

INDEPENDENT AUDITOR'S REPORT

To the Members of **Edelweiss Securities (IFSC) Limited**

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of **Edelweiss Securities (IFSC) 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

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

Our opinion on the Special Purpose 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 Special Purpose 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 Special Purpose 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 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. 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 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.

Other Matter

The Company has prepared a separate set of financial statements for the year ended March 31, 2020 which is prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended, on which we issued a separate auditor's report to the members of the Company dated 26, 2020. The separate auditor's report can be used by S.R. Batliboi & Co. LLP (the current statutory auditor of EFSL) in conjunction with the audit of consolidated financial statements.

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 by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid 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) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these special purpose financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- (g) In our opinion and according to the information and explanation given to us, no remuneration has been paid by the Company to its directors during the current year;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



R.P. Soni
Partner
Membership No.: 104796



UDIN: 20104796AAABAL7859

Place : Mumbai
Date : June 26, 2020

Annexure A

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

We have audited the internal financial controls over financial reporting of **Edelweiss Securities (IFSC) 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, 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 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 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 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: 20104796AAABAL7859

Place : Mumbai
Date : June 26, 2020

Edelweiss Securities (IFSC) Limited

Balance Sheet

(Currency : Indian rupees in '000)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	7	95,174	30,669
Bank balances other than cash and cash equivalents	8	45,387	84,310
Other financial assets	9	17,519	15,875
		<u>158,080</u>	<u>130,854</u>
Non-financial assets			
Current tax assets (net)	10	109	91
Property, Plant and Equipment	11	6,883	9,767
Other Intangible assets	12	2,232	3,937
Other non- financial assets	13	1,695	2,150
		<u>10,919</u>	<u>15,945</u>
TOTAL ASSETS		<u>168,999</u>	<u>146,799</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	35	-	979
Total outstanding dues of creditors other than micro enterprises and small enterprises	14	2,549	4,592
Other financial liabilities	15	34,259	15,906
		<u>36,808</u>	<u>21,477</u>
Non-financial liabilities			
Provisions	16	123	49
Other non-financial liabilities	17	138	185
		<u>261</u>	<u>234</u>
Equity			
Equity share capital	18	162,341	147,341
Other equity	19	(30,411)	(22,253)
		<u>131,930</u>	<u>125,088</u>
TOTAL LIABILITIES AND EQUITY		<u>168,999</u>	<u>146,799</u>

Significant accounting policies and notes to the financial statements

1 to 36

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

UDIT SUREKA

Udit Surekha

Director

DIN : 02190342

SHARAD RAMGOPAL SHARMA
L SHARMA

Sharad Sharma
Chief Financial Officer

26 June 2020



Atul Badkar

Director

DIN : 08063582

CHIRAG GANPATBHAI THAKKAR

Chirag Thakkar
Company Secretary

Edelweiss Securities (IFSC) Limited


Statement of Profit and Loss (Currency : Indian rupees in '000)

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
Interest income	20	964	1,851
Fee and commission income	21	225	998
Other income	22	320	-
Total Revenue		1,509	2,849
Expenses			
Finance costs	23	410	79
Employee benefits expense	24	4,721	5,402
Depreciation, amortisation and impairment	11 & 12	7,157	3,924
Other expenses	25	8,123	11,431
Total expenses		20,411	20,836
Loss before tax		(18,902)	(17,987)
Tax expenses			
Current tax		-	-
Loss for the year from continuing operations		(18,902)	(17,987)
Loss for the year		(18,902)	(17,987)
Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / loss on defined benefit plans (OCI)		(3)	4
Total		(3)	4
(b) Items that will be reclassified to profit or loss			
Foreign Exchange Translation Reserve - OCI		10,975	8,711
Total		10,975	8,711
Other Comprehensive Income		10,972	8,715
Total Comprehensive Income		(7,930)	(9,272)
Earnings per equity share:			
(1) Basic (face value of Rs. 10 each)	27	(1.22)	(1.22)
(2) Diluted (face value of Rs 10 each)		(1.22)	(1.22)

Significant accounting policies and notes forming part of the financial statements. 1 to 36

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



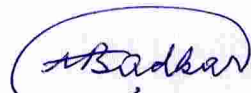
R. P. Soni
Partner
Membership No.: 104796

Mumbai
26 June 2020



For and on behalf of the Board of Directors

UDIT SUREKA
Udit Surekha
Director
DIN : 02190342



Atul Badkar
Director
DIN : 08063582

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Sharad Sharma
Chief Financial Officer

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GANPATBHAI AI THAKKAR
AI THAKKAR Date: 2020.06.26 13:51:57 +05'30'

Chirag Thakkar
Company Secretary

26 June 2020

Edelweiss Securities (IFSC) Limited


Cash Flow Statement

(Currency : Indian rupees in '000)

