

**Independent Auditors' Report****To the Members of Edelcap Securities Limited  
Report on the Audit of the Ind AS Financial Statements****Opinion**

We have audited the accompanying Ind AS financial statements of Edelcap Securities 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 Ind AS financial statements give the information required by the Companies Act, 2013 ("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 loss 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 Ind AS 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 Ind AS 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 (the 'ICAI') 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 Ind AS financial statements.

**Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Management's Responsibilities for the Ind AS Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management and Board of Directors are 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 Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 Matter**

The comparative Ind AS financial statements of the Company for the year ended March 31, 2019, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor, who issued unmodified opinion on those financial statements on May 10, 2019.

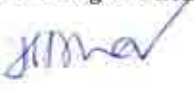
#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, 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 Ind AS 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) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;



- (g) In our opinion, and according to the information and explanation given to us, no remuneration has been paid by the Company to its directors during the current year;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending tax litigations on its financial position in financial statement-as per Note No. 40 of the Financial Statement;
  - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For GMJ & Co.  
Chartered Accountants  
Firm Registration No. 103429W

  
Haridas Bhat  
Partner  
Membership No.:39070



UDIN:20039070AAAAFF5250

Place: Mumbai  
Date: July 03, 2020



**Annexure A to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Edelcap Securities Limited ('the Company') on the financial statements for the year ended March 31, 2020, we report that:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own immovable properties, accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any activities conducted and services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, services tax, sales tax, value added tax, goods and service tax, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, duty of excise and duty of custom.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales tax, value added tax, service tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues of sales tax, service tax, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax on account of dispute, is as follows:



Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,11,290	A.Y. 2014-15	CIT (A)
Income Tax Act, 1961	Income Tax	67,27,910	A.Y. 2017-18	CIT (A)

- (viii) The Company does not have any loans or borrowings from any financial institution, bank, government and debenture holders. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, during the year, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For GMJ & Co.  
Chartered Accountants  
Firm Registration No. 103429W

Haridas Bhat  
Partner  
Membership No.:39070



UDIN:20039070AAAAFF5250

Place: Mumbai  
Date: July 03, 2020



## **Annexure B to the Auditors' Report**

**Annexure B the Independent Auditor's report of even date on the financial statements of Edelcap Securities Limited ("the Company")**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Edelcap Securities Limited ("the Company") as of March 31, 2020 in conjunction with our audit of 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 ('ICAI'). 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 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, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 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.

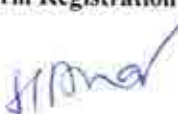
#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting 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 GMJ & Co.  
Chartered Accountants  
Firm Registration No. 103429W

  
Haridas Bhat  
Partner  
Membership No.: 39070



UDIN:20039070AAAFF5250

Place: Mumbai  
Date: July 03, 2020



# Edelcap Securities Limited

## Balance Sheet

(Currency : Indian rupees in millions)

	Note	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7	10.70	4.64
Bank balances other than cash and cash equivalents	8	7.38	7.30
Derivative financial instruments	9	-	8.15
Stock in trade	10	1,397.73	1,593.82
Trade receivables	11	0.82	0.19
Loans	12	447.97	-
Investments	13	2,734.62	3,186.86
Other financial assets	14	13.87	1,965.35
		<u>4,613.09</u>	<u>6,766.31</u>
<b>Non-financial assets</b>			
Current tax assets (net)	15	35.27	41.29
Deferred tax assets (net)	16	351.06	22.88
Property, plant and equipment	17	14.64	8.41
Other intangible assets	17	0.25	0.97
Other non-financial assets	18	38.15	21.70
		<u>439.37</u>	<u>95.25</u>
<b>TOTAL ASSETS</b>		<u><b>5,052.46</b></u>	<u><b>6,861.56</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables		-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	33.68	66.46
Borrowings (other than debt securities)	20	-	3,456.31
Subordinated liabilities	21	3,864.66	1,839.01
Other financial liabilities	22	4.83	33.00
		<u>3,903.17</u>	<u>5,394.78</u>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	23	3.22	9.29
Provisions	24	26.33	14.31
Other non-financial liabilities	25	17.68	6.78
		<u>47.23</u>	<u>30.38</u>
<b>EQUITY</b>			
Equity share capital	26	3.00	3.00
Other equity	27	1,099.06	1,433.40
		<u>1,102.06</u>	<u>1,436.40</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>5,052.46</b></u>	<u><b>6,861.56</b></u>

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

1-51

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

For GMJ & Company  
Chartered Accountants  
Firm Registration No. 103429W

CA Haridas Bhat  
Partner  
Membership No. 39070



Mumbai  
03 July 2020

For and on behalf of the Board of Directors

Rupama Barman Roy  
Director  
DIN: 08050620

Ashish Gupta  
Director  
DIN: 07775554

Ritesh S Jain  
Chief Financial Officer

Bhargavi Halapeti  
Company Secretary

Piyush Chandra  
Manager

Mumbai  
03 July 2020



# Edelcap Securities Limited

## Statement of Profit and Loss

(Currency : Indian rupees in millions)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Revenue from operations</b>			
Interest income	28	117.91	227.67
Dividend income	29	1.63	1.99
Fee and commission income	30	1.87	9.60
Net gain on fair value changes	31	-394.85	426.05
<b>Total revenue from operations</b>		<b>-273.44</b>	<b>665.31</b>
<b>Other income</b>	32	<b>1.47</b>	<b>7.99</b>
<b>Total income</b>		<b>-271.97</b>	<b>673.30</b>
<b>Expenses</b>			
Finance costs	33	449.87	596.76
Impairment on financial instruments	34	0.12	-4.21
Employee benefits expense	35	265.71	243.04
Depreciation, amortisation and impairment	17	8.21	8.61
Other expenses	36	175.43	168.67
<b>Total expenses</b>		<b>899.34</b>	<b>1,012.87</b>
<b>(Loss) before tax</b>		<b>-1,171.31</b>	<b>-339.57</b>
<b>Tax expenses:</b>			
Current tax		3.68	-3.36
Deferred tax		-328.02	9.59
<b>(Loss) for the year</b>		<b>-846.97</b>	<b>-345.80</b>
<b>(Loss) for the year</b>		<b>-846.97</b>	<b>-345.80</b>
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement loss on defined benefit plans (OCI)		-0.53	-1.09
Less:-Tax effect on remeasurement loss on defined benefit plans (OCI)		0.17	0.34
<b>Other Comprehensive Income</b>		<b>-0.36</b>	<b>-0.75</b>
<b>Total comprehensive income</b>		<b>-847.33</b>	<b>-346.55</b>
<b>Earnings per equity share (Face value of Rs 10 each)</b>			
Basic and diluted	10	2,821.22	1,152.67

Significant accounting policies and notes forming part of the financial statements: 1-51

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

For GMJ & Company  
Chartered Accountants  
Firm Registration No.: 103429W

CA Haridas Bhat  
Partner  
Membership No.: 39070



For and on behalf of the Board of Directors

*Rituparna Berman Roy*  
Rituparna Berman Roy  
Director  
DIN: 08050620

*Ashish Gupta*  
Ashish Gupta  
Director  
DIN: 07775554

*Ritesh S Jain*  
Ritesh S Jain  
Chief Financial Officer

*Bhargavi Halapeti*  
Bhargavi Halapeti  
Company Secretary

*Piyush Chandra*  
Piyush Chandra  
Manager

Mumbai  
03 July 2020

Mumbai  
03 July 2020





# Edelcap Securities Limited

## Cash flow statement

(Currency: Indian Rupees in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A Cash flow from operating activities</b>		
(Loss) before tax	-1,171.31	329.57
<b>Adjustments for</b>		
Interest income	-3.14	-0.50
Depreciation	8.21	8.61
Profit on sale of fixed assets	-0.17	-0.22
Provision for gratuity and compensated absences	12.55	2.97
Profit on sale of investment	-27.24	-8.69
Income distribution from fund	-62.91	
Fair value of financial instruments	90.80	20.81
Interest expense on subordinated liabilities	232.44	204.75
Interest expense	217.23	329.20
<b>Operating cash flow before working capital changes</b>	-703.54	217.36
<b>Adjustments for working capital changes</b>		
Increase/(decrease) in financial liabilities (including trade payables)	-60.95	6.68
Increase/(decrease) in non-financial liabilities	9.84	18.17
(Increase) / decrease in fixed deposit including accrued interest	-0.08	0.93
(Increase)/ decrease in derivative financial instruments	8.15	-8.08
(Increase)/ decrease in stock in trade	-173.79	-845.44
(Increase)/ decrease in trade receivables	-0.63	125.88
(Increase)/ decrease in other financial assets	1,991.48	-1,081.99
(Increase)/ decrease in other non-financial assets	-16.45	-4.31
<b>Cash generated / (used in) from operations</b>	1,361.61	-1,609.00
Income tax paid	-3.72	-47.54
<b>Net cash generated/ (used in) from operating activities - A</b>	1,357.89	-1,656.54
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	-14.01	8.23
Sale of fixed assets	0.47	0.99
Purchase of investment	-	-15.00
Sale of investment	410.98	37.89
Income from investment in fund	62.91	8.89
Interest received	3.14	0.50
<b>Net cash generated from investing activities - B</b>	463.49	24.84
<b>C Cash flow from financing activities</b>		
Borrowings (other than debt securities) (refer Note 2)	-3,427.15	1,953.84
Loans and Advances given	-447.97	
Proceeds from issue of preference shares	4,376.25	
Payment on redemption of preference share capital	-2,070.05	
Interest paid	-246.40	333.46
Interim dividend and dividend distribution tax paid		
<b>Net cash (used in)/ generated from financing activities - C</b>	-1,815.32	1,620.38
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	6.06	-11.32
Cash and cash equivalents as at the beginning of the year	4.64	15.96
Cash and cash equivalents as at the end of the year (refer note 1)	10.70	4.64

### Notes:

- Cash and cash equivalents include the following:  
Balances with banks:  
In current accounts
- Net figures have been reported on account of volume of transactions.

This is the Cash flow statement referred to in our report of even date.

For GMJ & Company  
Chartered Accountants  
Firm Registration No.: 103429W

CA Haridas Bhat  
Partner  
Membership No.: 35070



Mumbai  
03 July 2020

For and on behalf of the Board of Directors

Rupama Barman Roy  
Director  
DIN: 08050620

Ashish Gupta  
Director  
DIN: 07775554

Ritesh S Jain  
Chief Financial Officer  
Mumbai  
03 July 2020

Bhargavi Halapeti  
Company Secretary

Priyush Chandra  
Manager  
Edelcap Securities Ltd.

# Edelcap Securities Limited

## Statement of Changes in Equity (Currency: Indian Rupees in millions)

### (A) Equity share capital

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	3.00	3.00
Changes in equity share capital (refer note 26)	-	-
Balance at the end of the year	3.00	3.00

### (B) Other Equity

	ESOP reserve	Retained earnings	Total
Balance at 31 March 2019 (Ind AS)	3.60	1,429.80	1,433.40
Transaction with shareholders in their capacity as such	-	512.99	512.99
Total	3.60	1,942.79	1,946.39
Loss for the year	-	-846.97	-846.97
Other comprehensive income	-	-0.36	-0.36
Total comprehensive income for the year	-	-847.33	-847.33
Balance at 31 March 2020 (Ind AS)	3.60	1,095.46	1,099.06

#### 1 ESOP reserve:

Certain of the Company's employees have been granted options to acquire equity shares of the Ultimate Parent Company (Edelweiss Financial Services Limited). This reserve represents the cost of these options based on their fair value at the grant dates as recognised over the vesting period of such options, to the extent that the Ultimate Parent Company has not recovered such cost from the Company.

This is the Statement of Changes in Equity referred to in our report of even date.

