

INDEPENDENT AUDITOR'S REPORT

To the Members of **Edelweiss Securities (Hong Kong) Private Limited**

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of **Edelweiss Securities (Hong Kong) Private Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

Other Information

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

Responsibility of Management for the Special Purpose Financial Statements

The Company's Board of Directors is responsible the preparation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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

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

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

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to special purpose financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



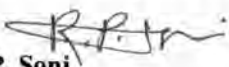
This report is issued at the request of the Company and is intended solely for the information and use of the Edelweiss Financial Services Limited ('Ultimate Holding Company' or 'EFSL'), for the purpose of presentation of its consolidated audited financial statements for the year ended March 31, 2020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

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid special purpose financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these special purpose financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- (f) As informed to us, the Company being an foreign company, the requirements for provision of section 197(16) of the Companies Act, 2013 are not applicable.
- (g) With respect to the other matters to be included in the Auditor's Report in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position; and
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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


R.P. Soni
Partner
Membership No.: 104796

UDIN: 20104796AAABAW1543

Place : Mumbai
Date : June 26, 2020



Annexure A
Report on the Internal Financial Controls

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



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

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

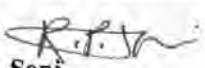
Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Special purpose Financial Statements

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

Opinion

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

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


R.P. Soni
Partner
Membership No.: 104796



UDIN: 20104796AAABAW1543

Place : Mumbai
Date : June 26, 2020

Edelweiss Securities (Hong Kong) Private Limited

Balance Sheet

(Currency : Indian rupees)

ASSETS

Financial assets

Cash and cash equivalents

Other financial assets

Non-financial assets

Property, Plant and Equipment

Other non- financial assets

TOTAL ASSETS

LIABILITIES AND EQUITY

LIABILITIES

Financial liabilities

Trade payables

Non-financial liabilities

Provisions

Other non-financial liabilities

EQUITY

Equity share capital

Other equity

TOTAL LIABILITIES AND EQUITY

Significant accounting policies and notes forming part of the financial

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

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

R. P. Soni

Partner

Membership No.: 104796

Mumbai

26 June 2020



Note	As at 31 March 2020	As at 31 March 2019
2.1	43,898,997	8,017,840
2.2	592,075	-
	<u>44,491,072</u>	<u>8,017,840</u>
2.3	261,290	-
2.4	441,200	148,794
	<u>702,490</u>	<u>148,794</u>
	<u>45,193,562</u>	<u>8,166,634</u>
2.5	2,287,985	2,781,652
	<u>2,287,985</u>	<u>2,781,652</u>
2.6	295,665	-
2.7	82,702	79,344
	<u>378,367</u>	<u>79,344</u>
2.8	119,506,484	46,511,044
2.9	(76,979,274)	(41,205,406)
	<u>42,527,210</u>	<u>5,305,638</u>
	<u>45,193,562</u>	<u>8,166,634</u>

1 & 2

For and on behalf of the Board of Directors

Philip Yin Loong Cheung
Director

Shiv Sehgal
Director

26 June 2020

Edelweiss Securities (Hong Kong) Private Limited

Statement of Profit and Loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations			
Interest income	2.10	223	168
Other income	2.11	279,519	-
Total Income		<u>279,742</u>	<u>168</u>
Expenses			
Finance costs	2.12	62,072	23,383
Employee benefits expense	2.13	16,889,399	6,625,222
Depreciation, amortisation and impairment	2.3	25,378	-
Other expenses	2.14	19,633,811	7,436,781
Total expenses		<u>36,610,660</u>	<u>14,085,386</u>
Loss before tax		<u>(36,330,918)</u>	<u>(14,085,218)</u>
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Loss for the year		<u>(36,330,918)</u>	<u>(14,085,218)</u>
Other comprehensive income			
Items that will be reclassified to profit or loss			
Foreign Exchange Translation Reserve - OCI		557,050	1,292,972
Other comprehensive income		<u>557,050</u>	<u>1,292,972</u>
Total comprehensive income		<u>(35,773,868)</u>	<u>(12,792,246)</u>
Earnings per equity share (Face value of HKD 1 each):			
Basic and diluted	2.15	(3.99)	(2.42)

Significant accounting policies and notes forming part of the financial statement

