

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Edelweiss Securities and Investments Private Limited  
(formerly known as Magnolia Commodities Services Private Limited)

**Report on the Audit of the Ind AS Financial Statements****Opinion**

We have audited the accompanying Ind AS financial statements of **Edelweiss Securities and Investments Private Limited (formerly known as Magnolia Commodities Services Private 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 year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

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

**Basis for Opinion**

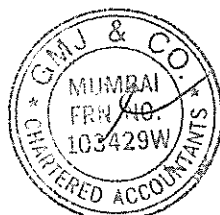
We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements'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

**Other Information**

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

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the



financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management for the Ind AS Financial Statements**

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

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

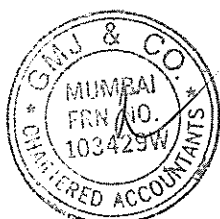
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

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



that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

#### **Other Matter**

The comparative Ind AS financial statements of the Company for the year ended March 31, 2020 included in these standalone Ind AS financial statements, have been audited by the predecessor auditor, who issued unmodified opinion on those financial statements on June 26, 2020.

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

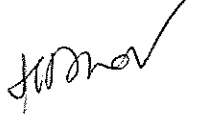
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 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 and according to the information and explanation given to us, no remuneration has been paid by the Company to its directors during the current year;



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

- i. the Company 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 **GMJ & Co.**  
Chartered Accountants  
Firm Registration No. 103429W

  
Haridas Bhat  
Partner  
Membership No.: 039070



UDIN: 21039070AAAAJW8272

Place: Mumbai  
Date: June 3, 2021

**Annexure A to the Auditors' Report**

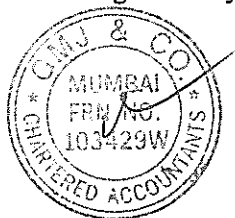
**The Annexure referred to in our Independent Auditors' Report to the members of Edelweiss Securities and Investments Private Limited (formerly known as Magnolia Commodities Services Private Limited) ('the Company') on the financial statements for the year ended March 31, 2021, we report that:**

- (i) Based on our examination of documents and records, the Company does not own any fixed assets as at balance sheet date. Therefore, the provisions of clause 3(i)(a) to 3(i)(c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (ii) The Company has conducted physical verification of inventory on the basis of statement received from depository participants in respect of securities and vault receipts in respect of commodities held as inventory, at reasonable intervals during the year. No material discrepancies have been noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of investments made have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any activities conducted and services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, services tax, sales tax, value added tax, goods and service tax, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, duty of excise and duty of custom.

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

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

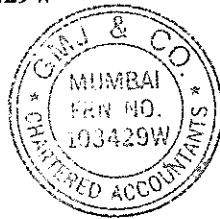
- (viii) In our opinion, and according to information and explanations given to us, the Company has not defaulted in repayment of dues to its financial institution. Further, the Company does not have any loans or borrowings from any banks, debenture holders and government.



- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, during the year, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given 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 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 year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Haridas Bhat  
Partner  
Membership No.:039070



UDIN: 21039070AAAAJW8272

Place: Mumbai  
Date: June 3, 2021

**Annexure B to the Auditors' Report**

**Annexure B the Independent Auditor's report of even date on the financial statements of Edelweiss Securities and Investments Private Limited (formerly known as Magnolia Commodities Services Private 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 Securities and Investments Private Limited (formerly known as Magnolia Commodities Services Private Limited) ("the Company")** as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

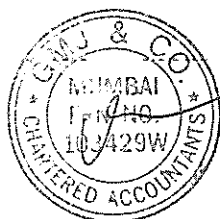
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS Financial Statements**

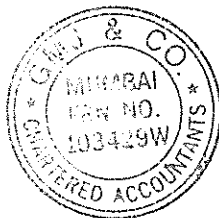
Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS 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 Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements 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 GMJ & Co.  
Chartered Accountants  
Firm Registration No. 103429W

Haridas Bhat  
Partner  
Membership No.:039070



UDIN: 21039070AAAAJW8272

Place: Mumbai  
Date: June 3, 2021



**Edelweiss Securities and Investments Private Limited**  
(Formerly known as Magnolia Commodities Services Private Limited)

**Balance Sheet**

(Currency : Indian rupees in millions)

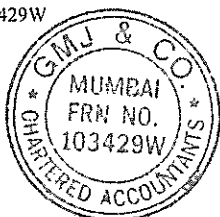
	Note	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets			
(i) Investments	7	950.47	-
(ii) Bank balances other than cash and cash equivalents	8	-	0.13
Current tax assets (net)	9	20.65	30.85
Deferred tax assets (net)	10	105.02	119.00
		<b>1,076.14</b>	<b>149.98</b>
<b>Current assets</b>			
Financial assets			
(i) Stock in trade	11	6.55	2,098.01
(ii) Trade receivables	12	0.33	9.64
(iii) Cash and cash equivalents	13	2.71	5.80
(iv) Bank balances other than cash and cash equivalents	14	0.14	-
(v) Loans	15	293.70	479.45
(vi) Other financial assets	16	0.05	1.63
Other current assets	17	46.69	20.30
		<b>350.17</b>	<b>2,614.83</b>
<b>TOTAL ASSETS</b>		<b>1,426.31</b>	<b>2,764.81</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	18	1.57	1.57
Other equity	19	787.59	758.76
		<b>789.16</b>	<b>760.33</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	20	424.21	1,308.60
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	39	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	21	195.76	2.32
Other financial liabilities	22	-	1.27
Other current liabilities	23	14.91	660.01
Current tax liabilities (net)	24	2.27	32.28
		<b>637.15</b>	<b>2,004.48</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,426.31</b>	<b>2,764.81</b>

Significant accounting policies and notes forming part of the financial statements. 1 to 47

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

**For GMJ & Co.**  
Chartered Accountants  
Firm's Registration No.: 103429W

**Haridas Bhat**  
Partner  
Membership No: 039070  
Mumbai  
3 June 2021



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

**Atul Bapna**  
Non-executive Director  
DIN- 07376744  
Mumbai  
3 June 2021

**Prashant Mody**  
Non-executive Director  
DIN:03101048



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Statement of Profit and Loss

(Currency : Indian rupees in millions)

	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue from operations</b>			
Fee and commission income	25	0.07	-
Net gain on fair value changes	26	278.74	285.71
Dividend income	27	0.18	0.01
Interest income	28	85.46	61.71
Sale of commodity		447.74	563.98
<b>Total revenue from operations</b>		<b>812.19</b>	<b>911.41</b>
 Other income	29	 1.35	 4.44
<b>Total income</b>		<b>813.54</b>	<b>915.85</b>
 <b>Expenses</b>			
Purchases of commodity		447.68	563.91
Employee benefits expense	30	-	1.00
Finance costs	31	35.77	49.55
Depreciation, amortisation and impairment	32	1.16	-
Impairment on financial instruments	33	81.35	15.53
Other expenses	34	173.72	49.42
<b>Total expenses</b>		<b>739.68</b>	<b>679.41</b>
 <b>Profit before tax</b>		<b>73.86</b>	<b>236.44</b>
<b>Tax expenses:</b>			
Current tax		31.05	35.64
Deferred tax		13.99	30.64
 <b>Profit for the year</b>		<b>28.82</b>	<b>170.16</b>
 <b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>28.82</b>	<b>170.16</b>
 <b>Earnings per equity share (Face value of Rs. 10 each):</b>	38		
Basic (in Rupees)		183.82	1,453.56
Diluted (in Rupees)		183.82	1,453.56

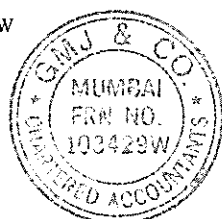
Significant accounting policies and notes forming part of the financial statements.

