

## Independent Auditors' Report

### To the Members of Edelweiss Capital Services Limited Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of **Edelweiss Capital Services Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2021, 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 period from February 12, 2021 to March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income its cash flows and the changes in equity for the period ended on that date.

#### Basis for Opinion

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

#### Other Information

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

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

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





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

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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


1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
  - (g) In our opinion, the managerial remuneration for the period ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. 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**  
**Firm Registration No.: 119850W**

  
**R. P. Soni**  
**Partner**  
**Membership No.: 104796**



UDIN: 21104796AAABNU4255

Place: Mumbai  
Date: May 25, 2021



**Annexure A to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Edelweiss Capital Services Limited ('the Company') on the financial statements for the period ended March 31, 2021, we report that:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own immovable properties, accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) Based on our examination of documents and records, the Company does not own any inventory during the period. Therefore, the provisions of clause 3(ii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any activities conducted and services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, income-tax, cess, goods and service tax and other material statutory dues, applicable to it, have been regularly deposited during the period by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of provident fund, employees' state insurance, sales tax, value added tax, duty of excise and duty of custom.

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

(b) According to the information and explanation given to us, there are no dues of income tax, and cess which have not been deposited with the appropriate authorities on account of any dispute.



- (viii) The Company does not have any loans or borrowings from any financial institution, bank, government and debenture holders. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the period. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

  
**R. P. Soni**  
**Partner**  
**Membership No.: 104796**



UDIN: 21104796AAABNU4255

Place: Mumbai  
Date: May 25, 2021



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

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

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

We have audited the internal financial controls over financial reporting of **Edelweiss Capital Services Limited ("the Company")** as of March 31, 2021 in conjunction with our audit of financial statements of the Company for the period ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



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

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


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

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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**  
**Firm Registration No.: 119850W**

  
**R. P. Soni**  
**Partner**  
**Membership No.: 104796**



UDIN: 21104796AAABNU4255

Place: Mumbai  
Date: May 25, 2021



## Edelweiss Capital Services Limited

### Balance Sheet

(Currency : Indian rupees in thousand)

|                                     | Note | As at<br>March 31, 2021 |
|-------------------------------------|------|-------------------------|
| <b>Assets</b>                       |      |                         |
| <b>Non current assets</b>           |      |                         |
| (a) Property, plant and equipment   | 2.1  | 154                     |
| (b) Current tax assets (net)        | 2.2  | 110                     |
|                                     |      | <u>264</u>              |
| <b>Current assets</b>               |      |                         |
| (a) Financial assets                |      |                         |
| (i) Cash and cash equivalents       | 2.3  | 5,06,601                |
| (ii) Other financial assets         | 2.4  | 2,132                   |
| (b) Other current assets            | 2.5  | 40                      |
|                                     |      | <u>5,08,773</u>         |
| <b>Total assets</b>                 |      | <u><u>5,09,037</u></u>  |
| <b>Equity and liabilities</b>       |      |                         |
| <b>Equity</b>                       |      |                         |
| (a) Equity share capital            | 2.6  | 5,20,000                |
| (b) Other equity                    | 2.7  | (16,220)                |
|                                     |      | <u>5,03,780</u>         |
| <b>Liabilities</b>                  |      |                         |
| <b>Current liabilities</b>          |      |                         |
| (a) Financial liabilities           |      |                         |
| (i) Trade payables                  | 2.8  | 569                     |
| (ii) Other financial liabilities    | 2.9  | 87                      |
| (b) Other current liabilities       | 2.10 | 1,619                   |
| (c) Provisions                      | 2.11 | 2,982                   |
|                                     |      | <u>5,257</u>            |
| <b>Total equity and liabilities</b> |      | <u><u>5,09,037</u></u>  |

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


1 & 2

As per our report of even date attached

#### For NGS & Co. LLP

Chartered Accountants

Firm Registration Number: 119850W

  
R.P. Soni

Partner

Membership No: 104796

Mumbai

May 25, 2021




#### For and on behalf of the Board of Directors

  
Anand Lalla

Executive Director  
DIN : 02891270

Mumbai

May 25, 2021

  
Atul Badkar

Executive Director  
DIN : 08063582



## Edelweiss Capital Services Limited

### Statement of Profit and Loss

(Currency : Indian rupees in thousand)

