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Ideas create, values protect

EC International Limited
The Common Seal of

EC International Limited

Notes to the financial statements

(Currency :Indian Rupees)

EC International Limited

Financial Statements for the year ended 31 March 2020

EC International Limited
The Common Seal of

INDEPENDENT AUDITOR'S REPORT

To the Members of **EC International Limited**

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of **EC International Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2020, 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 significant accounting policies and other explanatory information.

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, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

Other Information

This being a foreign company, the requirement regarding reporting on Other Information clause is not applicable to the Company.

Responsibility of Management for the Special Purpose Financial Statements

The Company's Board of Directors is responsible 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 controls, 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 that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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In preparing the Special Purpose Financial Statements, 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements 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.

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, 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. we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to special purpose financial statements in place and the operating effectiveness of such controls.

- 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 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.

- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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This report is issued at the request of the Company and is intended solely for the information and use of the Edelweiss Financial Services Limited ('Ultimate Holding Company' or 'EFSL'), for the purpose of presentation of its consolidated audited financial statements for the year ended March 31, 2020 and for the use of S.R. Batliboi & Co. LLP (the current statutory auditor of EFSL) in conjunction with the audit of consolidated financial statements and is not intended to be and should not be used for any other purpose.

Report on Other Legal and Regulatory Requirements

1. As required for the purpose of special purpose financial statements, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid special purpose financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these special purpose financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;

   (f) As informed to us, the Company being an foreign company, the requirements for provision of section 197(16) of the Companies Act, 2013 are not applicable.

   (g) With respect to the other matters to be included in the Auditor's Report in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position; and

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

R.P. Soni
Partner
Membership No.: 104796

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

UDIN: 20104796AAABAT9687

Place : Mumbai
Date : June 26, 2020

Annexure A
Report on the Internal Financial Controls

We have audited the internal financial controls over financial reporting of **EC International Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the special purpose financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information,.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these special purpose financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these special purpose financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these special purpose financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these special purpose financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these special purpose financial statements.

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Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these special purpose financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these special purpose financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Special purpose Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these special purpose financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these special purpose financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these special purpose financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these special purpose financial statements and such internal financial controls over financial reporting with reference to these special purpose financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

NGS & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

R.P. Soni
Partner
Membership No.: 104796

UDIN: 20104796AAABAT9687

Place : Mumbai
Date : June 26, 2020

EC International Limited

Balance Sheet

(Currency : Indian rupees)	Note	As at March 31,2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	7	12,94,994	12,12,383
Investments	8	52,92,19,437	48,25,80,643
		53,05,14,431	48,37,93,026
Non-financial assets			
Other non- financial assets	9	55,576	47,642
		55,576	47,642
TOTAL ASSETS		53,05,70,007	48,38,40,668
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables		24,67,485	22,26,129
Borrowings (other than debt securities)	10	38,74,26,275	2,95,04,25,531
		38,98,93,760	2,95,26,51,660
Non-financial liabilities			
Other non-financial liabilities	11	-	51,878
		-	51,878
Equity			
Equity share capital	12	62,00,250	62,00,250
Other equity		13,44,75,997	(2,47,50,63,120)
		14,06,76,247	(2,46,88,62,870)
TOTAL LIABILITIES AND EQUITY		53,05,70,007	48,38,40,668

Significant accounting policies and notes to the financial statements 1 to 27

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
June 26, 2020

For and on behalf of the Board of Directors

Vinod Kumar Soni
Director

Subhas Lallah
Director

June 26, 2020

EC International Limited

Statement of Profit and Loss
(Currency : Indian rupees)