1 to 47

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

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

Haridas Bhat  
Partner  
Membership No: 039070  
Mumbai  
3 June 2021



For and on behalf of the Board of Directors

Atul Bapna  
Non-executive Director  
DIN- 07376744  
Mumbai  
3 June 2021

Prashant Mody  
Non-executive Director  
DIN:03101048



# Edelweiss Securities and Investment Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Cash Flow Statement

(Currency: Indian rupees in millions)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A Cash flow from operating activities</b>		
Profit before taxation	73.86	236.44
<i>Adjustments for</i>		
Depreciation	1.16	-
Fair value of financial instruments	(15.87)	14.67
Impairment on financial instruments - loans	81.35	15.53
Interest income on loan	(62.53)	(42.20)
Interest income on CCDs	(0.42)	-
Interest expense	29.07	46.78
<b>Operating cash flow before working capital changes</b>	<b>106.62</b>	<b>271.22</b>
<i>Adjustments for working capital changes</i>		
Decrease / (increase) in trade receivables	9.31	(9.64)
Increase in fixed deposit and accrued interest thereon	(0.01)	(0.13)
Decrease / (Increase) in stock-in-trade	2,107.33	(2,038.43)
Decrease in derivative and other financial assets	1.58	192.60
Increase in other current assets	(26.39)	(4.85)
Increase / (decrease) in trade payables	193.45	(5.36)
(Decrease) / increase in other financial liabilities	(1.27)	1.27
(Decrease) / increase in other current liabilities and provisions	(645.10)	649.52
<b>Cash generated from / (used in) operations</b>	<b>1,745.52</b>	<b>(943.80)</b>
Income tax paid	(50.87)	(41.52)
<b>Net cash generated from / (used in) operating activities - A</b>	<b>1,694.65</b>	<b>(985.32)</b>
<b>B Cash flow from investing activities</b>		
Sale / (purchase) of property, plant and equipment, and intangible assets	(1.16)	-
Loan given (refer note)	107.03	(223.63)
Interest received	59.90	38.25
Sale / (Purchase) of investments	(950.05)	47.20
Settlement of partner's capital and current account	-	37.61
<b>Net cash (used in) investing activities - B</b>	<b>(784.28)</b>	<b>(100.57)</b>
<b>C Cash flow from financing activities</b>		
(Repayment of) / proceeds from borrowings other than debt securities (refer note)	(879.35)	1,132.94
Interest paid	(34.11)	(43.19)
<b>Net cash (used in) / generated from financing activities - C</b>	<b>(913.46)</b>	<b>1,089.75</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(3.09)</b>	<b>3.86</b>
Cash and cash equivalents at the beginning of the year	5.80	1.94
Cash and cash equivalents at the end of the year (Refer note 13)	2.71	5.80

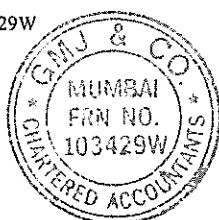
Note:

Net figures have been reported on account of volume of transactions.

This is the Cash Flow Statement referred to in our report of even date.

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

Haridas Bhat  
Partner  
Membership No: 039070  
Mumbai  
3 June 2021



For and on behalf of the Board of Directors

Atul Bapna

Atul Bapna  
Non-executive Director  
DIN- 07376744  
Mumbai  
3 June 2021

Prashant Mody  
Non-executive Director  
DIN:03101048



## Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

### Statement of Changes in Equity

(Currency: Indian rupees in millions)

#### (A) Equity share capital (refer note 18)

	As at	As at
	31 March 2021	31 March 2020
Balance at the beginning of the year	1.57	1.00
Changes in equity share capital	-	0.57
Balance at the end of the year	1.57	1.57

#### (B) Other equity (refer note 19)

	Capital Reserve	Retained earnings	Total
Balance at 1 April 2019 (Ind AS)	-	588.17	588.17
Reserve on account of merger	0.43	-	0.43
Profit for the year	-	170.16	170.16
Total comprehensive income for the year	-	170.16	170.16
Balance at 31 March 2020 (Ind AS)	0.43	758.33	758.76
Profit for the year	-	28.83	28.83
Total comprehensive income for the year	-	28.83	28.83
Balance at 31 March 2021 (Ind AS)	0.43	787.16	787.59

#### Capital Reserve:

The Company recognises profit and loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

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

For GMJ & Co.

Chartered Accountants

Firm's Registration No.: 103429W

Haridas Bhat

Partner

Membership No: 039070

Mumbai

3 June 2021



For and on behalf of the Board of Directors

Atul Bapna

Non-executive Director

DIN: 07376744

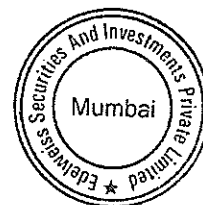
Mumbai

3 June 2021

Prashant Mody

Non-executive Director

DIN: 03101048



# **Edelweiss Securities and Investments Private Limited**

(Formerly Magnolia Commodities Services Private Limited)

## **Notes to the financial statements**

for the year ended 31 March 2021

### **1. Background**

Edelweiss Securities and Investments Private Limited was incorporated on 04 September 2009 as a private limited company.

The Company is a 100% subsidiary of Edelweiss Securities Limited (Holding Company) which in turn is a 100% subsidiary of Edelweiss Financial Services Limited (Ultimate Holding Company) and it does business of trading in equity shares, derivatives, debentures and commodities.

### **2. Basis of preparation of financial statements**

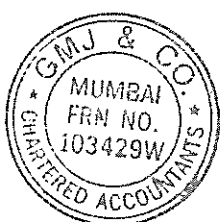
The Company's financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The Company's financial statements have been prepared on a historical cost basis, except for certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVTOCI) instruments, derivative financial instruments, fair value through profit and loss account and other financial assets held for trading, which have been measured at fair value. The Company's financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

#### **Estimation of uncertainties relating to the global health pandemic from 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 31 March 2021.



# Edelweiss Securities and Investments Private Limited

(Formerly Magnolia Commodities Services Private Limited)

## Notes to the financial statements

for the year ended 31 March 2021

### 3. Presentation of financial statements

The Company presents its balance sheet in compliance with the Division II of the Schedule III to the Companies Act, 2013.

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

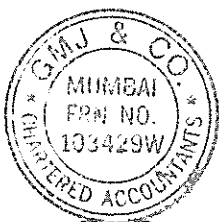
All assets and liabilities are classified into current and non-current.

#### Assets

An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 12 months after the reporting date or it is cash or cash equivalent unless it is restricted from being exchanged or expected to be used to settle a liability for at least 12 months after the reporting date. Current assets include the current portion of non-current assets. All other assets are classified as non-current.

#### Liabilities

A liability is classified as current when it is expected to be settled in the company's normal operating cycle or it is held primarily for the purpose of being traded or it is due to be settled within 12 months after the reporting date or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.



# Edelweiss Securities and Investments Private Limited

(Formerly Magnolia Commodities Services Private Limited)

## Notes to the financial statements

for the year ended 31 March 2021

### 4. Significant accounting policies

#### 4.1 Revenue recognition

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

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

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

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

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

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

4.1.3 Dividend income is recognised in statement of profit and loss when the Company's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, and the amount of the dividend can be measured reliably.

4.1.4 Profit / loss from share in partnership firm is accounted once the amount of the share of profit/ loss is ascertained and credited / debited to the Company's account in the books of the partnership firm.

4.1.5 Commodities sales are accounted as per the terms of agreement with parties.



# Edelweiss Securities and Investments Private Limited

(Formerly Magnolia Commodities Services Private Limited)

## Notes to the financial statements

for the year ended 31 March 2021

### 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 statement of profit and loss.

#### 4.2.3 Day 1 profit or loss

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

### 4.3 Classification of financial instruments

#### 4.3.1 Financial assets:

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

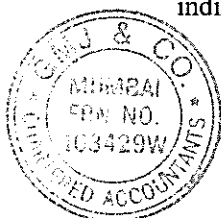
- Amortised cost
- Fair value through other comprehensive income [FVTOCI]
- Fair value through profit or loss [FVTPL]

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

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

Sale that occur for below reason are considered as consistent with business model whose objective is to hold financial assets in order to collect contractual cash flows

- if those sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).





# Edelweiss Securities and Investments Private Limited

(Formerly Magnolia Commodities Services Private Limited)

## Notes to the financial statements

for the year ended 31 March 2021

- If such sales are made close to maturity of financial asset and proceeds from sale approximate the collection of the remaining contractual cashflow.
- Selling a financial asset because of significant increase in credit risk.

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

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

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

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

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

### 4.3.1.2 Financial assets held for trading

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

### 4.3.1.3 Financial asset measured at FVOCI

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

### 4.3.1.4 Investment in equity instruments

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

### 4.3.2 Financial liabilities

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



# **Edelweiss Securities and Investments Private Limited**

(Formerly Magnolia Commodities Services Private Limited)

## **Notes to the financial statements**

for the year ended 31 March 2021

### **4.3.2.1 Debt securities and other borrowed funds**

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

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

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

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

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

### **4.3.2.3 Financial guarantee:**

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

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

### **4.3.2.4 Loan commitment**

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



# **Edelweiss Securities and Investments Private Limited**

(Formerly Magnolia Commodities Services Private Limited)

## **Notes to the financial statements**

for the year ended 31 March 2021

### **4.3.3 Financial liabilities and equity instruments**

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

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

### **4.3.4 Derivatives**

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

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

### **4.4 Reclassification of financial assets and liabilities**

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

### **4.5 Derecognition of financial assets and financial liabilities**

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

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

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

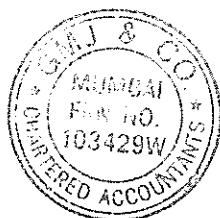
- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

#### **4.5.2 Derecognition of financial assets other than due to substantial modification**

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

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



# Edelweiss Securities and Investments Private Limited

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## Notes to the financial statements

for the year ended 31 March 2021

- 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 qualifies for derecognition if either:

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

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

### 4.5.3 Derecognition of financial liabilities

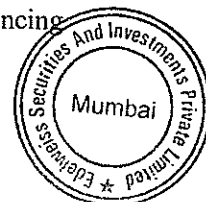
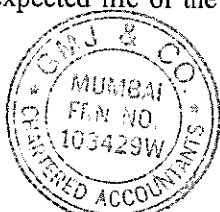
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

### 4.6 Impairment of financial assets

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

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



# Edelweiss Securities and Investments Private Limited

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## Notes to the financial statements

for the year ended 31 March 2021

component, the Company chooses as its accounting policy to measure the loss allowance by applying general approach to measure ECL.