For GMJ & Company  
Chartered Accountants  
Firm Registration No.: 103429W

CA Haridas Bhat  
Partner  
Membership No.: 39070  
Mumbai  
03 July 2020



For and on behalf of the Board of Directors

Rituparna Barman Roy  
Director  
DIN: 08050620

Ashish Gupta  
Director  
DIN: 07775554

Ritesh S Jain  
Chief Financial Officer  
Mumbai  
03 July 2020

Bhargavi Halapeti  
Company Secretary

Piyush Chandra  
Manager





# Edelcap Securities Limited

## Notes to the financial statements

for the year ended 31 March 2020

### 1. Background

Edelcap Securities Limited ('the Company') was incorporated on 11-Jan-2008 as a public limited company.

The Company is a wholly owned subsidiary of ECap Equities Limited and is registered as Trading member with NSE and BSE in Currency derivatives segment. The Company is also registered as an Authorised Participant ('AP') of Edelweiss Securities Limited for Capital Market Segment and Derivatives Segment with NSE and BSE.

### 2. Basis of preparation of financial statements

The Company's 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).

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 (FVTOCI) instruments, derivative financial instruments, fair value through profit and loss account and other financial assets held for trading, which have been measured at fair value. The Company's financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

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.



**Edelcap Securities Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2020

**3. Presentation of financial statements**

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 48.

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





**Edelcap Securities Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2020

**4. Significant accounting policies**

**4.1 Revenue recognition**

**4.1.1** Fee income including advisory fees for services rendered is accounted over the period as the customer simultaneously receives and consumes the benefits, as the services are rendered.

**4.1.2** 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).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Company calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

**4.1.3** Dividend income is recognised in statement of profit and 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.

**4.1.4** Brokerage income is recognised as per contracted rates at the time of execution of transactions on behalf of the customers on the trade date.

**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**



# Edelcap Securities Limited

## Notes to the financial statements

for the year ended 31 March 2020

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.

### 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 statement of profit and loss when the inputs become observable, or when the instrument is derecognised.

## 4.3 Classification of financial instruments

### 4.3.1 Financial assets:

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

- Amortised cost
- Fair value through other comprehensive income [FVTOCI]
- 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 cashflow.
- 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.





**Edelcap Securities Limited**  
**Notes to the financial statements**  
**for the year ended 31 March 2020**

Other than above classification of amortised cost and FVOCI, all other financial assets are initially measured at fair value and subsequently measured at FVTPL.

**4.3.1.1 Amortized cost and Effective interest rate method (EIR)**

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

**4.3.1.2 Financial assets held for trading**

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

**4.3.1.3 Financial asset measured at FVOCI**

Unrealised gains or losses on debt instruments measured at FVOCI are recognised in other comprehensive income, and on derecognition of such instrument accumulated gains or losses are recycled to statement of profit and loss. Interest income on such instrument is recognised in statement of profit and loss as per EIR method.

**4.3.1.4 Investment in equity instruments**

The Company subsequently measures all equity investments at fair value through profit or loss, unless the management has elected to classify irrevocably some of its strategic equity investments to be measured at FVTOCI, when such instruments meet the definition of Equity under Ind AS and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

**4.3.2 Financial liabilities**

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

**4.3.2.1 Debt securities and other borrowed funds**

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

**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





# Edelcap Securities Limited

## Notes to the financial statements

for the year ended 31 March 2020

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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

### 4.3.2.3 Financial guarantee:

Financial guarantees are contracts that require the Company to make specified payments to reimburse to holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantee issued or commitments to provide a loan at below market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently they are measured at higher of this amortised amount and the amount of loss allowance.

### 4.3.2.4 Loan commitment

Undrawn loan commitments are commitments under which, the Company is required to provide a loan with pre-specified terms to the customer during the duration of commitment.

### 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 the Company are recognised at the proceeds received.

### 4.3.4 Derivatives

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss is recognised in statement of profit and loss immediately.

### 4.4 Reclassification of financial assets and liabilities



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## Notes to the financial statements

for the year ended 31 March 2020

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

### 4.5 Derecognition of financial assets and financial liabilities

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

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financial asset are classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be POCI.

When assessing whether or not to derecognise a financial assets, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

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 group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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

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

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

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

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





**Edelcap Securities Limited**  
**Notes to the financial statements**  
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period between the collection date and the date of required remittance to the eventual recipients.

A transfer 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.

**4.5.3 Derecognition of financial liabilities**

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing 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 financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, is recognised in the statement of profit and loss.





**Edelcap Securities Limited**  
**Notes to the financial statements**  
**for the year ended 31 March 2020**

**4.6 Impairment of financial assets**

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

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

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

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

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

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

If a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Company cannot separately identify the ECL on the loan commitment component from those on the financial asset component, the ECL on the loan commitment have been recognised together with the loss allowance for the financial asset. To the extent that the combined ECL 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.



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**Notes to the financial statements**  
for the year ended 31 March 2020

**4.7 Collateral valuation**

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the balance sheet. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodical basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

**4.8 Collateral repossessed**

The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Company's policy.

In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

**4.9 Write off**

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

**4.10 Forborne and modified loan**

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset, until it is collected or written off.





# Edelcap Securities Limited

## Notes to the financial statements

for the year ended 31 March 2020

### 4.11 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 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.





**Edelcap Securities Limited**  
**Notes to the financial statements**  
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**4.12 Earnings per share**

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

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

**4.13 Foreign currency transactions**

The financial statements are presented in Indian Rupees. 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 translated.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise.

**4.14 Retirement and other employee benefit**

**4.14.1 Provident fund and national pension scheme**

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

**4.14.2 Gratuity**

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

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

Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

**4.14.3 Compensated Absences**

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



**Edelcap Securities Limited**  
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**for the year ended 31 March 2020**

The cost of providing annual leave benefits is determined using the projected unit credit method.

**4.14.4 Share-based payment arrangements**

Equity-settled share-based payments to employees and others providing similar services that are granted by the ultimate parent Company are measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the 'ESOP reserve'. In cases where the share options granted vest in instalments over the vesting period, the Company treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.

**4.15 Property, plant and equipment**

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

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

Depreciation is recognised so as to write off the cost of assets (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.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its tangible 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.

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

Estimated useful lives of the assets are as follows:

Class of assets	Useful Life
Motor vehicles	8 years
Office equipments	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





# Edelcap Securities Limited

## Notes to the financial statements

for the year ended 31 March 2020

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

### 4.16 Intangible assets

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

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

### 4.17 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.

### 4.18 Cash and cash equivalents

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

### 4.19 Provisions and 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.





**Edelcap Securities Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2020

**4.20 Income tax expenses**

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

**4.20.1 Current tax**

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

**4.20.2 Deferred tax**

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

Deferred tax assets are also recognised with respect to 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.

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.



**Edelcap Securities Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2020

**4.20.3 Minimum Alternative Tax (MAT) credit**

MAT paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes unused MAT credit as a deferred tax asset only to the extent that it is probable that the Company will be able to utilise during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises deferred tax asset (MAT credit) as an asset, the said asset is created by way of credit to the statement of profit and loss. The Company reviews the MAT asset at each reporting date and writes down the asset to the extent that it is not probable that the Company will be able to utilise it during the specified period.

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

In the application of the Company's accounting policies, the management is required to make judgments, 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 consolidated financial statements.

**a. Business model assessment**

Classification and measurement of financial assets depends on the results of the sole payments of principal and interest (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.

**b. Significant increase in credit risk**





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for the year ended 31 March 2020

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. 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.

**c. Consolidation of structured entities**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. In the context of the Company, structured entities comprise securitisation trusts in asset reconstruction business, mutual fund schemes and alternative investment funds / schemes thereof. The Company consolidates the structured entities that it controls. When making this judgement, the Company also considers voting and similar rights available to itself and other parties, who may limit the Company's ability to control, including rights to appoint, reassign or remove members of the structured entity's key management personnel who have the ability to direct the relevant activities, the exposure to variability of returns and whether the Company has the ability to use its power to affect the amount of the Company's returns i.e. the variability of returns in relation to the total returns of the investee entity.

**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 stand-alone financial statements are 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.

**a. 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.

For Investments made into Security receipts (SRs), Company uses discounted cash flow model, given that the SRs are less liquid instruments. Expected cash flow levels including





**Edelcap Securities Limited**  
**Notes to the financial statements**  
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timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, nature and value of collaterals, manner of resolution and other economic drivers. For any valuation which are based on models, Judgements and estimates are applied, which include considerations of liquidity, credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

**b. 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:

- PD calculation 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 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, EAD and LGD.
- 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.

**c. Effective interest rate method**

The Company's EIR methodology 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.

**d. Accounting for deferred taxes**



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**Notes to the financial statements**  
for the year ended 31 March 2020

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

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

**6. Standards issued but not yet effective**

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



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>7 Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	10.70	4.64
	<u>10.70</u>	<u>4.64</u>
<b>8 Bank balances other than cash and cash equivalents</b>		
Fixed deposits, held as margin money or security against borrowings, guarantees other commitments	7.18	7.18
Accrued interest on fixed deposits	0.20	0.12
	<u>7.38</u>	<u>7.30</u>

#### 8.1 Encumbrances<sup>1</sup> on fixed deposits held by the Company

The Company has pledged fixed deposits aggregating to Rs. 7.18 millions with National Stock exchange for meeting margin requirements (Previous year: Rs. 7.18 millions).





# Edelcap Securities Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

### 9 (a) Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Particulars	31 March 2020					
	Notional		Fair value of asset (INR)	Notional		Fair value of liability (INR)
	Unit	Notional amount		Unit	Notional amount	
<b>(i) Currency derivatives</b>						
-Currency Futures	Number of currency units	-	-	Number of currency units	46,29,000	0.17
-Options purchased	Number of currency units	56,000	-	Number of currency units	-	-
-Options sold (written)	Number of currency units	-	-	Number of currency units	1,20,000	0.01
Less: amounts offset (refer Note in offsetting disclosure)			-			-0.18
<b>Sub total (i)</b>			-			-
<b>(ii) Interest rate derivatives</b>						
-Futures	Number of G-sec units	10,00,000	1.31			
Less: amounts offset (refer Note in offsetting disclosure)			-1.31			
<b>Subtotal (ii)</b>			-			-
<b>(iii) Index linked derivatives</b>						
-Index Futures	Number of index units	-	-	Number of index units	2,00,025	12.92
-Options sold (written)	Number of index units	-	-	Number of index units	2,53,125	350.92
Less: amounts offset (refer Note in offsetting disclosure)			-			-363.84
<b>Subtotal (iii)</b>			-			-
<b>Total derivative financial instruments</b>		-	-		-	-

\* Notional amount represents quantity in case of equity linked and index linked derivatives



# Edelcap Securities Limited

## Notes to the financial statements (Continued)

(Currency | Indian rupees in millions)

### 9 (a) Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Particulars	31 March 2019					
	Notional		Fair value of asset	Notional		Fair value of liability
	Unit	Notional amount *		Unit	Notional amount *	
<b>(i) Currency derivatives</b>						
-Currency Futures	Number of currency units	1,25,47,000	2.12	Number of currency units	1,000	-
-Options sold (written)	Number of currency units	-	-	Number of currency units	7,76,05,000	14.20
Less: amounts offset (refer Note in offsetting disclosure)			-2.12			-14.20
<b>Sub total (i)</b>			-			-
<b>(ii) Interest rate derivatives</b>						
-Futures	Number of G-sec units	12,00,000	0.06	Number of G-sec units	-	-
Less: amounts offset (refer Note in offsetting disclosure)			-0.06			-
<b>Subtotal (ii)</b>			-			-
<b>(iii) Equity linked derivatives</b>						
-Stock Futures	Number of shares	43,08,998	19.14	Number of shares	57,80,073	14.17
-Options purchased	Number of shares	2,83,650	2.56	Number of shares	14,55,316	4.42
Less: amounts offset (refer Note in offsetting disclosure)			-19.14			-18.59
<b>Subtotal (iii)</b>			2.56			-
<b>(iv) Index linked derivatives</b>						
-Index Futures	Number of index units	60,150	2.70	Number of index units	-	-
-Options purchased	Number of index units	9,52,250	5.58	Number of index units	9,60,980	582.21
Less: amounts offset (refer Note in offsetting disclosure)			-2.70			-582.21
<b>Subtotal (iv)</b>			5.58			-
<b>Total derivative financial instruments</b>			<b>8.14</b>			<b>-</b>