1 & 2

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

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

R. P. Soni

Partner

Membership No.: 104796

Mumbai

26 June 2020



For and on behalf of the Board of Directors

Philip Yin Loong Cheung

Philip Yin Loong Cheung
Director

Shiv Sehgal

Shiv Sehgal
Director

26 June 2020

Edelweiss Securities (Hong Kong) Private Limited

Statement of changes in Equity

(Currency : Indian rupees)

A. Equity share capital

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	46,511,044	46,511,044
Changes in equity share capital (refer note 2.8)	72,995,440	-
Balance at the end of the year	119,506,484	46,511,044

B. Other Equity

	Reserve and surplus	Other comprehensive income	Total
	Retained earnings	Foreign Exchange Translation Reserve	
Balance at 31 March 2018 (Ind AS)	(28,406,077)	(7,083)	(28,413,160)
Loss for the year	(14,085,218)	-	(14,085,218)
Other comprehensive income	-	1,292,972	1,292,972
Total Comprehensive Income for the year	(14,085,218)	1,292,972	(12,792,246)
Balance at 31 March 2019 (Ind AS)	(42,491,295)	1,285,889	(41,205,406)
Loss for the year	(36,330,918)	-	(36,330,918)
Other comprehensive income	-	557,050	557,050
Total Comprehensive Income for the year	(36,330,918)	557,050	(35,773,868)
Balance at 31 March 2020 (Ind AS)	(78,822,213)	1,842,939	(76,979,274)

Retained earnings

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

Foreign exchange translation reserve

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

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

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

For and on behalf of the Board of Directors

R. P. Soni

Partner

Membership No.: 104796

Mumbai

26 June 2020

Philip Yin Loong Cheung
Director

Shiv Sehgal
Director



26 June 2020

Edelweiss Securities (Hong Kong) Private Limited

Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2020	For the year ended 31 March 2019
A Cash flow from operating activities		
Loss before tax	(36,330,918)	(14,085,218)
Adjustments for:		
Depreciation and amortisation expenses	25,378	-
Operating cash flow before working capital changes	(36,305,540)	(14,085,218)
Adjustments for:		
Increase in Other financial assets	(556,679)	-
Decrease/(increase) in Other non-financial assets	(262,357)	27,106
Increase / (decrease) in trade payables	(699,126)	640,140
Increase in Provisions	277,989	-
Increase / (decrease) in other non-financial liabilities	(3,544)	4,760
Cash used in operations	(37,549,257)	(13,413,212)
Income taxes paid (net of refund)	-	-
Net cash used in operating activities - A	(37,549,257)	(13,413,212)
B Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(271,047)	-
Net cash used in investing activities - B	(271,047)	-
C Cash flow from financing activities		
Proceeds from issue of shares including premium and share application money (net of issue expenses)	70,879,080	-
Net cash generated from financing activities - C	70,879,080	-
D Change in foreign exchange translation reserve - D	1,822,381	1,292,972
Net increase in cash and cash equivalents (A+B+C+D)	35,881,157	(12,120,240)
Cash and cash equivalents as at the beginning of the year	8,017,840	20,138,080
Cash and cash equivalents as at the end of the year (refer note 2.1)	43,898,997	8,017,840

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

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

R. P. Som
Partner
Membership No.: 104796

Mumbai
26 June 2020



For and on behalf of the Board of Directors

Philip Yiu Loong Cheung

Philip Yiu Loong Cheung
Director

Shiv Sehgal

Shiv Sehgal
Director

26 June 2020

Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian rupees)

1. Significant accounting policies

1.1 Company background

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

1.2 Basis of preparation of financial statements

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

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

The entity being a foreign Company, the assets and liabilities for the purpose of preparation of these financial statements, are translated into Indian Rupees at the rate of exchange prevailing as at the Balance Sheet date. Further, revenue and expense are translated into Indian Rupees at the average exchange rate prevailing during the year and the resulting net translation adjustment has been disclosed as "Foreign Exchange Translation Reserve" in "Statement of Changes in Equity". The same is in compliance with Indian Accounting Standard (Ind AS) 21 issued by the Institute of Chartered Accountants of India on "The Effects of Changes in Foreign Exchange Rates".