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

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

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

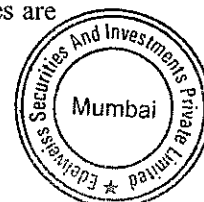
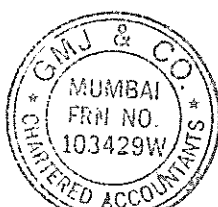
For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognises an impairment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

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

### 4.7 Collateral valuation

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

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



# Edelweiss Securities and Investments Private Limited

(Formerly Magnolia Commodities Services Private Limited)

## Notes to the financial statements

for the year ended 31 March 2021

### 4.8 Collateral repossessed

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

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

### 4.9 Write off

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

### 4.10 Forborne and modified loan

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

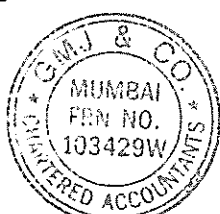
### 4.11 Determination of fair value

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset



# Edelweiss Securities and Investments Private Limited

(Formerly Magnolia Commodities Services Private Limited)

## Notes to the financial statements

for the year ended 31 March 2021

in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument’s life.
- Level 3 financial instruments –Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

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

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

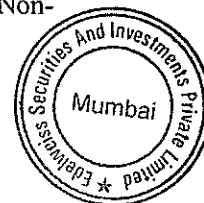
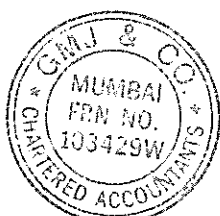
### 4.12 Earnings per share

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

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

### 4.13 Foreign currency transactions

The financial statements are presented in Indian Rupees. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-



# Edelweiss Securities and Investments Private Limited

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for the year ended 31 March 2021

monetary items that are measured in terms of historical cost in a foreign currency are not translated.

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

### 4.14 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.

### 4.15 Business Combination:

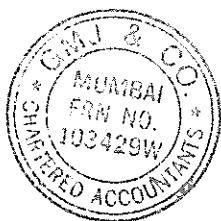
The acquisition method of accounting is used for business combinations by the Company. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values with certain limited exceptions. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

#### Business combination under common control:

Common control business combinations includes transactions, such as transfer of subsidiaries or businesses, between entities within a group. Company has accounted all such transactions based on pooling of interest method, which is as below:-

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities.
- The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve.





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for the year ended 31 March 2021

### 4.16 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.

### 4.17 Provisions and Contingent liabilities

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

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

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

### 4.18 Income tax expenses

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

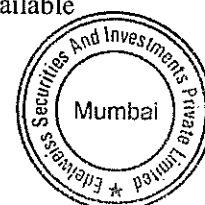
#### 4.18.1 Current tax

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

#### 4.18.2 Deferred tax

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

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



# Edelweiss Securities and Investments Private Limited

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for the year ended 31 March 2021

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

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

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

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

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

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

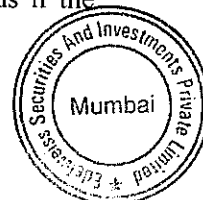
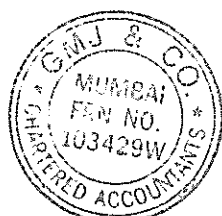
### 4.18.3 Minimum Alternative Tax (MAT) credit

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

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

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

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



# Edelweiss Securities and Investments Private Limited

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## Notes to the financial statements

for the year ended 31 March 2021

### 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 stand-alone financial statements.

#### a. Business model assessment

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

#### b. Significant increase in credit risk

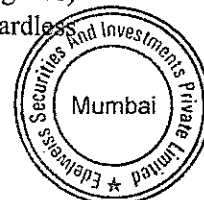
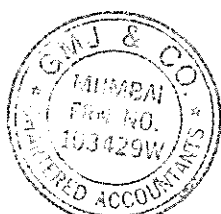
ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

### 5.2 Key sources of estimation uncertainty

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

#### a. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless



# Edelweiss Securities and Investments Private Limited

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## Notes to the financial statements

for the year ended 31 March 2021

of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

For Investments made into Security receipts (SRs), Company uses discounted cash flow model, given that the SRs are less liquid instruments. Expected cash flow levels including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, nature and value of collaterals, manner of resolution and other economic drivers. For any valuation which are based on models, Judgements and estimates are applied, which include considerations of liquidity, credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

### b. Impairment of financial assets

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

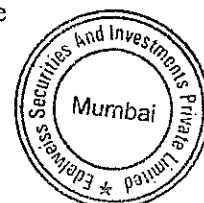
The Company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- PD calculation includes historical data, assumptions and expectations of future conditions.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EAD and LGD.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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

### c. Effective interest rate method

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



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## **Notes to the financial statements**

**for the year ended 31 March 2021**

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

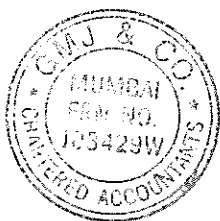
### **d. Accounting for deferred taxes**

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 and Investments Private Limited

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## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

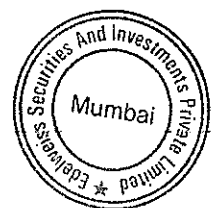
### 7 Investments

As at 31 March 2021

Particulars	At cost (subsidiaries, associates, and joint ventures)	Total
(i) Equity	100.05	100.05
(ii) Debt securities	850.42	850.42
<b>Total - gross (A)</b>	<b>950.47</b>	<b>950.47</b>
(i) Investments outside India	-	-
(ii) Investment in India	950.47	950.47
<b>Total (B)</b>	<b>950.47</b>	<b>950.47</b>
Less: allowance for impairment (C)	-	-
<b>Total net (A-C)</b>	<b>950.47</b>	<b>950.47</b>

As at 31 March 2020

Particulars	At cost (subsidiaries, associates, and joint ventures)	Total
(i) Equity	-	-
(ii) Preference shares	-	-
(iii) Investment in partnership firm	-	-
<b>Total - gross (A)</b>	<b>-</b>	<b>-</b>
(i) Investments outside India	-	-
(ii) Investment in India	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>
Less: allowance for impairment (C)	-	-
<b>Total net (A-C)</b>	<b>-</b>	<b>-</b>



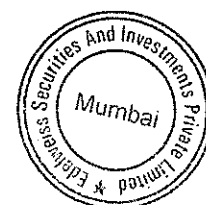
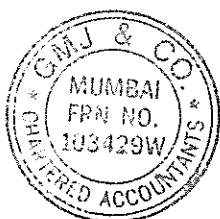
## Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

### Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

7 (a) Investments	As at 31 March 2021			As at 31 March 2020		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Investments in subsidiary (fully paid up, unquoted)						
Investments in equity						
Edelweiss Alternative Asset Advisors Limited	10	12,11,116	100.05	-	-	-
Investments in Compulsorily Convertible debentures (CCD)						
Edelweiss Alternative Asset Advisors Limited	10	8,50,00,000	850.00	-	-	-
Interest Accrued but not due on CCD			0.42			-
			-			-
			950.47			-



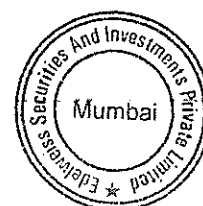
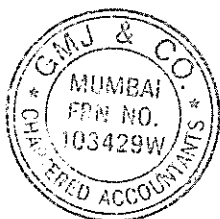
# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2021	As at 31 March 2020
<b>8 Bank balances other than cash and cash equivalents</b>		
- Long term deposits with banks	-	0.12
- Accrued interest on fixed deposits (other bank deposits with maturity less than 12 months)	-	0.01
	<u>-</u>	<u>0.13</u>
<b>9 Current tax assets (net)</b>		
Advance income taxes	20.65	30.85
	<u>20.65</u>	<u>30.85</u>
<b>10 Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
<u>Loans</u>		
Provision for standard assets - ECL provision	16.77	10.49
<u>Property, plant and equipment and intangibles</u>		
Difference between book and tax depreciation (including intangibles)*	0.24	-
<u>Investments and other financial instruments</u>		
Unrealised loss on derivatives	-	1.83
<u>Unused tax credit</u>		
MAT credit entitlement	88.11	97.17
<u>Unused tax losses</u>		
Accumulated losses	-	16.85
	<u>105.12</u>	<u>126.34</u>
<b>Deferred tax liabilities</b>		
<u>Investments and other financial instruments</u>		
Unrealised gain on derivatives	-	1.69
Fair valuation of investments and stock-in-trade - gain in valuation	0.10	5.65
	<u>0.10</u>	<u>7.34</u>
	<u>105.02</u>	<u>119.00</u>