	Note	For the year ended March 31,2020	For the year ended March 31,2019
Revenue from operations			
Interest income	13	-	2,47,27,386
Dividend income	14	3,06,28,06,143	70,07,90,587
Other income		-	-
Total Revenue		3,06,28,06,143	72,55,17,973
Expenses			
Finance costs	15	21,06,28,899	24,59,46,205
Impairment on financial instruments	16	6,84,765	40,79,57,285
Other expenses	17	33,51,745	46,75,638
Total expenses		21,46,65,409	65,85,79,128
Profit before tax		2,84,81,40,734	6,69,38,845
Tax expenses			
Current tax	18	-	(5,731)
Profit/ (Loss) for the period		2,84,81,40,734	6,69,44,576
Other Comprehensive Income			
Items that will be reclassified to profit or loss			
Foreign Exchange Translation Reserve - OCI		(4,07,13,630)	(15,19,48,755)
Total		(4,07,13,630)	(15,19,48,755)
Other Comprehensive Income		(4,07,13,630)	(15,19,48,755)
Total Comprehensive Income		2,80,74,27,104	(8,50,04,179)
Earnings per equity share (Face Value of USD 1 each)			
Basic and Diluted	19	22,785.13	535.56
Significant accounting policies and notes to the financial statements	1 to 27		

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
June 26, 2020

For and on behalf of the Board of Directors

Vinod Kumar Soni
Director

Subhas Lallah
Director

June 26, 2020

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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Cash Flow Statement

(Currency: Indian rupees)

		For the year ended March 31,2020	For the year ended March 31,2019
A	**Cash flow from operating activities**		
	Profit/(loss) before taxation	2,84,81,40,734	6,69,38,845
	Adjustments for		
	Impairment on financial instruments	7,00,781	40,79,57,285
	Interest income on loan	-	(2,47,27,386)
	Interest expense on loans	21,04,35,664	24,57,54,829
	Dividend from long term investments	(3,06,28,06,168)	(70,07,90,587)
	Operating cash flow before working capital changes	(35,28,989)	(48,67,014)
	Add / (Less): Adjustments for working capital changes		
	(Increase) in other non Financial asset	(3,420)	(19,153)
	(Decrease) in trade and other payable	(14,306)	(4,55,504)
	Cash used in operations	(35,46,714)	(53,41,671)
	Income taxes paid	-	-
	Net cash used in operating activities - A	(35,46,714)	(53,41,671)
B	**Cash flow from investing activities**		
	Investment in ordinary shares of fellow subsidiary	(37,86,573)	-
	Dividend received from long term investments	36,94,01,138	70,07,90,587
	Loans and advances (given to) / repayment received from fellow subsidiary (net) (refer note below)	-	(5,61,30,366)
	Interest received	-	4,44,59,489
	Net cash (used in) / generated from investing activities - B	36,56,14,565	68,91,19,710
C	**Cash flow from financing activities**		
	Proceeds from / (repayment of) unsecured loan (net) (refer note below)	(11,83,78,763)	(37,11,84,893)
	Interest paid	(5,76,56,376)	(13,83,98,276)
	Interim Dividend Paid	(18,60,57,584)	-
	Net cash generated from / (used in) financing activities - C	(36,20,92,723)	(50,95,83,169)
D	**Change in foreign exchange translation reserve - D**	1,07,483	(17,42,37,779)
	Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	82,611	(42,909)
	Cash and cash equivalents as at the beginning of the year	12,12,383	12,55,292
	Cash and cash equivalents as at the end of the year (refer note 7)	12,94,994	12,12,383

Note:

1 Net figures have been reported on account of volume of transactions.

2. During the current year, the Dividend of Rs 2,69,34,05,031 to be received and net off against the Loan taken from EC Global Limited. The same being of non cash in nature, hence not disclosed in the above cash flow statement.

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
June 26, 2020

For and on behalf of the Board of Directors

Vinod Kumar Soni
Director

Subhas Lallah
Director

June 26, 2020

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

EC International Limited The Common Seal of

EC International Limited

Statement of changes in Equity

(Currency : Indian rupees)

	Equity	Other equity		
		Retained earnings	Foreign exchange translation difference	Total
Balance at 1 April 2018 (Indian GAAP)	62,00,250	(2,38,32,52,223)	(68,06,718)	(2,38,38,58,691)
Profit for the year	-	6,69,44,576	-	6,69,44,576
Other comprehensive income	-	-	(15,19,48,755)	(15,19,48,755)
Total Comprehensive Income for the year	-	6,69,44,576	(15,19,48,755)	(8,50,04,179)
Balance at 31 March 2019 (Ind AS)	62,00,250	(2,31,63,07,647)	(15,87,55,473)	(2,46,88,62,870)
Profit for the year	-	2,84,81,40,734	-	2,84,81,40,734
Other comprehensive income	-	-	(4,07,13,630)	(4,07,13,630)
Total Comprehensive Income for the year	-	2,84,81,40,734	(4,07,13,630)	2,80,74,27,105
Dividend to Equity shareholder		(19,78,87,988)		(19,78,87,988)
Balance at 31 March 2020 (Ind AS)	62,00,250	33,39,45,100	(19,94,69,102)	14,06,76,247

Nature and purpose of reserves

Foreign exchange translation reserve

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

As per our report of even date attached.