\* Notional amount represents quantity in case of equity linked and index linked derivatives





## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 9 (b) Derivatives Offsetting

##### Financial assets subject to offsetting, netting arrangements

At 31 March 2020	Offsetting recognised in balance sheet		Total assets
	Gross asset before offset	Amount offset*	Recognised in the balance sheet
Particulars			
Derivative financial assets	1.31	1.31	-

\* As at the reporting date 31-Mar-2020, the amount of cash margin received that has been offset against the gross derivative assets is Rs.1.31 millions

At 31 March 2019	Offsetting recognised in balance sheet		Total assets
	Gross asset before offset	Amount offset*	Recognised in the balance sheet
Particulars			
Derivative financial assets	32.16	24.02	8.14

\* As at the reporting date 31-Mar-2019, the amount of cash margin received that has been offset against the gross derivative assets is Rs. 24.02 millions

At 31 March 2020	Offsetting recognised in balance sheet		Total liabilities
	Gross asset before offset	Amount offset*	Recognised in the balance sheet
Particulars			
Derivative financial liabilities	364.02	364.02	-

\* As at the reporting date 31-Mar-2020, the amount of cash margin received that has been offset against the gross derivative liability is Rs.364.03 millions

At 31 March 2019	Offsetting recognised in balance sheet		Total liabilities
	Gross asset before offset	Amount offset*	Recognised in the balance sheet
Particulars			
Derivative financial liabilities	615.00	615.00	-

\* As at the reporting date 31-Mar-2019, the amount of cash margin received that has been offset against the gross derivative liability is Rs.615.00 millions



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 10 Stock in trade

At fair value through profit & Loss

	As at 31 March 2020	As at 31 March 2019
<b>Particulars</b>		
(i) Mutual fund	-	1,375.35
(ii) Equity instruments	14.54	218.47
(ii) Debentures and Bonds (Quoted)	1,383.19	-
<b>Total - Gross</b>	<b>1,397.73</b>	<b>1,593.82</b>
(i) Investments outside India	-	-
(ii) Investment in India	1,397.73	1,593.82
<b>Total</b>	<b>1,397.73</b>	<b>1,593.82</b>
<b>Less: Allowance for impairment</b>	<b>-</b>	<b>-</b>
<b>Total net</b>	<b>1,397.73</b>	<b>1,593.82</b>





## Notes to the financial statements (continued)

(Currency: Indian Rupees in millions)

10.1 Details of stock-in-trade	31 March 2020		31 March 2019	
	Quantity	Amount	Quantity	Amount
<b>A Securities</b>				
<b>Equity shares (quoted)</b>				
Carried at Fair Value through Profit and Loss				
Aditya Birla Fashion And Retail Limited	-	-	20,754	4.57
Arvind Fashion Limited	-	-	6,000	8.26
Bajaj Auto Limited	-	-	40	0.12
Bajaj Holdings & Investment Limited	-	-	1,160	7.38
Bairampur Chini Mills Limited	-	-	22,000	3.02
Bata India Limited	-	-	95	0.13
Brigade Enterprises Limited	1	-	-	-
Can Fin Homes Limited	-	-	2,311	0.81
Carborundum Universal Limited	-	-	2,900	1.19
CCL Products (India) Limited	-	-	7,330	2.09
Cox & Kings Financial Service Limited	-	-	4,567	0.05
Coromandel International Limited	-	-	7,710	3.91
Crompton Greaves Consumer Electricals Limited	-	-	18,500	4.20
Emami Limited	-	-	11,000	4.40
Five Core Electronics	23,000	-	-	-
Future Lifestyle Fashions Limited	-	-	7,075	3.46
Grindwell Norton Limited	-	-	1,880	1.12
Gujarat State Petronet Limited	-	-	24,035	4.58
Gujarat Fluorochemicals Limited	-	-	2,780	3.07
Havells India Limited	-	-	165	0.13
HDFC Bank Limited	-	-	55	0.18
HDFC Life Insurance Company Limited	-	-	20,250	7.66
HPIL spin off	9,005	1.34	-	-
Heg Limited	-	-	57	0.11
ICI Lombard General Insurance Company Limited	-	-	1,625	1.68
IIFL Wealth Management	1	-	-	-
Vodafone Idea Limited	-	-	1,000	0.02
Inox Leisure Limited	-	-	9,020	2.97
IPCA Laboratories Limited	-	-	3,200	3.14
IRIS Business Services Limited	1,04,000	1.85	4,48,000	16.64
Jalan Transolutions (India) Limited	-	-	60,000	0.75
J.K. Cement Limited	-	-	3,023	2.62
J. Kumar Infra Projects Limited	706	0.05	-	-
Maheshwari Logistics Limited	-	-	13,000	3.23
Manipal Finance Limited	-	-	1,000	0.13
Mahanagar Gas Limited	-	-	120	0.18
Nandani Creation Limited	10,000	0.07	50,000	2.55
Oberoi Realty Limited	-	-	3,143	1.66
Petronet Lng Limited	-	-	525	0.13
Pfizer Limited	-	-	485	1.61
Procter & Gamble Hygiene & Health Care Limited	-	-	551	5.97
Pidilite Industries Limited	-	-	100	0.12
PI Industries Limited	-	-	9,358	9.66
PNB Housing Finance Limited	-	-	3,000	2.59
Praj Industries Limited	-	-	19,420	3.01
The Ramco Cements Limited	-	-	170	0.13
RBI Bank Limited	-	-	200	0.14
SBI Life Insurance Company Limited	-	-	12,000	7.00
Shree Cement Limited	-	-	7	0.13
Siemens Limited	-	-	110	0.12
SKF India Limited	-	-	1,655	3.40
Tata Steel Limited	-	-	5,89,254	37.83
Tech Mahindra Limited	-	-	63,160	49.01
Tube Investments Of India Limited	-	-	7,980	3.06
Titan Company Limited	-	-	255	0.28
Torrent Pharmaceuticals Limited	-	-	65	0.13
UPL Limited	-	-	140	0.13
WABCO India Limited	1,828	11.23	-	-
Wipro Limited	-	-	245	0.09
		<u>14.54</u>		<u>218.47</u>
<b>B Debentures and bonds (Quoted)</b>				
10.65% EOELWEISS RURAL & CORPORATE SERVICES LIMITED 07.04.2022		1,383.19		-
BONDS		-		-
Less:- ECL on NCD placed		<u>1,383.19</u>		<u>-</u>
<b>C Mutual funds (unquoted)</b>				
ICICI Prudential Liquid Fund - Direct Plan	-	-	9,259	2.56
Axis Liquid Fund - Direct Plan - Growth Option	-	-	11	0.02
Edelweiss Liquid Fund - Regular Plan - Growth Option	-	-	5,71,177	1,372.77
				<u>1,375.35</u>
<b>Total Stock in trade (A+B)</b>		<u>1,397.73</u>		<u>1,593.82</u>



# Edelcap Securities Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

### 11. Trade receivables:

Particulars	31 March 2020	31 March 2019
Receivables considered good - Unsecured	0.62	2.58
Receivables considered good - Unsecured - Group	0.20	0.01
Receivables - Credit impaired	0.08	0.02
	<b>0.90</b>	<b>2.61</b>
Less : Allowance for expected credit losses	0.08	2.42
	<b>0.82</b>	<b>0.19</b>

### Reconciliation of impairment allowance on trade receivables:

Particulars	INR
Impairment allowance measured as per simplified approach	
Impairment allowance as on 31 March 2019	2.42
Add/ (less): asset originated or acquired (net)	-2.34
Impairment allowance as on 31 March 2020	0.08

### Provision matrix for Trade receivables

ECL rate	Trade receivables days past due	Current	1-90days	91-180 days	181-360 days	more than 360 days	Total
31 March 2020	ECL Rate	0.00%	0.00%	0.00%	0.00%	100.00%	
	Estimated total gross carrying amount at default	0.21	0.62	0.06	-	0.02	0.91
	ECL - Simplified approach	-	-	-0.06	-	-0.02	-0.08
	<b>Net carrying amount</b>	<b>0.21</b>	<b>0.62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.83</b>
31 March 2019	ECL Rate	0.00%	0.00%	0.00%	0.00%	100.00%	
	Estimated total gross carrying amount at default	0.09	0.10	-	-	2.42	2.61
	ECL - Simplified approach	-	-	-	-	-2.42	-2.42
	<b>Net carrying amount</b>	<b>0.09</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.19</b>





## Edelcap Securities Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

### 12 Loans

at amortised cost:

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured - Group	447.98	-
Unsecured	-	-
<b>Total Gross</b>	<b>447.98</b>	-
Less: Impairment loss allowance	-0.01	-
<b>Total (Net)</b>	<b>447.97</b>	-
<b>Loans in India</b>		
Public Sectors	-	-
Others	447.98	-
<b>Total Gross</b>	<b>447.98</b>	-
Less: Impairment loss allowance	-0.01	-
<b>Total (Net)</b>	<b>447.97</b>	-



# Edelcap Securities Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

## 13 Investments

Particulars	31 Mar 2020				31 March 2019			
	At fair value through P&L	At amortised cost	At cost (subsidiaries, associates, and joint ventures)	Total	At fair value through P&L	At amortised cost	At cost (subsidiaries, associates, and joint ventures)	Total
Investments in subsidiaries								
Equity	-		2,384.39	2,384.39	-		2,384.39	2,384.39
Investments in associate companies								
Equity	-		221.85	221.85	-		221.86	221.86
Preference shares (convertible)	-		123.88	123.88	-		123.88	123.88
Investments in equity instruments of other companies	0.58	-	-	0.58	1.59	-	-	1.59
Investments in Debt securities of other companies	-	3.87	-	3.87	-	3.87	-	3.87
Investments in units of fund								
Units of AIF	0.05	-	-	0.05	151.28	-	-	151.28
Units of AIF - Associate	-	-	-	-	299.99	-	-	299.99
<b>TOTAL - Gross (A)</b>	<b>0.63</b>	<b>3.87</b>	<b>2,730.12</b>	<b>2,734.62</b>	<b>452.86</b>	<b>3.87</b>	<b>2,730.13</b>	<b>3,186.86</b>
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investment in India	0.63	3.87	2,730.12	2,734.62	452.86	3.87	2,730.13	3,186.86
<b>Total (B)</b>	<b>0.63</b>	<b>3.87</b>	<b>2,730.12</b>	<b>2,734.62</b>	<b>452.86</b>	<b>3.87</b>	<b>2,730.13</b>	<b>3,186.86</b>
Less: Allowance for impairment (C)	-	-	-	-	-	-	-	-
<b>Total Net (A-C)</b>	<b>0.63</b>	<b>3.87</b>	<b>2,730.12</b>	<b>2,734.62</b>	<b>452.86</b>	<b>3.87</b>	<b>2,730.13</b>	<b>3,186.86</b>





	As at 31 March 2020			As at 31 March 2019		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>13.1 Investments</b>						
<b>Investments in equity instruments of subsidiaries-</b>						
<b>Carried at Cost</b>						
Edelweiss Retail Finance Limited	10.00	3,02,58,333.00	2,384.39	10	3,02,58,333	2,384.39
<b>Investments in equity instruments of associate companies (fully paid up)</b>						
<b>Carried at Cost</b>						
Edelweiss Asset Reconstruction Company Limited	10.00	1,05,64,536.00	221.85	10	1,05,64,536	221.85
<b>Investments in equity instruments of other companies (fully paid up)</b>						
<b>Quoted</b>						
<b>Carried at Fair Value through profit and loss</b>						
Empee Distilleries Limited	10.00	2,27,133.00	0.58	10	2,27,133	1.59
<b>Investments in Warrants</b>						
<b>Unquoted</b>						
<b>Carried at Cost</b>						
Allium Finance Private Limited	10.00	9,91,056.00	123.88	10	9,91,056	123.88
<b>Investments in units of fund (unquoted)</b>						
<b>Carried at Fair Value through profit and loss</b>						
Edelweiss Alternative Investment Trust- EW Clover Scheme	-	-	-	10,000	25,000	299.99
Edelweiss Real Estate Opportunities Fund	-	-	0.01	10,000	11,875	151.24
Edelweiss India Real Estate Fund	-	-	0.01	-	-	0.01
EC Special Situations Fund	-	-	0.01	-	-	0.01
Edelweiss India Special Situations Fund	-	-	0.01	-	-	0.01
Edelweiss Infrastructure Yield Plus Fund	-	-	0.01	-	-	0.01
<b>Investments in debt instruments of other companies (quoted)</b>						
<b>Carried at Cost</b>						
W. S. Industries (India) Limited	8,00,000	58.00	3.87	8,00,000	58	3.87
			<b>2,734.62</b>			<b>3,186.86</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 13 (a) Investments measured at amortised cost