|   | Note | For the period from<br>February 12, 2021 to<br>March 31, 2021 |
|---|------|---|
| <b>Revenue from operations</b>  |      |   |
| Interest income   | 2.12 | 1,473   |
| <b>Total Revenue</b>  |      | <u>1,473</u>  |
| <b>Expenses</b>   |      |   |
| Employee benefits expense   | 2.13 | 5,071   |
| Depreciation, amortisation and impairment                             | 2.4  | 5   |
| Other expenses  | 2.14 | 12,421  |
| <b>Total expenses</b>   |      | <u>17,497</u>   |
| <b>Loss before tax</b>  |      | (16,024)  |
| <b>Tax expenses:</b>  |      |   |
| Current tax   |      | -   |
| <b>Loss for the period</b>  |      | (16,024)  |
| <b>Other Comprehensive Income</b>                                     |      |   |
| <b>Items that will not be reclassified to profit or loss</b>          |      |   |
| Remeasurement gain / (loss) on defined benefit plans - gratuity (OCI) |      | (196)   |
| <b>Other Comprehensive Income</b>                                     |      | <u>(196)</u>  |
| <b>Total Comprehensive Income</b>                                     |      | <u>(16,220)</u>   |
| <b>Earnings per equity share (Face value of ₹ 10 each):</b>           |      |   |
| Basic and diluted   | 2.15 | (0.31)  |

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

As per our report of even date attached

**For NGS & Co. LLP**

Chartered Accountants

Firm Registration Number: 119850W



**R.P. Soni**

Partner

Membership No: 104796

Mumbai

May 25, 2021



**For and on behalf of the Board of Directors**



**Anand Lalla**

Executive Director

DIN : 02891270

Mumbai

May 25, 2021



**Atul Badkar**

Executive Director

DIN : 08063582





**Edelweiss Capital Services Limited****Statement of changes in Equity**

(Currency : Indian rupees in thousand)

**Equity share capital**

| Balance at the beginning of the reporting period<br>(February 12, 2021) | Changes in equity<br>share capital | Balance at the end of<br>the reporting period<br>(March 31, 2021) |
|---|------------------------------------|---|
| -   | 5,20,000                           | 5,20,000  |

**Other Equity**

|                                   | Retained earnings |
|-----------------------------------|-------------------|
| Balance as at February 12, 2021   | -                 |
| Loss for the period               | (16,024)          |
| Other comprehensive income        | (196)             |
| <b>Total Comprehensive Income</b> | <b>(16,220)</b>   |
| <b>Balance at March 31, 2021</b>  | <b>(16,220)</b>   |

As per our report of even date attached

**For NGS & Co. LLP**

Chartered Accountants

Firm Registration Number: 119850W



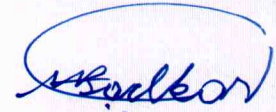
**R.P. Soni**  
Partner  
Membership No: 104796

Mumbai  
May 25, 2021

**For and on behalf of the Board of Directors**

**Anand Lalla**  
Executive Director  
DIN : 02891270

Mumbai  
May 25, 2021



**Atul Badkar**  
Executive Director  
DIN : 08063582



## Edelweiss Capital Services Limited

### Cash Flow Statement

(Currency : Indian rupees in thousand)

For the period ended  
February 12, 2021 to  
March 31, 2021

#### A Cash flow from operating activities

|                      |          |
|----------------------|----------|
| Loss before taxation | (16,024) |
| Adjustments for      |          |
| Depreciation         | 5        |

|  |          |
|--|----------|
| Operating cash flow before working capital changes | (16,019) |
|--|----------|

Add / (Less): Adjustments for working capital changes

|  |         |
|--|---------|
| (Increase) in other financial assets     | (2,132) |
| (Increase) in other non financial assets | (40)    |
| Increase in liabilities and provisions   | 5,061   |

|                         |          |
|-------------------------|----------|
| Cash used in operations | (13,130) |
|-------------------------|----------|

|                   |     |
|-------------------|-----|
| Income taxes paid | 110 |
|-------------------|-----|

|   |          |
|---|----------|
| Net cash used in operating activities - A | (13,240) |
|---|----------|

#### B Cash flow from investing activities

|                          |       |
|--------------------------|-------|
| Purchase of fixed assets | (159) |
|--------------------------|-------|

|   |       |
|---|-------|
| Net cash used in investing activities - B | (159) |
|---|-------|