	For the year ended 31 March 2020	For the year ended 31 March 2019
A Cash flow from operating activities		
Loss before taxation	(18,902)	(17,987)
<i>Adjustments for</i>		
Depreciation and amortization expenses	7,157	3,924
Profit on sale of fixed assets	(320)	-
Loss on fixed assets w/off	868	-
Provision for employee benefits	67	(37)
Interest expense	410	75
Operating cash flow before working capital changes	(10,720)	(14,025)
<i>Add / (Less): Adjustments for working capital changes</i>		
Decrease / (increase) in financial assets	46,282	(47,671)
Decrease / (increase) in other non-financial assets	649	(431)
(Decrease) / increase in trade payables	(3,464)	1,177
Increase in other financial liabilities	13,431	4,611
Decrease in other non-financial liabilities	(130)	(977)
Cash used in operations	46,048	(57,316)
Income taxes paid	(11)	(91)
Net cash used in operating activities - A	46,037	(57,407)
B Cash flow from investing activities		
Purchase of fixed assets	(2,487)	(11,737)
Sale of fixed assets	4,019	-
Net cash used in investing activities - B	1,532	(11,737)
C Cash flow from financing activities		
Proceeds from issue of ordinary shares	15,940	-
Repayment of short term borrowings	-	(6,504)
Interest paid on short term borrowings	-	(545)
Interest paid on lease	(1,013)	-
Net cash (used in) / generated from financing activities - C	14,927	(7,049)
D Foreign exchange translation reserve - D	2,009	8,711
Net decrease in cash and cash equivalents (A+B+C+D)	64,505	(67,482)
Cash and cash equivalent as at the beginning of the year	30,669	98,151
Cash and cash equivalent as at the end of the year (refer note 7)	95,174	30,669

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

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Date: 2020.06.26 13:48:42 +05'30'

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Director
DIN : 02190342

Sharad Sharma
Chief Financial Officer

26 June 2020



Atul Badkar
Director
DIN : 08063582

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Chirag Thakkar
Company Secretary

Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

Equity and Other Equity

	Other Equity			
	Equity Share Capital	Retained earnings	Exchange differences on translating the financial statements of a foreign operation	Total
Balance at 31 March 2018 (Ind AS)	147,341	(13,377)	396	134,360
Loss for the year	-	(17,987)	-	(17,987)
Other comprehensive income	-	-	8,711	8,711
Remeasurement gain / loss on defined benefit plans (OCI)	-	4	-	4
Total Comprehensive Income for the year	-	(17,983)	8,711	(9,272)
Balance at 31 March 2019 (Ind AS)	147,341	(31,360)	9,107	125,088
Transition impact of Ind AS 116 (net of tax)	-	(228)	-	(228)
Loss for the year	-	(18,902)	-	(18,902)
Other comprehensive income	-	-	10,975	10,975
Remeasurement gain / loss on defined benefit plans (OCI)	-	(3)	-	(3)
Total Comprehensive Income for the year	-	(19,133)	10,975	(8,158)
Issue of equity instruments	15,000	-	-	15,000
Balance at 31 March 2020 (Ind AS)	162,341	(50,493)	20,082	131,930

Note

Foreign Exchange Translation Reserve

The functional currency of the Company is United states dollars. These financial statements are prepared and presented in INR, for the purpose of regulatory filings. Foreign Exchange Translation Reserve represents the exchange difference arising on translation difference arising on conversion of financial statements from functional currency to the presentation currency.

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

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W



R. P. Soni

Partner

Membership No.: 104796



Mumbai

26 June 2020

For and on behalf of the Board of Directors



Udit Surekha

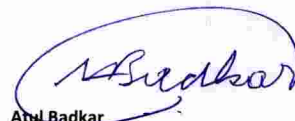
Director

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Sharad Sharma
Chief Financial Officer

26 June 2020



Atul Badkar

Director

DIN : 08063582

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Chirag Thakkar
Company Secretary

Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

1. Background

Edelweiss Securities (IFSC) Limited ('the Company') was incorporated on 23rd December 2016 and it is wholly owned subsidiary of Edelweiss Financial Services Limited.

The business of the Company is to provide brokerage and clearing services. The Company is registered with Securities and Exchange Board of India (SEBI) as broker and having membership of India International Exchange (INDIA INX), India International Clearing Corporation (INDIA ICC), and National Stock Exchange International Financial Services Centre (NSE IFSC) & National Stock Exchange International Financial Services Centre Clearing Corporation (NSE IFSC CC) as A Trading & Clearing Member.

2. Basis of preparation of financial statements and Functional Currency

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

The Company being a company in Gity city of India, prepares its financial statements in USD which is its Functional currency. However for consolidation purpose, the company presents these financial statements in INR, which is the functional currency of the ultimate holding company.

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

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

3. Presentation of financial statements

These financial statements are Special Purpose Indian Accounting Standards (Ind-AS) Financial Statement prepared in Indian Rupees (INR) for the purpose of preparation of consolidated financial statements for the year ended March 31, 2020 for Edelweiss Financial Service Limited for its reporting of Consolidated audited financial results under Ind-AS Division III of Schedule III of the Companies Act, 2013. The Company has prepared a separate set of financial statements for the year ended March 31, 2020 in Indian rupees, which is prepared in accordance with Division III of Schedule III and Ind-AS prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 30.

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:



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

3. Presentation of financial statements (Continued)

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

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

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

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 revenue of the Company is mainly from clearing fees, there is no impact of the pandemic. 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.