The table below shows the gross carrying amount of the Group's investments measured at amortised cost by credit risk, based on the Group's internal credit rating system and year-end stage classification. The amount presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note

	31-Mar-20	31-Mar-19
Particulars	Gross carrying amount (Stage 1)	Gross carrying amount (Stage 1)
High grade	3.87	3.87
Standard grade	-	-
Individually impaired	-	-
Total	3.87	3.87
Reconciliation of gross carrying amount for investments measured at amortised cost		

	31-Mar-20	31-Mar-19
Particulars	Gross carrying amount (Stage 1)	Gross carrying amount (Stage 1)
Gross carrying amount - opening balance	3.87	3.87
New assets originated or purchased	-	-
Assets derecognised or matured (excluding write offs) (including gains / losses thereon)	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-
Amounts written off	-	-
Transfer to Stage 1	-	-
Transfer to Stage 2	-	-
Transfer to Stage 3	-	-
Gross carrying amount - closing balance	3.87	3.87



# Edelcap Securities Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>14 Other financial assets</b>		
Deposits placed with/exchange/depositories	0.43	0.42
Deposits- others	0.20	-
Accrued interest on margin	5.93	4.06
Margin placed with broker	-	1,959.80
Dividend receivable	0.02	0.02
Advances recoverable in cash or in kind or for value to be received (financial assets)	7.29	1.05
	<b>13.87</b>	<b>1,965.35</b>
<b>15 Current tax assets (net)</b>		
Advance income taxes	35.27	41.29
	<b>35.27</b>	<b>41.29</b>
<b>16 Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
Provision for non-performing, restructured and doubtful advances	0.02	0.76
<u>Property, plant and equipment and intangibles</u>		
Difference between book and tax depreciation (including intangibles)	0.86	0.95
<u>Investments and other financial instruments</u>		
Unrealised loss on Derivatives	101.03	13.47
Fair valuation of investments and stock-in-trade	12.64	-
<u>Employee benefit obligations</u>		
Provision for leave accumulation	1.17	0.83
Disallowances under section 43B of the Income Tax Act, 1961	7.05	3.64
<u>Unused tax credit</u>		
MAT credit entitlement (current)	36.46	35.74
<u>Unused tax losses</u>		
Accumulated Losses	191.83	-
	<b>351.06</b>	<b>55.39</b>
<b>Deferred tax liabilities</b>		
<u>Investments and other financial instruments</u>		
Fair valuation of investments and stock-in-trade	-	25.23
<u>Borrowings</u>		
Others	-	7.28
	<b>-</b>	<b>32.51</b>
	<b>351.06</b>	<b>22.88</b>





## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 16.1 Income tax disclosure

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

Particulars	31 March 2020	31 March 2019
Current tax	-	-
Adjustment in respect of current income tax of prior years	3.68	-3.36
Deferred tax relating to origination and reversal of temporary differences	-136.18	10.14
Deferred tax recognised on unused tax credit or unused tax losses	-191.84	-0.55
<b>Total tax charge</b>	<b>-324.34</b>	<b>6.23</b>
Current tax	3.68	-3.36
Deferred tax	-328.02	9.59

(b) Reconciliation of total tax charge

Particulars	31 March 2020	31 March 2019
Accounting profit before tax as per financial statements	-1,171.31	-339.67
Tax rate (in percentage)	31.20%	31.20%
Income tax expense calculated based on this tax rate	-365.45	-105.95
Adjustment in respect of current income tax of prior years	3.68	-3.36
<b>Effect of income not subject to tax:</b>	-	-
Others - dividend	0.51	-
Others	-0.51	-0.62
Penalties	0.05	-
Others - Interest expenses on preference share- Group	72.52	63.88
Effect of non-recognition of deferred tax asset on current-period losses	-	35.57
Effect of utilisation of tax losses or deferred tax assets on losses earlier recognised now considered not recoverable	-29.24	7.44
Recognition of available tax credits (for example, Minimum Alternate Tax credit)	-0.72	9.34
Impact of tax rate changes	-	-
Others	-5.18	-0.07
<b>Tax charge for the year recorded in P&amp;L</b>	<b>-324.34</b>	<b>6.23</b>



# Edelcap Securities Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

### 16.1 Income tax disclosure

(c) The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

	Opening deferred tax asset / (liability) as per Ind AS	Movement for the period (2019-20)			Closing deferred tax asset / (liability) as per Ind AS
		Recognised in profit or loss	Recognised in other comprehensive income	Total movement	
<b>Deferred taxes in relation to:</b>					
Property, Plant and Equipment	0.95	-0.09	-	-0.09	0.86
Other investments (equity instruments)	4.08	0.32	-	0.32	4.39
Stock-in-trade	-7.90	16.15	-	16.15	8.25
Other investments (AIF funds)	-21.05	21.05	-	21.05	-
Other investments (AIF funds) - Group	-0.35	0.35	-	0.35	-
Trade receivable	0.75	-0.73	-	-0.73	0.02
Employee benefits obligations	4.46	3.58	0.17	3.75	8.21
Fair valuation of derivatives	13.47	87.56	-	87.56	101.03
Unused tax losses (including but not limited to business losses, unabsorbed depreciation)	-	191.83	-	191.83	191.83
Unused tax credits (including but not limited to Minimum Alternate Tax credit)	35.74	0.72	-	0.72	36.46
Others	-7.28	7.28	-	7.28	-
<b>Total</b>	<b>22.88</b>	<b>328.02</b>	<b>0.17</b>	<b>328.18</b>	<b>351.06</b>

	Opening deferred tax asset / (liability) as per Ind AS	Movement for the period (2018-19)			Closing deferred tax asset / (liability) as per Ind AS
		Recognised in profit or loss	Recognised in other comprehensive income	Total movement	
<b>Deferred taxes in relation to:</b>					
Property, Plant and Equipment	0.36	0.59	-	0.59	0.95
Other investments (equity instruments)	4.48	-0.40	-	-0.40	4.08
Stock-in-trade	-8.54	0.74	-	0.74	-7.90
Other investments (AIF funds)	-4.37	-16.68	-	-16.68	-21.05
Other investments (AIF funds) - Group	-0.35	-	-	-	-0.35
Trade Receivable	1.21	-0.46	-	-0.46	0.75
Employee benefits obligations	3.10	1.02	0.34	1.36	4.46
Fair valuation of derivatives	8.04	5.43	-	5.43	13.47
Unused tax credits (including but not limited to Minimum Alternate Tax credit)	36.29	-0.55	-	-0.55	35.74
Others (on account of demerger)	-7.44	0.16	-	0.16	-7.28
<b>Total</b>	<b>32.68</b>	<b>-10.14</b>	<b>0.34</b>	<b>-9.80</b>	<b>22.88</b>



# Edecap Securities Limited

## Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

### 17 (a) Property, Plant and Equipment

Description of assets	Gross block				Depreciation				Net block	
	As at 1 April 2019	Additions during the year	Disposals during the year	As at 31 Mar 2020	As at 1 April 2019	Charge for the year	Disposals during the year	As at 31 Mar 2020	As at 31 Mar 2020	As at 31 March 2019
Motor vehicles	1.61	-	0.47	1.14	0.89	0.20	0.28	0.81	0.33	0.72
Office equipments	0.01	-	-	0.01	0.01	-	-	0.01	-	-
Computers	20.94	13.99	0.59	34.34	13.25	7.25	0.47	20.03	14.31	7.69
<b>Total : A</b>	<b>22.56</b>	<b>13.99</b>	<b>1.06</b>	<b>35.49</b>	<b>14.35</b>	<b>7.45</b>	<b>0.75</b>	<b>20.85</b>	<b>14.64</b>	<b>8.41</b>

### (b) Other Intangible Assets

Description of assets	Gross block				Depreciation				Net block	
	As at 1 April 2019	Additions during the year	Disposals during the year	As at 31 Mar 2020	As at 1 April 2019	Charge for the year	Disposals during the year	As at 31 Mar 2020	As at 31 Mar 2020	As at 31 March 2019
Computer software	2.39	0.02	-	2.41	1.42	0.74	-	2.16	0.25	0.97
<b>Total : B</b>	<b>2.39</b>	<b>0.02</b>	<b>-</b>	<b>2.41</b>	<b>1.42</b>	<b>0.74</b>	<b>-</b>	<b>2.16</b>	<b>0.25</b>	<b>0.97</b>





## Edeleap Securities Limited

### Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

#### 17 (a) Property, Plant and Equipment

Description of assets	Gross block				Depreciation				Net block	As at 31 March 2018
	As at 1 April 2018	Additions during the year	Disposals during the year	As at 31 Mar 2019	As at 1 April 2018	Charge for the year	Disposals during the year	As at 31 Mar 2019	As at 31 Mar 2019	
Motor vehicles	2.77	-	1.16	1.61	0.80	0.54	0.45	0.89	0.72	1.97
Office equipments	0.01	-	-	0.01	0.01	-	-	0.01	-	-
Computers	13.23	7.90	0.19	20.94	6.08	7.31	0.14	13.25	7.69	7.15
<b>Total : A</b>	<b>16.01</b>	<b>7.90</b>	<b>1.35</b>	<b>22.56</b>	<b>6.89</b>	<b>7.85</b>	<b>0.59</b>	<b>14.15</b>	<b>8.41</b>	<b>9.12</b>

#### (b) Other Intangible Assets

Description of assets	Gross block				Depreciation				Net block	As at 31 March 2018
	As at 1 April 2018	Additions during the year	Disposals during the year	As at 31 Mar 2019	As at 1 April 2018	Charge for the year	Disposals during the year	As at 31 Mar 2019	As at 31 Mar 2019	
Computer software	2.05	0.33	-	2.38	0.66	0.75	-	1.41	0.97	1.39
<b>Total : B</b>	<b>2.05</b>	<b>0.33</b>	<b>-</b>	<b>2.38</b>	<b>0.66</b>	<b>0.75</b>	<b>-</b>	<b>1.41</b>	<b>0.97</b>	<b>1.39</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

As at  
31 March 2020

As at  
31 March 2019

#### 18 Other non-financial assets

Input tax credit	37.02	18.07
Other deposits	-	0.20
Prepaid expenses	0.72	2.05
Vendor advances	0.16	1.34
Advance to employee	-	0.03
Advances recoverable in cash or in kind or for value to be received (non-financial assets)	0.25	0.01
	<b>38.15</b>	<b>21.70</b>

#### 19 Trade payables

Trade payables from related parties	21.74	60.64
Trade payables Others	11.94	5.82
	<b>33.68</b>	<b>66.46</b>

##### 19.1 Details of dues to micro and small enterprises

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



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 20 Borrowings (other than debt securities)- at amortised cost

	31 March 2020	31 March 2019
Unsecured, considered good Loans repayable on demand*		
From related parties	-	3,456.31
<b>Total - Gross</b>	<b>-</b>	<b>3,456.31</b>
(i) Borrowings outside India	-	-
(ii) Borrowings in India	-	3,456.31
<b>Total</b>	<b>-</b>	<b>3,456.31</b>

\*(at interest rate of)

9.30% to 9.50%

#### 21 Subordinated liabilities -at amortised cost

Particulars	31 March 2020	31 March 2019
Preference shares capital	3,864.66	1,839.01
<b>Total - Gross</b>	<b>3,864.66</b>	<b>1,839.01</b>
(i) Borrowings outside India	-	-
(ii) Borrowings in India	3,864.66	1,839.01
<b>Total</b>	<b>3,864.66</b>	<b>1,839.01</b>





Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>22 Other financial liabilities</b>		
Accrued salaries and benefits	0.51	33.00
Payable to exchange / clearing house (net)	0.55	-
Other payables	3.77	-
	<b>4.83</b>	<b>33.00</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>23 Current tax liabilities (net)</b>		
Provision for taxation	3.22	9.29
	<u>3.22</u>	<u>9.29</u>
<b>24 Provisions</b>		
Provision for employee benefits		
Gratuity	22.58	11.66
Compensated leave absences	3.75	2.65
	<u>26.33</u>	<u>14.31</u>
<b>25 Other non-financial liabilities</b>		
Income received in advance	0.42	-
Withholding taxes, goods & service tax and other taxes payable	16.52	5.31
Others	0.74	1.47
	<u>17.68</u>	<u>6.78</u>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 26 Equity share capital

##### Authorised :

	As at 31 March 2020	As at 31 March 2019
500,000 (Previous year: 500,000) equity shares of Rs. 10 each	5.00	5.00
49,500,000 (Previous year: 49,500,000) preference shares of Rs. 10 each	495.00	495.00
	<u>500.00</u>	<u>500.00</u>

##### Issued, Subscribed and Paid up:

300,000 (Previous year: 300,000) equity shares of Rs. 10 each	3.00	3.00
	<u>3.00</u>	<u>3.00</u>

##### Movement in share capital :

	31 March 2020		31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	3,00,000	3.00	3,00,000	3.00
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	<u>3,00,000</u>	<u>3.00</u>	<u>3,00,000</u>	<u>3.00</u>

#### b. Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of Rs. 10. 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.

#### Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	31 March 2020		As at 31 March 2019	
	No of shares	%	No of shares	%
Holding company				
ECap Equities Limited, the holding company and its nominees	3,00,000	100	3,00,000	100
	<u>3,00,000</u>	<u>100</u>	<u>3,00,000</u>	<u>100</u>

#### 27 Other equity

Deemed capital contribution - ESOP	3.60	3.60
Add : Additions during the year	-	-
	<u>3.60</u>	<u>3.60</u>
Opening balance	1,429.80	1,776.35
Add: Loss for the year	-846.97	-345.80
Add: Transactions with shareholders in their capacity as such	512.99	-
Add: Other comprehensive income for the year	-0.36	-0.75
Amount available for appropriation	1,095.46	1,429.80
Appropriations:	<u>1,099.06</u>	<u>1,433.40</u>





## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	for the year ended 31 March 2020	for the year ended 31 March 2019
<b>Revenue from operations</b>		
<b>28 Interest Income</b>		
On financial assets measured at amortised cost		
Interest on Loans	3.14	-
Interest on deposits with bank	0.50	0.50
Other interest income	112.46	197.68
On financial assets classified at fair value through profit or loss		
Interest income from investments	1.81	29.49
	<b>117.91</b>	<b>227.67</b>
<b>29 Dividend income</b>		
Dividend on stock in trade	1.63	1.99
	<b>1.63</b>	<b>1.99</b>
<b>30 Fee income</b>		
Income from securities broking	0.09	0.44
Advisory and other fees	1.78	9.16
	<b>1.87</b>	<b>9.60</b>
<b>30.1 Particulars</b>		
Service transferred at a point in time	1.87	9.60
Service transferred over time	-	-
Total revenue from contract with customers	<b>1.87</b>	<b>9.60</b>
<b>31 Net gain on fair value changes</b>		
Net gain on fair value changes		
On trading portfolio		
Investments		
Profit / (loss) on trading of securities (net)	32.88	-149.50
Profit on sale of EROF fund	27.24	8.69
Income distribution from Fund	62.91	-
Fair value gain - P&L - equity	-90.80	-20.81
Profit / (loss) on equity derivative instruments (net)	-238.82	540.98
Profit on trading in currency derivative instruments (net)	15.10	8.86
Profit on interest rate derivative instruments (net)	-203.36	37.83
	<b>-394.85</b>	<b>426.05</b>
Fair value changes:		
- Realised	16.94	490.72
- Unrealised	-411.79	-64.67
Total net gain/loss on fair value changes	<b>-394.85</b>	<b>426.05</b>
<b>32 Other income</b>		
Profit on sale of fixed assets (net)	0.17	0.22
Interest income on income tax refund	0.39	7.64
Miscellaneous income	0.91	0.13
	<b>1.47</b>	<b>7.99</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency - Indian rupees in millions)

	for the year ended 31 March 2020	for the year ended 31 March 2019
<b>33 Finance costs</b>		
<b>On Financial liabilities measured at amortised cost</b>		
Interest on borrowings	217.23	329.20
Interest on subordinated liabilities	232.44	204.75
Other Interest Expense	0.20	62.81
	<b>449.87</b>	<b>596.76</b>
<b>34 Impairment on financial instruments</b>		
Trade Receivable	0.11	-4.21
Loans	0.01	-
	<b>0.12</b>	<b>-4.21</b>
<b>35 Employee benefit expenses</b>		
Salaries and wages	249.26	231.43
Contribution to provident and other funds	9.38	8.00
Expense on employee stock option scheme (ESOP)	0.89	0.96
Expense on Employee Stock Appreciation Rights	1.07	-
Staff welfare expenses	5.11	2.65
	<b>265.71</b>	<b>243.04</b>

#### 35.1 Employee stock option plans

The Holding Company (Edelweiss Financial Services Limited ("EFSL")) has Employee Stock Option Plans in force. Based on such ESOP schemes, parent entity has granted an ESOP option to acquire equity shares of EFSL that would vest in a graded manner to company's employees. Based on group policy / arrangement, EFSL has charged the fair value of such stock options. Company has accepted such cross charge and recognised the same under the employee cost.



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	for the year ended 31 March 2020	for the year ended 31 March 2019
<b>36 Other expenses</b>		
Advertisement and business promotion	0.13	0.16
Auditors' remuneration (refer note below)	0.97	0.90
Commission and brokerage	0.27	8.35
Communication	4.49	3.44
Computer expenses	7.23	3.75
Computer software	5.56	0.80
Clearing & custodian charges	36.36	0.14
Dematerialisation charges	0.08	0.01
Directors' sitting fees	-	0.04
Corporate social responsibility - donation	-	0.10
Electricity charges	-	1.40
Foreign exchange loss (net)	0.05	-
Insurance	0.05	0.03
Legal and professional fees	4.09	7.63
Membership and subscription	12.02	6.20
Office expenses	26.28	32.94
Printing and stationery	0.33	0.18
Rates and taxes	0.02	0.03
Rent	36.11	14.35
Repairs and maintenance	0.04	2.41
ROC expenses	0.01	-
Securities transaction tax	28.18	60.08
Seminar & conference	0.22	0.05
Goods & service tax expenses	1.70	14.52
Stamp duty	0.06	0.07
Stock exchange expenses	4.27	5.28
Travelling and conveyance	6.86	5.49
Miscellaneous expenses	0.05	-0.01
Housekeeping and security charges	-	0.33
	<b>175.43</b>	<b>168.67</b>
<b>36.1 Auditors' remuneration:</b>		
As auditors	0.97	0.90
Others	-	-
	<b>0.97</b>	<b>0.90</b>





## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 36 Other expenses ( continued )

##### 36.2 Foreign currency transaction

The Company has incurred an amount of Rs. 2.18 millions (Previous year: Rs. 3.65 millions) in foreign currency towards market data service. Earning in foreign exchange Nil (Previous year: Nil)

##### 36.3 Cost sharing

Edelweiss Financial Services Limited, being the ultimate holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, area occupied, actual identifications, etc. Accordingly, and as identified by the management, the expenditure heads in note 36 include reimbursements paid and are net of reimbursements received based on the management's best estimate.

##### 36.4 Corporate social responsibility (CSR)

As per the provisions of section 135 of the Companies Act, 2013,

- (a) Gross amount required to be spent by the Company during the year was Rs. 5.41 millions
- (b) Amount spent during the year on:

Sr.No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Constructions/acquisition of any assets	Nil	Nil	Nil
(ii)	On purpose other than (i) above	Nil	Nil	Nil

The Company is a wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 308.13 millions (Previous year: Rs. 225.19 millions) (representing more than 2% of the consolidated profit of the group) was spent by the group as a whole towards CSR activities during the year ended March 31, 2020, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2020.



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 37 Segment Reporting

The Company's business is organised and management reviews the performance based on the business segments as mentioned below

Segment	Activities covered
Capital based business	Interest income on loans and other capital based activities
Agency business	Broking, advisory and product distribution services
Treasury	Income from treasury operations, income from investments, interest income on debt instruments and dividend income

Income for each segment has been specifically identified. Expenditures, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic/reasonable basis.

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information as required under the Ind AS - 108 / Operating Segment Reporting

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
I	<b>Segment revenue</b>		
	a) Capital based business	14.72	-22.81
	b) Agency business	1.88	9.60
	c) Treasury	-288.96	678.87
	d) Unallocated	0.39	7.64
	<b>Total</b>	<b>-271.97</b>	<b>673.30</b>
	Less : Inter segment revenue	-	-
	<b>Total income</b>	<b>-271.97</b>	<b>673.30</b>
II	<b>Segment results</b>		
	a) Capital based business	-237.99	-239.13
	b) Agency business	-1.10	-5.12
	c) Treasury	-932.61	-103.69
	d) Unallocated	0.39	8.37
	<b>Total</b>	<b>-1,171.31</b>	<b>-339.57</b>
	<b>(Loss)/Profit before taxation</b>	<b>-1,171.31</b>	<b>-339.57</b>
	Less : Provision for taxation	-324.34	6.23
	<b>(Loss)/Profit after taxation</b>	<b>-846.97</b>	<b>-345.80</b>
III	<b>Segment assets</b>		
	a) Capital based business	3,179.04	3,052.04
	b) Agency business	0.46	0.13
	c) Treasury	1,439.45	3,727.15
	d) Unallocated	433.51	82.24
	<b>Total</b>	<b>5,052.46</b>	<b>6,861.56</b>
IV	<b>Segment Liabilities</b>		
	a) Capital based business	3,868.15	3.96
	b) Agency business	0.86	1.66
	c) Treasury	61.65	5,404.95
	d) Unallocated	19.74	14.59
	<b>Total</b>	<b>3,950.40</b>	<b>5,425.16</b>
V	<b>Capital Expenditure</b>		
	a) Capital based business	0.75	0.28
	b) Agency business	0.10	0.12
	c) Treasury	13.16	7.83
	d) Unallocated	-	-
	<b>Total</b>	<b>14.01</b>	<b>8.23</b>
VI	<b>Depreciation and Amortisation</b>		
	a) Capital based business	0.44	0.30
	b) Agency business	0.06	0.12
	c) Treasury	7.71	8.19
	d) Unallocated	-	-
	<b>Total</b>	<b>8.21</b>	<b>8.61</b>
VII	<b>Significant non-cash expenses other than depreciation and amortisation</b>		
	a) Capital based business	0.40	0.13
	b) Agency business	0.17	1.57
	c) Treasury	6.98	3.67
	d) Unallocated	-	-
	<b>Total</b>	<b>7.55</b>	<b>5.37</b>



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency: Indian Rupees in millions)

### 38 Related Parties disclosure in accordance with Ind AS 24:

In accordance with Indian Accounting Standard 24 on Related party transactions notified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014