# Edelweiss Securities and Investments Private Limited

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## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

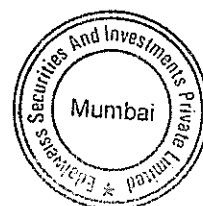
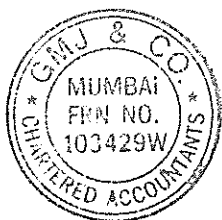
### 10 (i) Income tax disclosure

(a) The components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

Particulars	31 March 2021	31 March 2020
Current tax	32.08	41.98
Adjustment in respect of current income tax of prior years	(1.03)	(6.33)
Deferred tax relating to origination and reversal of temporary differences	4.92	133.34
Deferred tax recognised on unused tax credit or unused tax losses	9.06	(102.71)
<b>Total tax charge</b>	<b>45.03</b>	<b>66.28</b>
Current tax	31.05	35.65
Deferred tax	13.99	30.64

### (b) Reconciliation of total tax charge

Particulars	31 March 2021	31 March 2020
Accounting profit before tax as per financial statements	73.86	236.44
Tax rate (in percentage)	34.94%	34.94%
Income tax expense calculated based on this tax rate	25.80	82.61
Adjustment in respect of current income tax of prior years	(1.03)	(6.33)
Effect of non-deductible expenses:		
Others	18.62	0.96
Donation	(1.29)	
Effect of utilisation of tax losses or deferred tax assets on losses earlier recognised now considered not recoverable	3.58	(17.42)
Recognition of available tax credits	-	28.96
Impact of tax rate changes	-	3.68
Long term capital gain	-	(20.44)
Other	(0.65)	(5.74)
<b>Tax charge for the year recorded in statement of profit and loss</b>	<b>45.03</b>	<b>66.28</b>



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency : Indian rupees)

### 10 (i) Income tax disclosure (Continued)

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

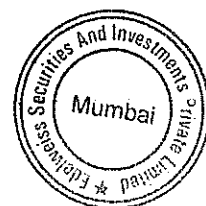
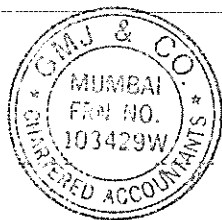
	Opening deferred tax asset / (liability) as per Ind AS	Movement for the period (2020-21)				Closing deferred tax asset / (liability) as per Ind AS
		Recognised in profit or loss	Recognised in other comprehensive income	Others	Total movement	
Deferred taxes in relation to:						
Fixed Assets	-	0.24	-	-	0.24	0.24
Accumulated Losses	16.85	(16.85)	-	-	(16.85)	-
MAT credit entitlement (current)	97.17	(9.06)	-	-	(9.06)	88.11
Unrealised loss on derivatives	1.83	(1.83)	-	-	(1.83)	-
Unused tax credits (including but not limited to Minimum Alternate Tax credit)	(1.69)	1.69	-	-	1.69	-
Fair valuation of investments and stock-in-trade - gain in valuation	(5.65)	5.55	-	-	5.55	(0.10)
Loans given	10.49	6.28	-	-	6.28	16.77
<b>Total</b>	<b>119.00</b>	<b>(13.98)</b>	<b>-</b>	<b>-</b>	<b>(13.98)</b>	<b>105.02</b>

	Opening deferred tax asset / (liability) as per Ind AS	Movement for the period (2019-20)				Closing deferred tax asset / (liability) as per Ind AS
		Recognised in profit or loss	Recognised in other comprehensive income	Others	Total movement	
Deferred taxes in relation to:						
Accumulated Losses	85.85	(69.00)	-	-	(69.00)	16.85
Unrealised loss on Derivatives	1.94	(0.11)	-	-	(0.11)	1.83
Loans given	4.94	5.54	-	0.01	5.56	10.49
MAT credit entitlement (current)	57.40	39.77	-	-	39.77	97.17
Fair valuation of investments and stock-in-trade - gain in valuation	(0.50)	(5.15)	-	-	(5.15)	(5.65)
Unused tax credits (including but not limited to Minimum Alternate Tax credit)	-	(1.69)	-	-	(1.69)	(1.69)
<b>Total</b>	<b>149.62</b>	<b>(30.64)</b>	<b>-</b>	<b>0.01</b>	<b>(30.62)</b>	<b>119.00</b>

Break-up of recognition of current tax	31 March 2021	31 March 2020
In P&L	31.05	35.65
In OCI	-	-

(d) Details of temporary differences where deferred tax assets have not been recognised in the balance sheet

As at 31 March 2021 Financial Year ending	Unused tax losses	
	Amount	Loss Expiry year
31 March 2021	6,00,00,000	31 March 2029
<b>Total</b>	<b>6,00,00,000</b>	



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 11 Stock in trade

#### At fair value through profit and loss

#### Particulars

Equity instruments

Debt securities

**Total**

Investments outside India

Stock in trade in India

**Total**

Less: Allowance for impairment

**Total**

As at  
31 March 2021

As at  
31 March 2020

5.40

1,020.00

1.15

1,078.01

6.55

2,098.01

-

-

6.55

2,098.01

6.55

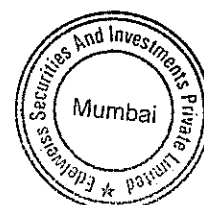
2,098.01

-

-

6.55

2,098.01



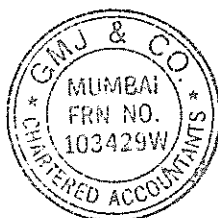
# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

11 (a) Stock in trade	As at 31 March 2021			As at 31 March 2020		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Securities</b>						
<b>Debentures and bonds (Quoted)</b>						
9.55% EDELWEISS COMMODITIES SERVICES LIMITED 06.08.2021 BONDS	-	-	-	-	-	746.97
Accrued Interest - On Debt Inst - Bonds	-	-	-	-	-	47.80
			-		-	794.76
<b>Equity (Unquoted)</b>						
National Stock Exchange of India Limited	1	5,000	5.40	1	10,00,000	1,020.00
			5.40		-	1,020.00
<b>Debt securities</b>						
Edelweiss Asset Reconstruction Company Ltd	-	-	-	1,00,000	2	0.23
Edelweiss Finance & Investments Ltd	1,000	450	0.66	1,00,000	100	10.37
Ecap Equities Ltd	-	-	-	1,00,000	25	3.08
Edelweiss Asset Reconstruction Company Ltd	-	-	-	1,00,000	2,500	269.42
Edelweiss Finvest Private Limited	-	-	-	1,00,000	20	0.01
Ecap Equities Ltd	-	-	-	1,00,000	10	0.15
ECL Finance Limited	1,000	692	0.49	-	-	-
			1,142.00		2,667.00	283.25
			1.15			
<b>Total</b>			<b>6.55</b>			<b>2,098.01</b>



**Edelweiss Securities and Investments Private Limited**  
(Formerly known as Magnolia Commodities Services Private Limited)

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

(Currency: Indian rupees in millions)

**12 Trade receivables**

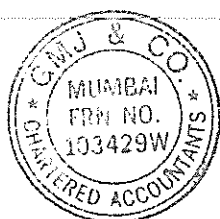
Receivables considered good - Unsecured	0.33	9.64
	<u>0.33</u>	<u>9.64</u>

**13 Cash and cash equivalents**

Balances with banks		
- in current accounts	2.71	5.80
	<u>2.71</u>	<u>5.80</u>

**14 Bank balances other than cash and cash equivalents**

- Short term deposits with banks	0.12	-
- Accrued interest on fixed deposits	0.02	-
(other bank deposits with maturity less than 12 months)	<u>0.14</u>	<u>-</u>



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 15 Loans

#### At amortised cost

Loans repayable on demand	287.18	460.19
Intercompany deposits placed*	35.00	35.00
Accrued interest on inter-company deposits	10.93	10.64
Accrued interest on loan	6.57	3.94

<b>Total Gross</b>	<b>339.68</b>	<b>509.77</b>
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Less: Impairment loss allowance	45.98	30.32
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<b>Total (Net)</b>	<b>293.70</b>	<b>479.45</b>
--------------------	---------------	---------------

<b>Unsecured</b>	<b>339.68</b>	<b>509.77</b>
------------------	---------------	---------------

<b>Total Gross</b>	<b>339.68</b>	<b>509.77</b>
--------------------	---------------	---------------

Less: Impairment loss allowance	45.98	30.32
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<b>Total (Net)</b>	<b>293.70</b>	<b>479.45</b>
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#### Loans in India

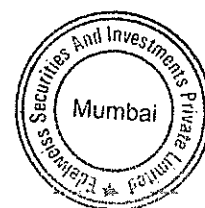
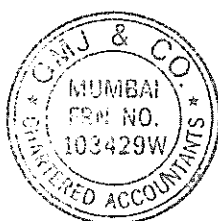
Others	339.68	509.77
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<b>Total Gross</b>	<b>339.68</b>	<b>509.77</b>
--------------------	---------------	---------------

Less: Impairment loss allowance	45.98	30.32
---------------------------------	-------	-------

<b>Total (Net)</b>	<b>293.70</b>	<b>479.45</b>
--------------------	---------------	---------------

\*Disclosure under section 186(4) of the companies Act, 2013 for loans and guarantee : ICD has been given for general business purpose



## Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

### Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

#### 15 Risk Management

##### 15.1. Introduction and risk profile

The Company provides a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. The Company's products and services span multiple asset classes and consumer segments across domestic and global geographies. The Company's key lines of business can broadly be classified as below

- o Credit (Retail Credit, Corporate Credit and Distressed Credit)
- o Franchise & Advisory (Wealth Management, Asset Management and Capital Markets)

The Company's diversified businesses acts as an inherent risk management mechanism. However, the prevailing market environment exposes the Company to various risks like credit, market, liquidity, compliance, technology amongst others. As the Company is regulated various regulators in the financial industry - from RBI to NHB to SEBI to IRDA, it also exposes it to regulatory and reputation risks.