4. Significant accounting policies

4.1 Recognition of Interest

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.1 Recognition of Interest (Continued)

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

4.2 Financial Instruments

4.2.1 Date of recognition

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

4.2.2 Initial measurement of financial instruments

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

4.2.3 Day 1 profit or loss

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.3 Classification of financial instruments

4.3.1 Financial assets:

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

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

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

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

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

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

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

4.3.1.1 Amortized cost and Effective interest method

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

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 (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.3 Classification of financial instruments (Continued)

4.3.1 Financial assets: (continued)

4.3.1.1 Amortized cost and Effective interest method (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.

4.3.1.2 Financial assets held for trading

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

4.3.2 Financial liabilities

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

4.3.2.1 Debt securities and other borrowed funds

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

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

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or
- The liabilities are part of a Company of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or
- 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.



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.3 Classification of financial instruments (continued)

4.3.2 Financial liabilities (continued)

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

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

4.3.2.3 Financial liabilities and equity instruments

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

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

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

4.4 Reclassification of financial assets and financial liabilities

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

4.5 Derecognition of financial assets and financial liabilities

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

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

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.



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.5 Derecognition of financial assets and financial liabilities (Continued)

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

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

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

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

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

4.5.3 Derecognition of financial liabilities

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

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.6 Impairment of financial assets

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

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

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

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

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

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.6 Impairment of financial assets (Continued)

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

4.7 Write off

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

4.8 Determination of fair value

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

- Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.8 Determination of fair value (Continued)

- Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

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

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

4.9 Revenue from contract with customer

Revenue is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Company excludes the estimates of variable consideration that are constrained.

a. Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is reflected net of related sub-brokerage expenses, goods and service tax ("GST"), transaction charges and stock exchange expenses.

4.10 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.

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.



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.10 Operating leases (Continued)

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.

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 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

4.11 Earnings per share

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

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.12 Foreign currency transactions

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

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

4.13 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.

Gratuity

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

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

Remeasurements are not reclassified to profit or loss in subsequent periods.

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.

4.14 Property, plant and equipment

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.14 Property, plant and equipment (Continued)

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives. Depreciation is provided on a written down value basis (except otherwise mentioned) 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.

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

Estimated useful lives of the assets are as follows:

Nature of Assets	Estimated useful life
Furniture and fixtures	10 years
Office Equipments	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops etc.	3 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

4.15 Intangible assets

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

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

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.16 Impairment of non-financial assets

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

4.17 Cash and cash equivalents

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

4.18 Provisions and other contingent liabilities

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

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

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

4.19 Income tax expenses

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

4.19.1 Current tax

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

4.19.2 Deferred tax

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

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

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

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

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

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

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

4.19.3 Current and deferred tax for the year

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

4. Significant accounting policies (continued)

5. Critical accounting judgements and key sources of estimation uncertainty

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

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

5.1 Critical judgements in applying accounting policies

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

5.1.1 Business model assessment

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

5. Critical accounting judgements and key sources of estimation uncertainty (Continued)

5.1.2 Significant increase in credit risk

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

5.2 Key sources of estimation uncertainty

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

5.2.1 Fair value of financial instruments

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

5.2.2 Impairment of financial assets

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

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

- Probabilities of defaults (PDs) the calculation of which includes historical data, assumptions and expectations of future conditions.



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

5. Critical accounting judgements and key sources of estimation uncertainty (Continued)

5.2 Key sources of estimation uncertainty (Continued)

5.2.2 Impairment of financial assets (Continued)

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

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

5.2.3 Effective interest rate method

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

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

5.2.4 Accounting for deferred taxes

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

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

6. **Standards issued but not yet effective:** There are no new standard or amendment issued but not effective



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

	As at March 31, 2020	As at March 31, 2019
7 Cash and cash equivalents		
- in current accounts	95,174	30,669
	95,174	30,669
8 Bank balances other than cash and cash equivalents		
Accrued interest on fixed deposits	155	1,304
- Short term deposits with banks (other bank deposits with maturity less than 12 months)	45,232	83,006
	45,387	84,310
8A Encumbrances' on fixed deposits held by the Company		
The Company has pledged fixed deposits aggregating to Rs. 33,924 thousand with India INX and Rs. 11,308 thousand with NSE IFSC for meeting margin requirements (Previous year: Rs. 31,127 thousand with India INX and Rs. 10,376 thousand with NSE IFSC).		
9 Other financial assets		
Deposits placed with/ for exchange	15,192	13,940
Rental deposits	1,666	1,695
Deposits- others	234	236
Receivable from exchange /clearing house (net)	373	3
Advances recoverable in cash or in kind or for value to be received	54	1
	17,519	15,875



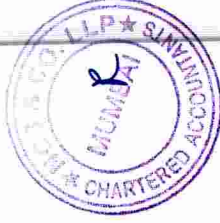
Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

	As at March 31, 2020	As at March 31, 2019
10 Current tax assets (net)	109	91
Advance tax and tax deducted at source	109	91