#### i. List of related parties and relationship:

Name of related parties by whom control is exercised	Edelweiss Financial Services Limited (Ultimate holding company) ECap Equities Limited (Holding company)
Name of related parties over whom control is exercised	Edelweiss Retail Finance Limited
Name of related parties over whom significant influence is exercised	EW Clover Scheme (scheme closed w.e.f. 29th February, 2020)
Fellow Subsidiaries (with whom transactions have taken place)	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd) ECL Finance Limited Edelweiss Securities Limited Edelweiss Business Services Limited (merged with Edelweiss Rural & Corporate Services Limited) Edelweiss Comtrade Limited Edelweiss Broking Limited Edelweiss Tokio Life Insurance Company Limited Edel Commodities Limited (merged with Edelweiss Rural & Corporate Services Limited) Edelweiss Alternative Asset Advisors Limited Edelweiss Asset Management Limited Edelweiss Capital Markets Limited (merged with Edelweiss Rural & Corporate Services Limited) EFSL Trading Limited (merged with Edelweiss Rural & Corporate Services Limited) Edelweiss Finvest Private Limited EC Commodity Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Custodial Services Limited Edelweiss Finance & Investments Limited EC Global Limited Edelweiss Investments Advisors Limited Edel Land Limited Edelweiss Housing Finance Limited Edelweiss Retail Finance Limited Edel Investments Limited Edel Finance Company Limited Allum Finance Private Limited
Key Management Personnel (with whom transactions have taken place)	Piyush Chamria





# Edelcap Securities Limited

(Currency: Indian Rupees in millions)

## ii Transactions with related parties :

Sr. No.	Nature of transaction	Related party name	For the year ended March 31, 2020 (Audited)	For the year ended March 31, 2019 (Audited)
<b>Capital account transactions during the year</b>				
1	Short term loans taken from	ECap Equities Limited Edelweiss Rural & Corporate Services Limited	1,875.75 165.58	14,142.01 92,571.06
2	Short term loans repaid to	ECap Equities Limited Edelweiss Rural & Corporate Services Limited	5,302.39 166.10	10,715.37 94,043.85
3	Short term loans given to (refer note (1) and (2) below)	Edelweiss Investment Advisors Limited ECap Equities Limited	- 1,813.31	1.40 -
4	Short term loans repaid by (refer note (1) and (2) below)	Edelweiss Investment Advisors Limited ECap Equities Limited	- 1,368.15	1.40 -
5	Margins placed with broker	Edelweiss Securities Limited Edelweiss Custodial Services Limited	(0.84) 1,415.34	2,548.00 4,656.16
6	Margins withdrawn from broker	Edelweiss Securities Limited Edelweiss Custodial Services Limited	196.64 1,429.30	2,452.30 3,622.23
7	Sale of investments - Edelweiss Real Estate Opportunities Fund	Edelweiss Finvest Private Limited	160.99	-
8	Redemption of investment	EW Clover Scheme	250.00	-
9	Redemption of Preference share capital	ECap Equities Limited Edelweiss Broking Limited	486.20 0.05	- -
10	Issue of preference share capital	ECap Equities Limited	3,864.66	-
<b>Current account transactions during the year</b>				
11	Brokerage earned from	Edelweiss Securities Limited	0.09	0.44
12	Interest income on margin placed with	Edelweiss Securities Limited Edelweiss Custodial Services Limited	2.46 110.00	34.67 163.01
13	Interest income on group loan	ECap Equities Limited	3.14	-
14	Interest expense on loan from	ECap Equities Limited Edelweiss Rural & Corporate Services Limited	204.81 12.42	73.55 253.14
15	Interest expense on preference share capital	Edelweiss Securities Limited ECap Equities Limited Edelweiss Broking Limited	- 232.44 0.00	44.89 159.86 0.00
16	Reimbursements paid	Edelweiss Financial Services Limited Edelweiss Rural and Corporate Services Limited	- 0.01	- 0.23
17	Reimbursements received from	Edelweiss Financial Services Limited	-	6.77
18	Cost reimbursements paid to	Edelweiss Rural & Corporate Services Limited Edelweiss Financial Services Limited Edel Land Limited Edelweiss Housing Finance Limited Edelweiss Broking Limited Edelweiss Alternative Asset Advisors Limited ECL Finance Limited Edelweiss Custodial Services Limited ECap Equities Limited Edelweiss Securities Limited	54.19 6.37 0.07 0.00 - 1.85 - 0.03 0.75 0.39	17.91 3.54 - - 6.17 0.11 0.01 - 1.16 0.22
19	Cost reimbursements received from	ECap Equities Limited Edelweiss Financial Services Limited Edelweiss Rural & Corporate Services Limited Edelweiss Securities Limited	0.00 0.00 1.76 0.82	- - 0.04 -



# Edelcap Securities Limited

(Currency: Indian Rupees in millions)

## B Transactions with related parties :

Sr. No.	Nature of transaction	Related party name	For the year ended March 31, 2020 (Audited)	For the year ended March 31, 2019 (Audited)
20	ESOP expense paid to	Edelweiss Financial Services Limited	-	0.96
21	Nomination deposits received back from	Edelweiss Retail Finance Limited	-	0.60
22	Nomination deposits given back to	Edelweiss Retail Finance Limited	-	0.10
23	Sale of Fixed Asset to	ECap Equities Limited	0.01	-
		Edel Investments Limited	0.07	-
		Edelweiss Rural & Corporate Services Limited	0.00	0.04
		ECL Finance Limited	-	0.01
		Edelweiss Finance and Investment Limited	0.04	-
		Piyush Chamria	0.35	-
24	Purchase of Fixed Asset from	ECap Equities Limited	0.01	-
		ECL Finance Limited	0.04	-
		Edelweiss Alternative Asset Advisors Limited	0.00	-
		Edelweiss Broking Limited	0.08	-
		Edelweiss Financial Services Limited	0.04	-
		Edelweiss Rural & Corporate Services Limited	0.04	-
		Edelweiss Securities Limited	0.01	-
25	Clearing charges paid to	Edelweiss Custodial Services Limited	30.97	0.14
26	Demat Charges paid to	Edelweiss Custodial Services Limited	0.02	-
27	Brokerage paid to	Edelweiss Securities Limited	11.76	18.63
28	Professional fees paid to	Edelweiss Rural & Corporate Services Limited	-	22.74
29	Amt paid to broker for Cash segment	Edelweiss Securities Limited	5,233.53	35,211.01
30	Amt received from broker for Cash segment	Edelweiss Securities Limited	5,422.69	35,385.32
31	Sale of Debt securities	ECL Finance Limited	-	240.13
		Edelweiss Tokio life Insurance Company Ltd.	-	51.05
32	Purchase of Debt Securities	ECap Equities Limited	1,350.00	-
33	Remuneration paid to	Piyush Chamria	7.97	8.34
34	Profit on sale of Investments - Edelweiss Real Estate Opportunities Fund	Edelweiss Firvest Private Limited	27.24	-
35	Income distribution from fund	EW Clover Scheme	61.51	-
<b>Balances with Related Parties</b>				
36	Preference share capital issued to	ECap Equities Limited	4,376.25	261.20
		Edelweiss Broking Limited	-	0.05
		Edelweiss Securities Limited	-	225.00
37	Short term loans taken from	ECap Equities Limited	-	3,426.63
		Edelweiss Rural & Corporate Services Limited	-	0.51
38	Short term loans given to	ECap Equities Limited	445.16	-
39	Interest receivable on loans given to	ECap Equities Limited	2.83	-
40	Interest payable on loans taken from	Edelweiss Rural & Corporate Services Limited	-	0.00
		ECap Equities Limited	-	29.16
41	Trade payables to	ECap Equities Limited	0.00	0.15
		Edelweiss Alternative Asset Advisors Limited	0.18	0.13
		Edelweiss Financial Services Limited	4.44	-
		Edelweiss Housing Finance Limited	0.00	-
		Edelweiss Securities Limited	-	44.00
		Edelweiss Rural & Corporate Services Limited	20.68	16.36
42	Other payable to	Edelweiss Broking Limited	-	0.22
		Edelweiss Rural & Corporate Services Limited	-	0.04
		ECL Finance Limited	-	0.18
		Edelweiss Alternative Asset Advisors Limited	-	0.07
		Edelweiss Financial Services Limited	-	0.96
		Edel Finance Company Ltd	0.08	-



## Edelcap Securities Limited

(Currency: Indian Rupees in millions)

### B Transactions with related parties :

Sr. No.	Nature of transaction	Related party name	For the year ended March 31, 2020 (Audited)	For the year ended March 31, 2019 (Audited)
43	Trade receivables from	ECI Finance Limited	-	0.01
		Edelweiss Securities Limited	0.62	-
		Edelweiss Custodial Services Limited	5.50	-
44	Other Receivables from	Edelweiss Securities Limited	-	0.39
		ECap Equities Limited	-	0.02
		Edelweiss Rural & Corporate Services Limited	-	0.87
45	Investments in equity shares of	Edelweiss Retail Finance Limited	2,384.39	2,384.39
		Edelweiss Asset Reconstruction Company Limited	221.86	221.86
46	Investment in preference shares of	Allium Finance Private Limited	123.88	123.88
47	Investments in unit capital of	EW Clover Scheme	-	250.00
48	Interest receivable on margins placed with	Edelweiss Custodial Services Limited	-	3.75
		Edelweiss Securities Limited	-	-
49	Margins placed with broker	Edelweiss Securities Limited	0.75	197.06
		Edelweiss Custodial Services Limited	349.62	2,363.58

#### Note:

Note (1): 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.

Note (2): 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.

Note (3): Disclosure under section 186(4) of the Companies Act, 2013 for loans and guarantee: Loans have been given for general business purpose.

Note (4): \*Rs 0.00 refers to amount less than Rs. 5,000.





# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

### 39 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	31 March 2020	31 March 2019
(a) (Loss)/ Profit after tax (as per statement of profit and loss)	-846.97	-345.80
Less: dividend on preference share capital	-	-
Net profit for the year attributable to equity shareholders	-846.97	-345.80
(b) Calculation of weighted average number of equity Shares of Rs. 10 each		
Number of shares outstanding at the beginning of the year	3,00,000	3,00,000
Number of Shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	3,00,000	3,00,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	3,00,000	3,00,000
(c) Basic and diluted earnings per share (in rupees) (a)/(b)	-2,823.22	-1,152.67

### 40 Contingent liabilities and capital commitments

#### Contingent liabilities

The Company has pending taxation matters of Rs 2.32 millions as at balance sheet date (Previous year: Rs. 0.11 millions).

The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal/s and is defending its position. Based on the favourable outcome in Appellate proceedings in the past and as advised by the tax advisors, company is reasonably certain about sustaining its position in the pending cases, hence the possibility of outflow of resources embodying economic benefits on this ground is remote.

#### Capital commitments

The Company has capital commitments amounting to Rs. 0.81 millions as at the balance sheet date (Previous year: Rs. 1.77 millions).

### 41 Risk management framework:-

#### a) Governance framework

The primary objective of the company's risk and financial management framework is to protect the company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

#### b) Approach to capital management

Company objectives when managing capital, are to (a) maximise shareholder value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Company monitors capital using debt-equity ratio, which is total debt divided by total equity

Particulars	31 March 2020	31 March 2019
Total Debt	3,864.66	5,295.32
Equity	1,102.06	1,436.40
Net Debt to Equity	3.51	3.69



# Edelcap Securities Limited

## Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

### 42. Disclosure pursuant to Indian Accounting Standard 19 - Employee benefits

#### (a) Defined contribution plan (provident fund)

Amount of Rs. 9.31 millions (Previous year: Rs. 8.00 millions) is recognised as expenses and included in "Employee benefit" - Note.35 in the statement of profit and loss.

#### (b) Defined benefit plan (gratuity):

The following tables summarise the components of the net employee benefit expenses recognised in the statement of profit and loss and amounts recognised in the balance sheet for the gratuity benefit plan.