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

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

In preparing these financial statements, the Company's management has assessed the impact of the pandemic on its operations based on estimate of the future results and various internal and external information available up to the date of approval of these financial statements. Since the company obtained its final license to commence broking and advisory activities only in April 2020, there were no revenues or receivables for the year ended 31st March, 2020. Further, since the revenue of the Company is ultimately dependent on reimbursements from Indian group companies based on a mark-up over cost, changes in Indian market conditions may have an impact on the cash flows of the Company going forward. The estimates as at the date of approval of these financial results may differ based on the ongoing impact of the pandemic and the timing of the improvement in the economy.

1.3 Presentation of financial statements

These financial statements are Special Purpose Indian Accounting Standards (Ind-AS) Financial Statement prepared for the purpose of preparation of consolidated financial statements for the year ended 31 March 2020 for Edelweiss Financial Service Limited Reporting (Ultimate Holding Company) for its reporting of Consolidated audited financial results under Ind-AS Division III of Schedule III of the Companies Act, 2013 ("the Act").



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.3 Presentation of financial statements (*Continued*)

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 2.16

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

1.4 Revenue recognition

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

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

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

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

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

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

- Interest income is recognised on accrual basis of accounting.

1.5 Financial Instruments

Date of recognition

Financial assets and financial liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades; purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees)

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 statement of profit or loss.

Classification of financial instruments

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

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

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

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

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

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

Amortized cost and Effective interest rate (EIR)

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

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

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



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.5 Financial Instruments (Continued)

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

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 and loss

Financial assets in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109.

Disclosure requirement of Ind AS 107-Financial Instruments: Disclosure

Investment in equity instruments

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

Financial liabilities

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

Debt securities and other borrowed funds

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

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

Financial liabilities and equity instruments

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



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.5 Financial Instruments (*Continued*)

Financial liabilities and equity instruments (*Continued*)

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

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

Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

Derecognition of financial assets and financial liabilities

A transfer only qualifies for derecognition if either:

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

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

Derecognition of financial liabilities

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

Impairment of financial assets

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

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Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.5 Financial Instruments (Continued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

Fair value of financial instruments

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

Determination of fair value

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

- In the principal market for the asset or liability, or
 - In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

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Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.5 Financial Instruments (Continued)

Determination of fair value (Continued)

- Level 2 financial instruments—Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments —Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

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

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

1.6 Property, plant and equipment and capital work in progress

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

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

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

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

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

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



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.6 Property, plant and equipment and capital work in progress (Continued)

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

Class of asset	Useful life
Computers and data processing units – End user devices, such as desktops, laptops etc.	3 years

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

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

1.10 Income tax expenses

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



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.10 Income tax expenses (*Continued*)

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.

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.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.11 Earnings per share

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

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

1.12 Provisions and other contingent liabilities

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

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

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

1.13 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.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.14 Retirement and other employee benefit:

Provident fund and national pension scheme

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

Compensated Absences

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

1.15 Operating Leases:

Accounting policy applicable from 1 April 2019

The Company has applied Ind AS 116 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under Ind AS 17.

Company as a lessee:

For any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract is or contains lease

Measurement and recognition

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or at the incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian rupees)

1.15 Operating Leases (Continued)

Short term lease

The Company has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Company recognises lease payment associated with these leases as an expense on a straight line basis over lease term.

In the comparative period, as a lessee the Company classified leases that transfer substantially all the risk and reward of ownership as finance leases. Assets held under other leases are classified as operating lease and were not recognised in Company Balance sheet. Payments made under operating lease are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred

Company as lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

1.16 Standards issued but not yet effective

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



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (*Continued*)

(Currency : Indian rupees)

	As at 31 March 2020	As at 31 March 2019
2.1 Cash and cash equivalents		
Balances with banks	43,898,997	8,017,840
- in current accounts		

2.2 Other financial assets

Security Deposits

	As at 31 March 2020	As at 31 March 2019
	43,898,997	8,017,840
	592,075	-
	592,075	-



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.3 Property, Plant and Equipment

Description of Assets	Gross Block				Accumulated Depreciation and Impairment				Net Block
	As at 01 April 2019	Additions during the year	Other adjustments (as applicable)	As at 31 March 2020	As at 01 April 2019	Charge for the year	Other adjustments (as applicable)	As at 31 March 2020	As at 31 March 2020
Property, Plant and Equipment									
Computers	-	288,281	-	288,281	-	25,378	1,613	26,991	261,290
Total	-	288,281	-	288,281	-	25,378	1,613	26,991	261,290



