

INDEPENDENT AUDITOR'S REPORT

To the Members of Edelweiss Custodial Services Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Edelweiss Custodial Services 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 Ind AS 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, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 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.

Information Other than the Financial Statements and Auditor's Report Thereon

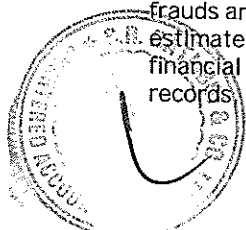
The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, but does not include the Ind AS financial statements and our auditor's report thereon.

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 such 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.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is 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



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view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

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.

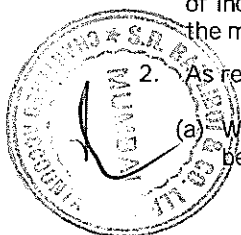
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 1" 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;

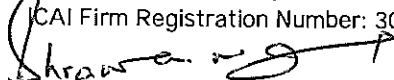


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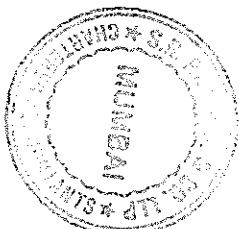
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement 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 email 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 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (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 does not have any pending litigations which would impact its financial position (Refer note 2.33A to the Financial Statements);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
CAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 20102102AAAAGT5451

Place of Signature: Mumbai
Date: June 26, 2020



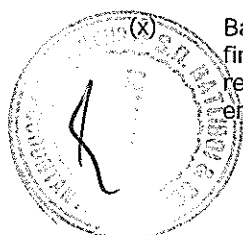
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Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management and audit procedures performed, there are no immovable properties, included in property, plant and equipment/ fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us and audit procedures performed, 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 and audit procedures performed, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii)(a) Undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of employees' state insurance, sales-tax, value added tax duty of custom and duty of excise.
- (b) According to the information and explanations given to us and audit procedures performed, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of employees' state insurance, sales-tax, value added tax duty of custom and duty of excise.
- (c) According to the information and explanations given to us and audit procedures performed, there are no dues of income tax, provident fund, Goods and service tax and cess which have not been deposited on account of any dispute. As explained to us, the Company did not have any dues on account of employees' state insurance, sales-tax, value added tax duty of custom and duty of excise.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans and borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud/material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.



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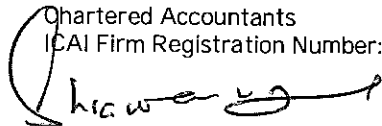
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- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management and audit procedures performed, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management and audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us and audit procedures performed, the Company is not required to be registered under section 45-IA of the Reserve bank of India Act, 1934.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 20102102AAAAGT5451

Place of Signature: Mumbai

Date: June 26, 2020



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Annexure 2 to the Independent Auditor's Report of even date on the Financial Statements of Edelweiss Custodial Services Limited

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

To the Members of Edelweiss Custodial Services Limited

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

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

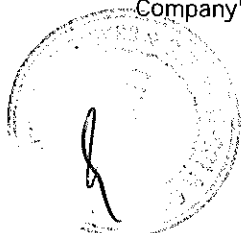
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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



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

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

Opinion

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

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

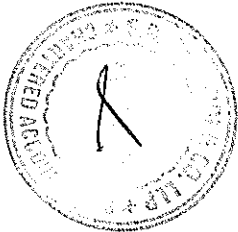
Partner

Membership Number: 102102

UDIN: 20102102AAAAGT5451

Place of Signature: Mumbai

Date: June 26, 2020



Edelweiss Custodial Services Limited

Balance Sheet

(Currency: Indian rupees in million)

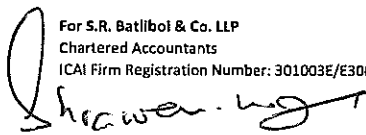
Assets	Note	As at March 31, 2020	As at March 31, 2019
Non current assets			
(a) Property, plant and equipment	2.1	108.03	14.27
(b) Capital work in progress		-	18.08
(c) Intangible assets under development		40.12	6.44
(d) Other intangible assets	2.2	32.94	41.57
(e) Financial assets			
(i) Investments	2.3	628.94	628.94
(ii) Other financial assets	2.4	40.26	41.96
(f) Current tax assets (net)	2.5	1.76	4.14
(g) Deferred tax assets (net)	2.6	15.66	3.53
		<u>867.71</u>	<u>758.93</u>
Current assets			
(a) Financial assets			
(i) Trade receivables	2.7	2,985.09	426.33
(ii) Cash and cash equivalents	2.8	4,954.99	10,252.30
(iii) Bank balances other than cash and cash equivalents	2.9	19,296.28	16,174.11
(iv) Loans	2.10	0.65	0.74
(v) Other financial assets	2.11	595.52	27.42
(b) Other current assets	2.12	43.06	99.60
		<u>27,875.59</u>	<u>26,980.50</u>
Total assets		<u><u>28,743.30</u></u>	<u><u>27,739.43</u></u>
Equity			
(a) Equity share capital	2.13	62.68	62.68
(b) Other equity	2.14	2,206.08	948.22
		<u>2,268.76</u>	<u>1,010.90</u>
Non current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	2.14A	70.56	-
(b) Provision	2.15	16.79	13.95
		<u>87.35</u>	<u>13.95</u>
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	2.16	1,160.93	4.16
(ii) Trade payables	2.17	233.20	416.43
(iii) Other financial liabilities	2.18	24,785.36	26,146.98
(b) Other current liabilities	2.19	83.98	73.92
(c) Provisions	2.20	9.88	4.52
(d) Current tax liabilities (net)	2.21	113.84	68.57
		<u>26,387.19</u>	<u>26,714.58</u>
Total equity and liabilities		<u><u>28,743.30</u></u>	<u><u>27,739.43</u></u>

The accompanying accounting policies and notes are an integral part of the financial statements

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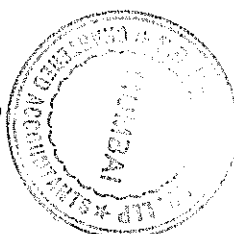
As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



Shrawan Jalan
Partner
Membership No:102102

Mumbai
June 26, 2020



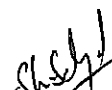
For and on behalf of the Board of Directors



Dipesh Shah
Director
DIN :07447551

Prachi Mathur
Company Secretary

Mumbai
June 26, 2020



Shiv Sehgal
Director
DIN :07112524



Edelweiss Custodial Services Limited

Statement of Profit and Loss

(Currency : Indian rupees in million)

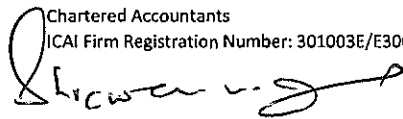
	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
I. Revenue from operations			
Fee and commission income	2.22	421.45	312.83
Interest income	2.23	3,309.20	2,289.84
Income from treasury & Investments	2.24	-	0.87
Total Revenue from operations		3,730.65	2,603.54
II. Other income	2.25	128.45	13.24
III. Total revenue		3,859.10	2,616.78
IV. Expenses			
Employee benefits expense	2.26	191.05	239.65
Finance costs	2.27	1,423.52	1,032.98
Depreciation, amortisation and impairment	2.1 & 2.2	53.17	20.62
Other expenses	2.28	251.02	200.74
Total expenses		1,918.76	1,493.99
V. Profit before tax		1,940.33	1,122.79
VI. Tax expenses:			
(1) Current tax		498.91	328.46
(2) Deferred tax		(10.42)	(2.21)
Profit for the year		1,451.85	796.54
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gain / loss on defined benefit plans (OCI)		0.06	0.30
Less: Income tax relating to items that will not be reclassified to profit or loss		0.01	(0.09)
Total		0.05	0.39
Total comprehensive income		1,451.89	796.93
Earnings per equity share (Face value of ₹ 10 each):			
(1) Basic (INR)	2.32	231.65	127.09
(2) Diluted (INR)	2.32	231.65	127.09

The accompanying accounting policies and notes are an integral part of the financial statements

1 & 2

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



Shrawan Jalan
Partner
Membership No:102102



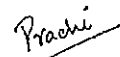
For and on behalf of the Board of Directors



Dipesh Shah
Director
DIN : 07447551



Shiv Sehgal
Director
DIN : 07112524



Prachi Mathur
Company Secretary

Mumbai
June 26, 2020



Edelweiss Custodial Services Limited

Statement of changes in Equity

(Currency : Indian rupees in million)

Equity share capital

Balance at the beginning of the reporting period (1 April 2018)	Changes in equity share capital	Balance at the end of the reporting period (31 March 2019)
62.68	-	62.68

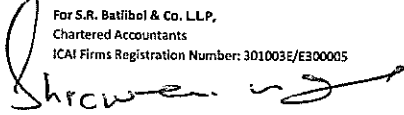
Equity share capital

Balance at the beginning of the reporting period (1 April 2019)	Changes in equity share capital	Balance at the end of the reporting period (31 March 2020)
62.68	-	62.68

Other Equity

	Securities Premium Account	Deemed capital contribution - ESOP	Retained earnings	Total
Balance at 1 April 2018	652.10	8.92	285.94	946.96
OTA on ESOP	-	-	(9.88)	(9.88)
Profit for the year	-	-	796.54	796.54
Other comprehensive income	-	-	0.39	0.39
Total Comprehensive Income	-	-	796.93	796.93
Dividends to shareholders	-	-	651.82	651.82
Dividend distribution tax	-	-	133.98	133.98
ESOP charge	-	-	-	-
Balance at March 31, 2019	652.10	8.92	287.19	948.21
Transition impact of Ind AS 116 (net of tax)	-	-	(5.13)	(5.13)
Profit or loss	-	-	1,451.85	1,451.85
Other comprehensive income	-	-	0.05	0.05
Total Comprehensive Income	-	-	1,446.77	1,446.77
Dividends to shareholders	-	-	156.69	156.69
Dividend distribution tax	-	-	32.21	32.21
Balance at March 31, 2020	652.10	8.92	1,545.06	2,206.08

For S.R. Batlibal & Co. LLP,
Chartered Accountants
ICAI Firms Registration Number: 301003E/E300005



Shrawan Jafan
Partner
Membership No:102102

For and on behalf of the Board of Directors



Dipesh Shah
Director
DIN :07447551

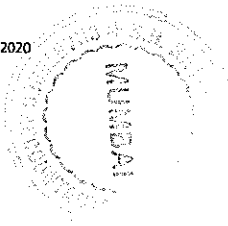


Prachi Mathur
Company Secretary



Shiv Sehgal
Director
DIN :07112524

Mumbai
June 26, 2020



Mumbai
June 26, 2020



Edelweiss Custodial Services Limited

Cash Flow Statement for the year ended March 31, 2020

(Currency : Indian rupees in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A Cash flow from operating activities		
Profit before taxation	1,940.33	1,122.79
Adjustments for		
Depreciation	53.17	20.62
Provision for expected credit loss	24.71	0.10
Profit on sale of fixed assets	(0.02)	(0.03)
Profit on sale of investments	-	(0.87)
Interest expense	29.74	-
Operating cash flow before working capital changes	<u>2,047.93</u>	<u>1,142.61</u>
Add / (Less): Adjustments for working capital changes		
Decrease/ (increase) in trade receivables	(2,583.47)	113.31
(Increase) in other financial assets	(3,688.48)	(8,406.19)
Decrease/(increase) in other non financial assets	56.54	(18.01)
Increase/(decrease) in liabilities and provisions	(1,547.53)	8,077.27
Cash (used in)/ generated from operations	<u>(5,715.01)</u>	<u>908.99</u>
Income taxes paid	(451.26)	(310.06)
Net cash (used in) / generated from operating activities - A	<u>(6,166.27)</u>	<u>598.93</u>
B Cash flow from investing activities		
Purchase of fixed assets	(51.98)	(78.29)
Sale of fixed assets	0.27	0.36
Sale of current investment	-	300.87
Net cash generated from Investing activities - B	<u>(51.71)</u>	<u>222.94</u>
C Cash flow from financing activities		
(Repayment) / proceeds from unsecured loan (refer note 1)	1,156.77	-
Dividend paid to shareholders	(156.69)	(651.82)
Dividend distribution tax paid	(32.21)	(133.98)
Interest paid (including interest on leases as per Ind AS 116)	(29.74)	-
Principal repayment of leases (Ind AS 116)	(17.47)	-
Net cash used in financing activities - C	<u>920.66</u>	<u>(785.80)</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u>(5,297.31)</u>	<u>36.06</u>
Cash and cash equivalent as at the beginning of the year	10,252.30	10,216.24
Cash and cash equivalent as at the end of the year (refer note 2.8)	4,954.99	10,252.30

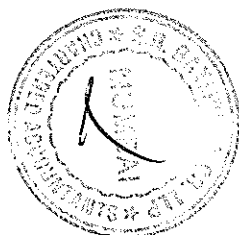
Notes:

1 Cash receipts and payments for transaction with group companies in which the turnover is quick, the amounts are large and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.