##### 15.2. Risk management strategy:

The strategy at an execution level is supported by -

1. Four-tiered risk management structure to manage and oversee risks
2. Board and Executive Level Committees to review and approve risk exposures
3. Risk Management framework to ensure each risk the Group is exposed to is given due importance and managed through a well-defined framework and guidelines
4. Defined exposure limits and thresholds for businesses to operate
5. Well-defined Standard Operating Procedures and Product approval framework to ensure risks are mitigated at operational level
6. Adequate segregation of duties to ensure multi-layered checks and balances
7. Exception reporting framework to ensure process and policy deviations are adequately addressed

##### 15.3. Risk management structure

To support the risk strategy and effective risk management, the Company have the "Four-tiered risk management structure" to ensure that there are enough defences available to control all types of risk issues. The risk structure is enumerated below

1. Three lines of defense - for accountability, oversight, and assurance

Respective Businesses and Business Risk teams - the first line of defense own and manage the risks and are responsible for implementation of

- o the risk management framework
  - o Group risk - the second line of defense and is responsible for overseeing the risk and defining the risk management framework
  - o Corporate Controller and audit - the third line of defense to provide independent assurance of risk management framework implementation
2. Board and Executive level Committees - for overseeing the risk management. The current Risk Management Committees are
    - o Board Risk Committee
    - o Global Risk Committee
    - o Enterprise Risk Management Council
    - o Investment and Credit Committees

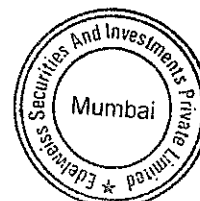
The Board Risk Committee is the overseeing body for Risk Management at the Group level. The Committee meets on regular interval to review the risk profile of the Company.

The Enterprise Risk Management (ERM) Council and the Global Risk Committee serve as the Apex Risk bodies of the Company. The constituents include Chairman & CEO, Executive Directors and Group Heads of Finance, Compliance, Technology, Risk, Corporate Services as its core members. The Committee meets regularly to identify, evaluate and mitigate potential extreme risks and take risk management decisions in relation to strategic matters

The Investment and Credit Committee serve as the Apex bodies of the Company for all credit related decisions. Respective businesses has formulated its own Investment and Credit Committees depending upon the exposure scale.

##### Risk management framework

The Company has a Risk Framework, which describes the risk management approach and provides clear accountability for managing risk across the Company. The framework is subject to continuous evaluation based on existing internal as well external environment.



## Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

### Notes to the financial statements (Continued)

(Currency : Indian rupees)

#### 15 Risk Management (Continued)

The current "Eleven risk framework" covers the following vectors of risks

- o Business Risk
- o Credit Risk
- o Market Risk
- o Liquidity Risk
- o Regulatory Risk
- o Reputation Risk
- o Technology Risk
- o Operational and Process Risk
- o Fraud Risk
- o People Risk
- o Physical and Infrastructure Risk

The Company uses different types of tools and techniques for mitigating risk, depending upon the type of risk and quantum. For example:

- o Financial risks are mitigated through thorough counterparty, client assessment before any exposure is taken, and defined product/program level risk limits to ensure exposure does not exceed risk appetite. Committee based approval mechanism is adopted to ensure high exposures are approved with adequate representation and there is no bias in approvals.
- o Non-financial risks viz technology, operational, fraud, etc are mitigated through process documentation defining clear ownership for each activity, having adequate system/process level controls like maker-checker, reconciliation, testing and reviews.
- o Enterprise level risks viz. reputation, compliance, regulatory, etc are controlled through policies and framework, educating employees through training and risk socialisation sessions.

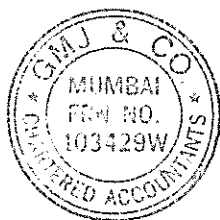
#### 15.4. Excessive risk concentration

Company's diversified business model acts as an inherent mechanism to avoid excessive concentrations of risk.

Single and Group level borrower limits for wholesale lending and program level limits for retail lending have been defined as a proactive risk measure to avoid excess credit concentration. Business risk team monitor these limits as part of its regular monitoring activity. Additionally, the risk team also keeps track of Group, Industry, Collateral, Geography (for retail) level exposure concentrations. These concentrations are reviewed as part of monthly risk review meetings and also discussed in the Credit Committee, so as to avoid further exposures or reduce exposures to sector/industry/group/geography under stress.

On the trading portfolio, limit structures have been put in place to address potential concentration risks within each trading portfolio. Any exposure beyond the approved limits and losses exceeding the VaR limits gets reported as an Exception to the Global Risk Committee and is monitored by the group and business risk teams.

The Company has a Board approved Risk Management Policy. The Company has a detailed claims processing manual in place.





# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 15.5 Loans at amortised cost

#### Credit Quality of Assets

Gross carrying amount of loan assets allocated to Stage I, Stage II, Stage III :

As at 31 March 2021

Performing/ Non performing	Group/ Non group	Stage I	Stage II	Stage III	Total
<b>Performing</b>					
High Grade	Group	293.75	-	-	293.75
High Grade	Non group	-	-	-	-
Standard grade	Group	-	-	-	-
Standard grade	Non group	-	-	-	-
Sub-Standard grade	Group	-	-	-	-
Sub-Standard grade	Non group	-	-	-	-
<b>Total</b>		<b>293.75</b>	<b>-</b>	<b>-</b>	<b>293.75</b>
<b>Non-Performing</b>					
Individually impaired	Group	-	-	-	-
Individually impaired	Non group	-	-	45.93	45.93
<b>Total</b>		<b>-</b>	<b>-</b>	<b>45.93</b>	<b>45.93</b>

ECL on Group Loan Rs (0.05)

ECL on Non-group Loan Rs (45.93)

Gross carrying amount of loan assets allocated to Stage I, Stage II, Stage III :

As at 31 March 2020

Performing/ Non performing	Group/ Non group	Stage I	Stage II	Stage III	Total
<b>Performing</b>					
High Grade	Group	464.13	-	-	464.13
High Grade	Non group	-	-	-	-
Standard grade	Group	-	-	-	-
Standard grade	Non group	-	-	45.64	45.64
Sub-Standard grade	Group	-	-	-	-
Sub-Standard grade	Non group	-	-	-	-
<b>Total</b>		<b>464.13</b>	<b>-</b>	<b>45.64</b>	<b>509.77</b>
<b>Non-Performing</b>					
Individually impaired	Group	-	-	-	-
Individually impaired	Non group	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

ECL on Group Loan Rs (0.66)

ECL on Non-group Loan Rs (29.67)



**Edelweiss Securities and Investments Private Limited**  
(Formerly known as Magnolia Commodities Services Private Limited)

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

(Currency: Indian rupees in millions)

**15.6 Loans at amortised cost**

**Credit Quality of Assets (Continued)**

Reconciliation of changes in gross carrying amount of loan assets and allowances for expected credit loss

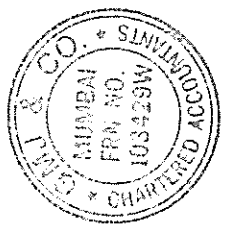
As at 31 March 2021

Particulars	Non Credit Impaired			Credit Impaired			Total
	Stage I Gross Carrying Amount	Stage I Allowance for ECL	Stage II Gross carrying Amount	Stage III Gross carrying Amount	Stage III Allowance for ECL	Total Gross carrying Amount	Total Allowance for ECL
Opening Balance	464.13	0.66	-	-	-	464.13	0.66
Opening Balance	-	-	-	-	29.67	45.64	29.67
Net new and further lending /repayments	(170.38)	(0.60)	-	-	-	(170.38)	(0.60)
Net new and further lending /repayments	-	-	-	-	0.29	0.29	16.26
ECL Allowance - Closing Balance	293.75	0.05	-	-	45.93	339.68	45.98

Reconciliation of changes in gross carrying amount of loan assets and allowances for expected credit loss