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2020	As at 31 March 2019
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2.4 Other non-financial assets

Prepaid expenses
Vendor advances

329,584	-
111,616	148,794
441,200	148,794



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.5 Trade payables

	As at 31 March 2020	As at 31 March 2019
Trade payables to non-related parties	2,287,985	2,744,438
Trade payables to related parties	-	37,214
	<u>2,287,985</u>	<u>2,781,652</u>

2.6 Provisions

Compensated leave absences	246,064	-
Compensated absences short term	49,601	-
	<u>295,665</u>	<u>-</u>

2.7 Other non-financial liabilities

Withholding taxes, Goods & service tax and other taxes payable	82,702	79,344
	<u>82,702</u>	<u>79,344</u>



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2020	As at 31 March 2019
2.8 Equity share capital		
(a) Issued, Subscribed and Paid up:		
13,623,767 (Previous year: 5,818,566) ordinary shares of HKD 1 each, fully paid-up	<u>119,506,484</u>	<u>46,511,044</u>
	<u>119,506,484</u>	<u>46,511,044</u>

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

(b) Movement in share capital :

	31 March 2020		31 March 2019	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	5,818,566	46,511,044	5,818,566	46,511,044
Shares issued during the year	7,805,201	72,995,440	-	-
Outstanding at the end of the year	<u>13,623,767</u>	<u>119,506,484</u>	<u>5,818,566</u>	<u>46,511,044</u>

(c) Terms/rights attached to equity shares :

The Company has only one class of ordinary shares. Each holder of ordinary shares is entitled to one vote per share held. The Company declares and pays dividend in Hong Kong Dollar.
In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

2.9 Other equity

Foreign Exchange Translation Reserves	1,285,889	(7,083)
Add : Additions during the year	<u>557,050</u>	<u>1,292,972</u>
	<u>1,842,939</u>	<u>1,285,889</u>
Opening Balance	(42,491,295)	(28,406,077)
Add: Loss for the year	<u>(36,330,918)</u>	<u>(14,085,218)</u>
Amount available for appropriation	<u>(78,822,213)</u>	<u>(42,491,295)</u>
	<u>(76,979,274)</u>	<u>(41,205,406)</u>



Edelweiss Securities (Hong Kong) Private Limited**Notes to the financial statements (Continued)**

(Currency : Indian rupees)

2.10	Interest Income	For the year ended 31 March 2020		For the year ended 31 March 2019	
		On financial assets measured at amortised cost	Total	On financial assets measured at amortised cost	Total
	Bank Interest	223	223	168	168
	Total	223	223	168	168

2.11	Other income	For the year ended 31 March 2020		For the year ended 31 March 2019	
		On financial assets measured at amortised cost	Total	On financial assets measured at amortised cost	Total
	Foreign exchange gain	279,519	279,519	-	-
	Total	279,519	279,519	-	-



Edelweiss Securities (Hong Kong) Private Limited**Notes to the financial statements (Continued)**

(Currency : Indian rupees)

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	On financial liabilities measured at amortised cost	Total	On financial liabilities measured at amortised cost	Total
2.12 Finance costs				
Bank charges	62,072	62,072	23,383	23,383
Total	62,072	62,072	23,383	23,383



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

for the year ended
31 March 2020

for the year ended
31 March 2019

2.13 Employee benefit expenses

Salaries and wages	16,275,706	6,544,953
Contribution to provident and other funds (refer note 2.28)	204,308	80,269
Staff welfare expenses	409,385	-
	16,889,399	6,625,222

2.14 Other expenses

Advertisement and business promotion	1,030,814	-
Auditors' remuneration (refer note below)	102,763	121,156
Communication	44,654	14,114
Legal and professional fees	17,031,086	6,955,108
Printing and stationery	2,051	-
Rent (refer note 2.26a)	840,658	-
Foreign exchange loss (net)	-	2,018
Computer expenses	116,403	-
Office expenses	47,325	-
Postage and courier	13,603	-
Travelling and conveyance	404,454	344,385
	19,633,811	7,436,781

Auditors' remuneration:

As Auditors	93,720	112,253
Towards reimbursement of expenses	9,043	8,903
	102,763	121,156



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees)

