205,069	-	-	-	265,884	-	265,884
<b>Total liabilities (B)</b>	1,998,662	-	1,998,662	1,677,780	-	1,677,780	1,004,940	-	1,004,940
<b>Net assets (A-B)</b>	24,039,398	676,826	24,716,224	23,788,392	38,182	23,826,574	20,345,971	-	20,345,971



# Edelweiss Financial Services (UK) 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: Nil) capital commitments and contingent liabilities as at the balance sheet date.

### 2.20 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.

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.





# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements *(Continued)* for the year ended 31 March 2019

(Currency: Indian Rupees)

### 2.20 Financial risk management *(Continued)*

#### *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 on its issuer or factors affecting all securities traded in the market.

#### *Foreign currency risk*

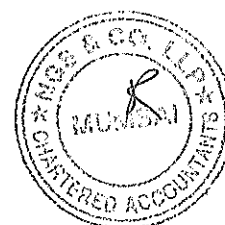
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

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.



**2.21 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 undiscounted 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	-	-	-	-	1,793,593	-	-	-	-	-	1,793,593	
Total undiscounted non-derivative financial liabilities	-	-	-	-	1,793,593	-	-	-	-	-	1,793,593	

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	-	-	-	-	1,677,780	-	-	-	-	-	1,677,780	
Total undiscounted non-derivative financial liabilities	-	-	-	-	1,677,780	-	-	-	-	-	1,677,780	

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	-	-	-	-	739,056	-	-	-	-	-	739,056	
Total undiscounted non-derivative financial liabilities	-	-	-	-	739,056	-	-	-	-	-	739,056	

**2.21 B. Analysis of non-derivative financial assets by remaining contractual maturities**

The table below summarises the maturity profile of the undiscounted cash flows of the Company's non-derivative financial assets as at 31 March.

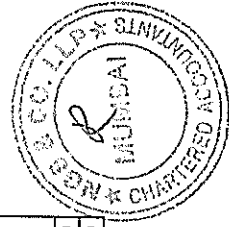
As at 31 March 2019												
	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total	
Cash and cash equivalent and other bank balances	15,040,073	-	-	-	-	-	-	-	-	-	15,040,073	
Trade receivables	-	-	-	-	10,610,146	-	-	-	-	-	10,610,146	
Other financial assets	-	-	-	-	-	78,623	-	-	-	-	78,623	
Total	15,040,073	-	-	-	10,610,146	78,623	-	-	-	-	25,728,842	

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	16,635,595	-	-	-	-	-	-	-	-	-	16,635,595	
Trade receivables	-	-	-	-	8,255,647	-	-	-	-	-	8,255,647	
Other financial assets	-	-	-	-	-	49,557	-	-	-	-	49,557	
Total	16,635,595	-	-	-	8,255,647	49,557	-	-	-	-	24,940,799	

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	20,947,419	-	-	-	-	-	-	-	-	-	20,947,419	
Total	20,947,419	-	-	-	-	-	-	-	-	-	20,947,419	



**Edelweiss Financial Services (UK) Limited**

**Notes to the financial statements (Continued)**

**(Currency : Indian rupees)**

**2.22 Analysis of financial assets and liabilities by industry risk concentration**

**Industry analysis - Risk concentration for 31 March 2019**

Particulars	Financial services	Total
<b>Financial assets</b>		
Cash and cash equivalent and other bank balances	15,040,073	15,040,073
Trade and other receivables	10,610,146	10,610,146
Other financial assets	78,623	78,623
	<b>25,728,842</b>	<b>25,728,842</b>
Other Commitments	-	-
<b>Total</b>	<b>25,728,842</b>	<b>25,728,842</b>

**Industry analysis - Risk concentration for 31 March 2018**

Particulars	Financial services	Total
<b>Financial assets</b>		
Cash and cash equivalent and other bank balances	16,635,595	16,635,595
Trade and other receivables	8,255,647	8,255,647
Other financial assets	49,557	49,557
	<b>24,940,799</b>	<b>24,940,799</b>
Other Commitments	-	-
<b>Total</b>	<b>24,940,799</b>	<b>24,940,799</b>

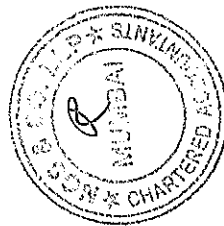
**Industry analysis - Risk concentration for 01 April 2017**

Particulars	Financial services	Total
<b>Financial assets</b>		
Cash and cash equivalent and other bank balances	20,947,419	20,947,419
Trade and other receivables	-	-
Other financial assets	-	-
	<b>20,947,419</b>	<b>20,947,419</b>
Other Commitments	-	-
<b>Total</b>	<b>20,947,419</b>	<b>20,947,419</b>