For NGS & Co. LLP
Chartered Accountants

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

R. P. Soni
Partner
Membership No.: 104796
June 26, 2020

For and on behalf of the Board of Directors

Vinod Kumar Soni
Director

Subhas Lallah
Director

June 26, 2020

EC International Limited The Common Seal of

EC International Limited

Notes to the financial statements

(Currency :Indian Rupees)

1. **Background**

EC International Limited ("the Company") was incorporated as a private company limited by shares in the Republic of Mauritius on 11 December 2008. The address of the Company's registered office is c/o CITCO (Mauritius) Limited 4th Floor, Tower A, 1 Cybercity, Ebene, Mauritius. The principal activity of the Company is to invest in the shares and securities of other body corporates.

The Company is a wholly owned subsidiary of Edelweiss Financial Services Limited which is incorporated in India.

The Company holds a Category 1 Global Business License issued by the Financial Services Commission.

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

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

The Company being a foreign company prepared its financial statements in United States Dollar (USD) which is its Functional currency. However for consolidation purpose, the company presents these financial statements in Indian rupees (INR), which is the functional currency of the ultimate holding company.

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

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

Estimation of uncertainties relating to the global health pandemic from COVID-19

The outbreak of COVID–19 virus continues to spread across the globe including India, resulting in significant volatility in financial markets and a significant decrease in global and India's economic activities. On March 11, 2020, this outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian Government announced a 21 – days lockdown which was further extended till 31st May 2020 across the nation to contain the spread of the virus and still continues to be across many parts of the country in India. The pandemic and its consequent adverse effect on the economy also adversely impacted the financial markets.

In preparing these financial statements, the Company's management has assessed the impact of the pandemic on its operations and its assets including the value of its investments as at March 31, 2020 based on estimate of the future results and various internal and external information available up to the date of approval of these financial statements. The estimates as at the date of approval of these financial results may differ based on the ongoing impact of the pandemic and the timing of the improvement in the economy and the financial markets.

3. **Presentation of financial statements**

These financial statements are Special Purpose Financial Statements drawn under Indian Accounting Standards (Ind-AS) for the purpose of Consolidation with Edelweiss Financial Services Limited (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 21.

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3. Presentation of financial statements(continued)

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

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

4. Significant accounting policies

4.1 Recognition of Interest and Dividend income

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

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

Dividend income is recognised in profit or loss when the Company's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, and the amount of the dividend can be measured reliably.

4.2 Financial Instruments

4.2.1 Date of recognition

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

4.2.2 Initial measurement of financial instruments

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

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4. **Significant accounting policies (continued)**

4.2.3 Day 1 profit or loss

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

4.3 Classification of Financial Instruments

4.3.1 Financial assets:

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

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

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

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

Sale that occur for below reason are considered as consistent with business model whose objective is to hold financial assets in order to collect contractual cash flows

- if those sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).
- If such sales are made close to maturity of financial asset and proceeds from sale approximate the collection of the remaining contractual cash flow
- Selling a financial asset because of significant increase in credit risk.

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

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

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

4.3.1.1 Amortized cost and Effective interest method

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

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4. **Significant accounting policies (continued)**

Amortized cost and Effective interest method(continued)

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

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

4.3.1.2 Investment in equity instruments of subsidiaries

Investments in subsidiary companies are carried at cost and are assessed on a regular basis for impairment. Subsidiaries are entities that are controlled by the Company.

4.3.2 Financial liabilities

All financial liabilities are measured at amortised cost.

4.3.2.1 Debt securities and other borrowed funds

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

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

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or

- The liabilities are part of a Company of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or

- Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of

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4.3 Classification of financial instruments (continued)

instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

4.3.3. Financial liabilities and equity instruments

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

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

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

4.4 Reclassification of financial assets and financial liabilities

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

4.5 Derecognition of financial assets and financial liabilities

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

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

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

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

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

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

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

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4. Significant accounting policies (continued)

4.5 Derecognition of financial assets and financial liabilities (continued)

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

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.