#### C Cash flow from financing activities

|                                      |          |
|--------------------------------------|----------|
| Proceeds from issue of share capital | 5,20,000 |
|--------------------------------------|----------|

|  |          |
|--|----------|
| Net cash generated from financing activities - C | 5,20,000 |
|--|----------|

|   |          |
|---|----------|
| Net increase in cash and cash equivalents (A+B+C) | 5,06,601 |
|---|----------|

|  |   |
|--|---|
| Cash and cash equivalent as at the beginning of the period | - |
|--|---|

|  |          |
|--|----------|
| Cash and cash equivalent as at the end of the period | 5,06,601 |
|--|----------|





## Edelweiss Capital Services Limited

### Cash Flow Statement

(Currency : Indian rupees in thousand)

For the period ended  
February 12, 2021 to  
March 31, 2021

#### Notes:

- 1 Component of cash and cash equivalents

##### Cash and Cash equivalents

Balances with banks

in current accounts

in fixed deposits with original maturity less than 3 months

Accrued interest on fixed deposits

6,569

5,00,000

32

5,06,601

- 2 The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Indian Accounting Standard - 7 "Cash Flow Statements" specified under Section 133 of Companies Act, 2013 read with Paragraph 7 of the Companies (Accounts) Rules, 2014.

As per our report of even date attached

#### For NGS & Co. LLP

Chartered Accountants

Firm Registration Number: 119850W

R.P. Soni

Partner

Membership No: 104796

Mumbai

May 25, 2021



#### For and on behalf of the Board of Directors

*A. D. Lalla*

Anand Lalla

Executive Director

DIN : 02891270

Mumbai

May 25, 2021

*A. Badkar*

Atul Badkar

Executive Director

DIN : 08063582



# Edelweiss Capital Services Limited

## Notes to the financial statements

for the period from February 12, 2021 to March 31, 2021

(Currency: Indian rupees in thousand)

### 1. Significant accounting policies

#### 1.1 Company background

Edelweiss Capital Services Limited ('the Company') was incorporated on February 12, 2021. The Company is subsidiary of Edelweiss Financial Services Limited. The Company was incorporated for carrying out the business as custodian of securities and designated depository participant.

The Company has obtained Custodian of Securities License from SEBI and are under process for obtaining Designated Depository Participant License from SEBI, Depository Participant Registration from NSDL, Custodian enablement from NSE Clearing Limited / Indian Clearing Corporation Limited, SLBM enablement from NSE Clearing Limited.

#### 1.2 Basis of preparation and presentation of financial statements

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

The Company's financial statements have been prepared on a historical cost basis. The Company's financial statements are presented in Indian Rupees (INR).

#### 1.3 Revenue recognition

Interest income is recognised on accrual basis of accounting.

#### 1.4 Financial Instruments

##### Date of recognition

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

##### 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.





# Edelweiss Capital Services Limited

## Notes to the financial statements (Continued)

for the period from February 12, 2021 to March 31, 2021

(Currency: Indian rupees in thousand)

### 1.4 Financial Instruments (Continued)

#### Classification of financial instruments

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

Financial assets carried at amortised cost (AC) or

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

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

Amortized cost and effective interest rate (EIR)

#### Disclosure requirement of Ind AS 107-Financial Instruments: Disclosure

##### Financial liabilities

All financial liabilities are measured at amortised cost.

##### Financial liabilities and equity instruments

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

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

##### Reclassification of financial assets and liabilities

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

##### Derecognition of financial assets and financial liabilities

###### Derecognition of financial asset

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

The Company shall transfer the financial asset if, and only if, either

- The Company transfers the rights to receive cash flows from the financial asset or
- It retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows in full without material delay to third party under pass through arrangement.



# Edelweiss Capital Services Limited

## Notes to the financial statements (Continued)

for the period from February 12, 2021 to March 31, 2021

(Currency: Indian rupees in thousand)

### 1.4 Financial Instruments (Continued)

#### Derecognition of financial assets and financial liabilities

##### Derecognition of financial asset (Continued)

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

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition.

##### Derecognition of financial liabilities

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

##### Impairment of financial assets

The Company records provisions based on expected credit loss model ("ECL") on all, in this section all referred to as "Financial instrument". Equity instruments are not subject to impairment.

##### Fair value of financial instruments

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

##### Write-offs

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

### 1.5 Property, plant and equipment

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

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

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





# Edelweiss Capital Services Limited

## Notes to the financial statements (Continued)

for the period from February 12, 2021 to March 31, 2021

(Currency: Indian rupees in thousand)

### 1.5 Property, plant and equipment (Continued)

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

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

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

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

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

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

### Intangible fixed assets

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

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

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

### 1.6 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks, which are subject to an insignificant risk of changes in value.