Edelweiss Securities (IFSC) Limited

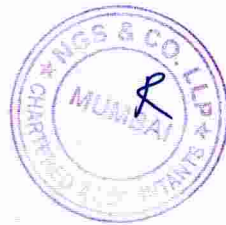
Notes to the financial statements (continued)
For the year ended 31 March 2020
(Currency : Indian rupees in '000)

11 Property, Plant and Equipment

Description of Assets	Gross Block							Depreciation					Net Block		
	As at April 1, 2019	Transition impact of Ind AS 116	Additions during the year	Acquisitions through business combinations	Disposals during the year	Other adjustments (*)	March 31, 2020	As at April 1, 2019	Transition impact of Ind AS 116	Impairment losses / (reversals)	Charge for the year	Disposals during the year	Other adjustments (*)	March 31, 2020	March 31, 2020
Property, Plant and Equipment															
Leasehold Premises	1,064	-	987	-	1,160	96	987	131	-	-	360	369	34	156	831
Furnitures & Fixtures	394	-	330	-	-	35	759	107	-	-	160	-	20	287	472
Office Equipments	373	-	606	-	315	34	698	128	-	-	384	183	36	365	333
Computers	10,775	-	564	-	6,285	968	6,022	2,473	-	-	3,500	2,606	444	3,811	2,211
Right to Use Assets	-	3,853	-	-	-	-	3,853	-	818	-	-	-	-	818	3,036
Total	12,606	3,853	2,487	-	7,760	1,133	12,319	2,839	818	-	4,404	3,158	534	5,437	6,883

Description of Assets	Gross Block							Depreciation					Net Block		
	As at April 1, 2018	Transition impact of Ind AS 116	Additions during the year	Acquisitions through business combinations	Disposals during the year	Other adjustments (*)	As at March 31, 2019	As at April 1, 2018	Transition impact of Ind AS 116	Impairment losses / (reversals)	Charge for the year	Disposals during the year	Other adjustments (*)	As at March 31, 2019	As at March 31, 2019
Property, Plant and Equipment															
Leasehold Premises	515	-	549	-	-	-	1,064	18	-	-	113	-	(0)	131	933
Furnitures & Fixtures	370	-	24	-	-	-	394	17	-	-	90	-	(0)	107	287
Office Equipments	205	-	168	-	-	-	373	17	-	-	111	-	0	128	245
Computers	1,805	-	8,970	-	-	-	10,775	159	-	-	2,327	-	(13)	2,473	8,302
Total	2,896	-	9,710	-	-	-	12,606	212	-	-	2,641	-	(13)	2,839	9,767

(*) Other adjustment represent movement in foreign exchange difference arising due to conversion from functional currency to presentation currency.



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020

(Currency - Indian rupees in '000)

12 Other Intangible Assets

Description of Assets	Gross Block							Depreciation						Net Block	
	As at April 1, 2019	Transition impact of Ind AS 116	Additions during the year	Acquisitions through business combinations	Disposals during the year	Other adjustments (*)	March 31, 2020	As at April 1, 2019	Transition impact of Ind AS 116	Impairment losses / (reversals)	Charge for the year	Disposals during the year	Other adjustments (*)	March 31, 2020	March 31, 2020
Other Intangible Assets															
Software	5,666	-	-	-	-	509	6,175	1,729	-	-	1,935	-	279	3,943	2,232
Total	5,666	-	-	-	-	509	6,175	1,729	-	-	1,935	-	279	3,943	2,232

Description of Assets	Gross Block							Depreciation						Net Block	
	As at April 1, 2018	Transition impact of Ind AS 116	Additions during the year	Acquisitions through business combinations	Disposals during the year	Other adjustments (*)	As at March 31, 2018	As at April 1, 2018	Transition impact of Ind AS 116	Impairment losses / (reversals)	Charge for the year	Disposals during the year	Other adjustments (*)	As at March 31, 2018	As at March 31, 2018
Other Intangible Assets															
Software	3,639	-	2,027	-	-	-	5,666	432	-	-	1,283	-	14	1,729	3,937
Total	3,639	-	2,027	-	-	-	5,666	432	-	-	1,283	-	14	1,729	3,937

(*) Other adjustment represent movement in foreign exchange difference arising due to conversion from functional currency to presentation currency.



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

	As at March 31, 2020	As at March 31, 2019
13 Other non-financial assets		
(Unsecured Considered good, unless stated otherwise)		
Input tax credit	579	454
Advances to others	845	1,156
Prepaid expenses	186	462
Vendor Advances	1	-
Advances recoverable in cash or in kind or for value to be received	84	78
	<u>1,695</u>	<u>2,150</u>



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

	As at March 31, 2020	As at March 31, 2019
14 Trade Payables		
Total outstanding dues of micro enterprises and small enterprises (refer note no 35)	-	979
Total outstanding dues to creditors other than micro enterprises and small enterprises	2,549	4,592
	<u>2,549</u>	<u>5,571</u>



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

	As at March 31, 2020	As at March 31, 2019
15 Other financial liabilities		
Accrued salaries and benefits	171	1,767
Payable to exchange / clearing house (net)	745	30
Payable to client (net)	29,850	14,109
Lease liability	3,493	-
	34,259	15,906
16 Provisions		
Provision for employee benefits		
Gratuity	80	25
Compensated leave absences	34	18
Compensated absences	9	6
	123	49
17 Other non-financial liabilities		
Others		
Withholding taxes, Goods and service tax and other taxes payable	78	185
Others	60	-
	138	185