2 Component of cash and cash equivalents

Cash and Cash equivalents

Balances with banks in current accounts	4,954.99	10,252.30
in fixed deposits with original maturity less than 3 months	<u>4,954.99</u>	<u>10,252.30</u>



Edelweiss Custodial Services Limited

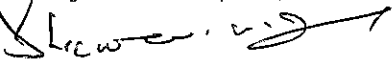
Cash Flow Statement for the year ended March 31, 2020 (Continued)

(Currency : Indian rupees in million)

- 3 The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Indian Accounting Standard - 7 "Cash Flow Statements" specified under Section 133 of Companies Act, 2013 read with Paragraph 7 of the Companies (Accounts) Rules, 2014.
- 4 Purchase of tangible and intangible assets includes movement of Capital Work-in-progress and capital expenditure during the year.

As per our report of even date attached

For S.R. Batliboi & Co. L.L.P.,
Chartered Accountants
Firm's Registration No.301003E/E300005

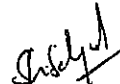


Shrawan Jalan
Partner
Membership No:102102

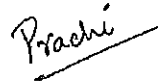
For and on behalf of the Board of Directors



Dipesh Shah
Director
DIN : 07447551



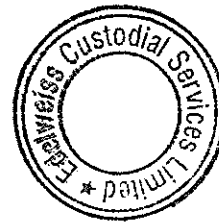
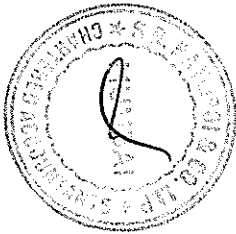
Shiv Sehgal
Director
OIN :07112524



Prachi Mathur
Company Secretary

Mumbai
June 26, 2020

Mumbai
June 26, 2020



Edelweiss Custodial Services Limited

Notes to the financial statements

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1. Significant accounting policies

1.1 Company background:

Edelweiss Custodial Services Limited ('the Company') was incorporated on 16 October 2008. The Company is a 100% subsidiary of Edelweiss Securities Limited which in turn is a 100% subsidiary of Edelweiss Financial Services Limited. The registered office of the company is located at Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirod Road, Kurla (West), Mumbai- 400070.

The Company is a Professional Clearing Member (PCM) of National Securities Clearing Corporation Limited (NSCCL) and Indian Clearing Corporation Limited (ICCL). The Company is also a SEBI registered custodian of securities who settles trades of clients and maintains a record of client holdings and monitors receipt of corporate action benefits to eligible clients. Other services provided include fund accounting services.

Company invests in fixed deposits & other highly liquid callable instruments as part of its treasury activities.

1.2 Basis of preparation and presentation of financial statements:

The financial statements have been prepared in accordance with Indian Accounting Standards (referred hereinafter as 'Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III).

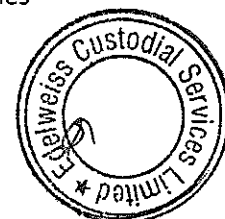
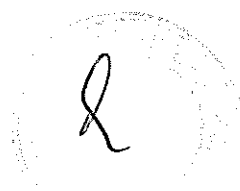
The Company's financial statements have been prepared on a historical cost basis, except for certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and other financial assets held for trading, which have been measured at fair value.

The Company's financial statements are presented in Indian Rupees (INR) and all values are rounded off to the nearest millions (INR 000,000), except when otherwise indicated.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

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

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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.3 Use of estimates

The preparation of the financial statements requires management to make certain estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported revenue and expense during the reporting period. Actual results could differ from the estimates.

1.4 Revenue recognition:

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation. The Company applies the five-step approach for recognition of revenue:

- i. Identification of contract(s) with customers;
- ii. Identification of the separate performance obligations in the contract;
- iii. Determination of transaction price;
- iv. Allocation of transaction price to the separate performance obligations; and
- v. Recognition of revenue when (or as) each performance obligation is satisfied.

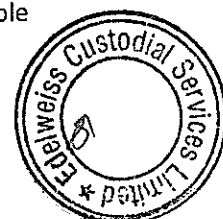
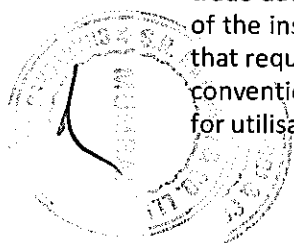
Revenue recognition for different heads of Income are as under:

- Fee income includes fees for clearing services, custody fees & fund accounting. The right to receive the clearing fees arises when the trade is executed and a valid contract is generated for the trade. All types of fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Interest income is recognised on accrual basis of accounting.
- Profit / loss earned on sale of investment is recognised on trade date basis. Profit / loss on sale of investments is determined based on the weighted average cost of the investments sold.
- Dividend income is recognised when the right to receive payment is established.
- Delayed payment charges are recognised on accrual basis.

1.5 Financial instruments:

Date of recognition

Financial assets and financial liabilities, except 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. Borrowings are recognised when the funds are available for utilisation.



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.5 Financial Instruments (Continued)

Initial measurement of financial instruments

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

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.

Classification of financial instruments

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

Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset 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. The changes in carrying value of financial assets is recognised in profit and loss account.

Financial assets at fair value through other comprehensive income (FVTOCI)

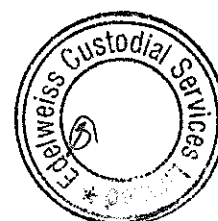
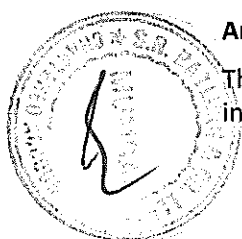
A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The changes in fair value of financial assets is recognised in Other Comprehensive Income.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL. The Company measures all financial assets classified as FVTPL at fair value at each reporting ate. The changes in fair value of financial assets is recognised in Profit and loss account.

Amortized cost and effective interest rate (EIR)

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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.5 Financial Instruments (Continued)

Amortized cost and effective interest rate (EIR) (Continued)

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

For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

Financial assets held for trading

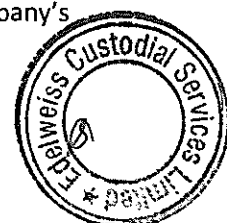
The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term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

Financial assets at fair value through profit or loss

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or
- The liabilities are part of a 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 profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.5 Financial Instruments (Continued)

Financial assets at fair value through profit or loss (Continued)

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.

Disclosure requirement of Ind AS 107-Financial Instruments: Disclosure

Investment in equity instruments

The Company subsequently measures all equity investments (other than subsidiaries, associates and joint ventures, group companies) 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 FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Investments in subsidiaries are carried at amortised cost.

Financial liabilities

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

Financial liabilities and equity instruments

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

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

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

Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. The company didn't reclassify any of its financial assets or liabilities in current period and previous period.



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.5 Financial Instruments (Continued)

Derecognition of financial assets and financial liabilities

Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or a 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 the rights to receive cash flows from the financial asset or
- It retains the contractual rights to receive the cash flows of the financial asset, but assumed a contractual obligation to pay the cash flows in full without material delay to third party under 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:

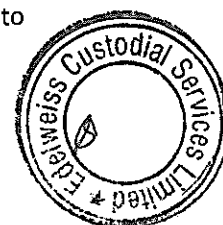
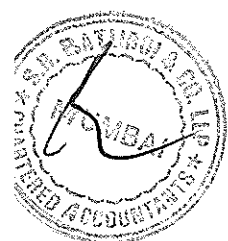
- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the 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 period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.5 Financial Instruments (Continued)

Derecognition of financial asset (Continued)

exercise that ability unilaterally and without imposing additional restrictions on the transfer.

The Company also derecognises a financial asset, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, 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 assets are classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be POCI.

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.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

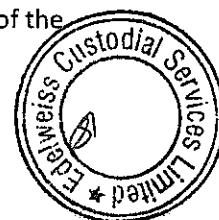
Impairment of financial assets

The Company records provisions based on expected credit loss model ("ECL") on all loans, other debt financial assets measured at amortised cost together with undrawn loan commitment and financial guarantee contracts, in this section all referred to as "Financial instrument". Equity instruments are not subject to impairment.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Business model assessment

Classification and measurement of financial assets depends on the results of the 'Solely Payments of Principal and Interest' (SPPI) criterion and the business model test. The Company determines the business model at a level that reflects how group 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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.5 Financial Instruments (Continued)

Business model assessment (Continued)

assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

Fair value of financial instruments

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

Write-offs

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

Determination of fair value

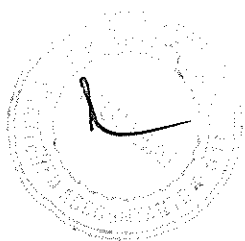
The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.5 Financial instruments (Continued) Determination of fair value (Continued)

Level 1 financial instruments:

Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments:

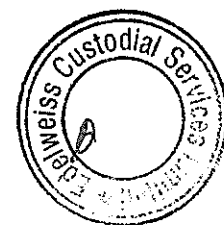
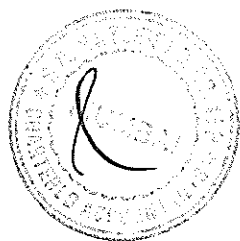
Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 financial instruments:

Those that include one or more unobservable input that is significant to the measurement as a whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

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

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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.6 Leases:

As a lessee:

The Company has applied IND AS 116 using the modified retrospective approach.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease Liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or a rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.7 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 amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

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

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.

Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

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

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

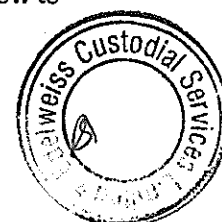
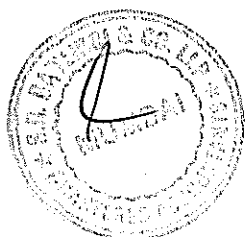
As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the estimated useful lives of the respective fixed assets which are as per the provisions of Part C of Schedule II of the Act for calculating the depreciation.