# Edelweiss Capital Services Limited

## Notes to the financial statements (Continued)

for the period from February 12, 2021 to March 31, 2021

(Currency: Indian rupees in thousand)

### 1.7 Income tax expenses

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

#### Current tax

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

#### Deferred tax

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

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

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

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

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

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

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

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





# Edelweiss Capital Services Limited

## Notes to the financial statements (Continued)

for the period from February 12, 2021 to March 31, 2021

(Currency: Indian rupees in thousand)

### 1.7 Earnings per share

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

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

### 1.8 Provisions and other contingent liabilities

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

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

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

### 1.9 Retirement and other employee benefits:

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

#### *Provident fund and national pension scheme*

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

#### *Gratuity*

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



# Edelweiss Capital Services Limited

## Notes to the financial statements (Continued)

for the period from February 12, 2021 to March 31, 2021

(Currency: Indian rupees in thousand)

### 1.10 Retirement and other employee benefits:

#### *Gratuity (Continued)*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods. Such benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

#### *Compensated leave absences*

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

### 1.11 Significant accounting judgements, estimates and assumptions

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

### 1.12 Standards issued but not yet effective

There are no standard issued but not effective





**Edelweiss Capital Services Limited****Notes to the financial statements (Continued)**

(Currency : Indian rupees in thousand)

**2.1 Property, Plant and Equipment**

| Description of Assets                | Gross Block                |                                |                                |                         | Accumulated Depreciation and Impairment |                          |                                |                         | Net Block               |
|--------------------------------------|----------------------------|--------------------------------|--------------------------------|-------------------------|---|--------------------------|--------------------------------|-------------------------|-------------------------|
|                                      | As at<br>February 12, 2021 | Additions during<br>the period | Disposals during<br>the period | As at March 31,<br>2021 | As at<br>February 12,<br>2021           | Charge for the<br>period | Disposals during<br>the period | As at March 31,<br>2021 | As at March 31,<br>2021 |
| <b>Property, Plant and Equipment</b> |                            |                                |                                |                         |   |                          |                                |                         |                         |
| Computers                            | -                          | 159                            | -                              | 159                     | -                                       | 5                        | -                              | 5                       | 154                     |
| <b>Total</b>                         | -                          | 159                            | -                              | 159                     | -                                       | 5                        | -                              | 5                       | 154                     |



## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

|   | As at<br>March 31, 2021 |
|---|-------------------------|
| <b>2.2 Current tax assets (net)</b>                                 |                         |
| Advance income taxes  | 110                     |
|   | <u>110</u>              |
| <b>2.3 Cash and cash equivalents</b>                                |                         |
| Balances with banks   |                         |
| - in current accounts   | 6,569                   |
| - in fixed deposits with original maturity less than 3 months       | 5,00,000                |
| - Accrued interest on fixed deposits                                | 32                      |
|   | <u>5,06,601</u>         |
| * Fixed deposit with bank earns interest at fixed rate.             |                         |
| <b>2.4 Other financial assets- current</b>                          |                         |
| Unsecured, considered good  |                         |
| Advances recoverable in cash or in kind or for value to be received | 2,132                   |
|   | <u>2,132</u>            |
| <b>2.5 Other non-financial assets</b>                               |                         |
| (Unsecured Considered good, unless stated otherwise)                |                         |
| Input tax credit  | 35                      |
| Vendor Advances   | 5                       |
|   | <u>40</u>               |





## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

|  | As at<br>March 31, 2021 |
|--|-------------------------|
| <b>2.6 Equity share capital</b>                        |                         |
| Authorised :   |                         |
| 6,00,00,000 Equity Shares of Re.10 each                | 6,00,000                |
|  | <u>6,00,000</u>         |
| Issued, Subscribed and Paid up:                        |                         |
| 5,20,00,000 Equity shares of Re.10 each, fully paid-up | 5,20,000                |
|  | <u>5,20,000</u>         |

**a. Movement in share capital :**

|  | As at March 31, 2021 |                 |
|--|----------------------|-----------------|
|  | No of shares         | Amount          |
| Outstanding at the beginning of the period | -                    | -               |
| Shares issued during the period            | 5,20,00,000          | 5,20,000        |
| Outstanding at the end of the period       | <u>5,20,00,000</u>   | <u>5,20,000</u> |