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)
For the year ended 31 March 2020

(Currency : Indian rupees in '000)

18 Issued capital and reserves

Issued capital	As at	
	March 31, 2020	March 31, 2019
Equity share capital		
Authorised :		
(a) 20,000,000 equity shares of Rs. 10 each	<u>200,000</u>	<u>150,000</u>
	<u>200,000</u>	<u>150,000</u>
(b) Issued, Subscribed and Paid up: 16,234,144 (Previous Year : 14,734,144) equity shares of Rs. 10 each, fully paid-up (The entire share capital is held by Edelweiss Financial Services Limited, the holding company and its nominees)	<u>162,341</u>	<u>147,341</u>
	<u>162,341</u>	<u>147,341</u>
(c) Movement in share capital :		
	March 31, 2020	March 31, 2019
	No of shares	Amount
Outstanding at the beginning of the year / period	14,734,144	147,341
Issued during the year / period	<u>1,500,000</u>	<u>15,000</u>
As at the end of the year / period	<u>16,234,144</u>	<u>162,341</u>
	<u>14,734,144</u>	<u>147,341</u>

19 Other equity

Foreign Exchange Translation Reserves	9,107	396
	<u>10,975</u>	<u>8,711</u>
	<u>20,082</u>	<u>9,107</u>
Opening Balance	(31,360)	(13,377)
INDAS Impact	(228)	-
Other Comprehensive Income	-	-
Add: Profit for the year	<u>(18,905)</u>	<u>(17,983)</u>
Amount available for appropriation	<u>(50,493)</u>	<u>(31,360)</u>
	<u>(30,411)</u>	<u>(22,253)</u>



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)
For the year ended 31 March 2020

(Currency : Indian rupees in '000)

	For the year ended March 31, 2020	For the year ended March 31, 2019
20 Interest Income		
Interest on deposits with bank		
On fixed deposits	962	1,847
Other interest income		
Interest Income - Others	2	4
	964	1,851
21 Fee income		
Income from Broking	224	998
Advisory and other fees	1	-
	225	998

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

Particulars	March 31, 2020	March 31, 2019
Service transferred at a point in time	225	998
Service transferred over time	-	-
Total	225	998

22 Other income		
Profit on sale of fixed assets (net)	320	-
Miscellaneous income*	0	-
	320	-

* Rs. 0 refers to amount less than Rs. 500



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

	For the year ended March 31, 2020	For the year ended March 31, 2019
23 Finance costs		
Interest on borrowings		
Interest on loan from holding company	-	75
Other interest expense		
Interest - others	410	4
	410	79
24 Employee benefit expenses		
Salaries wages and Bonus	4,294	5,142
Contribution to provident and other funds (refer note 29)	316	268
Staff welfare expenses	111	(8)
	4,721	5,402
25 Other expenses		
Auditors' remuneration	372	70
Communication	626	959
Computer expenses	(266)	697
Computer software	1,703	2,691
Clearing & forwarding charges	618	-
Dematerialisation charges*	0	31
Electricity charges (refer note 25.2)	408	280
Foreign exchange loss (net)	91	859
Legal and professional fees	545	1,428
Loss on w/off of fixed assets	868	-
Membership and subscription	427	305
Office expenses	12	1,278
Printing and stationery	104	-
Rates and taxes	2	1
Rent (refer note 32)	416	966
Repairs and maintenance	184	570
ROC Expenses	379	-
Goods & Service tax expenses	59	-
Stamp duty	20	14
Travelling and conveyance	439	708
Miscellaneous expenses	19	28
Housekeeping and security charges	1,097	546
	8,123	11,431

* Rs. 0 refers to amount less than Rs. 500

25 Other expenses

25.1 Auditors remuneration:

For statutory audit and limited review	366	63
For others	6	7
	372	70

25.2 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like group mediclaim, insurance, rent, electricity charges etc., which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. The cost so expensed is reimbursed by the Company on the basis of number of employees, actual identification etc. Accordingly, and as identified by the management, the expenditure heads include reimbursement paid based on the management's best estimates.



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

26 Income tax disclosure

The components of Income tax expenses for the year ended are:

Particulars	2019-20	2018-19
Current tax	-	-
Deferred tax	-	-
Total tax charge	-	-

Reconciliation of total tax charge

Particulars	2019-20	2018-19
Accounting profit / (loss) before tax as per financial statements	(18,902)	(17,987)
Tax rate (in percentage)	26%	26%
Income tax expenses calculated based on this rate	(4,915)	(4,677)
Adjustment in respect of current income tax of prior years	-	-
Others	4,915	4,677
Tax charge for the year recorded in P&L	-	-

27 Earning per share

Particulars	2019-20	2018-19
a) Profit after tax (as per Statement of Profit and Loss)	(18,902)	(17,987)
Less: dividend on preference share including dividend distribution tax	Nil	Nil
Net profit for the year attributable to equity shareholders	(18,902)	(17,987)
b) Calculation of weighted average number of equity Shares of Rs. 10 each		
Number of shares outstanding at the beginning of the year	14,734,144	14,734,144
Number of Shares issued during the year	1,500,000	-
Total number of equity shares outstanding at the end of the year	16,234,144	14,734,144
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	15,488,242	14,734,144
c) Number of dilutive potential equity shares	-	-
d) Basic earnings per share (in rupees) (a)/(b)	-1.22	-1.22
e) Diluted earnings per share (in rupees) (a)/(b)	-1.22	-1.22

28 The Company has operates in one business segment agency business comprising of broking and clearing services. Therefore, the Company has only one reportable business segment the results of which are disclosed in the financial statements. Further, as the Company operates primarily in India and thus there are no reportable geographical segments.