4.5.4 Derecognition of financial liabilities

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

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

4.6 Impairment of financial assets

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

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

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

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4. Significant accounting policies (continued)

4.6 Impairment of financial assets (continued)

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

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

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

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

4.7 Write off

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

4.8 Determination of fair value

The Company measures financial instruments 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.

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4. Significant accounting policies (continued)

4.8 Determination of fair value (continued)

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

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

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

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

4.9 Earnings per share

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

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

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4. Significant accounting policies (continued)

4.10 Foreign currency transactions

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

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

4.11 Impairment of non-financial assets

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

4.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand.

4.13 Provisions and other contingent liabilities

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

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

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

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4. **Significant accounting policies (continued)**

4.14 **Income tax expenses**

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

4.14.4 Current tax

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

4.14.5 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.

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

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

4.14.6 Current and deferred tax for the year

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

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5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 4, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

5.1 Critical judgements in applying accounting policies

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

5.1.1 Business model assessment

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

5.1.2 Significant increase in credit risk

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

5.2 Key sources of estimation uncertainty

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

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5.2 Key sources of estimation uncertainty (continued)

5.2.1 Fair value of financial instruments

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

5.2.2 Impairment of financial assets

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

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

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

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

5.2.3 Effective interest rate method

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

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

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Notes to the financial statements

(Currency :Indian Rupees)

5.2 Key sources of estimation uncertainty (continued)

5.2.4 Accounting for deferred taxes

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

6 Standards issued but not yet effective

There are no new standard or amendment issued but not effective.

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

7 Cash and Cash Equivalent

Particulars	As at March 31,2020	As at March 31, 2019
Balances with banks		
- in current accounts	12,94,994	12,12,383
Total	12,94,994	12,12,383

8 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Unquoted shares at cost		
Investments in ordinary shares of wholly owned subsidiaries, outside India		
EC Global Limited	21,71,11,392	19,92,13,344
Aster Commodities DMCC	22,58,18,931	20,72,03,058
EAAA LLC	8,30,07,113	7,61,64,241
EFSL International Ltd	-	40,37,68,580
EW Special Opportunities Advisors LLC	40,27,341	
Gross amount	52,99,64,777	88,63,49,224
Less: Allowance for impairment	(7,45,340)	(40,37,68,580)
Net amount	52,92,19,437	48,25,80,643

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

9 **Other non-financial assets**

Particulars	As at March 31,2020	As at March 31, 2019
Prepaid expenses	55,576	47,642
Total	**55,576**	**47,642**

10 **Borrowing (other than debt securities)**

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Loan from Edelweiss Financial Services Limited, the holding Company	-	41,03,40,836
Loan from Subsidiaries:		
From EC Global	34,48,25,340	2,49,48,87,406
From EAAA LLC	4,26,00,935	4,51,97,289
Total	**38,74,26,275**	**2,95,04,25,531**

Particulars	As at March 31, 2020	As at March 31, 2019
Loans in India	-	-
Loans outside India	38,74,26,275	2,95,04,25,531
Total	**38,74,26,275**	**2,95,04,25,531**

Loan from holding company is unsecured and for a tenure of one year from the date of loan. It bears an interest at the quarterly average one year Government of India securities yield for the financial year ended 31 March 2020 ranging between 5.24% to 6.30% p.a. (2019 – 6.62% to 7.32% p.a), compounded monthly.

Loan from EC Global Limited is unsecured and repayable on demand and bears a fixed interest rate of 7.50% p.a for the financial year ended 31 March 2020 (2019 – 7.50% p.a), compounded monthly.

Loan from EAAA LLC is unsecured and repayable on demand and bears an interest at quarterly average one month LIBOR rate prevailing during the year ended 31 March 2020 ranging between 1.41% to 2.44% p.a. (2019 – 1.97% to 2.50% p.a), compounded monthly.