Statement of profit and loss of the year:

Net employee benefit expenses (recognised in employee cost):

	31 March 2020	31 March 2019
Current service cost	3.71	2.42
Interest on defined benefit obligation	1.20	0.56
Past service cost	-	-
Actuarial loss/(gain)	-	-
<b>Total included in employee benefit expenses</b>	<b>4.91</b>	<b>2.98</b>

Balance sheet

Details of provision for gratuity:

	31 March 2020	31 March 2019
Liability at the end of the year	22.58	11.66
Amount in balance sheet	22.58	11.66

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

	31 March 2020	31 March 2019
Liability at the beginning of the year	11.66	7.11
Transfer in/(out)	5.48	0.49
Interest cost	1.20	0.56
Current service cost	3.71	2.42
Benefits Paid	-	-
Past service cost	-	-
Actuarial (gain)/loss on obligations	0.53	1.08
<b>Liability at the end of the year</b>	<b>22.58</b>	<b>11.66</b>

### Disclosure pursuant to Indian Accounting Standard 19 - Employee benefits (continued)

Non-current liability at the end of the year

19.66

Current liability at the end of the year

2.92

Amount recognised in the balance sheet:

	For the year ended				
	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Liability at the end of the year	22.58	11.66	7.11	4.91	2.14
Fair value of plan assets at the end of year	-	-	-	-	-
<b>Amount recognized in balance sheet</b>	<b>22.58</b>	<b>11.66</b>	<b>7.11</b>	<b>4.91</b>	<b>2.14</b>

Experience adjustment:

	For the year ended				
	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
On plan liabilities (gain)/loss	0.90	0.88	1.00	-0.02	0.53
On plan assets (gain)/loss	-	-	-	-	-
<b>Estimated contribution for next year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Principle actuarial assumptions at the balance sheet date:

	31 March 2020	31 March 2019
Discount rate current	5.90%	7.00%
Salary escalation current	7.00%	7.00%
Employees attrition rate	13%-25%	13%-25%
Expected return on plan assets	7.00%	7.30%
Mortality rate	IAIM 2012-14 (Ultimate)	IAIM 2012-14 (Ultimate)



## Edelcap Securities Limited

### Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

#### 42 Disclosure pursuant to Indian Accounting Standard 19 - Employee benefits

##### Movement in other comprehensive income

	31 March 2020	31 March 2019
Balance at start of year (Loss)/ Gain	-1.09	Nil
<b>Re-measurements on DBO</b>		
a Actuarial Loss/(Gain) from changes in demographic assumptions	-	-
b Actuarial Loss/(Gain) from changed in financials assumptions	-1.43	-0.21
c Actuarial Loss/(Gain) from experience over last past year	0.90	-0.88
<b>Re-measurements on Plan Assets</b>		
Return on plan assets excluding amount including in net interest on the net defined benefit liability / (asset)	-	-
Balance at end of year (Loss)/ Gain	-1.62	-1.09

##### Sensitivity Analysis:

DBO increases/ (decreases) by	31 March 2020	31 March 2019
1% Increase in Salary Growth Rate	1.45	0.75
1% Decrease in Salary Growth Rate	-1.32	-0.68
1% Increase in Discount Rate	-1.32	-0.68
1% Decrease in Discount Rate	1.48	0.76
1% Increase in Withdrawal Rate	-0.08	-0.08
1% Decrease in Withdrawal Rate	0.09	0.09
Mortality (increase in expected lifetime by 1 year)	1	Negligible change
Mortality (increase in expected lifetime by 3 years)	4	Negligible change

##### Movement in Surplus / (Deficit)

	31 March 2020	31 March 2019
Surplus / (Deficit) at start of year	-11.66	-7.11
Net (Acquisition) / Divestiture	-	-
Net Transfer (In)/ Out	-5.48	-0.49
Movement during the year	-	-
Current Service Cost	-3.71	-2.42
Past Service Cost	-	-
Net Interest on net DBO	-1.20	-0.56
Changes in foreign exchange rate	-	-
Re-measurements	-0.53	-1.08
Contributions / Benefits	-	-
Surplus / (Deficit) at end of year	-22.58	-11.66





## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 43 Liquidity risk:

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its trade payables earlier than expected.

#### A. 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. 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 if could be required to pay.

As at 31 March 2020	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Trade payables	33.68	-	-	-	-	33.68
Subordinated financial liabilities	-	3,864.66	-	-	-	3,864.66
Other financial liabilities	4.83	-	-	-	-	4.83
<b>Total undiscounted non-derivative financial liabilities</b>	<b>38.51</b>	<b>3,864.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,903.17</b>

As at 31 March 2019	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Trade payables	66.46	-	-	-	-	66.46
Borrowing (other than debt securities)	3,456.31	-	-	-	-	3,456.31
Subordinated financial liabilities	-	-	1,839.01	-	-	1,839.01
Other financial liabilities	33.00	-	-	-	-	33.00
<b>Total undiscounted non-derivative financial liabilities</b>	<b>3,555.77</b>	<b>-</b>	<b>1,839.01</b>	<b>-</b>	<b>-</b>	<b>5,394.78</b>

#### 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 2020	0 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	10.70	7.38	-	-	-	18.08
Stock-in-trade	1,397.73	-	-	-	-	1,397.73
Trade Receivables	0.82	-	-	-	-	0.82
Loans	447.97	-	-	-	-	447.97
Investments at fair value through profit or loss	3.87	-	0.58	0.05	-	4.50
Investments	-	-	-	-	2,730.12	2,730.12
Other financial assets	375.95	-	0.63	-	-	376.58
<b>Total</b>	<b>2,237.04</b>	<b>7.38</b>	<b>1.21</b>	<b>0.05</b>	<b>2,730.12</b>	<b>4,975.80</b>



**Edelcap Securities Limited****Notes to the financial statements (Continued)**

(Currency : Indian rupees in millions)

**43 Liquidity risk:**

As at 31 March 2019	0 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	4.64	7.30	-	-	-	11.94
Stock-in-trade	1,593.82	-	-	-	-	1,593.82
Trade Receivables	0.19	-	-	-	-	0.19
Investments at fair value through profit or loss:	-	-	1.59	451.28	-	452.87
Investments	3.87	-	-	-	2,730.13	2,734.00
Other financial assets	2,555.91	-	0.42	-	-	2,556.33
<b>Total</b>	<b>4,158.43</b>	<b>7.30</b>	<b>2.01</b>	<b>451.28</b>	<b>2,730.13</b>	<b>7,349.15</b>

**C. Maturity analysis for derivatives:**

All derivatives which are entered into for trading purposes are shown in the earliest time band. With respect to other derivatives, the remaining contractual maturity information has been given based on undiscounted cash flows.

As at 31 March 2020	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Net settled derivatives entered into for trading purposes	-362.71	-	-	-	-	-362.71
<b>Total</b>	<b>-362.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-362.71</b>

As at 31 March 2019	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Net settled derivatives entered into for trading purposes	-582.83	-	-	-	-	-582.83
<b>Total</b>	<b>-582.83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-582.83</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 44 Fair Values of Financial Instruments

##### (a) Fair Value Hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

Particulars	31 March 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
Derivative financial instruments (assets):				
Exchange-traded derivatives	1.31	-	-	1.31
<b>Total derivative financial instruments (assets)</b>	<b>1.31</b>	<b>-</b>	<b>-</b>	<b>1.31</b>
<b>Stock-in-trade</b>				
Other debt securities and preference shares	-	-	-	-
Equity instruments	-	-	-	-
<b>Total stock-in-trade</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investments</b>				
Units of AIF	-	-	0.05	0.05
Equity instruments	0.58	-	-	0.58
<b>Total investments measured at fair value</b>	<b>0.58</b>	<b>-</b>	<b>0.05</b>	<b>0.63</b>
<b>Total financial assets measured at fair value on a recurring basis</b>	<b>1.89</b>	<b>-</b>	<b>0.05</b>	<b>1.94</b>

Particulars	31 March 2020			
	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value on a recurring basis</b>				
Derivative financial instruments (Liabilities):				
Exchange-traded derivatives	13.10	350.92	-	364.02
<b>Total derivative financial instruments (liabilities)</b>	<b>13.10</b>	<b>350.92</b>	<b>-</b>	<b>364.02</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency - Indian rupees in millions)

#### 44 Fair Values of Financial Instruments

##### (a) Fair Value Hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

Particulars	31 March 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
Derivative financial instruments (assets):				
Exchange-traded derivatives	32.16	-	-	32.16
<b>Total derivative financial instruments (assets)</b>	<b>32.16</b>	<b>-</b>	<b>-</b>	<b>32.16</b>
Stock-in-trade				
Mutual fund units	-	-	-	-
Equity instruments	-	-	-	-
<b>Total stock-in-trade</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investments				
Units of AIF	-	-	451.27	451.27
Equity instruments	1.59	-	-	1.59
<b>Total investments measured at fair value</b>	<b>1.59</b>	<b>-</b>	<b>451.27</b>	<b>452.86</b>
<b>Total financial assets measured at fair value on a recurring basis</b>	<b>33.75</b>	<b>-</b>	<b>451.27</b>	<b>485.02</b>

Particulars	31 March 2019			
	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value on a recurring basis -</b>				
Derivative financial instruments (liabilities)				
Exchange-traded derivatives	615.00	-	-	615.00
<b>Total derivative financial instruments (liabilities)</b>	<b>615.00</b>	<b>-</b>	<b>-</b>	<b>615.00</b>

#### Fair valuation techniques:

##### (i) Equity instruments and units of Alternative Investment Funds

The majority of equity instruments are actively traded on recognized stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Units held in funds are measured based on fund net asset value (NAV), taking into account redemption and/or other restrictions. Such NAV Such instruments are generally Level 3. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured at each reporting date at valuation provided by external valuer at instrument level. Unlisted equity securities are classified at Level 3.

##### (ii) Derivatives

The Company enters into derivative financial instruments with various counter-parties, primarily banks with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are exchange traded futures and options contracts. The most frequently applied valuation techniques include quoted price for exchange traded derivatives and Black Scholes models (for option valuation).



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 44 Fair Values of Financial Instruments

##### (b) Movement in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

Particulars	31 March 2020	31 March 2019
Opening	451.27	454.62
Purchase	-	15.00
Sales	-383.75	-
Gains / (losses) for the year recognised in profit or loss	-67.47	-18.35
Gains / (losses) for the year recognised in other comprehensive income	-	-
Closing	0.05	451.27
Unrealised gains / (losses) related to balances held at the end of the year	-67.47	-18.35



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 44 Fair Values of Financial Instruments

##### (c) Unobservable inputs used in measuring fair value categorised within Level 3

Following tables set out information about significant unobservable inputs used at respective balance sheet dates in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial Instruments	Fair value of asset as on 31 March 2020	Fair value of liability as on 31 March 2020	Valuation Techniques	Significant Unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in units of AIF	0.05	-	Net assets approach	Fair value of underlying investments	Nil	5%	0.00	5%	-0.00

Type of financial Instruments	Fair value of asset as on 31 March 2019	Fair value of liability as on 31 March 2019	Valuation Techniques	Significant Unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in units of AIF	451.27	-	Net assets approach	Fair value of underlying investments	11,300 to 12,000 per unit	5%	22.56	5%	-22.56





## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 44 Fair values of financial instruments (continued)

##### (d) Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analysing them by the level in the fair value hierarchy into which each fair value measurement is categorised:

Particulars	31 March 2020				
	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Cash and cash equivalent	10.70	10.70	10.70	-	-
Bank balances other than cash and cash equivalent	7.38	7.38	7.38	-	-
Trade receivables	0.82	0.82	-	0.82	-
Loans	447.97	447.97	-	447.97	-
Investments at cost	2,730.12	2,730.12	-	2,730.12	-
Other financial assets	13.87	13.87	5.93	7.94	-
<b>Total</b>	<b>3,210.86</b>	<b>3,210.86</b>	<b>24.01</b>	<b>3,186.85</b>	<b>-</b>
<b>Financial liabilities:</b>					
Trade payables	33.68	33.68	-	33.68	-
Subordinated liabilities	3,864.66	3,864.66	-	3,864.66	-
Other financial liabilities	4.83	4.83	-	4.83	-
<b>Total</b>	<b>3,903.17</b>	<b>3,903.17</b>	<b>-</b>	<b>3,903.17</b>	<b>-</b>

Particulars	31 March 2019				
	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Cash and cash equivalent	4.64	4.64	4.64	-	-
Bank balances other than cash and cash equivalent	7.30	7.30	7.30	-	-
Trade receivables	2.59	2.59	-	2.59	-
Investments at amortised cost	3.87	3.87	-	3.87	-
Investments at cost	2,730.13	2,730.13	-	2,730.13	-
Other financial assets	1,965.35	1,965.35	1,963.86	1.49	-
<b>Total</b>	<b>4,713.88</b>	<b>4,713.88</b>	<b>1,975.80</b>	<b>2,738.08</b>	<b>-</b>
<b>Financial liabilities:</b>					
Trade payables	66.46	66.46	-	66.46	-
Borrowing (other than debt securities)	3,456.31	3,456.31	-	3,456.31	-
Subordinated liabilities	1,839.01	1,839.01	-	1,839.01	-
Other financial liabilities	33.00	33.00	-	33.00	-
<b>Total</b>	<b>5,394.78</b>	<b>5,394.78</b>	<b>-</b>	<b>5,394.78</b>	<b>-</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 45. Total market risk exposure

Fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. Such risks the market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non-trading positions are managed and

Market Risk can affect the Company's income or the value of its holdings of financial instruments due to adverse movements in market prices of instrument due to price risk. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters.