29 Retirement benefit plan

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

Amount of INR 316 thousand (Previous year: INR 268 thousand) is recognised as expenses and included in "Employee benefit expense" in the statement of profit and loss.

B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the funded and unfunded status and amount recognised in the balance sheet for the gratuity benefit plan.



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

29 Retirement benefit plan (Continued)

B) Defined benefit plan (Gratuity) (Continued) :

Statement of profit and loss

Expenses recognised in the Statement of Profit and Loss:

	2019-20	2018-19
Current service cost	50	21
Interest on defined benefit obligation	2	1
Expected return on plan assets	-	-
Past service cost	-	-
Exchange rate adjustment	-	-
Effect of limiting net assets to asset ceiling	-	-
Actuarial (gain) / losses	-	-
Total included in 'Employee benefits expense	52	22

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

	2019-20	2018-19
Present value of DBO at the beginning of the year	25	106
Acquisition/ (Divestiture)	-	-
Transfer (out)/in	-	(99)
Interest cost	2	1
Current service cost	50	21
Benefits paid	-	-
Past service cost	-	(4)
Actuarial (gain)/loss	3	-
Exchange Rate Adjustment	-	-
Present value of DBO at the end of the year	80	25

Net liability recognised in the balance sheet:

	2019-20	2018-19	2017-18
Present value of DBO	80	25	106
Fair value of plan assets at the end of the year	-	-	-
Net Liability	(80)	(25)	(106)
Less: Effect of limiting net assets to asset ceiling	-	-	-
Liability recognized in the balance sheet	(80)	(25)	(106)

29 Retirement benefit plan

Experience adjustments:

	2019-20	2018-19	2017-18
On plan liabilities: loss / (gain)	3	(4)	-
On plan assets: gain / (loss)	-	-	-
Estimated contribution for next year	-	-	-

Principal actuarial assumptions at the balance sheet date:

	2019-20	2018-19
Discount rate	5.90%	7.30%
Salary escalation	7%	7%
Employees attrition rate	13%-25%	13%-25%
Expected return on Plan Assets		
Mortality Rate	IALM 2012-14 (Ultimate)	IALM 2012-14 (Ultimate)
Expected average remaining working lives of employees	3 Years	5 Years

Percentage Break-down of Total Plan Assets	2019-20	2018-19
Investment Funds with Insurance Company	-	-



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

29 Retirement benefit plan (Continued)

B) Defined benefit plan (Gratuity) (Continued):

Sensitivity Analysis for 2020:

Assumptions	Discount rate		Future salary increases	
	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease
Impact on defined benefit obligation	(6)	7	(6)	6

Sensitivity Analysis for 2019:

Assumptions	Discount rate		Future salary increases	
	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease
Impact on defined benefit obligation	(2)	2	(2)	2

Movement in Other Comprehensive Income

	2019-20	2018-19
Balance at start of year (Loss)/ Gain	4	Nil
Re-measurements on DBO		
a. Actuarial Loss/(Gain) from changes in demographic assumptions	-	-
b. Actuarial Loss/(Gain) from changes in financial assumptions	(6)	-
c. Actuarial Loss/(Gain) from experience over the past year	3	4
Re-measurements on Plan Assets		
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/ (asset)	-	-
Balance at start of year Gain	1	4



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

30 Maturity analysis of assets and liabilities

Particulars	2019-20			2018-19		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	95,174	-	95,174	30,670	-	30,670
Other bank balances	45,387	-	45,387	84,309	-	84,309
Other financial assets	427	17,092	17,519	1,879	13,996	15,875
	140,988	17,092	158,080	116,858	13,996	130,854
Non-financial assets						
Current tax assets (net)	-	109	109	-	91	91
Property, plant and equipment	-	6,883	6,883	-	9,767	9,767
Capital work-in-progress	-	-	-	-	3,937	3,937
Other intangible assets	-	2,232	2,232	-	-	-
Other non-financial assets	1,695	-	1,695	2,150	-	2,150
	1,695	9,224	10,919	2,150	13,795	15,945
Total assets	142,683	26,316	168,999	119,008	27,791	146,799

Particulars	2019-20			2018-19		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Trade payables	2,549	-	2,549	5,571	-	5,571
Other financial liabilities	31,477	2,781	34,259	15,906	-	15,906
	34,026	2,781	36,808	21,476	-	21,476
Non-financial liabilities						
Provisions	9	114	123	49	-	49
Other non-financial liabilities	138	-	138	185	-	185
	147	114	261	234	-	234
Total liabilities	34,173	2,895	37,069	21,711	-	21,711
Net	108,509	23,420	131,930	97,297	27,791	125,088