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

Class of asset	Useful life
Furniture and fixtures	10 years
Vehicles	8 years
Office equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units – End user devices, such as desktops, laptops etc.	3 years

Intangible fixed assets

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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.7 Property, plant and equipment (Continued):

Intangible fixed assets (Continued):

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

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

Impairment of non-financial assets

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

1.8 Cash and cash equivalents:

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

1.9 Foreign currency transactions:

The financial statements are presented in Indian Rupees which is also functional currency of the Company. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

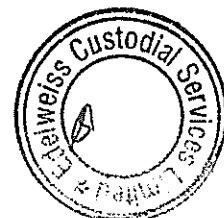
Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

1.10 Retirement and other employee benefits:

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Ind- AS 19 – Employee benefits, is set out below:

Provident fund and national pension scheme

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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.10 Retirement and other employee benefits (Continued):

Gratuity

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with The Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

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. Such 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 actuarial valuation using the Projected Unit Credit Method which recognises each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

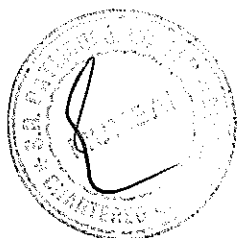
Compensated leave absences

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 to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits are determined using the projected unit credit method.

1.11 Share-based payment arrangements:

Equity-settled share-based payments to employees are granted by the ultimate parent Group are measured by reference to the fair value of the equity instruments at the grant date. These include Stock Appreciation Rights (SARs) where the right to receive the difference between the SAR price and the market price of equity shares of the ultimate parent Company on the date of exercise, either by way of cash or issuance of equity shares of the ultimate parent company, is at the discretion of the ultimate parent Company. These are classified as equity settled share based transaction.

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 profit or 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.



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.12 Income tax expenses:

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

Current tax

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

Deferred tax

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

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

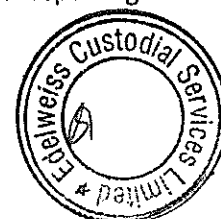
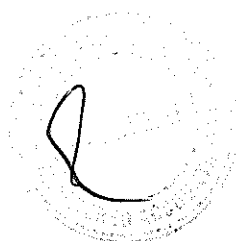
It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.12 Income tax expenses (Continued):

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

1.13 Good and service tax expenses:

The entity avails Input Tax credit ('ITC') of GST paid on various expenses incurred. Based on the ratio of exempted turnover v/s taxable turnover of the entity, GST Input Tax credit is being expensed off on a monthly basis to GST Expense a/c. Further, ITC on ineligible expenses (on which ITC is restricted under GST law) is also debited to GST Expense.

1.14 Earnings per share:

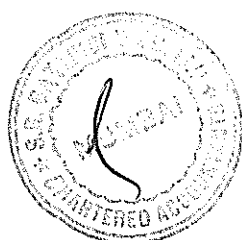
The Company reports basic and diluted earnings per share in accordance with Ind-AS 33 - Earnings Per Share. Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

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

1.15 Provisions and other contingent liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

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



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees in million)

1.16 Significant accounting judgements, estimates and assumptions:

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

Judgements

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

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

1.17 Standards issued but not yet effective: There are no new standards or amendments issued but not yet effective.



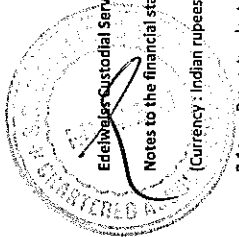
2.1 Property, plant and equipment

Description of Assets	Gross Block				Accumulated Depreciation and Impairment				Net Block As at March 31, 2020
	As at April 1, 2019	Transition to Ind- AS 116	Additions during the year	Disposals during the year	As at March 31, 2020	As at April 1, 2019	Charge for the year	Disposals during the year	
Property, plant and equipment									
Leasehold improvements	-	-	16.21	-	16.21	-	3.86	-	3.86
Furniture and fixtures	0.01	-	3.84	-	3.85	0.00	0.73	-	0.73
Office equipment	0.55	-	2.99	-	3.54	0.12	1.21	-	1.33
Computers	22.63	-	0.92	0.94	22.61	8.80	6.64	0.68	14.76
Vehicle	-	-	0.50	-	0.50	-	0.04	-	0.04
Right of use	-	102.18	-	-	102.18	-	20.14	-	20.14
Total	23.19	102.18	24.46	0.94	148.89	8.92	32.62	0.68	40.86

2.2 Other intangible assets

Description of Assets	Gross Block				Accumulated Amortisation and Impairment				Net Block As at March 31, 2020
	As at April 1, 2019	Transition to Ind- AS 116	Additions during the year	Disposals during the year	As at March 31, 2020	As at April 1, 2019	Charge for the year	Disposals during the year	
Software	62.60	-	11.93	-	74.53	21.03	20.55	-	41.58
Total	62.60	-	11.93	-	74.53	21.03	20.55	-	41.58





Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

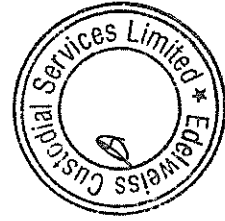
(Currency: Indian rupees in million)

2.1a Property, plant and equipment

Description of Assets	Gross Block					Accumulated Depreciation and Impairment				Net Block
	As at April 1, 2018	Transition to Ind-AS 116	Additions during the year	Disposals during the year	As at March 31, 2019	As at April 1, 2018	Charge for the year	Disposals during the year	As at March 31, 2019	As at March 31, 2019
Property, plant and equipment										
Furniture and fixtures	-	-	0.01	-	0.01	-	0.00	-	0.00	0.00
Office equipment	0.05	-	0.50	-	0.55	0.02	0.10	-	0.12	0.43
Computers	7.90	-	15.25	0.52	22.63	2.52	6.47	0.19	8.80	13.83
Total	7.95	-	15.76	0.52	23.19	2.54	6.57	0.19	8.92	14.27

2.2a Other intangible assets

Description of Assets	Gross Block					Accumulated Amortisation and Impairment				Net Block
	As at April 1, 2018	Transition to Ind-AS 116	Additions during the year	Disposals during the year	As at March 31, 2019	As at April 1, 2018	Charge for the year	Disposals during the year	As at March 31, 2019	As at March 31, 2019
Other intangible assets										
Software	23.89	-	38.71	-	62.60	6.98	14.05	-	21.03	41.57
Total	23.89	-	38.71	-	62.60	6.98	14.05	-	21.03	41.57

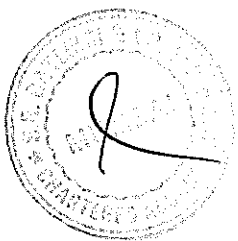


Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

	As at March 31, 2020			As at March 31, 2019		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
2.3 Non current investments						
Investments in equity Instruments of associate companies (fully paid up)						
<i>Edelweiss Asset Reconstruction Company Limited</i>	10	5,44,59,142	628.94	10	5,44,59,142	628.94
			<u>628.94</u>			<u>628.94</u>
Aggregate value of investment in equity shares (unquoted)						
- At cost			628.94			628.94

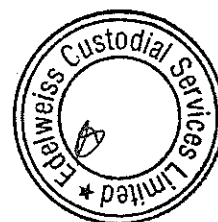


Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
2.4 Other financial assets - non-current		
Deposits placed with exchange	19.50	21.20
Security deposits	20.71	20.71
Other deposits	0.05	0.05
	<u>40.26</u>	<u>41.96</u>
2.5 Current tax assets (net)		
Advance income taxes (net of provision for tax ₹ Nil, March 31, 2019 ₹ Nil)	1.76	4.14
	<u>1.76</u>	<u>4.14</u>
2.6 Deferred tax assets (net)		
Deferred tax assets		
Trade receivable		
Expected credit loss	6.24	0.03
Property, plant and equipment and intangibles		
Difference between book and tax depreciation (including intangibles)	0.38	-
Employee benefit obligations		
Disallowances under section 43B of the Income Tax Act, 1961	4.92	4.53
Others	4.12	
	<u>15.66</u>	<u>4.56</u>
Deferred tax liabilities		
Property, plant and equipment and intangibles		
Difference between book and tax depreciation (including intangibles)	-	1.03
	<u>-</u>	<u>1.03</u>

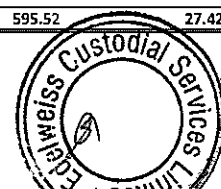
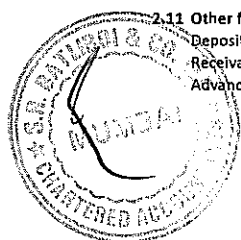


Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
2.7 Trade receivables		
Secured, considered good *	1,991.40	405.74
Unsecured, considered good	993.69	20.59
Trade receivable - credit impaired	24.80	0.10
Total	3,009.89	426.43
Impaired Allowance (allowance for bad and doubtful debts)		
Trade receivable - credit impaired	24.80	0.10
Total	24.80	0.10
	2,985.09	426.33
* Secured by securities, fixed deposits and bank guarantees		
2.8 Cash and cash equivalents		
Balances with banks	-	
- in current accounts	4,954.99	10,252.30
	4,954.99	10,252.30
2.9 Bank balances other than cash and cash equivalents		
Fixed deposits with banks	1,433.42	7,924.73
Fixed deposits with banks to the extent held as margin money or guarantees (refer below note 2.9A)	17,862.86	8,249.38
	19,296.28	16,174.11
2.9A Encumbrances' on fixed deposits held by the Company		
i) Pledged with exchanges for meeting margin deposit requirement		
AU Small Finance Bank	955.00	
Axis Bank	1,099.60	250.00
Bank of India	3,990.00	-
Federal Bank	4,952.50	2,100.00
ICICI Bank Limited	1,549.30	-
IDFC First Bank	2,122.88	1,949.38
IndusInd Bank Limited	-	5.00
Karur Vysya Bank	-	-
Kotak Mahindra Bank	-	-
Punjab National Bank	760.00	
Ratnakar Bank Limited	47.50	50.00
Ujjivan Small Finance Bank Limited	889.00	
Yes Bank Limited	-	2,250.00
	16,365.78	6,604.38
ii) Pledged with banks for bank guarantees as per sanction terms		
Axis Bank	249.90	200.00
Bank Of Baroda	195.50	200.00
Bank Of India	50.00	50.00
Citibank	195.00	195.00
ICICI Bank Limited	-	-
IDBI Bank	-	50.00
IDFC First Bank	-	100.00
IndusInd Bank Limited	100.00	100.00
Oriental Bank of Commerce	106.68	100.00
Punjab National Bank	200.00	200.00
Ratnakar Bank Limited	-	50.00
Standard Chartered Bank	200.00	200.00
State Bank of India	200.00	200.00
	1,497.08	1,645.00
2.10 Loans		
<u>Unsecured</u>		
Loans to employees	0.65	0.74
	0.65	0.74
2.11 Other financial assets- current		
Deposits placed with exchange	21.90	16.30
Receivable from exchange (net)	572.59	6.02
Advances recoverable in cash or in kind or for value to be received	1.03	5.10
	595.52	27.42

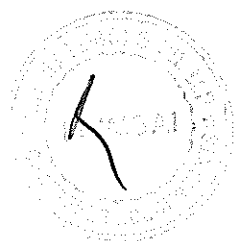
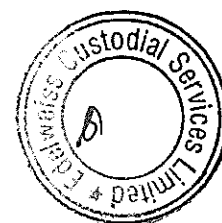


Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
2.12 Other non-financial assets		
Input tax credit	-	45.03
Prepaid expenses	33.76	54.36
Vendor advances	0.23	0.18
Advances recoverable in cash or in kind	0.19	0.03
Advances to employees (Non-Financial)	0.00	-
Others	8.88	-
	<u>43.06</u>	<u>99.60</u>



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
2.13 Equity share capital		
Authorised :		
10,000,000 (Previous year: 10,000,000) Equity Shares of Re.10 each	100	100
	<u>100</u>	<u>100</u>
Issued, Subscribed and Paid up:		
6,267,500 (Previous year: 6,267,500) equity shares of Re.10 each, fully paid-up	62.68	62.68
	<u>62.68</u>	<u>62.68</u>

a. Movement in share capital :

	March 31, 2020		March 31, 2019	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	62,67,500	62.68	62,67,500	62.68
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	<u>62,67,500</u>	<u>62.68</u>	<u>62,67,500</u>	<u>62.68</u>

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

	March 31, 2020			March 31, 2019		
	No of shares	Amount	%	No of shares	Amount	%
Edelweiss Securities Limited, the holding company	62,67,500	62.68	100%	62,67,500	62.68	100%
	<u>62,67,500</u>	<u>62.68</u>	<u>100%</u>	<u>62,67,500</u>	<u>62.68</u>	<u>100%</u>

c. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	March 31, 2020		March 31, 2019	
	No of shares	%	No of shares	%
Edelweiss Securities Limited, the holding company (including 6 shares held by the nominees of Edelweiss Securities Limited)	62,67,500	100%	62,67,500	100%
	<u>62,67,500</u>	<u>100%</u>	<u>62,67,500</u>	<u>100%</u>

d. Terms/rights attached to equity shares :

The Company has only one class of equity shares referred to as equity shares having a par value of ₹ 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.