11 **Other non-financial liabilities**

Particulras	As at March 31,2020	As at March 31, 2019
Withholding taxes, Goods & service tax and other taxes payable	-	51,878
Total	-	51,878

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

12. Issued Capital

Particulars	As at March 31,2020	As at March 31,2019
Equity share capital		
Issued, Subscribed and Paid up:		
125,000 (Previous year: 125,000) Ordinary shares of USD 1 each, fully paid-up	62,00,250	62,00,250
Total	62,00,250	62,00,250

(The entire share capital is held by Edelweiss Financial Services Limited, the holding company)

a. Movement in share capital :

	March 31,2020		March 31,2019	
Particulars	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	1,25,000	62,00,250	1,25,000	62,00,250
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	1,25,000	62,00,250	1,25,000	62,00,250

b. Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of USD 1/-. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

13 Interest Income

Particulars	For the year Ended March 31, 2020	For the year Ended March 31, 2019
On Loan to subsidiary companies (for finance company)	-	2,47,27,386
Total	-	2,47,27,386

14 Dividend Income

Particulars	For the year Ended March 31, 2020	For the year Ended March 31, 2019
Dividend on long term Investment*	3,06,28,06,143	70,07,90,587
Total	3,06,28,06,143	70,07,90,587

* During the current year, the Dividend of Rs 2,69,34,05,031 to be received was net off againest the Loan taken from EC Global Limited.

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

15 Finance costs

Particulars	For the year Ended March 31, 2020	For the year Ended March 31, 2019
Interest cost :		
Interest on loan from holding company	1,07,93,242	7,13,96,458
Interest on loan from fellow subsidiaries	19,96,42,368	17,43,58,371
Financial and bank charges	1,93,289	1,91,376
Total	**21,06,28,899**	24,59,46,205

16 Impairment on financial instruments

Particulars	For the year Ended March 31, 2020	For the year Ended March 31, 2019
Impairment loss	6,84,765	40,79,57,285
Total	6,84,765	40,79,57,285

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

17 Other expenses

Particulars	For the year Ended March 31, 2020	For the year Ended March 31, 2019
Auditors' remuneration (Refer Note below)	14,41,064	15,11,522
Directors' sitting fees	3,81,034	2,77,910
Foreign exchange loss (net)	281	(3,03,896)
Legal and professional fees	13,82,148	23,13,221
Office expenses	-	7,34,709
ROC Expenses	1,42,466	1,42,172
Miscellaneous expenses	4,754	-
Total	33,51,747	46,75,638

Note:

Auditors' remuneration:		
As Auditors	12,22,664	14,45,826
Towards reimbursement of expenses	2,18,400	65,696
	14,41,064	15,11,522

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

18. Income tax disclosures

The components of income tax expense for the years ended 31 March 2020 and 2019 are:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax	-	-
Adjustment in respect of current income tax of prior years	-	(5,731)
Deferred Tax	-	-
Total Tax Charge	-	(5,731)

18.1 Reconciliation of the total tax charge

Particulars	For the year Ended March 31, 2020	For the year Ended March 31, 2019
Accounting profit before tax as per financial statements	2,84,81,40,734	6,69,38,845
Tax rate (in percentage)	15.00%	15.00%
Income tax expense calculated based on this tax rate	42,72,21,110	1,00,40,827
Adjustment in respect of current income tax of prior years	-	(5,731)
Effect of income not subject to tax:		
Others	(40,40,10,755)	-
Effect of non-deductible expenses:		
Penalties		-
Others	50,35,016	6,66,02,919
Effect of utilisation of tax losses on which deferred tax asset earlier not recognised OR deferred tax assets on losses earlier recognised now considered not recoverable	(2,82,45,371)	(7,66,43,746)
Tax expense reported in statement of profit and loss	-	(5,731)

Details of temporary differences where deferred tax assets have not been recognised in the balance sheet

As at 31 March 2020			As at 31 March 2019		
Unused tax losses			Unused tax losses		
Financial Year to which the loss relates to	Amount	Expiry year - financial year	Financial Year to which the loss relates to	Amount	Expiry year - financial year
31-03-2016	21,89,20,352	31-03-2021	31-03-2015	1,58,90,12,565	31-03-2020
31-03-2017	20,51,92,052	31-03-2022	31-03-2016	20,08,73,179	31-03-2021
			31-03-2017	18,82,76,601	31-03-2022
Total	42,41,12,404		Total	2,33,56,70,627	