Particulars	31 March 2020			31 March 2019		
	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	18.08	-	18.08	11.94	-	11.94
Derivative financial instruments	-	-	-	8.15	8.15	-
Stock-in-trade	1,397.73	1,397.73	-	1,593.82	1,593.82	-
Loans	447.97	-	447.97	-	-	-
Trade receivables	0.82	-	0.82	0.19	-	0.19
Investments at fair value through profit or loss	0.63	-	0.63	452.86	-	452.86
Investments - at amortised cost	3.87	-	3.87	3.87	-	3.87
Other financial assets	13.87	-	13.87	1,965.35	1,959.80	5.55
<b>Total</b>	<b>1,882.97</b>	<b>1,397.73</b>	<b>485.24</b>	<b>4,036.18</b>	<b>3,561.77</b>	<b>474.41</b>
<b>Liability</b>						
Borrowings (other than Debt Securities)	-	-	-	3,456.31	-	3,456.31
Subordinated liabilities	3,864.66	-	3,864.66	1,839.01	-	1,839.01
Trade payables	33.68	-	33.68	66.46	-	66.46
Other financial liabilities	4.83	0.01	4.82	33.00	-	33.00
<b>Total</b>	<b>3,903.17</b>	<b>0.01</b>	<b>3,903.16</b>	<b>5,394.78</b>	<b>-</b>	<b>5,394.78</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 46 Analysis of risk concentration

##### Industry analysis - Risk concentration for 31 March 2020

Particulars	Financial services	Consumers	Retail and wholesale	Construction	Manufacturing	Oil & gas	Services	Total
<b>Financial assets</b>								
Cash and cash equivalent and other bank balances	18.08	-	-	-	-	-	-	18.08
Derivative financial instruments	-	-	-	-	-	-	-	-
Financial assets carried at fair value through profit and loss	0.05	-	-	-	4.45	-	-	4.50
Investment	2,730.12	-	-	-	-	-	-	2,730.12
Stock in trade	-	-	-	-	-	-	-	-
Trade and other receivables	0.82	-	-	-	-	-	-	0.82
Loans	447.97	-	-	-	-	-	-	447.97
Other financial assets	13.87	-	-	-	-	-	-	13.87
<b>Total</b>	<b>3,210.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.45</b>	<b>-</b>	<b>-</b>	<b>3,215.36</b>
Other Commitments	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,210.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.45</b>	<b>-</b>	<b>-</b>	<b>3,215.36</b>

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

Particulars	Financial services	Consumers	Retail and wholesale	Construction	Manufacturing	Oil & gas	Services	Total
<b>Financial assets</b>								
Cash and cash equivalent and other bank balances	11.94	-	-	-	-	-	-	11.94
Derivative financial instruments	8.15	-	-	-	-	-	-	8.15
Financial assets carried at fair value through profit and loss	451.27	-	-	-	5.46	-	-	456.73
Investment	2,730.12	-	-	-	-	-	-	2,730.12
Stock in trade	1,402.87	20.35	19.81	7.55	65.56	3.20	74.49	1,593.83
Trade and other receivables	0.19	-	-	-	-	-	-	0.19
Other financial assets	1,965.35	-	-	-	-	-	-	1,965.35
<b>Total</b>	<b>6,569.89</b>	<b>20.35</b>	<b>19.81</b>	<b>7.55</b>	<b>71.02</b>	<b>3.20</b>	<b>74.49</b>	<b>6,766.31</b>
Other Commitments	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,569.89</b>	<b>20.35</b>	<b>19.81</b>	<b>7.55</b>	<b>71.02</b>	<b>3.20</b>	<b>74.49</b>	<b>6,766.31</b>





## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 47 Disclosure related to collateral

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

31 March 2020	Pledge as collateral	others 1	Available as collateral	others 2	Total carrying amount
Cash and cash equivalent including bank balance	7.18	-	-	10.90	18.08
Stock in trade	1,370.11	-	27.62	-	1,397.73
Trade receivables	-	-	0.82	-	0.82
Derivative assets	-	-	-	-	-
Loans	-	-	-	447.97	447.97
Investments	-	-	2,734.62	-	2,734.62
Other financial assets	6.36	-	-	7.51	13.87
Property, plant and equipment	-	-	-	14.64	14.64
Other intangible assets	-	-	-	0.25	0.25
Other non financial assets	-	-	-	38.15	38.15
<b>Total assets</b>	<b>1,383.65</b>	<b>-</b>	<b>2,763.06</b>	<b>519.42</b>	<b>4,666.13</b>

31 March 2019	Pledge as collateral	others 1	Available as collateral	others 2	Total carrying amount
Cash and cash equivalent including bank balance	7.18	-	-	4.76	11.94
Stock in trade	1,463.76	-	130.06	-	1,593.82
Trade receivables	-	-	0.19	-	0.19
Derivative assets	-	-	-	8.15	8.15
Investments	-	-	3,186.86	-	3,186.86
Other financial assets	1,964.28	-	-	1.07	1,965.35
Property, plant and equipment	-	-	-	8.41	8.41
Other intangible assets	-	-	-	0.97	0.97
Other non financial assets	-	-	-	21.70	21.70
<b>Total assets</b>	<b>3,435.22</b>	<b>-</b>	<b>3,317.11</b>	<b>45.06</b>	<b>6,797.39</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 48 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.

Particulars	31 March 20			31 March 19		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>						
Cash and cash equivalents	10.70	-	10.70	4.64	-	4.64
Other bank balances	7.38	-	7.38	7.30	-	7.30
Derivative financial instruments	-	-	-	8.15	-	8.15
Stock-in-trade	1,397.73	-	1,397.73	1,593.82	-	1,593.82
Other receivables	0.82	-	0.82	0.19	-	0.19
Loans	447.97	-	447.97	-	-	-
Investments	3.87	2,730.75	2,734.62	3.87	3,182.99	3,186.86
Other financial assets	13.24	0.63	13.87	1,964.93	0.42	1,965.35
	<b>1,881.71</b>	<b>2,731.38</b>	<b>4,613.09</b>	<b>3,582.90</b>	<b>3,183.41</b>	<b>6,766.31</b>
<b>Non-financial assets</b>						
Current tax assets (net)	21.04	14.23	35.27	-	41.29	41.29
Deferred tax assets (net)	-	351.06	351.06	-	22.88	22.88
Property, plant and equipment	-	14.64	14.64	-	8.41	8.41
Other intangible assets	-	0.25	0.25	-	0.97	0.97
Other non-financial assets	38.15	-	38.15	21.70	-	21.70
	<b>59.19</b>	<b>380.18</b>	<b>439.37</b>	<b>21.70</b>	<b>73.55</b>	<b>95.25</b>
<b>Total assets</b>	<b>1,940.90</b>	<b>3,111.56</b>	<b>5,052.46</b>	<b>3,604.60</b>	<b>3,256.96</b>	<b>6,861.56</b>

Particulars	31 March 20			31 March 19		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial liabilities</b>						
Other payables	33.68	-	33.68	66.46	-	66.46
Borrowing (other than debt securities)	-	-	-	3,456.31	-	3,456.31
Subordinated Liabilities	3,864.66	-	3,864.66	1,839.01	-	1,839.01
Other financial liabilities	4.83	-	4.83	33.00	-	33.00
	<b>3,903.17</b>	<b>-</b>	<b>3,903.17</b>	<b>5,394.78</b>	<b>-</b>	<b>5,394.78</b>
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	3.22	-	3.22	9.29	-	9.29
Provisions	3.54	22.79	26.33	1.74	12.57	14.31
Other non-financial liabilities	17.68	-	17.68	6.78	-	6.78
	<b>24.44</b>	<b>22.79</b>	<b>47.23</b>	<b>17.81</b>	<b>12.57</b>	<b>30.38</b>
<b>Total liabilities</b>	<b>3,927.61</b>	<b>22.79</b>	<b>3,950.40</b>	<b>5,412.59</b>	<b>12.57</b>	<b>5,425.16</b>



## Edelcap Securities Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 49 Market risk

Market risk is 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.

##### (i) Interest rate risk

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

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

Currency of borrowing / advances	2019-20					
	Increase in IRF price (%)	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
INR	5	5.10		5	-5.10	

Currency of borrowing / advances	2018-19					
	Increase in IRF price (%)	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
INR	5	-5.88		5	5.88	

##### (ii) 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 arise majorly on account of foreign currency borrowings.

The table below indicates the currencies to which the Company had significant exposure at the end of the reported periods. The analysis calculates the effect of a reasonably possible movement of the currency rate against the INR (all other variables being constant) on the statement of profit and loss (due to the fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges).

Currency	2019-20					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
USD	5	-17.55		5	17.55	

Currency	2018-19					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
USD	5	42.90		5	-42.90	



**Edelcap Securities Limited****Notes to the financial statements (Continued)**

(Currency - Indian rupees in million)

**49 Market risk****(iii) Equity price risk**

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of individual investment in equity share prices.

2019-20						
Impact on	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
Equity instruments	5	0.03		5	-0.03	
Debt instruments (incl preference)	5	69.35		5	-69.35	
Units of AIF	5	0.00		5	-0.00	

2018-19						
Impact on	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5	30.75		5	-30.75	
Mutual fund units	5	-		5	-	
Equity instruments	5	0.08		5	-0.08	
Debt instruments (incl preference)	5	0.19		5	-0.19	
Units of AIF	5	22.56		5	-22.56	

**(iv) Index price risk**

Index price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of equity indices.

2019-20						
Impact on	Increase in index price (%)	Effect on profit before tax	Effect on Equity	Decrease in index price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5	-103.88		5	103.88	

2018-19						
Impact on	Increase in index price (%)	Effect on profit before tax	Effect on Equity	Decrease in index price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5	18.17		5	-18.17	





## Edelcap Securities Limited

### Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

#### 50 Cash flow disclosure

##### Change in liabilities arising from financing activities :

Particulars	1 April 2019	Cash flows	Changes in fair values	Others	31 March 2020
Borrowings other than debt securities	3,456.31	-3,427.15	-	-29.16	-
Subordinated liabilities	1,839.01	2,306.20	-	-280.55	3,864.66
Total liabilities from financing activities	5,295.32	-1,120.95	-	-309.71	3,864.66

Particulars	1 April 2018	Cash flows	Changes in fair values	Others	31 March 2019
Borrowings other than debt securities	1,506.74	1,953.84	-	-4.27	3,456.31
Subordinated liabilities	1,634.26	-	-	204.75	1,839.01
Total liabilities from financing activities	3,141.00	1,953.84	-	200.48	5,295.32



## Edelcap Securities Limited

### Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

#### 51 Prior period comparatives

Previous year's figures have been regrouped and rearranged wherever necessary to conform to current year's presentation

As per our report of even date attached.

For GMJ & Company  
Chartered Accountants  
Firm Registration No.: 103429W



CA Haridas Bhat  
Partner  
Membership No.: 39070  
Mumbai  
03 July 2020

For and on behalf of the Board of Directors

Rituparna Barman Roy  
Director  
DIN: 08050620

Ashish Gupta  
Director  
DIN: 07775554

Ritesh S Jain  
Chief Financial Officer  
Mumbai  
03 July 2020

Bhargavi Halapeti  
Company Secretary

Piyush Chamria  
Manager