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Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

2.14 Other equity

	As at March 31, 2020	As at March 31, 2019
Securities premium reserve	652.10	652.10
Retained earnings	1,545.06	287.20
Deemed capital contribution	8.92	8.92
	<u>2,206.08</u>	<u>948.22</u>

A. Nature and purpose of reserves

a. Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

b. Retained earnings

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

c. Deemed capital contribution

Deemed capital contribution relates to share options granted to eligible employees of the Company by the parent company under its employee share option plan.

B. Movement in Other equity

I. Securities premium reserve

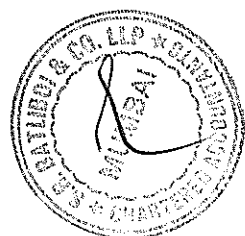
	As at March 31, 2020	As at March 31, 2019
Opening balance	652.10	652.10
Add : Additions during on issue of Equity Shares	-	-
	<u>652.10</u>	<u>652.10</u>

II. Retained earnings

Opening balance	287.19	285.95
Add: Profit for the year	1,451.85	796.54
Add: Other comprehensive income	0.05	0.39
Add: ROU Impact	(6.85)	-
Add: DTA on ROU Asset and Liability	1.72	-
Less: Deferred tax effect of ESOP	-	(9.88)
	<u>1,733.96</u>	<u>1,073.00</u>
Amount available for appropriation		
Appropriations:		
Interim dividend	156.69	651.82
Dividend distribution tax	32.21	133.98
	<u>188.90</u>	<u>785.80</u>
	<u>1,545.06</u>	<u>287.20</u>

III. Deemed capital contribution

Opening balance	8.92	8.92
Add : ESOP charge for the year	-	-
	<u>8.92</u>	<u>8.92</u>
	<u>2,206.08</u>	<u>948.22</u>



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
2.14A Other financial liabilities- non current		
Lease Liability	70.56	-
	70.56	-
2.15 Provisions - non-current		
Provision for employee benefits		
Gratuity	14.26	11.54
Compensated leave absences	2.53	2.41
	16.79	13.95
2.16 Borrowings (other than debt securities)		
Interest accrued and due on borrowings	4.93	1.24
Loan from related parties	1,156	2.92
(Repayable on demand, Interest rate payable @ 11.6% for March-20, ranging from 9.30% to 9.50% for March-19)		
	1,160.93	4.16
2.17 Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 2.41)	0.18	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	233.02	416.43
	233.20	416.43
2.18 Other financial liabilities		
Other payables	3.87	-
Margin money		
Payable to client (net)	23,883.56	25,948.18
(Deployed in the form of bank balances and fixed deposits amounting to ₹ 24,251.27 millions, March 31, 2019 ₹ 26,426.41 millions)		
Others		
Book overdraft	-	90.38
Accrued salaries and benefits	0.91	56.31
Payable to exchange (net)	732.12	13.13
Outstanding expenses payable	143.90	38.88
Lease Liability	21.00	-
	24,785.36	26,146.88



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
2.19 Other current liabilities		
Revenue received in advance		
Income received in advance	0.02	1.07
Others		
Others	1.91	4.34
Statutory liabilities*	82.05	68.51
	<u>83.98</u>	<u>73.92</u>
<i>* Includes withholding taxes, Provident fund and other statutory dues payable</i>		
2.20 Provisions - current		
Provision for employee benefits		
Gratuity	2.23	1.09
Compensated absences	0.52	0.50
Provision for capex	7.13	2.93
	<u>9.88</u>	<u>4.52</u>
2.21 Current tax liabilities (net)		
Provision for taxation	113.84	68.57
	<u>113.84</u>	<u>68.57</u>
(net of advance tax ₹ 960.37 millions, March 31, 2019 ₹ 467.95 millions)		

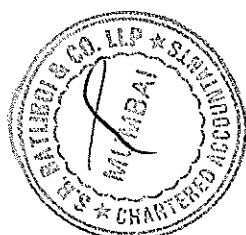


Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

	For the period ended March 31, 2020	For the period ended March 31, 2019
2.22 Revenue from operations		
Fee income		
Advisory and other fees	0.87	5.23
Custody fees	34.88	26.40
Clearing Fees	385.70	158.80
	421.45	190.43
2.23 Interest Income		
Other interest income		
On deposits	2,921.34	2,289.33
On others	0.03	0.51
Interest on delayed payment	387.83	122.40
	3,309.20	2,412.24
2.24 Income from treasury & investments		
Profit on sale of current investments (net)	-	0.87
	-	0.87
2.25 Other income		
Profit on sale of fixed assets (net)	0.01	0.03
Foreign exchange gain	-	0.10
Miscellaneous income	128.44	13.11
	128.45	13.24



Edelweiss Custodial Services Limited

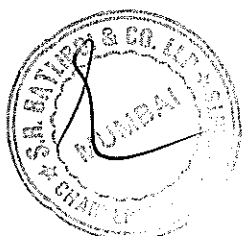
Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019
2.26 Employee benefit expenses		
Salaries and wages		224.15
Salaries and wages	170.59	
Contribution to provident and other funds	8.55	8.04
Expense on employee stock option scheme (ESOP) - refer note below	2.08	2.83
Staff welfare expenses	8.05	4.64
Expense on Employee Stock Appreciation Rights- refer note below	1.78	-
	191.05	239.65

Edelweiss Financial Services Limited, the Ultimate Holding Company, has stock option plans and stock appreciation plans rights in force. Based on such ESOP/SAR schemes, the parent entity has granted an ESOP/SAR 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 employee cost.

2.27 Finance costs		
Interest on borrowings		
Interest on loan from fellow subsidiaries	18.89	23.79
Financial and bank charges	126.08	146.55
Interest on Margin	1,266.73	859.87
Interest - others	11.82	2.77
	1,423.52	1,032.98



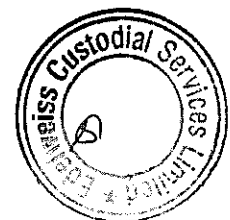
Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

	For the period ended March 31, 2020	For the period ended March 31, 2019
2.28 Other expenses		
Advertisement and business promotion	7.82	6.36
Auditors' remuneration (refer note below)	2.42	1.14
Clearing and custodian charges	(0.09)	0.19
Commission and brokerage	0.19	-
Communication	6.40	7.09
Computer expenses	0.73	2.42
Computer software	21.00	15.69
Corporate social responsibility (refer note 2.44)	-	2.50
Dematerialisation charges	0.84	4.20
Electricity charges	2.64	1.92
Foreign exchange loss (net)	0.39	-
Bad- debts and advances written off	0.02	-
Insurance	0.12	0.03
Legal and professional fees	42.27	46.45
Membership and subscription	2.94	1.29
Office expenses	72.60	68.19
Postage and courier	0.03	-
Printing and stationery	0.65	0.16
Rates and taxes*	0.01	0.01
Rating support fees	0.08	0.08
Rent	20.90	24.46
Repairs and maintenance	0.33	0.12
ROC Expenses*	0.01	-
Seminar and conference	0.60	(0.31)
Stock exchange expenses	3.59	1.61
Goods and service tax expenses	7.04	0.87
Transportation charges	0.02	0.01
Travelling and conveyance	16.39	11.60
Warehousing charges*	0.01	-
Miscellaneous expenses	0.77	0.22
Housekeeping and security charges	7.09	4.34
Usage of Assets	0.15	-
Interest on shortfall in payment of advance tax	8.35	-
Expected credit loss for trade receivables	24.71	0.09
	251.02	200.74
Auditor's remuneration:		
As Auditors	2.17	1.00
Certification fees	0.15	-
Towards reimbursement of expenses	0.10	0.14
	2.42	1.14

*amount is less than Rs 0.01 million



Edelweiss Custodial Services Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in million)

2.29 Income tax

The components of Income tax expense :

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax	500.45	330.54
Adjustment in respect of current income tax of prior years	(1.55)	(2.08)
Deferred tax relating to origination and reversal of temporary differences	(10.42)	(2.21)
Total tax charge for the year	488.49	326.25
Current tax (refer note 2.29a)	498.91	328.46
Deferred tax (refer note 2.29b)	(10.42)	(2.21)

2.29a The Income tax expenses for the year can be reconciled to the accounting profit as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Profit before taxes	1,940	1,123
Statutory income tax rate	25.17%	29.12%
Tax charge at statutory rate	488.34	326.96
Tax effect of :		
Adjustment in respect of current income tax of prior years	(1.55)	(2.08)
Effect of income not subject to tax:		
Deduction u/s 35D (1/5th of capital expenditure)	(0.01)	(0.01)
Effect of non-deductible expenses:		
Donation/ contribution towards CSR	-	0.73
Interest on shortfall of advance tax	2.10	0.93
Interest on late payment of DDT	0.24	-
Interest on late payment of TDS	-	0.01
Purchase of mobiles phones debited to P&L	0.03	0.23
Donation - deduction under chapter VI-A (Section 80G)	-	(0.36)
Gratuity Expenses	(0.11)	-
Compensated absences	0.03	-
Provision for doubtful debts	(0.00)	-
Depreciation	0.59	-
Lease Payments	(1.72)	-
Impact of tax rate changes	0.55	(0.24)
DTA on gratuity	(0.02)	0.09
Tax charge for the year recorded in P&L	488.49	326.25

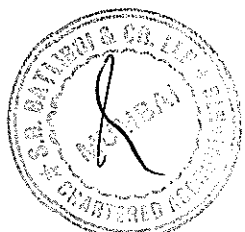
2.29b The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

	Opening deferred tax asset / (liability) as per Ind AS	Movement for the period (2019-20)				Total movement	Closing deferred tax asset / (liability) as per Ind AS
		Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss		
Deferred taxes in relation to:							
Property, plant and equipment	(1.03)	1.40	-	-	-	1.40	0.38
Employee benefits obligations	-	-	(0.02)	-	0.02	-	-
Employee stock option charges	-	-	-	-	-	-	-
Gratuity and compensated absense	4.53	0.39	-	-	-	0.39	4.92
Provision on expected credit loss	0.03	6.21	-	-	-	6.21	6.24
ROU Asset	-	2.40	-	1.72	-	4.12	4.12
Total	3.53	10.40	(0.02)	1.72	0.02	12.13	15.66

	Opening deferred tax asset / (liability) as per Ind AS	Movement for the period (2018-19)				Total movement	Closing deferred tax asset / (liability) as per Ind AS
		Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss		
Deferred taxes in relation to:							
Property, plant and equipment	(1.37)	0.34	-	-	-	0.34	(1.03)
Employee benefits obligations	-	-	0.09	-	(0.09)	-	-
Employee stock option charges	9.88	-	-	(9.88)	-	(9.88)	-
Gratuity and compensated absense	2.60	1.93	-	-	-	1.93	4.53
Provision on expected credit loss	-	0.03	-	-	-	0.03	0.03
Total	11.11	2.30	0.09	(9.88)	(0.09)	(7.58)	3.53

Note: Pursuant to The Taxation Laws (Amendment) Ordinance 2019, promulgated on 20 September 2019, Company has elected to apply the concessional tax rate permitted u/s 115BAA of The Income tax Act, 1961 from the current financial year. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognised in the Standalone statement of profit and loss for the year ended 31 March, 2020. Had the company not opted for concessional rate, the tax expense would have been higher by Rs 76.40 million for the year ended 31 March, 2020.