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

|  | As at March 31, 2021 |                 |             |
|--|----------------------|-----------------|-------------|
|  | No of shares         | Amount          | %           |
| Edelweiss Financial Services Limited, Holding Company      | 2,65,20,000          | 2,65,200        | 51%         |
| Edelweiss Securities Limited, associate of Holding Company | 2,54,80,000          | 2,54,800        | 49%         |
|  | <u>5,20,00,000</u>   | <u>5,20,000</u> | <u>100%</u> |

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

|  | As at March 31, 2021 |                 |             |
|--|----------------------|-----------------|-------------|
|  | No of shares         | Amount          | %           |
| Edelweiss Financial Services Limited, Holding Company      | 2,65,20,000          | 2,65,200        | 51%         |
| Edelweiss Securities Limited, associate of Holding Company | 2,54,80,000          | 2,54,800        | 49%         |
|  | <u>5,20,00,000</u>   | <u>5,20,000</u> | <u>100%</u> |

**d. Terms/rights attached to equity shares :**

The Company has only one class of equity shares referred to as equity shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

|     |                   | As at<br>March 31, 2021 |
|-----|-------------------|-------------------------|
| 2.7 | Other Equity      |                         |
|     | Retained Earnings | (16,220)                |
|     |                   | <u>(16,220)</u>         |

#### A) Nature and purpose of Reserves

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

#### B) Movement in Other Equity

##### Retained Earnings

Opening Balance

Add: Loss for the period

Add: Other comprehensive income for the period

Amount available for appropriation

Appropriations:

Total

(16,024)

(196)

(16,220)

-

(16,220)





## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

|  | As at<br>March 31, 2021 |
|--|-------------------------|
| <b>2.8 Trade Payables</b>  |                         |
| Total outstanding dues of micro enterprises and small enterprises (refer note 2.18)    | -                       |
| Total outstanding dues to creditors other than micro enterprises and small enterprises | 569                     |
|  | <u>569</u>              |
| <b>2.9 Other financial liabilities</b>   |                         |
| Other payables   | 83                      |
| Others   |                         |
| Accrued salaries and benefits  | 4                       |
|  | <u>87</u>               |
| <b>2.10 Other current liabilities</b>  |                         |
| Others   |                         |
| Statutory liabilities*   | 1,619                   |
|  | <u>1,619</u>            |
| * Includes withholding taxes, other taxes payable                                      |                         |
| <b>2.11 Provisions - current</b>   |                         |
| Provision for employee benefits  |                         |
| Compensated leave absences   | 371                     |
| Gratuity short term  | 2,611                   |
|  | <u>2,982</u>            |



## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

For the period from  
February 12, 2021 to  
March 31, 2021

#### 2.12 Interest Income

|                                |              |
|--------------------------------|--------------|
| Interest on deposits with bank | 1,473        |
|                                | <u>1,473</u> |

#### 2.13 Employee benefit expenses

|  |              |
|--|--------------|
| Salaries and wages   | 4,950        |
| Contribution to provident and other funds                        | 39           |
| Expense on share based payments - refer note below               | 25           |
| Expense on Employee Stock Appreciation Rights - refer note below | 57           |
|  | <u>5,071</u> |

##### Note:

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

#### 2.14 Other expenses

|   |               |
|---|---------------|
| Auditors' remuneration (refer note below) | 120           |
| Communication                             | 89            |
| Legal and professional fees               | 3             |
| Computer expenses                         | 265           |
| Computer software                         | 2             |
| Dematerialisation charges                 | 25            |
| Membership and subscription               | 0             |
| Office expenses                           | 10            |
| ROC Expenses                              | 4,565         |
| Goods & Service tax expenses              | 0             |
| Stamp duty                                | 1,196         |
| Stock exchange expenses                   | 5,515         |
| Travelling and conveyance                 | 629           |
| Miscellaneous expenses                    | 2             |
|   | <u>12,421</u> |

##### Auditors' remuneration:

|                    |            |
|--------------------|------------|
| As Auditors        |            |
| Audit fees         | 100        |
| Certification fees | 20         |
|                    | <u>120</u> |





## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

#### 2.15 Earnings per share

| In accordance with Indian Accounting Standard 33 on Earnings per share as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below: |   |   |
|---|---|---|
|   | Particulars   | For the period from<br>February 12, 2021 to<br>March 31, 2021 |
| a)  | Loss after tax (as per Statement of Profit and Loss)  | (16,024)  |
|   | Less: dividend on preference share including dividend distribution tax  | -   |
|   | Net loss for the period attributable to equity shareholders   | (16,024)  |
| b)  | Calculation of weighted average number of equity Shares of Rs. 10 each  |   |
|   | Number of shares outstanding at the beginning of the period   | -   |
|   | Number of Shares issued during the period   | 5,20,00,000   |
|   | Total number of equity shares outstanding at the end of the period  | 5,20,00,000   |
|   | Weighted average number of equity shares outstanding during the period (based on the date of issue of shares) | 5,20,00,000   |
| c)  | Basic and diluted earnings per share (in rupees) (a)/(b)  | (0.31)  |

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

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

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

#### 2.16 Segment reporting

The Company has not yet started its operations. Hence the Company has no reportable business segment

#### 2.17 Contingent liabilities and capital commitments

The Company has no contingent liabilities and capital commitment as at balance sheet date.

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

Trade Payables includes ₹ Nil payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006.

No interest has been paid / is payable by the Company during the period to "Suppliers" registered under this Act. The afore mentioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act



## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

2.19 Disclosure as required by Indian Accounting Standard 24 – "Related Party Disclosure", as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 :

- (i) **Names of related parties by whom control is exercised**  
 Edelweiss Financial Services Limited (Upto March 15, 2021) Ultimate Holding company  
 Edelweiss Financial Services Limited (w.e.f. March 16, 2021) Holding company  
 Edelweiss Securities Limited (upto March 15, 2021) Holding company
- (ii) **Investor who exercises significant influence over the Company**  
 Edelweiss Securities Limited (w.e.f 16 March 2021)
- (iii) **Fellow Subsidiary with whom transactions have taken place**  
 Edelweiss Custodial Services Limited (upto 26 March 2021)  
 ECap Equities Limited  
 Edelweiss Rural & Corporate Services Limited  
 ECL Finance Limited
- (iv) **Key Managerial Personnel**  
 Anand Lalla (from March 10, 2021 to March 31, 2021) Executive Director  
 Atul Badkar (from March 10, 2021 to March 31, 2021) Executive Director
- (v) **Transactions with related parties :**

For the period from February 12, 2021 to March 31, 2021

| Sr. No | Particulars   | Holding Company /<br>Ultimate Holding<br>Company | Fellow Subsidiary | Investor exercising<br>significant influence | Key Managerial<br>Personnel |
|--------|---|--|-------------------|--|-----------------------------|
|        | <b>Capital account transactions during the period</b>   |  |                   |  |                             |
| 1      | Issue of equity shares to:<br>Edelweiss Securities Limited                                    | 5,20,000   | -                 | -  | -                           |
|        | <b>Current account transaction</b>  |  |                   |  |                             |
| 2      | Cost reimbursement paid to<br>Edelweiss Financial Services Limited                            | 30   | -                 | -  | -                           |
|        | Edelweiss Securities Limited*   | -  | -                 | 0  | -                           |
|        | Ecap Equities Limited*  | -  | 0                 | -  | -                           |
|        | Edelweiss Rural & Corporate Services Limited  | -  | 8                 | -  | -                           |
|        | ECL Finance Limited*  | -  | 0                 | -  | -                           |
| 3      | Fixed assets purchased from<br>Edelweiss Custodial Services Limited                           | -  | 159               | -  | -                           |
| 4      | Expense on Employee Stock Appreciation Rights paid to<br>Edelweiss Financial Services Limited | 57   | -                 | -  | -                           |
| 5      | Expense on ESOP paid to<br>Edelweiss Financial Services Limited                               | 25   | -                 | -  | -                           |
| 6      | Remuneration paid to KMP<br>Anand Lalla   | -  | -                 | -  | 200                         |
|        | Atul Badkar   | -  | -                 | -  | 1,517                       |
|        | <b>Balances with related parties</b>  |  |                   |  |                             |
| 7      | Other Reimbursements (ESOP) payable to<br>Edelweiss Financial Services Limited                | 83   | -                 | -  | -                           |
| 8      | Other Reimbursements recovered from<br>Edelweiss Custodial Services Limited                   | -  | 2,132             | -  | -                           |
| 9      | Trade payable to<br>Edelweiss Financial Services Limited                                      | 35   | -                 | -  | -                           |
|        | Edelweiss Securities Limited*   | -  | -                 | 0  | -                           |
|        | Ecap Equities Limited*  | -  | 0                 | -  | -                           |
|        | Edelweiss Rural & Corporate Services Limited  | -  | 9                 | -  | -                           |
|        | ECL Finance Limited*  | -  | 0                 | -  | -                           |
|        | Edelweiss Custodial Services Limited  | -  | 187               | -  | -                           |