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

19. Earning per share

Particulars	2020	2019
a) Shareholders earnings (as per statement of profit and loss)	2,84,81,40,734	6,69,44,576
Less: Preference dividend declared by the Company (including dividend distribution tax)	-	-
Net Profit available to equity shareholders for the purpose of calculating basic and diluted earnings per share	2,84,81,40,734	6,69,44,576
b) Calculation of weighted average number of equity shares of USD 1 each:		
– Number of shares at the beginning of the year	1,25,000	1,25,000
– Number of shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	1,25,000	1,25,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	1,25,000	1,25,000
c) Number of dilutive potential equity shares	-	-
d) Basic earnings per share (in INR) {a/b}	22,785.13	535.56
e) Diluted earnings per share (in INR) {a/(b+c)}	22,785.13	535.56

20. Segment Information

The Company has operated only in one business segment during the year viz. capital based business comprising of investing in shares and granting of loans. 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 Segment Reporting.

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

21. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

	As at March 31, 2020			As at March 31, 2019		
Particulars	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial assets						
Cash and cash equivalents	12,94,994	-	12,94,994	12,12,383	-	12,12,383
Investments	8,30,07,113	44,62,12,324	52,92,19,437		48,25,80,643	48,25,80,643
	8,43,02,107	**44,62,12,324**	**53,05,14,431**	**12,12,383**	**48,25,80,643**	**48,37,93,026**
Non-financial assets						
Other non-financial assets	55,576	-	55,576	47,642	-	47,642
	55,576	-	**55,576**	**47,642**	-	**47,642**
Total assets (A)	**8,43,57,683**	**44,62,12,324**	**53,05,70,007**	**12,60,025**	**48,25,80,643**	**48,38,40,668**

	As at March 31, 2020			As at March 31, 2019		
Particulars	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial liabilities						
Trade payables	24,67,485	-	24,67,485	22,26,129	-	22,26,129
Borrowing (other than debt securities)	38,74,26,275	-	38,74,26,275	2,95,04,25,531	-	2,95,04,25,531
Other financial liabilities	-	-	-	-	-	-
	38,98,93,760	-	**38,98,93,760**	**2,95,26,51,660**	-	**2,95,26,51,660**
Non-financial liabilities						
Provisions	-	-	-		-	-
Other non-financial liabilities	-	-	-	51,878	-	51,878
	-	-	-	**51,878**	-	**51,878**
Total liabilities (B)	**38,98,93,760**	-	**38,98,93,760**	**2,95,27,03,538**	-	**2,95,27,03,538**
Net (A-B)	**(30,55,36,077)**	**44,62,12,324**	**14,06,76,247**	**(2,95,14,43,513)**	**48,25,80,643**	**(2,46,88,62,870)**

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

22. Change in liabilities arising from financing activities

Particulars	1 April 2019	Cash flows	Changes in fair values	Exchange differences	Others*	31 March 2020
Borrowings (other than debt securities)	2,95,04,25,531	(17,60,35,141)	-	9,60,05,251	(2,48,29,69,366)	38,74,26,275
Total liabilities from financing activities	**2,95,04,25,531**	**(17,60,35,141)**	**-**	**9,60,05,251**	**(2,48,29,69,366)**	**38,74,26,275**

Particulars	1 April 2018	Cash flows	Changes in fair values	Exchange differences	Others*	31 March 2019
Borrowings (other than debt securities)	3,21,42,53,871	(50,95,83,169)	-	-	24,57,54,829	2,95,04,25,531
Total liabilities from financing activities	**3,21,42,53,871**	**(50,95,83,169)**	**-**	**-**	**24,57,54,829**	**2,95,04,25,531**

* Includes effect of interest charge for the year and Dividend adjusted against the borrowing.