As at 31 March 2020

Particulars	Non Credit Impaired			Credit Impaired			Total
	Stage I Gross Carrying Amount	Stage I Allowance for ECL	Stage II Gross carrying Amount	Stage III Gross carrying Amount	Stage III Allowance for ECL	Total Gross carrying Amount	Total Allowance for ECL
Opening Balance	-	-	281.69	14.79	-	281.69	14.79
Stage II to Stage III	-	-	(281.69)	(14.79)	14.79	-	-
Net new and further lending /repayments	464.13	0.66	-	-	-	464.13	0.66
Net new and further lending /repayments	-	-	-	-	14.88	(236.05)	14.88
ECL Allowance - Closing Balance	464.13	0.66	-	-	29.67	509.77	30.32



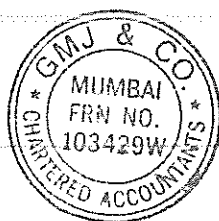
# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2021	As at 31 March 2020
<b>16 Other financial assets</b>		
<u>Unsecured, considered good</u>		
Deposits- others	0.05	0.04
Accrued interest on margin	-	1.57
Advances recoverable in cash or in kind or for value to be received (financial assets)*	0.00	0.02
(Note - *0.00 indicates amount less than Rs 5,000)		
	<u>0.05</u>	<u>1.63</u>
<b>17 Other current assets</b>		
<u>Unsecured, considered good</u>		
Input tax credit	46.42	20.01
Advances to others	-	0.07
Vendor advances	0.27	0.22
	<u>46.69</u>	<u>20.30</u>



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2021	As at 31 March 2020
<b>18 Equity share capital</b>		
Authorised :		
2,000,000 (Previous year: 2,000,000) Equity shares of Rs. 10 each	20.00	20.00
	<u>20.00</u>	<u>20.00</u>
Issued, Subscribed and Paid up:		
156,774 (Previous year: 156,774) Equity shares of Rs. 10 each	1.57	1.57
	<u>1.57</u>	<u>1.57</u>

	31 March 2021		31 March 2020	
a. Reconciliation of share capital:	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	1,56,774	1.57	1,00,000	1.00
Shares issued during the year	-	-	56,774	0.57
Outstanding at the end of the year	<u>1,56,774</u>	<u>1.57</u>	<u>1,56,774</u>	<u>1.57</u>

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

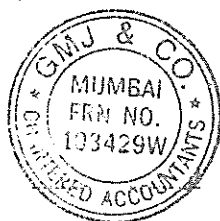
The Company has only one class of equity shares having a par value of Rs 10/-. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution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

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

	31 March 2021		31 March 2020	
	No of shares	%	No of shares	%
Equity shares of Rs. 10 each				
Edelweiss Financial Services Limited and its nominees	1,56,774	100%	-	-
Edelweiss Securities Limited and its nominees	-	-	1,56,774	100%
	<u>1,56,774</u>	<u>100%</u>	<u>1,56,774</u>	<u>100%</u>

### 19 Other equity

Capital Reserve - Opening balance	0.43	-
Add : Additions during the year	-	0.43
	<u>0.43</u>	<u>0.43</u>
Opening balance	758.33	588.17
Add: Profit for the year	28.83	170.16
	<u>787.16</u>	<u>758.33</u>
	<u>787.59</u>	<u>758.76</u>



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 20 Borrowings

Particulars	31 March 2021			
	At Amortised cost (1)	Through P&L (2)	Fair value	Subtotal 4 = (1+2+3)
			Designated at fair value through Profit and loss (3)	
<b>Unsecured</b>				
Loans from related parties	424.21	-	-	424.21
<b>TOTAL - Gross</b>	<b>424.21</b>	<b>-</b>	<b>-</b>	<b>424.21</b>
(i) Borrowings outside India	-	-	-	-
(ii) Borrowings in India	424.21	-	-	424.21
<b>Total</b>	<b>424.21</b>	<b>-</b>	<b>-</b>	<b>424.21</b>

Particulars	31 March 2020			
	At Amortised cost (1)	Through P&L (2)	Fair value	Subtotal 4 = (1+2+3)
			Designated at fair value through Profit and loss (3)	
<b>Unsecured</b>				
Loans from related parties	1,308.60	-	-	1,308.60
<b>TOTAL - Gross</b>	<b>1,308.60</b>	<b>-</b>	<b>-</b>	<b>1,308.60</b>
(i) Borrowings outside India	-	-	-	-
(ii) Borrowings in India	1,308.60	-	-	1,308.60
<b>Total</b>	<b>1,308.60</b>	<b>-</b>	<b>-</b>	<b>1,308.60</b>

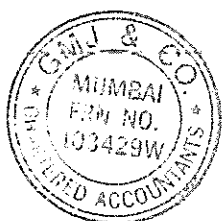
(At interest rate of 11.55% to 14.70% p.a. Previous year: 11.60% to 17.40% p.a.)

As at  
31 March 2021

As at  
31 March 2020

### 21 Trade payables

Trade payables from non-related parties	2.00	0.87
Trade payables from related parties	193.76	1.45
	<b>195.76</b>	<b>2.32</b>



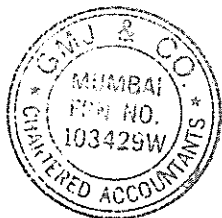
# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2021	As at 31 March 2020
<b>22 Other financial liabilities</b>		
Payable to client (net) (in CM books)	-	1.27
	<u>-</u>	<u>1.27</u>
<b>23 Other current liabilities</b>		
Income received in advance	0.03	-
Advances from customers	5.40	654.73
Others	0.03	3.04
Statutory dues	9.45	2.24
	<u>14.91</u>	<u>660.01</u>
<b>24 Current tax liabilities (net)</b>		
Provision for taxation (net of advance tax and tax deducted at source)	2.27	32.28
	<u>2.27</u>	<u>32.28</u>



# Edelweiss Securities and Investments Private Limited

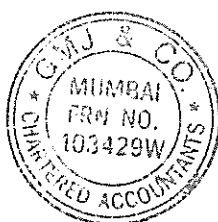
(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	For the year ended 31 March 2021	for the year ended 31 March 2020
<b>25 Fee income</b>		
Advisory and other fees	0.07	-
	<u>0.07</u>	<u>-</u>
<b>25.1</b> Below is the disaggregation of the revenue from contracts with customers:		
Service transferred at a point in time	0.07	-
Service transferred over time	-	-
<b>Total revenue from contract with customers</b>	<u>0.07</u>	<u>-</u>
<b>26 Net gain on fair value changes</b>		
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
(A) <b>On trading portfolio</b>		
- Investments		
Profit / (loss) on trading of securities (net)	255.44	5.08
Fair value gain - P&L - equity	(15.87)	14.67
- Derivatives		
Profit / (loss) on equity derivative instruments (net)	39.17	68.78
Profit on trading in currency derivative instruments (net)	-	3.09
Profit on interest rate derivative instruments (net)*	0.00	108.67
	<u>278.74</u>	<u>200.28</u>
(B) <b>Others</b>		
Profit on sale of long term investment	-	85.43
<b>Total Net gain/(loss) on fair value changes (A+B)</b>	<u>278.74</u>	<u>285.71</u>
<b>Fair value changes:</b>		
Realised gain	278.47	274.47
Unrealised gain/ (loss)	0.27	11.24
<b>Total net gain/loss on fair value changes</b>	<u>278.74</u>	<u>285.71</u>
<b>27 Dividend Income</b>		
Dividend on stock in trade	0.18	0.01
	<u>0.18</u>	<u>0.01</u>

(Note - \*0.00 indicates amount less than Rs 5,000)



**Edelweiss Securities and Investments Private Limited**

(Formerly known as Magnolia Commodities Services Private Limited)

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

(Currency: Indian rupees in millions)

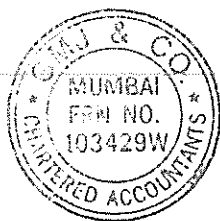
**28 Interest income**

Particulars	For the year ended 31 March 2021			For the year ended 31 March 2020		
	On financial assets measured at amortised cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total	On financial assets measured at amortised cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total
Interest on Loans	62.53	-	62.53	42.20	-	42.20
Interest on Intercompany deposits	-	-	-	3.49	-	3.49
Interest on deposits with Banks	0.88	-	0.88	0.01	-	0.01
Interest income on margin	0.25	-	0.25	14.39	-	14.39
Interest income from investments	0.42	18.68	19.10	-	1.63	1.63
On others	2.70	-	2.70	-	-	-
<b>Total</b>	<b>66.78</b>	<b>18.68</b>	<b>85.46</b>	<b>60.08</b>	<b>1.63</b>	<b>61.71</b>

**29 Other income**

	For the year ended 31 March 2021	for the year ended 31 March 2020
Interest on Income tax refund	1.35	4.54
Miscellaneous income*	0.00	(0.10)
	<b>1.35</b>	<b>4.44</b>