\* ₹ 0 refers to amount less than ₹ 500

**Note:**

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





## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

#### 2.20 Disclosure pursuant to Indian Accounting Standard 19 - Employee Benefits

##### A) Defined contribution plan (Provident fund)

Amount of ₹ 37 thousand is recognised as expenses in "Employee benefit expenses" – note 2.13 in the statement of profit and loss.

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

##### B) Defined benefit plan (Gratuity)

###### Expenses recognised in the statement of profit and loss

|  | For the period ended<br>March 31, 2021 |
|--|--|
| Service cost   |  |
| a. Current service cost                                | 157                                    |
| b. Past service cost                                   | -                                      |
| c. Loss/ (Gain) from Settlement                        | -                                      |
| Net interest on net defined benefit liability/ (asset) | 126                                    |
| Changes in foreign exchange rates                      | -                                      |
| Employer Expense/ (Income)                             | 283                                    |

###### Net liability/(assets) recognized in the balance sheet

|   | As at<br>March 31, 2021 |
|---|-------------------------|
| Present value of defined benefit obligation (DBO)       | 2,611                   |
| Fair value of plan assets                               | -                       |
| Net (assets)/liability recognised in the balance sheet  | -                       |
| Funded status [Surplus/ (Deficit)]                      | -                       |
| Of which, Short term provision                          | 656                     |
| Experience adjustment on plan liabilities: (Gain) /Loss | 65                      |

###### Reconciliation of Defined benefit obligation

|   | As at<br>March 31, 2021 |
|---|-------------------------|
| Present value of DBO at start of the year                   | -                       |
| Transfer In/(Out)   | 2,132                   |
| Interest cost   | 126                     |
| Current service cost  | 157                     |
| Benefits paid   | -                       |
| Past service cost   | -                       |
| Actuarial (gain)/loss on changes in demographic assumptions | 142                     |
| Actuarial (gain)/loss on obligations                        | 119                     |
| Actuarial (gain)/loss on experience of past years           | (65)                    |
| Present value of DBO at the end of the year                 | 2,611                   |



## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

#### 2.20 Disclosure pursuant to Indian Accounting Standard 19 - Employee Benefits (Continued)

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

###### Movement in Other Comprehensive Income

|   | March 31, 2021 |
|---|----------------|
| Balance at start of year (Loss)/ Gain   | -              |
| Re-measurement on DBO   | -              |
| a. Actuarial (Loss)/Gain from changes in demographic assumptions  | (142)          |
| b. Actuarial (Loss)/Gain from changes in financial assumptions  | (119)          |
| c. Actuarial (Loss)/Gain from experience over the past years  | 65             |
| Re-measurement on Plan Assets   | -              |
| Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset) | -              |
| Re-measurement on Asset Ceiling   | -              |
| Changes in the effect of limiting a net defined benefit asset to the asset ceiling                            | -              |
| Balance at the end of period (Loss)   | (196)          |

###### Sensitivity Analysis

|  | March 31, 2021    |
|--|-------------------|
| <b>DOB increases / (decreases ) by</b>               |                   |
| 1 % Increase in Salary Growth Rate                   | 42                |
| 1 % Decrease in Salary Growth Rate                   | (39)              |
| 1 % Increase in Discount Rate                        | (40)              |
| 1 % Decrease in Discount Rate                        | 43                |
| 1 % Increase in Withdrawal Rate                      | (3)               |
| 1 % Decrease in Withdrawal Rate                      | 3                 |
| Mortality (Increase in expected lifetime by 1 year)* | Negligible change |
| Mortality (Increase in expected lifetime by 3 year)* | Negligible change |

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

|                                     | March 31, 2021 |
|-------------------------------------|----------------|
| Surplus/ (Deficit) at start of year | -              |
| Net (Acquisition)/ Divestiture      | -              |
| Net Transfer (In)/ Out              | (2,132)        |
| Movement during the year            | -              |
| Current Service Cost                | (157)          |
| Past Service Cost                   | -              |
| Net interest on net DBO             | (126)          |
| Changes in Foreign Exchange Rates   | -              |
| Re-measurement                      | (196)          |
| Contributions/ Benefits             | -              |
| Surplus / (Deficit) at end of year  | (2,611)        |