Break-up of recognition of current tax	31-Mar-20	31-Mar-19
In P&L	488.49	326.25



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.30 Segment reporting

The Company has two business segments.

1. The Company is in the business of providing custodial services and clearing and settlement services for securities and financial instruments.

2. The Company also holds investments in equity shares of a fellow subsidiary which is also another business segment. The segment revenue, segment asset and segment result of this segment is less than 10% of combined revenue, assets and result of both the segments. Hence this segment is not identified as a reportable segment as defined under Ind-AS 108 on Segment Reporting as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

Since business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment

No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue for the year ended 31st March 2020 or 31st March 2019.

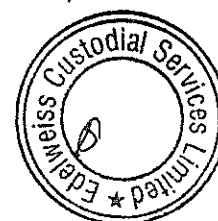
2.31 Disclosure as required by Ind-AS 24 – "Related Party Disclosure", as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 :

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

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

(B) Fellow subsidiaries with whom the Company has transactions:

EC Commodity Limited
ECap Equities Limited
ECL Finance Limited
Edel Finance Company Limited
Edel Investments Limited
Edel Land Limited
Edelweiss Alternative Asset Advisors Limited
Edelcap Securities Limited
EdelGive Foundation
Edelweiss Asset Management Limited
Edelweiss Asset Reconstruction Company Limited
Edelweiss Broking Limited
Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)
Edelweiss Comtrade Limited



Edelweiss Custodial Services Limited

Notes to the financial statements *(continued)*

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.31 Disclosure as required by Ind-AS 24 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 : (continued)

(B) Fellow subsidiaries with whom the Company has transactions:

Edelweiss Finance & Investments Limited

Edelweiss Finvest Private Limited

Edelweiss Global Wealth Management Limited

Edelweiss Investment Advisors Limited

Edelweiss Housing Finance Limited

Edelweiss Gallagher Insurance Brokers Limited

Edelweiss Retail Finance Limited

Edelweiss Securities And Investments Private Limited

(Formerly Magnolia Commodities Services Private Limited) (upto 24 December, 2018)

Edelweiss Investment Advisors Pte. Limited

Edelweiss Securities (IFSC) Limited

Edelweiss Securities Trading and Management Private Limited

(Formerly known Dahlia Commodities Services Private Limited) (upto 29 November, 2019)

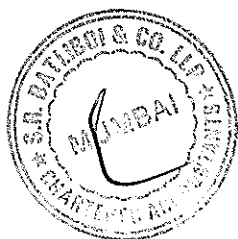
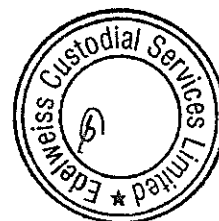
(C) Key management person with whom transactions have taken place

Mr. Dipesh Shah (Executive Director)

(D) Other key management person:

Mr. Hemendra Damania (Non-executive director)

Mr. Shiv Sehgal (Non-executive director)

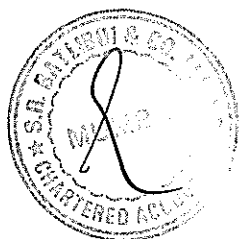
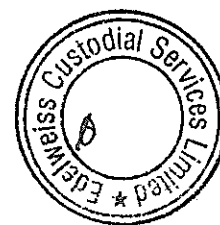


Edelweiss Custodial Services Limited
Notes to the financial statements (Continued)

For the year ended 31st March 2020
(Currency : Indian rupees in million)

2.31 Disclosure as required by Ind-AS 24 (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Capital account transactions			
1	Short term loans taken from (refer note 1)	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	2,207.65	1,354.29
2	Short term loans repaid to (refer note 1)	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	1,051.65	1,655.28
	Current account transactions			
3	Margin received from (refer note 2)	EC Commodity Limited	899.74	742.37
		Ecap Equities Limited	42,635.81	71,332.37
		ECL Finance Limited	96,961.89	22,096.92
		Edel Investments Limited	2,512.33	10,099.86
		Edel Land Limited	9,362.77	1,175.34
		Edelcap Securities Limited	17,499.97	47,670.49
		Edelweiss Broking Limited	1,21,695.28	1,01,086.02
		Edelweiss Finance and Investments Limited	2,586.68	1,097.04
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	2,273.64	4,945.62
		Edelweiss Financial Services Limited	263.64	379.32
		Edelweiss Finvest Private Limited	37,158.33	2,708.25
		Edelweiss Global Wealth Management Limited	-	437.23
		Edelweiss Investment Advisors Limited	2,852.16	14,016.19
		Edelweiss Securities Limited	33,700.18	1,906.67
		Edelweiss Securities and Investments Private Limited (Formerly Magnolia Commodities Services Private Limited) (Refer note 3)	5,750.10	10,569.96
		Edelweiss Comtrade Limited	2,225.76	733.02
		Edelweiss Retail Finance Limited	1,840.93	-
4	Margin repaid to (refer note 2)	EC Commodity Limited	1,391.30	1,209.27
		Ecap Equities Limited	45,175.66	70,192.89
		ECL Finance Limited	97,977.41	20,721.13
		Edel Investments Limited	2,579.26	10,101.59
		Edel Land Limited	9,378.41	1,413.43
		Edelcap Securities Limited	19,513.93	46,636.56
		Edelweiss Broking Limited	1,19,429.40	1,02,880.84
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	2,356.90	5,296.23
		Edelweiss Finance and Investments Limited	2,670.84	1,118.75
		Edelweiss Financial Services Limited	314.52	323.41
		Edelweiss Finvest Private Limited	37,478.36	2,055.96
		Edelweiss Investment Advisors Limited	3,832.95	13,128.58
		Edelweiss Securities Limited	33,505.87	1,669.91
		Edelweiss Securities and Investments Private Limited (Formerly Magnolia Commodities Services Private Limited) (Refer note 3)	5,874.72	11,632.98
		Edelweiss Global Wealth Management Limited	-	437.23
		Edelweiss Comtrade Limited	2,657.32	301.46
		Edelweiss Retail Finance Limited	1,841.17	-

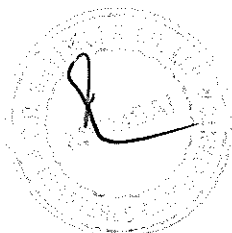
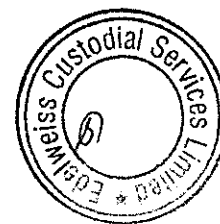


Edelweiss Custodial Services Limited
Notes to the financial statements (Continued)

For the year ended 31st March 2020
(Currency : Indian rupees in million)

2.31 Disclosure as required by Ind-AS 24 (Continued)

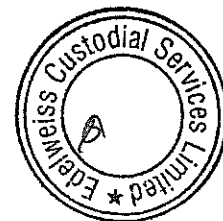
Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019		
5	Business Service Charges Income from	Edelweiss Securities	0.57	-		
		Edelweiss Gallagher Insurance Brokers Limited	0.24	-		
		Edelweiss Retail Finance Limited	0.01	-		
		Edelweiss Global Wealth Management Limited (Formerly FINPRO) *	0.01	-		
		Edelweiss Finance and Investments Limited*	0.01	-		
		EC Commodity Limited*	0.01	-		
		Edelweiss Finvest Private Limited*	0.01	-		
		Edelweiss Asset Management Limited	0.01	-		
		Edelweiss Alternative Asset Advisors Limited*	0.01	-		
		Edel Finance Company Limited*	0.01	-		
		Edelweiss Comtrade Limited*	0.01	-		
		Edel Land Limited*	0.01	-		
		Ecap Equities Limited*	0.01	-		
		Edelcap Securities Limited*	0.01	-		
		ECL Finance Limited*	0.01	-		
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	0.12	-		
		Lichen Metals Private Limited*	0.01	-		
		Edelweiss Housing Finance Limited*	0.01	-		
		6	Clearing charges Income received from	Ecap Equities Limited	13.81	0.22
				ECL Finance Limited	14.42	0.23
Edel Investments Limited	6.22			0.17		
Edel Land Limited	12.52			0.18		
EC Commodity Limited	0.04			0.01		
Edelcap Securities Limited	30.97			0.12		
Edelweiss Finvest Private Limited	7.38			0.12		
Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	2.49			0.21		
Edelweiss Finance And Investments Limited	2.52			0.11		
Edelweiss Financial Services Limited	2.42			0.08		
Edelweiss Investment Advisors Limited	12.20			0.15		
Edelweiss Securities and Investments Private Limited (Formerly Magnolia Commodities Services Private Limited) (Refer note 3)	19.58			0.41		
Edelweiss Broking Limited	77.28			-		
Edelweiss Retail Finance Limited	2.23			-		
Edelweiss Global Wealth Management Limited	-			0.01		
Edelweiss Securities Limited	96.00			-		
Edelweiss Comtrade Limited	0.05			-		
7	Chaperoning fees paid to	Edelweiss Investment Advisors Private Limited	24.63	-		
8	Demat charges received from	Edelweiss Finvest Private Limited	0.02	-		
		Ecap Equities Limited	0.02	-		
		Ecl Finance Limited*	0.01	-		
		Edel Investments Limited*	0.01	-		
		Edel Land Limited*	0.01	-		
		Edelcap Securities Limited	0.02	-		
		Edelweiss Securities and Investments Private Limited (Formerly Magnolia Commodities Services Private Limited)* (Refer note 3)	0.01	-		
		Edelweiss Broking Limited	5.42	-		
		Edelweiss Retail Finance Limited*	0.01	-		
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)*	0.01	-		



Edelweiss Custodial Services Limited
Notes to the financial statements (Continued)
For the year ended 31st March 2020
(Currency : Indian rupees in million)