(Note - \*0.00 indicates amount less than Rs 5,000)





# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

For the year ended  
31 March 2021

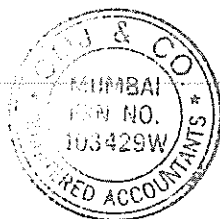
For the year ended  
31 March 2020

### 30 Employee benefit expenses

Salaries and wages	-	1.00
Contribution to provident and other funds*	-	0.00
(Note - *0.00 indicates amount less than Rs 5,000)	-	1.00

### 31 Finance costs

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	On financial liabilities measured at amortised cost	Total	On financial liabilities measured at amortised cost	Total
Interest on borrowings	29.07	29.07	46.78	46.78
Other interest expense	6.70	6.70	2.76	2.76
Total	35.77	35.77	49.55	49.55



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 32 Other Intangible Assets

Description of Assets	Gross block			Depreciation		Net block As at 31 Mar 2021
	Gross Block Opening As at 01 April 2020	Gross Block Addition	Gross Block Deduction	Gross Block Closing As at 31 Mar 2021	Charge for the year	Depreciation As at 31 Mar 2021
Other Intangible Assets						
Software	-	1.16	-	1.16	1.16	-
<b>Total</b>	-	1.16	-	1.16	1.16	-



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>33 Impairment on financial instruments</b>		
Bad- debts and advances written off	3.68	-
Provision for non performing assets	75.66	15.53
Provision for doubtful debts	2.01	-
	<b>81.35</b>	<b>15.53</b>

## 34 Other expenses

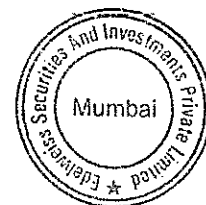
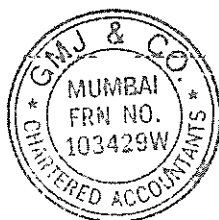
Advertisement and business promotion	0.06	0.06
Auditors' remuneration (refer note below)	0.73	0.33
Commission and brokerage	153.43	-
Communication	-	0.01
Directors' sitting fees	-	0.16
Insurance	0.02	-
Legal and professional fees	2.46	2.08
Printing and stationery*	-	0.00
Rates and taxes*	0.00	0.10
Computer software	0.02	-
Corporate social responsibility - Donation	2.58	-
Clearing and custodian charges	6.48	23.11
Office expenses*	0.00	0.01
ROC Expenses*	0.00	0.00
Securities transaction tax	6.40	18.18
Goods and Service tax expenses	1.19	4.40
Stamp duty	0.03	0.28
Stock exchange expenses	0.31	0.16
Transportation charges*	0.00	-
Warehousing charges*	0.00	-
Miscellaneous expenses	0.01	0.55
	<b>173.72</b>	<b>49.42</b>

### Note:

#### Auditors' remuneration :

As auditor	0.62	0.33
For other services	0.11	-
	<b>0.73</b>	<b>0.33</b>

(Note - \*0.00 indicates amount less than Rs 5,000)



**EDELWEISS SECURITIES AND INVESTMENTS PRIVATE LIMITED**  
(Formerly known as Magnolia Commodities Services Private Limited)

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

(Currency: Indian rupees in millions)

**35 Segment reporting**

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

Segment	Activities covered
Capital based business	Income from investments and dividend income
Agency business	Fee Income on advisory services
Treasury	Treasury income

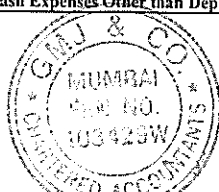
Income for each segment has been specifically identified. Expenditures, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic/resonable basis.

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

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

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

Particulars	Year Ended	
	31 March 2021	31 March 2020
<b>1 Segment revenue [Total income]</b>		
Agency	0.07	-
Treasury Business	301.50	214.76
Capital based business	62.94	132.75
Unallocated	1.35	4.43
<b>Total income</b>	<b>365.86</b>	<b>351.94</b>
<b>2 Segment results [Profit / (Loss) before tax]</b>		
Agency	(1.10)	-
Treasury Business	96.32	117.55
Capital based business	(12.71)	117.21
Unallocated	(8.65)	1.68
<b>Total Profit / loss before tax</b>	<b>73.86</b>	<b>236.44</b>
Less : Provision for taxation	45.03	66.28
<b>Profit after taxation</b>	<b>28.83</b>	<b>170.16</b>
<b>3 Segment Assets</b>		
Agency	0.24	-
Treasury Business	10.65	2,135.51
Capital based business	1,260.23	479.45
Unallocated	155.19	149.85
<b>Total assets</b>	<b>1,426.31</b>	<b>2,764.81</b>
<b>4 Segment Liabilities</b>		
Agency	-	-
Treasury Business	565.37	1,972.20
Capital based business	60.06	-
Unallocated	11.72	32.28
<b>Total liabilities</b>	<b>637.15</b>	<b>2,004.48</b>
<b>5 Capital employed [Segment assets - Segment liabilities]</b>		
Agency	0.24	-
Treasury Business	(554.73)	163.31
Capital based business	1,200.17	479.45
Unallocated	143.48	117.57
<b>Total capital employed</b>	<b>789.16</b>	<b>760.33</b>
<b>6 Capital Expenditure ( Including Capital Work-In-Progress )</b>		
Agency	1.16	-
Treasury Business	-	-
Capital based business	-	-
Unallocated	-	-
<b>Total Capital Expenditure ( Including Capital Work-In-Progress )</b>	<b>1.16</b>	<b>-</b>
<b>7 Depreciation and Amortisation</b>		
Agency	1.16	-
Treasury Business	-	-
Capital based business	-	-
Unallocated	-	-
<b>Total Depreciation and Amortisation</b>	<b>1.16</b>	<b>-</b>
<b>8 Significant Non-Cash Expenses Other than Depreciation and Amortisation</b>		
Agency	-	-
Treasury Business	2.01	-
Capital based business	-	-
Unallocated	-	-
<b>Total Significant Non-Cash Expenses Other than Depreciation and Amortisation</b>	<b>2.01</b>	<b>-</b>



# Edelweiss Securities And Investments Private Limited

(Formerly Magnolia Commodities Services Private Limited)

## Notes to the financial statements

(Currency : Indian rupees in millions)

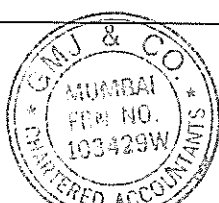
### 36 Related parties : In accordance with Indian Accounting Standard 24 - Related Party disclosure

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

Name of related parties by whom control is exercised	Edelweiss Financial Services Limited Edelweiss Securities Limited
Fellow subsidiaries with whom the company has transactions	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Limited) ECap Equities Limited Lichen Metals Private Limited Edelweiss Finvest Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Finance and Investments Limited Edelweiss Broking Limited Edelweiss Custodial Services Limited Edelweiss Global Wealth Management Limited Edel Investments Limited Edelcap Securities Limited Edelweiss Asset Management Limited Edel Land Limited ECL Finance Limited Everest Securities & Finance Limited (Formerly Known Syntex Commodities Limited) EdelGive Foundation Edelweiss Investment Advisors Limited

#### ii. Transactions with related parties

Nature of transaction	Related party name	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Capital account transactions</b>			
Short term loans taken from (refer note below) (Maximum of debit and credit transaction)	Edelweiss Rural & Corporate Services Limited ECap Equities Limited Edelweiss Finvest Limited Edelweiss Alternative Asset Advisors Limited	797.13 336.30 850.00 250.00	750.00 1,390.20 - -
Short term loans repaid to (refer note below) (Maximum of debit and credit transaction)	Edelweiss Rural & Corporate Services Limited ECap Equities Limited Edelweiss Finvest Limited	797.13 336.30 700.00	10.84 1,006.30 -
Short term loans taken from (refer note below) (Total of debit and credit transaction)	Edelweiss Rural & Corporate Services Limited ECap Equities Limited Edelweiss Finvest Limited Edelweiss Alternative Asset Advisors Limited	1,015.21 813.63 850.00 250.00	811.67 8,269.00 - -
Short term loans repaid to (refer note below) (Maximum of debit and credit transaction)	Edelweiss Rural & Corporate Services Limited ECap Equities Limited Edelweiss Finvest Limited	1,788.06 1,319.73 700.00	14.81 7,897.93 -
Short term loans given (refer note below) (Maximum of debit and credit transaction)	ECap Equities Limited Edelweiss Rural & Corporate Services Limited Edelweiss Global Wealth Management Limited Edelweiss Broking Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Finance and Investments Limited	25.40 543.40 462.73 220.00 450.00 350.00	657.30 820.84 406.00 - - -
Short term loans repaid by (refer note below) (Maximum of debit and credit transaction)	ECap Equities Limited Edelweiss Rural & Corporate Services Limited Edelweiss Global Wealth Management Limited Edelweiss Broking Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Finance and Investments Limited	25.20 421.30 462.73 186.30 450.00 543.50	646.00 410.42 100.00 - - -
Short term loans given (refer note below) (Total of debit and credit transaction)	ECap Equities Limited Edelweiss Rural & Corporate Services Limited Edelweiss Global Wealth Management Limited Edelweiss Broking Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Finance and Investments Limited	35.29 576.70 861.05 1,324.40 492.95 1,533.50	2,432.34 826.26 837.19 - - -
Short term loans repaid by (refer note below) (Total of debit and credit transaction)	ECap Equities Limited Edelweiss Rural & Corporate Services Limited Edelweiss Global Wealth Management Limited Edelweiss Broking Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Finance and Investments Limited	35.29 576.30 1,034.06 1,324.40 492.95 1,533.50	2,432.84 826.26 377.01 - - -
Partnership firm capital received back	Edelvalue Partners	-	0.08
Margins placed with (refer note below)	Edelweiss Securities Limited Edelweiss Custodial Services Limited Edel Investments Limited	- 202.54 -	0.00 2,181.92 1.11
Margins withdrawn from (refer note below)	Edelweiss Securities Limited Edelweiss Custodial Services Limited Edel Investments Limited	- 202.40 -	0.37 2,306.54 1.11