###### Principal actuarial assumptions at the balance sheet date

|   | For the period ended<br>March 31, 2021 |
|---|--|
| Discount rate   | 5% p.a.                                |
| Salary escalation                                     | 7% p.a.                                |
| Interest Rate on Net DBO/ (Asset)                     | 5.9% p.a.                              |
| Withdrawal Rate                                       | 25% p.a.                               |
| Mortality rate  | LM 2012-14 (Ultimate)                  |
| Expected average remaining working lives of employees | 3 years                                |





# **Edelweiss Capital Services Limited**

## **Notes to the financial statements (Continued)**

(Currency : Indian rupees in thousand)

### **2.21 Analysis of non-derivative financial liabilities by remaining contractual maturities**

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

| As at March 31, 2021   | On demand | 1 to 14 days | 15 days to 1 month | 1 month to 2 months | 2 months to 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 3 years | 3 years to 5 years | Over 5 years | Total |
|--|-----------|--------------|--------------------|---------------------|----------------------|----------------------|--------------------|-------------------|--------------------|--------------|-------|
| Trade payables   | -         | 569          | -                  | -                   | -                    | -                    | -                  | -                 | -                  | -            | 569   |
| Other financial liabilities                                    | -         | 87           | -                  | -                   | -                    | -                    | -                  | -                 | -                  | -            | 87    |
| <b>Total undiscounted non-derivative financial liabilities</b> | -         | 656          | -                  | -                   | -                    | -                    | -                  | -                 | -                  | -            | 656   |

### **Analysis of non-derivative financial assets by remaining contractual maturities**

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

| As at March 31, 2021                             | On demand | 1 to 14 days | 15 days to 1 month | 1 month to 2 months | 2 months to 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 3 years | 3 years to 5 years | Over 5 years | Total    |
|--|-----------|--------------|--------------------|---------------------|----------------------|----------------------|--------------------|-------------------|--------------------|--------------|----------|
| Cash and cash equivalent and other bank balances | 5,06,601  | -            | -                  | -                   | -                    | -                    | -                  | -                 | -                  | -            | 5,06,601 |
| Other financial assets                           | -         | -            | -                  | -                   | 2,132                | -                    | -                  | -                 | -                  | -            | 2,132    |
| <b>Total</b>                                     | 5,06,601  | -            | -                  | -                   | 2,132                | -                    | -                  | -                 | -                  | -            | 5,08,733 |



## Edelweiss Capital Services Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousand)

**2.22** The Company has entered into an agreement dated March 17, 2021 with Edelweiss Custodial Services Limited ('ECDSL'), an associate entity, to purchase the business of being a custodian of securities and designated depository participant, and securities lending and borrowing ('Transfer business') from ECDSL, for a consideration as defined in the agreement. The net worth of the said Transfer business as at March 31, 2021, is ₹ 101,309 thousand.

### **2.23 COVID 19**

The outbreak of COVID - 19 pandemic has affected several countries across the world, including India. The Government is undertaking several measures to restrict the spread of virus and provide financial support to some stressed sectors. Further, while the COVID-19 vaccination efforts have gained momentum, uncertainty due to the resurgence of COVID cases across many parts of India is rising. The extent to which COVID-19 pandemic will impact the Company, if any, depends on future spread of the virus and related developments, which are uncertain at this point of time. There has been no material change in the controls or processes followed in the preparation of the financial statements of the Company.

In preparing the accompanying financial statements, the Company's management has view that there is no material impact of the pandemic on its operations and its assets as at March 31, 2021, as the Company is yet to commence its operations.

### **2.24 Prior period comparative**

The Company presents its first financial statements which cover a period from the date of incorporation till the balance sheet date and hence previous year's figures are not available for comparative presentation. The financial statements have been prepared for the period from February 12, 2021 to March 31, 2021.

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration Number: 119850W



R.P. Soni

Partner

Membership No: 104796

Mumbai

May 25, 2021



For and on behalf of the Board of Directors



Anand Lalla

Executive Director

DIN : 02891270

Mumbai

May 25, 2021



Atul Badkar

Executive Director

DIN : 08063582