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020
(Currency : Indian rupees in '000)

31 Change in liabilities arising from financing activities

Particulars	01-Apr-19	Cash flows	Changes in fair values	Exchange difference	Other*	31-Mar-20
Borrowings other than debt securities	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-

Particulars	01-Apr-18	Cash flows	Changes in fair values	Exchange difference	Other*	31-Mar-19
Borrowings other than debt securities	6,974	(7,049)	-	-	75	-
Total liabilities from financing activities	6,974	(7,049)	-	-	75	-

* Includes interest on borrowing charge for the year.

32 Contingent liabilities, commitments and lease arrangements

A. Contingent liabilities

The Company has no contingent liabilities (2019:Nil) as at the balance sheet date.

B. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (net of advances) (2019:Nil)

C. Legal claims

There are no legal claims outstanding against the Company as at 31st March 2020 (2019:Nil). Also, the Company has Rs. Nil (2019:Nil) no contingent liabilities as at the balance sheet date.

D. Operating lease commitments

The Company has entered into commercial leases for premises and equipment. Gross rental expenses for the year ended 31st March 2020 aggregated to Rs. 1,416 thousands (2019: Rs. 966 thousands) which has been included in lease liability (previous year included under the head other expenses - Rent - in note 25 of the statement of profit and loss account)

There are no future minimum lease payments under non-cancellable operating leases as at 31 March:

Particulars	March 31, 2020	March 31, 2019
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-
Total	-	-

Group has on lease office premises which are of short term in nature which are of period of less than 12 months. Lease rental expenses recognised in the books of accounts is amounting to Rs. 416 thousands (2019: Rs. 966 thousand)

	2019-20	01-Apr-19
Right-of-use assets	3,036	3,853
Lease liability	3,493	4,083

For adjustments recognised on adoption of Ind AS 116 on 1 April 2019, please refer to note 4.10.

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

	2019-20	01-Apr-19
Depreciation on ROU of building	818	-
Interest cost	410	-
Expenses related to short term lease	-	-
Expenses related to low value lease	-	-



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2020
(Currency : Indian rupees in '000)

32 Contingent liabilities, commitments and lease arrangements (Continued)

C. Operating lease commitments (Continued)

Practical expedient used by the Company in applying Ind AS 116 for the first time, the company has used the following practical expedients permitted by the standard:

applying a single discount rate to a portfolio of leases with reasonably similar characteristics an impairment review – there were no onerous contracts as at 1 January 2019 accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases excluding initial direct costs for the measurement of the right-of-use asset at the date of initial

The change in accounting policy affected the following items in balance sheet as on 1 April 2019

Lease liability	
ROU	
Deferred tax	Nil
The net impact on retained earnings as on 1 April 2019 was decrease of Rs 229 thousands	
The Company had total cash outflows for leases of INR 1,416 thousands The initial application of Ind AS 116 resulted in noncash additions to right-of-use assets and lease liabilities of INR 3,853 thousands and 4,082 thousands at 1 April 2019	

33 Related party disclosures - as required by Ind AS 24-

(A) Name of related parties by whom control is exercised
Edelweiss Financial Services Limited Holding company

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

Edelweiss Securities Limited
Edelweiss Rural & Corporate Services Limited *
Edelweiss Custodial Services Limited
Edelweiss Comtrade Limited

* With effect from the Appointed Date i.e. 01 August 2018, Edelweiss Business Services Limited, have been merged into Edelweiss Rural & Corporate Services Limited (formerly Edelweiss Commodities Services Ltd). Hence all related party transactions transacted during the year and the outstanding balances thereof, as at the end of the year relating to the Merged are considered to be transacted with Edelweiss Rural & Corporate Services Limited and disclosed accordingly



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

33 Related party disclosures (Continued)

(C) Transactions and balances with related parties:

Sr. No	Nature of transaction	Related party name	2019-20	01-Apr-19
(I)	Current account transactions during the year			
	Short term borrowing repaid to	Edelweiss Financial Services Limited	-	6,989
	Interest expenses on loans taken from	Edelweiss Financial Services Limited	-	75
	Cost reimbursements paid to			
	Office expenses paid to	Edelweiss Rural & Corporate Services Limited *	-	1,024
	Rent and electricity expenses paid to	Edelweiss Rural & Corporate Services Limited *	-	13
	Enterprise cost paid to	Edelweiss Financial Services Limited	2	-
		Edelweiss Rural & Corporate Services Limited *	7	-
	Reimbursements paid to			
	Other reimbursement paid to	Edelweiss Custodial Services Limited	-	1
	Edelweiss Comtrade Limited	-	98	
Remuneration paid to				
	Hiren Kansara	-	665	
	Chirag Thakkar	-	311	
	Sharad Sharma	-	175	
(II)	Balances with related parties			
	Other advances to be recovered from	Edelweiss Securities Limited	-	1
		Edelweiss Custodial Services Limited	65	63
		Edelweiss Rural & Corporate Services Limited *	52	-
	Trade payable	Edelweiss Financial Services Limited	-	1
		Edelweiss Rural & Corporate Services Limited *	-	394
		Edelweiss Custodial Services Limited	97	98
		Edelweiss Comtrade Limited	0	1
	Others payable	Edelweiss Financial Services Limited	1	-
		Edelweiss Rural & Corporate Services Limited *	59	-

Note :

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

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



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020
(Currency : Indian rupees in 000)

34 Capital management

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

The Company defines "capital employed" to include all components of shareholders' equity and borrowings. The amount of capital employed at 31 March 2019 by the Company was Rs. 131,931 thousands (2018: Rs. 125,088 thousands).