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CHARTERED ACCOUNTANTS

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

23. Related party disclosures

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

Edelweiss Financial Services Limited. Holding Company

(B) Names of subsidiaries with whom transactions have taken place during the year

Aster Commodities DMCC
EAAA LLC
EC Global Limited
EFSL International Limited
EW Special Opportunities Advisors LLC

(B) Names of fellow subsidiaries with whom transactions have taken place during the year

Edelweiss Rural & Corporate Services Limited

(C) Names of key managerial personnel

Subhas Chandra Lallah
Vinod Kumar soni
Girendre Mannish Hanoomanjee Ajodah

(*) Edel Commodities 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 and Edelweiss Business Services Limited, have been merged into Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd). Hence all related party transactions transacted during the year and the outstanding balances thereof, as at the end of the year relating to the Merged are considered to be transacted with Edelweiss Rural & Corporate Services Limited and disclosed accordingly

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Notes to the financial statements (Continued)
(Currency: Indian rupees)

Disclosure as required by Ind AS 24 "Related Party Disclosure"

23. Related party disclosures (continued)

(B) Transactions with related parties :

Nature of transaction	Related party name	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Current account transactions during the year			
Investment in ordinary shares of	EFSL International	-	40,16,68,306
Investment in shares of	EW Special Opportunities Advisors LLC	37,86,573	-
Short term loans taken from (refer note below)	EC Global Limited	36,54,17,096	1,81,06,400
	Edelweiss Financial Services Limited	-	84,56,55,505
Short term loans repaid to (refer note below)	Edelweiss Financial Services Limited	39,03,62,512	1,22,55,31,594
	EAAA LLC	68,29,432	7,55,20,571
	EC Global Limited	2,37,51,70,174	18,37,62,755
Interest Expense on loans from	Edelweiss Financial Services Limited	1,07,93,242	7,13,96,458
	EC Global Limited	19,88,13,522	17,31,93,760
	EAAA LLC	8,28,846	11,62,602
Short term loans Given to (refer note below)	EFSL International Limited	-	18,69,52,767
Short term loans repaid by (refer note below)	EFSL International Limited	-	56,49,85,385
Interest income on loans from	EFSL International Limited	-	2,47,27,386
Dividend Income	EC Global Limited	2,69,34,05,031	-
	Aster Commodities DMCC	38,94,01,112	70,07,90,587
Final / Proposal dividend	Edelweiss Financial Services Limited	19,74,87,988	-
Reversal of provision for impairment	EFSL International Limited	16,016	-
Impairment on Financial Instrument	EW Special Opportunities Advisors LLC	7,80,781	-
	EFSL International Limited	-	40,79,57,205
Office expense paid to	Edelweiss Rural & Corporate Services Limited	-	7,34,709
Director Sitting fees	Subhas Chandra Lallah	1,72,198	1,29,225
	Girendre Mannish Hanoomanjee Ajodah	2,03,777	1,48,649

(C) Balances with related parties :

Nature of transaction	Related party name	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Short term borrowings from	EC Global Limited	32,84,71,500	3,06,27,23,201
	EAAA LLC	4,05,83,547	4,30,02,886
	Edelweiss Financial Services Limited	-	38,09,57,806
Other liabilities Interest accrued but not due on borrowings from	EC Global Limited	1,63,53,848	23,21,64,615
	EAAA LLC	20,17,388	12,04,403
	Edelweiss Financial Services Limited	-	2,93,83,630
Investments in Ordinary shares of	Aster Commodities DMCC	22,58,38,931	20,72,03,858
	EAAA LLC	8,29,98,951	7,61,57,670
	EC Global Limited	21,71,11,392	-
	EW Special Opportunities Advisors LLC	32,82,001	19,92,13,344
Investments in Class B shares of	EAAA LLC	7,162	6,571
Trade Payable	Edelweiss Rural & Corporate Services Limited	-	2,43,509

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

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

24. Capital management

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

The Company's definition of "capital employed" includes all components of shareholders equity and borrowings. The amount of capital employed as at 31 March 2020 by the Company is INR 528,102,522 (2019: INR -481,562,661).

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

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

(Currency : Indian rupees)

25. Risk Management

Company has operations in Mauritius. Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability . The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

25.1 Analysis of risk concentration

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

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

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

The Company's cash and cash equivalents are held with regulated and reputed financial institutions. Loans comprise of loans given to Group Companies.