2.31 Disclosure as required by Ind-AS 24 (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
9	Corporate guarantee support fee paid to	Edelweiss Financial Services Limited	-	12.44
10	Rating fees paid	Edelweiss Financial Services Limited	0.08	0.08
11	Cost reimbursement received from	EC Commodity Limited	0.03	-
		ECL Finance Limited	0.03	-
		Edel Finance Company Limited	0.03	-
		Edel Land Limited	0.03	-
		Edelcap Securities Limited	0.02	-
		Edelweiss Alternative Asset Advisors Limited	0.01	-
		Edelweiss Broking Limited	7.40	-
		Edelweiss Comtrade Limited	0.02	-
		Edelweiss Finance and Investments Limited	0.03	-
		Lichen Metals Private Limited	0.01	-
		Edelweiss Finvest Private Limited	0.09	-
		Edelweiss Global Wealth Management Limited	0.02	-
		Edelweiss Securities Limited	-	-
		Edelweiss Gallagher Insurance Brokers Limited	4.72	-
		Edelweiss Retail Finance Limited	0.07	-
12	Cost reimbursement paid to	ECap Equities Limited	1.73	1.92
		Edelweiss Asset Management Limited	0.51	-
		Edelweiss Financial Services Limited	16.64	3.66
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	75.08	80.17
		Edelweiss Broking Limited	-	4.09
		Edelweiss Securities Limited	15.77	1.97
		Edelweiss Housing Finance Limited	0.15	0.08
		ECL Finance Limited	-	2.29
		Edelweiss Investment Advisors Private Limited	-	38.18
13	Donation given to	EdelGive Foundation	-	2.50
14	Custody Fees Income received from	Edelweiss Asset Management Limited	1.84	1.40
15	Interest Income from	Edelweiss Alternative Asset Advisors Limited	10.84	-
16	Fund Accounting Fee Income received from	Edelweiss Asset Management Limited	2.03	1.33
17	Interest Expenses on loan from	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	18.89	23.79
18	Interest expenses on margin placed by	EC Commodity Limited	15.82	15.39
		ECap Equities Limited	143.14	149.19
		ECL Finance Limited	127.28	18.81
		Edel Investments Limited	8.66	71.22
		Edel Land Limited	30.25	6.61
		Edelcap Securities Limited	110.00	163.01
		Edelweiss Broking Limited	307.01	229.55
		Edelweiss Comtrade Limited	17.49	2.20
		Edelweiss Finance and Investments Limited	7.59	2.66
		Edelweiss Financial Services Limited	0.81	0.84
		Edelweiss Finvest Private Limited	120.09	1.84
		Edelweiss Investment Advisors Limited	8.38	38.19
		Edelweiss Retail Finance Limited	10.09	-
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	3.15	25.52
		Edelweiss Securities and Investments Private Limited (Formerly Magnolia Commodities Services Private Limited) (Refer note 3)	14.39	31.93
		Edelweiss Global Wealth Management Limited	-	0.80
		Edelweiss Securities Limited	125.61	30.10



Edelweiss Custodial Services Limited
Notes to the financial statements (Continued)

For the year ended 31st March 2020
(Currency : Indian rupees in million)

7.31 Disclosure as required by Ind-AS 24 (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
19	Referral & Other Fees Income from	Edelweiss Securities Limited	84.56	-
20	Fixed Assets purchased from	ECL Finance Limited	0.05	-
		Ecap Equities Limited	-	0.02
		Edelweiss Broking Limited	0.06	0.18
		Edelweiss Global Wealth Management Limited*	0.01	-
		Edelweiss Alternative Asset Advisors Limited*	0.01	-
		Edelweiss Asset Management Limited	0.01	-
		Edelweiss Finance & Investment Limited*	0.01	-
		Edelweiss Financial Services Limited	0.04	0.09
		Edelweiss Gallagher Insurance Brokers Limited	-	0.01
		EC Commodity Limited	0.01	-
		Edelweiss Housing Finance Limited*	0.01	0.03
		Edelweiss Retail Finance Limited*	0.01	0.02
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	0.11	0.10
		Edelweiss Investment Advisors Limited	-	0.07
		Edelweiss Securities Limited	0.58	0.12
		ECL Finance Limited	-	0.11
21	Fixed Assets sold to	ECL Finance Limited	0.03	0.10
		Edelweiss Asset Reconstruction Company Limited	0.01	-
		Edelweiss Asset Management Limited	-	0.01
		Edelweiss Broking Limited	0.04	0.03
		Edelweiss Gallagher Insurance Brokers Limited	0.03	-
		Edelweiss Finance & Investments Limited	-	0.02
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	0.05	0.04
		Edelweiss Securities Limited	0.09	0.17
		Edelweiss Finvest Private Limited	0.01	-
22	Transfer of gratuity liability to	Edelweiss Securities Limited*	0.01	3.69
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	0.07	0.25
		ECL Finance Limited	0.29	0.58
		Edelweiss Financial Services Limited	-	0.03
		Edelweiss Securities (IFSC) Limited	-	0.10
		Edelweiss Gallagher Insurance Brokers Limited	0.04	-
		EC Commodity Limited	0.03	-
		Edelweiss Broking Limited	-	0.22
		Edelweiss Retail Finance Limited	-	1.25
		Edelweiss Asset Management Limited	0.01	-
		Edelweiss Financial Services Limited	0.01	-
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	0.84	-
		Edelweiss Securities Limited	0.13	-
23	Intercompany deposits placed	Edelweiss Alternative Asset Advisors Limited	500.00	-
24	Intercompany deposits liquidated	Edelweiss Alternative Asset Advisors Limited	500.00	-
25	Interim dividend paid to	Edelweiss Securities Limited	156.69	651.82
26	Remuneration paid to KMP	Dipesh Shah - Director (Refer note 4)	18.10	-

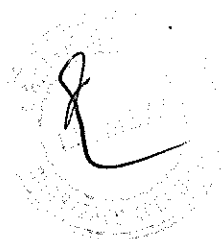
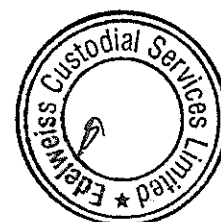


Edelweiss Custodial Services Limited
Notes to the financial statements (Continued)

For the year ended 31st March 2020
(Currency : Indian rupees in million)

2.31 Disclosure as required by Ind-AS 24 (Continued)

Balances with related parties						
Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019		
27	Accrued interest expenses on margin placed by	EC Commodity Limited	1.58	0.62		
		Ecap Equities Limited	15.78	3.57		
		ECL Finance Limited	20.27	4.02		
		Edel Investments Limited	1.50	1.12		
		Edelcap Securities Limited	5.50	3.75		
		Edelweiss Securities and Investments Private Limited (Formerly Magnolia Commodities Services Private Limited) (Refer note 3)	-	0.24		
		Edelweiss Finance and Investments Limited	0.82	0.15		
		Edelweiss Finvest Private Limited	16.84	1.01		
		Edelweiss Broking Limited	23.11	-		
		Edelweiss Investment Advisors Limited	0.84	-		
		Edel Land Limited	3.58	-		
		Edelweiss Retail Finance Limited	1.01	-		
		28	Interest accrued but not due on borrowings	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	4.93	1.24
		29	Investments in equity shares of	Edelweiss Asset Reconstruction Company Limited	628.94	628.94
30	Short Term Loans Taken from	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	1,156.00	2.93		
31	Trade Payables to	Ecap Equities Limited	0.16	0.35		
		Edelweiss Financial Services Limited	7.60	14.66		
		Edelweiss Housing Finance Limited	0.01	0.05		
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	9.74	-		
		Edelweiss Broking Limited	-	9.92		
		Edelweiss Comtrade Limited	-	0.87		
		Edelweiss Investment Advisors Limited	-	1.95		
		Edelweiss Securities Limited	-	0.38		
		Edel Land Limited	-	0.07		
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	-	35.79		
		ECL Finance Limited	-	0.37		
		Edelweiss Investment Advisors Private Limited	11.62	-		
		Edelweiss Securities (IFSC) Limited	-	0.06		
32	Other payables on account of gratuity	Edelweiss Securities and Investments Private Limited (Formerly Magnolia Commodities Services Private Limited) (Refer note 3)	1.57	-		
		Edelweiss Broking Limited	-	0.22		
33	Corporate guarantee received from	Edelweiss Financial Services Limited	14,405	17,850		

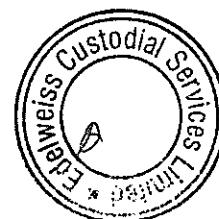
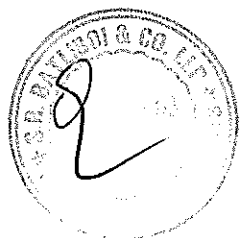


Edelweiss Custodial Services Limited
Notes to the financial statements (Continued)

For the year ended 31st March 2020
(Currency : Indian rupees in million)

2.31 Disclosure as required by Ind-AS 24 (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
34	Trade receivables from	Edelweiss Asset Management Limited	0.85	0.40
		Lichen Metals Private Limited	0.01	-
		Edelweiss Global Wealth Management Limited*	0.01	0.14
		Edelweiss Gallagher Insurance Brokers Limited	0.69	-
		Edelweiss Securities (IFSC) Limited	0.10	-
		Edelweiss Securities Limited	7.44	-
		Edelweiss Finance & Investment Limited	0.01	-
		ECL Finance Limited	0.01	-
		Edelcap Securities Limited	0.01	-
		EC Commodity Limited	0.09	-
		Edelweiss Asset Reconstruction Company Limited	0.01	-
		Forefront Capital Management Private Limited	0.06	-
		Edelweiss Comtrade Limited*	0.01	-
		Edel Finance Company Limited	0.01	-
		Ecap Equities Limited	120.92	-
		Edelweiss Securities and Investments Private Limited (Formerly Magnolia Commodities Services Private Limited) (Refer note 3)	0.14	-
		Edelweiss Retail Finance Limited	0.24	-
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	0.60	-
		Edelweiss Investment Advisors Limited	1.08	-
		35	Advances recoverable in cash or kind	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)
Edelweiss Securities Limited	-			3.69
Edelweiss Financial Services Limited	-			0.03
Edelweiss Securities (IFSC) Limited	-			0.10
ECL Finance Limited	-			0.58
36	Nomination deposits received from	Edelweiss Asset Reconstruction Company Limited	-	0.20
37	Margins payable to clients	ECL Finance Limited	486.52	1,502.04
		Edel Investments Limited	53.13	120.06
		Edelweiss Financial Services Limited	15.29	66.18
		Edel Land Limited	26.33	41.98
		Edelcap Securities Limited	349.62	2,363.58
		Edelweiss Finance and Investments Limited	9.76	93.93
		Ecap Equities Limited	-	2,418.93
		Edelweiss Finvest Private Limited	347.65	667.67
		Edelweiss Securities Limited	774.95	580.64
		Edelweiss Comtrade Limited	0.01	431.56
		Edelweiss Securities and Investments Private Limited (Formerly Magnolia Commodities Services Private Limited) (Refer note 3)	-	124.49
		Edelweiss Broking Limited	4,149.11	1,883.23
		Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd)	-	82.66
		Edelweiss Investment Advisors Limited	-	979.70
EC Commodity Limited	-	491.50		
Compensation of key management personnel			March 31, 2020	March 31, 2019
Short-term employee benefits			18.10	-
* Amount is less than Rs 0.01 million				
<p>Note 1: As part of fund based activities, intergroup company loans and advances activities are undertaken that are generally in the nature of revolving demand loans. Such intergroup loans and advances, voluminous in nature, are carried on at arm's length and in the ordinary course of business. Pursuant to Ind AS 24 Related Parties Disclosure, maximum amount of loans given and repaid are disclosed above as in the view of the management it provides meaningful reflection of such related party transactions on the financial statements. Interest income and expenses on such loans and advances are disclosed on the basis of full amounts of such loans and advances given and repaid.</p>				
<p>Note 2: Margin money placed/refunded received with/from related parties are disclosed based on the total amount given/taken and placed/refunded during the reporting period.</p>				
<p>Note 3: Edelweiss Securities Trading and Management Private Limited (formerly known as Dahlia Commodities Services Private Limited) has merged with Edelweiss Securities and Investments Private Limited (formerly Magnolia Commodities Services Private Limited) on and with effect from 29th November, 2019</p>				
<p>Note 4: Information relating to remuneration paid to key managerial personnel mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.</p>				



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.32 Earnings per share

In accordance with Ind-AS 33 on Earnings per share as prescribed under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:			
	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Shareholders earnings (as per Statement of Profit and Loss)	1451.85	796.54
	Less: dividend on preference share including dividend distribution tax	Nil	Nil
	Net profit for the year attributable to equity shareholders	1451.85	796.54
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each	-	-
	Number of shares outstanding at the beginning of the year	62,67,500	62,67,500
	Number of Shares issued during the year	-	-
	Total number of equity shares outstanding at the end of the year	62,67,500	62,67,500
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	62,67,500	62,67,500
(c)	Number of dilutive potential equity shares	-	-
(d)	Basic and diluted earnings per share (in rupees) (a)/(b)	231.65	127.09

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

Basic earning per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the Company 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 of Company (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.