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

The Company is required to maintain minimum Networth of USD 1,500,000 with respect to the trading clearing license issued by Securities and Exchange Board of India.

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

34.1 Analysis of risk concentration

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

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

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

The Company's cash and cash equivalents are held with reputed and regulated financial institutions. Other financial assets largely comprise of deposits placed with exchanges for trading purposes.

The following table shows the risk concentration by industry for the components of the balance sheet.

Particulars	Financial services	
	2019-20	01-Apr-19
Financial assets		
Cash and cash equivalent and other bank balances	140,561	114,979
Other financial assets	17,519	15,875
Other Commitments	159,080	130,854
Total	159,080	130,854



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

34.2 Analysis of financial assets and liabilities by remaining contractual maturities

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

As at 31 March 2020	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	3 years to 5 years	> 5 years	Total
Trade payables	2,549	-	-	-	-	-	2,549
Other financial liabilities	30,934	172	371	1,854	928	-	34,259
Total undiscounted non-derivative financial liabilities	33,483	172	371	1,854	928	-	36,808

As at 31 March 2019	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	3 years to 5 years	> 5 years	Total
Trade payables	5,571	-	-	-	-	-	5,571
Other financial liabilities	15,906	-	-	-	-	-	15,906
Total undiscounted non-derivative financial liabilities	21,477	-	-	-	-	-	21,477

34.3 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 financial assets as at 31 March

As at 31 March 2020	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	3 years to 5 years	> 5 years	Total
Cash and cash equivalent and other bank balances	95,175	-	45,386	-	-	-	140,561
Other financial assets	427	-	-	234	1,666	15,192	17,519
Total	95,601	-	45,386	234	1,666	15,192	158,080

As at 31 March 2019	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	3 years to 5 years	> 3 years	Total
Cash and cash equivalent and other bank balances	73,206	-	41,773	-	-	-	114,979
Other financial assets	4	-	1,876	-	-	13,995	15,875
Total	73,210	-	43,649	-	-	13,995	130,854



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

34.4 Financial assets available to support future funding

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

31-Mar-20	Pledged as collateral	others (1)	Available as collateral	others (2)	Total carrying amount
Cash and cash equivalent including bank balance	45,232	-	-	95,329	140,561
Other financial assets	15,192	-	661	1,666	17,519
Property, Plant and Equipment	-	-	3,847	-	3,847
Total assets	60,424	-	4,508	96,995	161,927

31-Mar-19	Pledged as collateral	others (1)	Available as collateral	others (2)	Total carrying amount
Cash and cash equivalent including bank balance	41,503	-	41503	31,973	114,979
Other financial assets	13,940	-	-	1,935	15,875
Property, Plant and Equipment	-	-	-	9,767	9,767
Total assets	55,443	-	41,503	43,675	140,621

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

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

34.5 Currency risk:

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

The table below indicates the currencies to which the Company had significant exposure at the end of the reported periods. The analysis calculates the effect of a reasonably possible movement of the currency rate against the INR (all other variables being constant) on the statement of profit and loss and equity.

Currency	2019-20					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
INR	5	479	-	5	(479)	-

Currency	2018-19					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
INR	5	521	-	5	(521)	-



Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

(Currency : Indian rupees in '000)

34.6 Market risk:

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 using sensitivity analyses.

Particulars	31-Mar-20			31-Mar-19		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Cash and cash equivalent and other bank balances	140,561	-	140,561	114,979	-	114,979
Other financial assets	17,519	-	17,519	15,875	-	15,875
Total	158,080	-	158,080	130,854	-	130,854
Liability						
Trade payables	2,549	-	2,549	5,571	-	5,571
Other liabilities	34,259	-	34,259	15,906	-	15,906
Total	36,808	-	36,808	21,477	-	21,477

35 Details of dues to Micro, Small and Medium enterprises

Trade Payables includes Rs. Nil (2019: 979 thousand) 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 period 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.

36 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

UDIT
SUREKA

Udit Surekha

Director

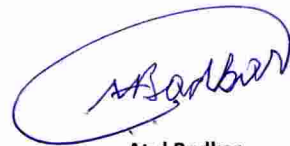
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by SHARAD
RAMGOPAL
SHARMA
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13:50:17 +05'30'

Sharad Sharma

Chief Financial Officer

26 June 2020



Atul Badkar

Director

DIN : 08063582

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GANPATBHAI
THAKKAR Date: 2020.06.26
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Chirag Thakkar

Company Secretary