Particulars	Financial services	
	31-03-2020	31-03-2019
Financial assets		
Cash and cash equivalent	12,94,994	12,12,383
Investment in subsidiaries	52,92,19,437	48,25,80,643
Total	53,05,14,431	48,37,93,026

25.2 Liquidity risk and Funding Management

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

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

25.2.1 Analysis of non-derivative financial liabilities by remaining contractual maturities

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

As at 31 March 2020	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Trade payables	-	24,67,485	-	-	-	-	24,67,485
Borrowings (other than debt securities)	38,74,26,275	-	-	-	-	-	38,74,26,275
Other financial liabilities	-	-	-	-	-	-	-
Total undiscounted non-derivative financial liabilities	**38,74,26,275**	**24,67,485**	**-**	**-**	**-**	**-**	**38,98,93,760**

As at 31 March 2019	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Trade payables	-	22,26,129	-	-	-	-	22,26,129
Borrowings (other than debt securities)	2,54,00,84,694	-	-	41,03,40,837	-	-	2,95,04,25,531
Total undiscounted non-derivative financial liabilities	**2,54,00,84,694**	**22,26,129**	**-**	**41,03,40,837**	**-**	**-**	**2,95,26,51,660**

GS & CO. LLP MUMBAI ACCOUNTANTS

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Notes to the financial statements (Continued)

(Currency: Indian rupees)

25.2.2 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 2020	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Cash and cash equivalent	12,94,994	-	-	-	-	-	12,94,994
Total	12,94,994	-	-	-	-	-	12,94,994

As at 31 March 2019	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Cash and cash equivalent	12,12,383	-	-	-	-	-	12,12,383
Total	12,12,383	-	-	-	-	-	12,12,383

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Notes to the financial statements (Continued)

(Currency :Indian rupees)

26.1 Financial assets available to support future funding

Following table sets out availability of financial assets to support funding

Particulars	31 March 2020				
	Pledge as collateral	Others (1)	Available as collateral	Others (2)	Total Carrying amount
Cash and cash equivalent	-	-	-	12,94,994	12,94,994
Investments		-	44,62,12,324	8,30,07,113	52,92,19,437
Total assets	-	-	**44,62,12,324**	**8,43,02,107**	**53,05,14,431**

Particulars	31 March 2019				
	Pledge as collateral	Others (1)	Available as collateral	Others (2)	Total carrying Amount
Cash and cash equivalent	-	-	-	12,12,383	12,12,383
Investments		-	48,25,80,643	-	48,25,80,643
Total assets	-	-	**48,25,80,643**	**12,12,383**	**48,37,93,026**

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

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

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

26.2 Market risk

Market the risk that the 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

26.2.1 Total market risk exposure

Particulars	31 March 2020			31 March 2019		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Cash and cash equivalent	12,94,994	-	12,94,994	12,12,383	-	12,12,383
Total	12,94,994	-	12,94,994	12,12,383	-	12,12,383
Liability						
Borrowings (other than Debt Securities)	38,74,26,275	-	38,74,26,275	2,95,04,25,531	-	2,95,04,25,531
Trade payables	24,67,485	-	24,67,485	22,26,129	-	22,26,129
Total	**38,98,93,760**	-	**38,98,93,760**	**2,95,26,51,660**	-	**2,95,26,51,660**

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Notes to the financial statements (Continued)

(Currency : Indian rupees)

26.2 Market risk(continued)

Interest rate risk

Interest rate risk is the risk that the interest bearing financial assets and financial liabilities may change as a result of a change in the prevailing market interest rates. The Company has given as well as taken variable interest rate bearing loans. To that extent the Company is exposed to risk due to fluctuations in the prevailing levels of the market interest rates.

	2019-20					
Currency of borrowing / advances	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
United States Dollars	25	(1,01,459)	-	25	1,01,459	-

	2018-19					
Currency of borrowing / advances	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
United States Dollars	25	(10,62,150)	-	25	10,62,150	-

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings.

All the financial asset and liabilities are in Company's functional currency and thus the Company is not exposed to any currency risk

27. Subsequent Events-Events occuring after the reporting date

Subsequent to the year end, the Board of Directors of the Company vide its meeting held on April 1, 2020, proposed to amalgamate EC Global Limited with the Company, whereby the Company will be the surviving Company, subject to regulatory approvals.

As per our report of even date attached

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

NGS & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

R. P. Soni
Partner
Membership No.: 104796
June 26, 2020

For and on behalf of the Board of Directors

Vinod Kumar Soni
Director

Subhas Lallah
Director

June 26, 2020

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