2.33 Capital commitments (to the extent not provided for)

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 38.15 million (Previous year: ₹ 11.40 million)



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.33A Contingent liabilities (to the extent not provided for)

- a) The Company has provided bank guarantees aggregating to ₹ 14,400 million (Previous year: ₹ 17,170 million) as on 31 March 2020 to The National Stock Exchange of India Limited for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of ₹ 1,496.59 million (Previous year: ₹1,595 million) for obtaining the above bank guarantees as per sanction terms.

- b) The Company has provided bank guarantees aggregating to ₹ 5 million (Previous year: ₹ 530 million) as on 31 March 2020 to The Bombay Stock Exchange of India Limited for meeting margin requirements.

The Company has pledged fixed deposits with banks aggregating of ₹ 0.5 million (Previous year: ₹ 20 million) for obtaining the above bank guarantees as per sanction terms.

- c) The Company has claims not acknowledged as debts of Rs. 22.5 million.

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

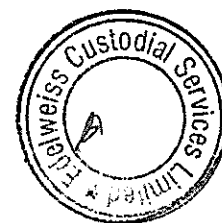
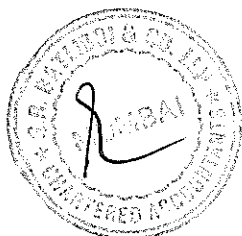
There are no obligations as on 31st March 2020 other than those disclosed above and in note 2.9A.

2.33B Trading Member- V-Rise

During the year, NSE Clearing Ltd (NCL) conducted an enquiry & issued a show cause notice directing the Company to reinstate the collateral (worth Rs. 29.33 Crs.) of V-Rise Securities Pvt. Ltd (Vrise) which were liquidated by the Company for non-payment of obligation towards trades executed by Vrise. The Company believes that the liquidation of collateral arising on account of inability of Vrise to meet the outstanding obligations was in accordance with the contracts executed with Vrise and applicable laws and regulations to Professional Clearing Member (PCM) and accordingly, the Company has assessed such liability to be remote.

2.33C Trading member- Indianivesh Shares & Securities Pvt Ltd (Indianivesh)

One of the client viz. Indianivesh Shares & Securities Pvt. Ltd (Indianivesh) defaulted in its obligation towards Margin/MTM/other charges, having a total exposure of Rs. 97.74 crs. The Company invoked collateral of Indianivesh in the form of encumbered fixed deposits worth Rs. 100.75 Crs placed with HDFC Bank Ltd. by Indianivesh, which HDFC bank refused to honour. The Company has filed an arbitration petition against HDFC Bank and Indianivesh with the Hon. High Court – Mumbai and the court has granted an interim relief. The Company believes that invoking of fixed deposits placed with HDFC Bank is in accordance with the tripartite agreement entered with Indianivesh and HDFC Bank and accordingly, the Company has assessed such liability to be remote.



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.33D Operating Leases

The Company has entered into commercial leases for premises. This lease has a life of five years. There are no restrictions placed upon by the lessor by entering into these leases. The adoption of the new standard has affected the following items in balance sheet as on 1st April, 2019:

Particulars	Amount
Lease Liability	109.03
ROU Asset	102.18
Deferred Tax Asset	1.72

The net impact on retained earnings as on 1 April, 2019 was a decrease of Rs. 5.13 million.

Set out below are the carrying amounts of right-to-use assets and the movements during the period:

Particulars	Amount
As at 1st April, 2019	
Opening (Transition to Ind AS)	102.18
Amortisation	(20.14)
As at 31st March, 2020	82.04

Set out below are the carrying amounts of lease liabilities and the movements during period:

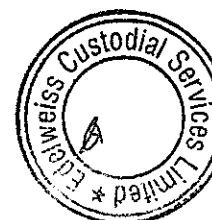
Particulars	Amount
As at 1st April, 2019	
Opening (Transition to Ind AS)	109.03
Accretion of interest	10.85
Payments	(28.32)
As at 31st March, 2020	91.56

Out of the above, current liabilities are INR 21 million and non-current liabilities are INR 70.56 million.

The statement of profit and loss shows the following amounts relating to leases:

Particulars	FY 2019-20	FY 2018-19
Depreciation on ROU of building	20.14	-
Interest cost	10.86	-

The Company had total cash outflows for leases of INR 28 million. The initial application of Ind AS 116 resulted in non-cash additions to right-of-use assets and lease liabilities of INR 102 million and 109 million at 1st April, 2019 respectively.



Edelweiss Custodial Services Limited

Notes to the financial statements *(continued)*

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.34 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with Edelweiss Rural & Corporate Services Limited and other group companies incur 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, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads in note 2.26 and 2.28 include reimbursements paid based on the management's best estimate.

2.35 Risk management framework:-

a) Regulatory controls

Risk Management Structure

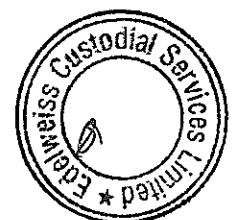
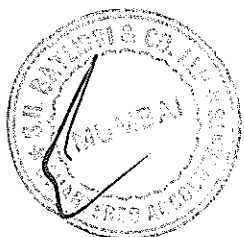
The Company has a well-defined risk management process framework for risk identification, assessment and control in order to effectively manage risks associated with the various business activities. The risk function is monitored primarily by the business risk group. At the Group level, there is a 'Global Risk Committee' that is responsible for managing the risks arising out of various business activities at a central level.

Our risk management process ensures that the margin requirements are conservative to be able to withstand market volatility and scenarios of sharply declining prices. As a result, the Company follows conservative margin call process wherein individual client limits are set and monitored on an ongoing basis. The Company centralises the risk monitoring systems to monitor clients' credit exposure which is in addition to the monitoring undertaken by respective businesses.

The Company's board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Group management committee oversees how respective businesses monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. They are assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Risk mitigation and risk culture

The Company's business processes ensure complete independence of functions and a segregation of responsibilities. Client introduction, client on-boarding, credit control processes, centralised operations unit, independent internal auditors for checking compliance with the prescribed policies/processes at each transaction level are all segregated. The Company's risk management processes and policies allow layers of multiple checks and verifications. The key business processes are regularly monitored by the head of business or operations. The daily, monthly, quarterly and annual exchange prescribed reporting is designed to ensure timely and accurate reporting, settlement and recovery.



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.35 Risk management framework (Continued):- Risk mitigation and risk culture (Continued):-

At all levels of the company's operations, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to. The Group level and business/role specific continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

The primary objectives of the Company's capital management policy are to ensure that the Group complies with externally imposed capital requirements.

The Company is regulated by Securities and Exchange Board of India ("SEBI") and various Exchanges. It complies with the rules laid down by the regulator and the Exchanges.

Particulars	As at	As at
	31st March 2020	31st March 2019
Share holders fund + Reserve – Intangible assets (net-worth)	2,195.69 million	959.34 million
Debt Equity Ratio	0.51	0.00

2.36 Credit risk

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables. Company has no significant concentration of credit risk with any counterparty.

The Company's management policy is to closely monitor creditworthiness of counterparties by reviewing their credit ratings, financial statements and press release on regular basis.

The Company's financial assets are subject to the expected credit loss model are only short-term trade and other receivables. All trade receivables are expected to be collected in less than twelve months. Company applies the expected credit loss model for all financial assets and simplified approach for trade receivables for recognition of impairment loss. Expected credit loss allowance based on simplified approach in respect of receivables is computed based on a provision matrix which takes into account historical credit loss experience.

Reconciliation of impairment allowance on trade receivables:

Impairment allowance measured as per simplified approach	INR million
Impairment allowance as on 31 March 2019	0.1
Addition/ (Reduction) during the year	24.71
Impairment allowance as on 31 March 2020	24.81



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.36 Credit Risk (continued):

Trade Receivables Aging and Expected Credit loss (ECL) in million INR:

Year ended	Days past due	1-90 days	91-180 days	181- 360 days	more than 360 days	Total
31-Mar-20	ECL rate	0.77%	3.62%	16.69%	100%	
	Gross	3006.21	1.16	1.26	1.25	3009.89
	ECL	(23.29)	(0.04)	(0.21)	(1.25)	(24.80)
	Net	2982.92	1.12	1.05	0	2985.09
31-Mar-19	Gross	425.12	0.36	0.85	0.1	426.42
	ECL (Refer Note)	-	-	-	(0.1)	(0.1)
	Net	425.12	0.36	0.85	0	426.33

Note: While calibrating matrix, the Company has never experienced any historical credit loss on receivables within the Group entities. Company has adequate collateral against these receivables, hence, these receivables does not have any credit risk, thus no credit loss.

Market risks

Risk which 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 Company is a professional clearing member. The client trades as executed by broker (trading member) are settled by the Company. The client & its broker keeps sufficient margin in the form of cash, fixed deposits, bank guarantees, etc. as per the prescribed norms of the exchanges. The same is onwards kept on the respective exchanges. Margin calls are made daily in the normal course of trading hours so as to adequately cover client positions. All trades are confirmed to automated straight through process to the client and/or its custodian. Default if any devolves on either client or the custodian. Hence, there is no market risk to the Company as a professional clearing member.

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 prices of financial instruments.

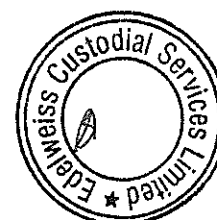
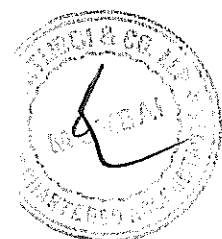
Liquidity Risk:

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.