2.15 Earnings per share

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

Sr No	Particulars	31 March 2020	31 March 2019
a)	Net loss attributable to Shareholders (as per statement of profit and loss)	(36,330,918)	(14,085,218)
b)	Calculation of weighted average number of ordinary Shares of HKD 1/- each :		
	- Number of shares at the beginning of the year	5,818,566	5,818,566
	- Shares issued during the year (number of shares issued)	7,805,201	-
	Total number of ordinary shares outstanding at the end of the year (based on the date of issue of shares)	13,623,767	5,818,566
	Weighted average number of ordinary shares outstanding during the year (based on the date of issue of shares)	9,096,180	
	Value per share in HKD	1	1
C)	Basic and diluted earnings per share (in Rupees) (a/b)	(3.99)	(2.42)

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



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Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees)

2.16 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settle:

Particulars	31 March 2020			31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	43,898,997	-	43,898,997	8,017,840	-	8,017,840
Other financial assets	592,075	-	592,075	-	-	-
	44,491,072	-	44,491,072	8,017,840	-	8,017,840
Non-financial assets						
Property, plant and equipment	-	261,290	261,290	-	-	-
Other non-financial assets	441,200	-	441,200	148,794	-	148,794
	441,200	261,290	702,490	148,794	-	148,794
Total assets (A)	44,932,272	261,290	45,193,562	8,166,634	-	8,166,634

Particulars	31 March 2020			31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Trade payables	2,287,985	-	2,287,985	2,781,652	-	2,781,652
	2,287,985	-	2,287,985	2,781,652	-	2,781,652
Non-financial liabilities						
Provisions	49,601	246,064	295,665	-	-	-
Other non-financial liabilities	82,702	-	82,702	79,344	-	79,344
	132,303	246,064	378,367	79,344	-	79,344
Total liabilities (B)	2,420,288	246,064	2,666,352	2,860,996	-	2,860,996
Net assets (A-B)	42,511,984	15,226	42,527,210	5,305,638	-	5,305,638



Edelweiss Securities (Hong Kong) Private Limited**Notes to the financial statements (Continued)****For the year ended 31 March 2020**

(Currency : Indian rupees)

2.17 Segment reporting

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

2.18 Disclosure as required by Indian Accounting Standard (Ind AS) 24 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 :**(A) Names of related parties by whom control is exercised**

Edelweiss Securities Limited

Holding company

Edelweiss Financial Services Limited

Ultimate holding company

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

(Formerly known as Edelweiss Commodities Services Limited)*

Edelweiss Business Services Limited*

(C) Names of key managerial personnel

Kanhajyalal Agrawal (Till 11th December 2019)

Philip Yin Loong Cheung (From 15th January 2019)

(D) Transactions and balances with related parties:

Nature of Transaction	Related Party Name	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
Current account transactions during the year			
Infusion of share capital	Edelweiss Securities Limited	72,995,440	-
Professional fees paid to	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Business services Limited)	(2,425)	105,882
Remuneration paid to (refer note below)	Philip Yin Loong Cheung	13,085,622	2,693,346
Balances with related parties			
Trade payables to	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Business services Limited)	-	37,214

Note:-

Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity and leave encashment which are provided for group of employees on an overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees)

2.19 Capital commitments and contingent liabilities

The Company has Rs. Nil (previous year: Nil) capital commitments and contingent liabilities as at the balance sheet date.

2.20 Financial risk management

Overview

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

- credit risk
- liquidity risk

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

Risk management framework

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

Credit risk

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

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

Cash at bank are held with reputable financial institutions.

Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Market risk

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

Foreign currency risk

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



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees)

2.20 Financial risk management (Continued)

Foreign currency risk (Continued)

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

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

Interest rate risk

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



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees)

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

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

As at 31 March 2020	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Trade payables	-	-	-	-	2,287,985	-	-	-	-	-	2,287,985
Total undiscounted non-derivative financial liabilities	-	-	-	-	2,287,985	-	-	-	-	-	2,287,985

As at 31 March 2019	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Trade payables	-	-	-	-	2,781,652	-	-	-	-	-	2,781,652
Total undiscounted non-derivative financial liabilities	-	-	-	-	2,781,652	-	-	-	-	-	2,781,652

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

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

As at 31 March 2020	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Cash and cash equivalent and other bank balances	43,898,997	-	-	-	-	-	-	-	-	-	43,898,997
Other financial assets	-	-	-	-	-	-	592,075	-	-	-	592,075
Total	43,898,997	-	-	-	-	-	592,075	-	-	-	44,491,072