## 2.23 Total market risk exposure

Particulars	Sunday, March 31, 2019			Saturday, March 31, 2018			Saturday, April 1, 2017		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
<b>Assets</b>									
Cash and cash equivalent and other bank balances	15,040,073	-	15,040,073	16,635,595	-	16,635,595	20,947,419	-	20,947,419
Trade receivables	10,610,146	-	10,610,146	8,255,647	-	8,255,647	-	-	-
Others	78,623	-	78,623	49,557	-	49,557	-	-	-
<b>Total</b>	<b>25,728,842</b>	<b>-</b>	<b>25,728,842</b>	<b>24,940,799</b>	<b>-</b>	<b>24,940,799</b>	<b>20,947,419</b>	<b>-</b>	<b>20,947,419</b>
<b>Liability</b>									
Trade payables	1,793,593	-	1,793,593	1,677,780	-	1,677,780	739,056	-	739,056
<b>Total</b>	<b>1,793,593</b>	<b>-</b>	<b>1,793,593</b>	<b>1,677,780</b>	<b>-</b>	<b>1,677,780</b>	<b>739,056</b>	<b>-</b>	<b>739,056</b>



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.24 Disclosure related to collateral

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

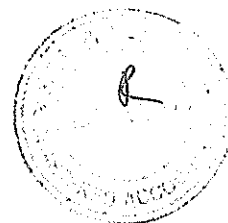
31-Mar-19	Pledge as collateral	others 1	Available as collateral	others 2	Total carrying amount
Cash and cash equivalent including bank balance	-	-	-	15,040,073	15,040,073
Trade receivables	-	-	10,610,146	-	10,610,146
Property, plant and equipment	-	-	24,955	-	24,955
Other financial assets	-	-	-	78,623	78,623
<b>Total assets</b>	-	-	<b>10,635,101</b>	<b>15,118,696</b>	<b>25,753,797</b>

31-Mar-18	Pledge as collateral	others 1	Available as collateral	others 2	Total carrying amount
Cash and cash equivalent including bank balance	-	-	-	16,635,595	16,635,595
Trade receivables	-	-	8,255,647	-	8,255,647
Property, plant and equipment	-	-	38,182	-	38,182
Other financial assets	-	-	-	49,557	49,557
<b>Total assets</b>	-	-	<b>8,293,829</b>	<b>16,685,152</b>	<b>24,978,981</b>

1-Apr-17	Pledge as collateral	others 1	Available as collateral	others 2	Total carrying amount
Cash and cash equivalent including bank balance	-	-	-	20,947,419	20,947,419
Trade receivables	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total assets</b>	-	-	-	<b>20,947,419</b>	<b>20,947,419</b>

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 Financial Services (UK) Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees)

#### 2.25 Revenue from contract with customers

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

##### For the year ended 31 March 2019

Particulars	Fees and commission income
Service transferred at a point in time	12,385,956
Service transferred over time	-
<b>Total revenue from contract with customers</b>	<b>12,385,956</b>

##### For the year ended 31 March 2018

Particulars	Fees and commission income
Service transferred at a point in time	10,568,236
Service transferred over time	-
<b>Total revenue from contract with customers</b>	<b>10,568,236</b>



# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements (Continued) for the year ended 31 March 2019

(Currency: Indian Rupees)

### 2.26 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 manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

In addition to above, the Company is required to maintain minimum networth as prescribed by various regulatory authorities. The management ensures that this is complied.

### 2.27 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 profit after tax as reported under Indian GAAP	566,463
Ind AS adjustments increasing / (decreasing) net profit as reported under Indian GAAP	-
Net profit as per Ind AS	566,463
Other Comprehensive Income as per Ind AS	2,914,140
Total Comprehensive Income as per Ind AS	3,480,603

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



# Edelweiss Financial Services (UK) Limited

## Notes to the financial statements (Continued) for the year ended 31 March 2019

(Currency: Indian Rupees)

### 2.27a 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	23,826,574	20,345,971
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	23,826,574	20,345,971

### 2.28 First-time adoption – mandatory exceptions, optional exemptions

#### 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.





# Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)  
for the year ended 31 March 2019

(Currency: Indian Rupees)

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

### 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.

### 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.

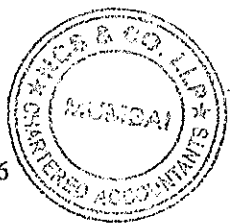
## 2.29 Previous period comparatives

Previous year figures have been regrouped and rearranged whenever necessary.

As per our report of even date attached.

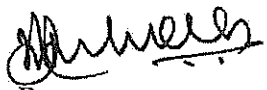
For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No: 119850W


  
R. P. Soni  
Partner  
Membership No: 104796



Mumbai  
May 8, 2019

For and on behalf of the Board of Directors

  
Ranganathan Purushothaman  
Director

  
Rutesh Durve  
Director

May 8, 2019