The Company's policy is to satisfy redemption requests by the following means (in decreasing order of priority):

- Withdrawal of cash deposits
- Either disposal of other assets or increase of leverage

Refer note 2.39 on contractual maturity analysis of assets and liabilities



(Currency : Indian rupees in million)

2.37 Fair Values of Financial Instruments

There are no instruments under fair value hierarchy at each reporting date and hence, no disclosure is required

2.38 Market risk

There is no equity or other price risk at each reporting date and hence, no disclosure is required

A. 2.39 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 it could be required to pay.

	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
As at March 31, 2020											
Trade payables	-	232.08	-	1.12	-	-	-	-	-	-	233.20
Borrowings (other than debt securities)	1,160.93	-	-	-	-	-	-	-	-	-	1,160.93
Other financial liabilities	24,122.89	733.03	-	-	-	-	-	-	-	-	24,855.93
Total undiscounted non-derivative financial liabilities	25,283.82	965.11	-	1.12	-	-	-	-	-	-	26,250.06
As at March 31, 2019											
Trade payables	-	415.33	-	1.10	-	-	-	-	-	-	416.43
Borrowings (other than debt securities)	4.16	-	-	-	-	-	-	-	-	-	4.16
Other financial liabilities	26,077.53	34.35	-	35.10	-	-	-	-	-	-	26,146.98
Total undiscounted non-derivative financial liabilities	26,081.69	449.68	-	36.20	-	-	-	-	-	-	26,567.57

B. 2.39 Analysis of non-derivative financial assets by remaining contractual maturities

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

	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
As at March 31, 2020											
Cash and cash equivalent and other bank balances	24,251.27	-	-	-	-	-	-	-	-	-	24,251.27
Trade receivables	1,970.85	36.98	-	-	-	977.27	-	-	-	-	2,985.09
Other financial assets	22.93	572.58	-	-	-	-	0.65	40.21	-	-	636.38
Total	26,245.05	572.58	-	-	-	977.27	0.65	40.21	-	-	27,872.74
As at March 31, 2019											
Cash and cash equivalent and other bank balances	26,426.40	-	-	-	-	-	-	-	-	-	26,426.40
Trade receivables	426.33	-	-	-	-	-	-	-	-	-	426.33
Other financial assets	21.40	6.02	-	-	-	-	0.74	41.91	-	-	70.06
Total	26,874.13	6.02	-	-	-	-	0.74	41.91	-	-	26,922.79

2.40 Financial Instruments Not Measured at Fair Value

Carrying amounts of cash and cash equivalents, trade receivables, loans and other trade payables as on March 31, 2020 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.41 Details of dues to micro and small enterprises

Trade Payables includes ₹ 0.17 million (Previous year: ₹ 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.

Particulars	31 March, 2020	31 March, 2019
Principal amount due to micro and small enterprises	0.17	-
Interest due on above	-	-
Total	0.17	-

2.42 Disclosure pursuant to Ind-AS 19 - Employee Benefits

A) Defined contribution plan - Provident fund and national pension scheme

Amount of ₹ 8.52 million (Previous year: ₹ 7.72 million) is recognised as expenses in "Employee benefit expenses" – note 2.26 in the statement of profit and loss.

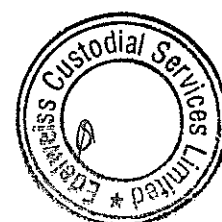
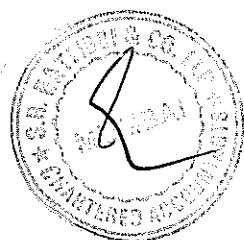
B) Defined benefit plan - Gratuity

The following tables summarize the components of the net benefit expenses recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the Gratuity benefit plan.

Statement of Profit and Loss account

Expenses recognised in the Statement of Profit and Loss (in INR million):

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	2.44	2.08
Interest on defined benefit obligation	0.93	0.79
Expected return on plan assets	-	-
Net actuarial losses/(gains) recognized in the year	-	-
Past service cost	-	-
Actuarial (gains) / losses	-	-
Total included in 'Employee Benefit Expense'	3.37	2.86



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.42 Disclosure pursuant to Ind-AS 19 - Employee Benefits (Continued)

B) Defined benefit plan – Gratuity (Continued)

Balance Sheet

Details of provision for gratuity (in INR million):

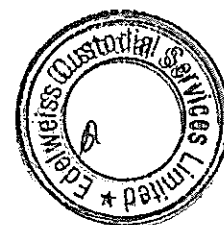
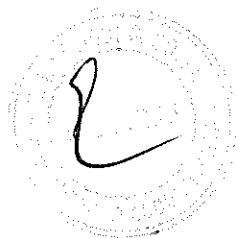
Particulars	As at 31 March 2020	As at 31 March 2019
Liability at the end of the year	16.49	12.63
Fair value of plan assets at the end of the year	-	-
Difference	-	-
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
Amount in Balance Sheet	16.49	12.63
Of which, Short term provision	2.23	1.77

Changes in the present value of the defined benefit obligation are as follows (in INR million):

Particulars	As at 31 March 2020	As at 31 March 2019
Liability at the beginning of the year	12.63	7.59
Interest cost	0.93	0.79
Current service cost	2.44	2.08
Transfer In / (Out)	0.63	3.18
Past service cost (vested benefit)	-	-
Benefit paid	(0.06)	(0.70)
Actuarial (gain)/loss on obligations	(0.06)	(0.30)
Liability at the end of the year	16.50	12.63

Reconciliation of fair value of plan assets (in INR million):

Particulars	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets at the start of the year	-	-
Expected return on plan assets	-	-
Contributions by employer	0.06	0.70
Benefits paid	(0.06)	(0.70)
Actuarial (loss)/gain on plan assets	-	-
Actual return on plan assets	-	-
Fair value of plan assets at the end of the year	-	-



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

B) Defined benefit plan – Gratuity (Continued)

Experience Adjustment (in INR million):

Particulars	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Defined Benefit Obligation	16.50	12.63	7.59	4.69	2.04
Fair Value of Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(16.50)	(12.63)	(7.59)	(4.69)	(2.04)
Experience Adjustment on Plan Liabilities: (Gain) / (Loss)	(1.07)	(0.50)	0.25	0.01	(0.012)
Experience Adjustment on Plan Assets: Gain/ (Loss)	NA	NA	NA	NA	NA

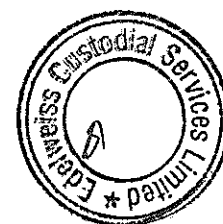
Principle actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate current	5.9%	7%
Salary escalation current	7%	7%
Employees attrition rate (based on categories)	13%-25%	13%-25%
Mortality Rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Expected average remaining working lives of employees	5 years	5 years

Movement on Other Comprehensive Income (in INR million):

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at start of year (Loss)/ Gain	0.30	-
Re-measurement on DBO		-
a. Actuarial (Loss)/Gain from changes in demographic assumptions	-	-
b. Actuarial (Loss)/Gain from changes in financial assumptions	(1.01)	(0.20)
c. Actuarial (Loss)/Gain from experience over the past years	1.07	0.50
Re-measurement on Plan Assets	-	-
Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset)	-	-
Balance at the end of year (Loss)/ Gain	0.36	0.30

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Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

B) Defined benefit plan – Gratuity (Continued)

Sensitivity Analysis (in INR million)

DOB increases / (decreases) by	As at 31 March 2020	As at 31 March 2019
1 % Increase in Salary Growth Rate	0.86	0.62
1 % Decrease in Salary Growth Rate	(0.79)	(0.66)
1 % Increase in Discount Rate	(0.79)	(0.66)
1 % Decrease in Discount Rate	0.87	0.62
1 % Increase in Withdrawal Rate	(0.05)	(0.08)
1 % Decrease in Withdrawal Rate	0.05	0.08
Mortality (Increase in expected lifetime by 1 year)	0.00	Negligible Change
Mortality (Increase in expected lifetime by 3 year)	0.00	Negligible Change

Movement in Surplus/(Deficit) (in INR million)

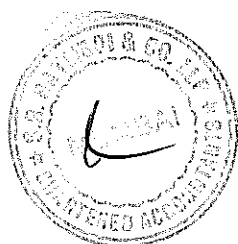
Particulars	As at 31 March 2020	As at 31 March 2019
Surplus/ (Deficit) at start of year	(12.63)	(7.59)
Net (Acquisition)/ Divestiture	-	-
Net Transfer (In)/ Out	(0.63)	(3.18)
<i>Movement during the year</i>		
Current Service Cost	(2.44)	(2.08)
Past Service Cost	-	-
Net interest on net DBO	(0.93)	(0.80)
Changes in Foreign Exchange Rates	-	-
Re-measurement	0.06	0.30
Contributions/ Benefits	0.06	0.70
Surplus / (Deficit) at end of year	(16.50)	(12.63)

2.43 The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

2.44 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 ₹ 13.10 million (previous year ₹ 5.55 million).



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.44 Corporate Social Responsibility (CSR) (Continued):

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 (₹ 2.5 million)	Nil (Nil)	Nil (₹2.5 million)

Notes:

- I. The Company is a wholly owned subsidiary of Edelweiss Securities Limited, which in turn 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 per Section 135 of the Companies Act, 2013, gross amount required to be spent by the Group towards CSR activities for FY 2019-2020 was Rs. 273.68 million of which the actual amount spent during the year amounted to Rs. 308.14 million.
- II. Figures in the bracket are in respect of previous year.

2.45 Revenue from contract with customers

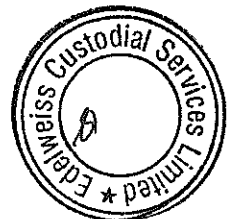
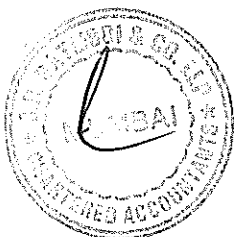
Below is the disaggregation of the revenue from contracts with customers and its reconciliation to amounts reported in the statement of profit and loss:

For the year ended 31 March 2020 (in INR million)

Particulars	Fee and commission income
Service transferred at a point in time	421.45
Service transferred over time	-
Total revenue from contracts with customers	421.45

For the year ended 31 March 2019

Particulars	Fee and commission income
Service transferred at a point in time	626.96
Service transferred over time	-
Total revenue from contracts with customers	626.96



Edelweiss Custodial Services Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.46 Margin received from clients (in INR million)

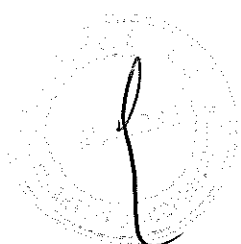
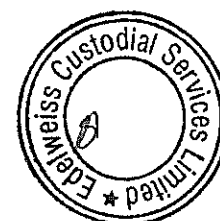
Particulars	As at March 31, 2020	As at March 31, 2019
Cash margin	23,883.56	25,948.18
Non-cash margin		
- Securities*	24,470.53	40,284.54
- Fixed Deposits	13,127.90	12,957.80
- Bank guarantees	2,054.23	3,030.90
Total non-cash margin	39,652.66	56,273.24
Total margin received	63,536.22	82,221.42

*Securities received as non-cash margin from clients as collateral are held in the Company's client demat account

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

The Covid-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. Government too has imposed lockdowns starting from March 24, 2020. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on the Company's results remains uncertain and dependent on the current and further spread of COVID -19 and also the time it takes for economic activities to resume and reach the normal levels.

The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are falling due. Based on the sensitivity analysis conducted on stress scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time. As at the date of signing the financial statements, there is no impact on the financial statements.



Edelweiss Custodial Services Limited

Notes to the financial statements *(continued)*

For the year ended 31 March 2020

(Currency: Indian rupees in million)

2.48 Previous year comparatives

Previous year's figures have been regrouped and rearranged wherever necessary to confirm to current year's presentation / classification.

For S. R. Batliboi & Co. LLP

Chartered Accountants

Firms' Registration No. 301003E/E300005

Partner

Membership No: 102102

Mumbai

June 26, 2020

For and on behalf of the Board of Directors

Dipesh Shah

Whole Time Director

DIN : 07447551

Shiv Sehgal

Director

DIN : 07112524

Prachi Mathur

Company Secretary

Mumbai

June 26, 2020