As at 31 March 2019	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Cash and cash equivalent and other bank balances	8,017,840	-	-	-	-	-	-	-	-	-	8,017,840
Total	8,017,840	-	-	-	-	-	-	-	-	-	8,017,840



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees)

2.22 Analysis of financial assets and liabilities by industry risk concentration

Industry analysis - Risk concentration for 31 March 2020

Particulars	Financial services	Others	Total
Financial assets			
Cash and cash equivalent and other bank balances	43,898,997	-	43,898,997
Other financial assets	-	592,075	592,075
	43,898,997	592,075	44,491,072
Other Commitments	-	-	-
Total	43,898,997	592,075	44,491,072

Industry analysis - Risk concentration for 31 March 2019

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

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Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees)

2.23 Total market risk exposure

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

Particulars	Tuesday, March 31, 2020			Sunday, March 31, 2019		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Cash and cash equivalent and other bank balances	43,898,997	-	43,898,997	8,017,840	-	8,017,840
Others	592,075	-	592,075	-	-	-
Total	44,491,072	-	44,491,072	8,017,840	-	8,017,840

Particulars	Tuesday, March 31, 2020			Sunday, March 31, 2019		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Liability						
Trade payables	2,287,985	-	2,287,985	2,781,652	-	2,781,652
Total	2,287,985	-	2,287,985	2,781,652	-	2,781,652



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements *(Continued)*

For the year ended 31 March 2020

(Currency : Indian rupees)

2.24 Disclosure related to collateral

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

Tuesday, March 31, 2020	Pledge as collateral	others 1	Available as collateral	others 2	Total carrying amount
Cash and cash equivalent including bank balance	-	-	-	43,898,997	43,898,997
Property, Plant and Equipment	-	-	-	261,290	261,290
Other financial assets	-	592,075	-	-	592,075
Total assets	-	592,075	-	44,160,287	44,752,362

Sunday, March 31, 2019	Pledge as collateral	others 1	Available as collateral	others 2	Total carrying amount
Cash and cash equivalent including bank balance	-	-	-	8,017,840	8,017,840
Total assets	-	-	-	8,017,840	8,017,840

- 1 Represents assets which are not pledged and Company believes it is restricted from using to secure funding for legal or contractual or other reason
- 2 Represents assets which are not restricted for use as collateral, but that the Company would not consider readily available to secure funding in the normal course of business



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees)

2.25 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Company defines "capital" as including all components of equity. The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs.

The Company got in principle approval from Securities and Futures Commission, Hong Kong in October 2019 & has got broking and advisory license in April 2020. As per Securities and Futures Commission rules, the company is required to maintain liquid network of HKD 3Mn. The same is observed & maintained at all times.

2.26 Operating lease commitments

Particulars	Amount in Rs
Within one year	-
Within one year	2,974,354
Total	2,974,354

2.26a Other disclosures

Particulars	% / Years / Amount
Incremental borrowing rate of company (in %)	%
The leases have an average life of between (in years)	-
The total lease payment for the year (in amt)	-
Lease rent expenses recognised in P&L for short term leases (in amt)	-
The total lease payment for the year (in amt)	840,658
Lease rent expenses recognised in P&L for short term lease (in amt)	840,658

2.27 Financial instruments not measured at fair value

Fair value information of financial assets and financial liabilities not measured at fair value has not been presented as the carrying amount is a reasonable approximation of the fair value due to their short term nature.

2.28 Retirement benefit plan

A) Defined contribution plan (Provident fund and National Pension Scheme):

Amount of INR 204,308 (Previous year: INR 80,269) is recognised as expenses and included in "Employee benefit expense" in the statement of profit and loss.

The Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The Group, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal experts and the response/direction from the authorities, including on representations made by an industry association in this regard.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

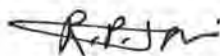
(Currency : Indian rupees)

2.29 Previous period comparatives

Previous year figures have been regrouped and rearranged whenever necessary.

As per our report of even date attached.

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



R. P. Soni
Partner
Membership No.: 104796

Mumbai
26 June 2020



For and on behalf of the Board of Directors



Philip Yin Loong Cheung
Director



Shiv Sehgal
Director

26 June 2020