**Edelweiss Securities And Investments Private Limited**  
(Formerly Magnolia Commodities Services Private Limited)

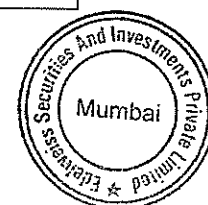
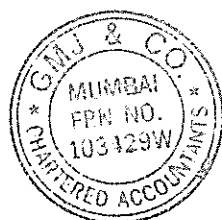
**Notes to the financial statements**

(Currency : Indian rupees in millions)

**36 Related parties : In accordance with Indian Accounting Standard 24 - Related Party disclosure (Continued)**

**ii. Transactions with related parties**

Nature of transaction	Related party name	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current account transactions</b>			
Interest income on margin placed with	Edelweiss Custodial Services Limited	0.00	14.39
	Edel Investments Limited	-	0.00
Interest expense on margin from	Edelweiss Broking Limited	0.00	-
Interest income on debt instruments	Edelweiss Finance and Investments Limited	0.05	-
	ECL Finance Limited	0.65	-
	Edelweiss Rural & Corporate Services Limited	17.33	-
Interest expense on loans taken from	Edelweiss Alternative Asset Advisors Limited	0.17	-
	Edelweiss Rural & Corporate Services Limited	21.89	2.31
	ECap Equities Limited	6.90	44.47
	Edelweiss Finvest Limited	0.10	-
Interest income on CCDs	Edelweiss Alternative Asset Advisors Limited	0.42	-
Amount paid to broker for cash segment	Edelweiss Securities Limited	-	503.19
Amount received from broker for cash segment	Edelweiss Securities Limited	-	503.98
Interest income on loans given to	ECap Equities Limited	0.06	5.87
	Edelweiss Rural & Corporate Services Limited	1.51	25.62
	Edelweiss Global Wealth Management Limited	34.83	10.70
	Edelweiss Alternative Asset Advisors Limited	1.34	-
	Edelweiss Finance and Investments Limited	11.38	-
	Edelweiss Broking Limited	13.41	-
Purchase of debt securities from	ECL Finance Limited	529.19	-
	Edelweiss Finance and Investments Limited	655.81	-
	Edelweiss Rural & Corporate Services Limited	15.23	-
Sale of debt securities to	Edelweiss Finance and Investments Limited	393.65	-
	Edel Land Limited	838.98	-
	Edelweiss Broking Limited	32.10	-
Redemption of debt instruments	Edelweiss Asset Reconstruction Company Limited	265.69	-
Purchase of investment CCDs	Edelweiss Alternative Asset Advisors Limited	850.00	-
Purchase of warrants	ECL Finance Limited	60.00	-
Purchase of Investments in equity shares	Edelweiss Alternative Asset Advisors Limited	100.05	-
Sale of Investments in equity shares	ECap Equities Limited (Lichen Metals Private Limited)	-	47.20
Sale of fixed assets	Edelcap Securities Limited	-	0.01
	Edelweiss Asset Management Limited	-	0.02
	ECL Finance Limited	-	0.00
Purchase of Intangible assets from	Edelweiss Global Wealth Management Limited	1.16	-
Cost reimbursements paid to	ECap Equities Limited	1.00	1.00
	Edelweiss Financial Services Limited	0.02	-
	Edelweiss Broking Limited	25.21	-
	ECL Finance Limited	120.00	-
Cost reimbursements from	Edelweiss Rural & Corporate Services Limited	0.00	-
	Edelweiss Securities Limited	0.08	-
Reimbursements paid to	Edelweiss Rural & Corporate Services Limited	0.01	0.01
Clearing charges paid to	Edelweiss Custodial Services Limited	0.11	19.58
Interest on Delayed Payment	Edelweiss Custodial Services Limited	5.37	-
Demat charges paid	Edelweiss Custodial Services Limited	0.00	0.00
Brokerage paid to	Edelweiss Securities Limited	9.67	10.18
	Edel Investments Limited	0.10	0.05
Contribution towards corporate social responsibilities	EdelGive Foundation	2.58	-



**Edelweiss Securities And Investments Private Limited**  
(Formerly Magnolia Commodities Services Private Limited)

**Notes to the financial statements**

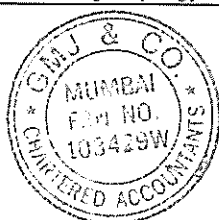
(Currency : Indian rupees in millions)

**36 Related parties : In accordance with Indian Accounting Standard 24 - Related Party disclosure (Continued)**

**ii. Transactions with related parties**

Nature of transaction	Related party name	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Balances with related parties for the year ended 31 March 2021</b>			
Short term loans taken from	ECap Equities Limited	-	506.10
	Edelweiss Rural & Corporate Services Limited	23.88	797.13
	Edelweiss Alternative Asset Advisors Limited	250.00	-
	Edelweiss Finvest Limited	150.00	-
Short term loans given to	Edelweiss Global Wealth Management Limited	287.18	460.19
Accrued interest income on CCDs	Edelweiss Alternative Asset Advisors Limited	0.42	-
Accrued interest expense on loans taken from	ECap Equities Limited	-	3.42
	Edelweiss Rural & Corporate Services Limited	0.08	1.96
	Edelweiss Finvest Limited	0.09	-
	Edelweiss Alternative Asset Advisors Limited	0.16	-
Accrued interest income on loans given to	Edelweiss Global Wealth Management Limited	2.48	3.89
	Edelweiss Rural & Corporate Services Limited	1.49	0.05
	Edelweiss Finance and Investments Limited	1.54	-
	Edelweiss Alternative Asset Advisors Limited	1.05	-
Accrued interest income on debt instruments	ECL Finance Limited	0.05	-
	Edelweiss Finance and Investments Limited	-	-
Trade receivables from	Edelweiss Broking Limited	-	8.51
	Edelweiss Custodial Services Limited	-	1.57
	Edel Investments Limited	-	0.00
	Edelweiss Financial Services Limited	-	0.02
	Edelweiss Rural & Corporate Services Limited	-	-
Trade payables to	ECap Equities Limited	1.11	1.08
	Edelweiss Rural & Corporate Services Limited	-	-
	Edelweiss Securities Limited	-	0.37
	ECL Finance Limited	192.66	-
Investment in CCDs	Edelweiss Alternative Asset Advisors Limited	850.00	-
Margins payable to	Edelweiss Custodial Services Limited	-	0.14
Debt instruments held as Stock in trade	ECL Finance Limited	0.45	-
	Edelweiss Finance and Investments Limited	0.68	-

Note 1 : Loan given/taken to/from related parties are disclosed above as maximum of debit and credit of transactions and total of debit and credit of transactions amount given/taken and placed / refund received during the reporting year.



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 37 Derivative financial instruments

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

31 March 2021						
Particulars	Notional		Fair value of asset (INR)	Notional		Fair value of liability (INR)
	Unit	Notional amount*		Unit	Notional amount*	
<b>(i) Equity linked derivatives</b>						
-Stock Futures	Number of shares	-	-	Number of shares	-	-
Less: amount offset			-			-
<b>Subtotal (i)</b>			-			-
<b>(ii) Index linked derivatives</b>						
-Index Futures	Number of index units	-	-	-		
Less: amount offset			-			-
<b>Subtotal (ii)</b>			-		-	-
<b>Total Derivative Financial Instruments (i) + (ii)</b>		-	-		-	-

31 March 2020						
Particulars	Notional		Fair value of asset	Notional		Fair value of liability
	Unit	Notional amount*		Unit	Notional amount*	
<b>(iii) Equity linked derivatives</b>						
-Stock Futures	Number of shares	9,89,031	0.62	Number of shares	10,57,067	2.11
Less: amount offset		-	0.62			2.11
<b>Subtotal (iii)</b>			-			-
<b>(iv) Index linked derivatives</b>						
-Index Futures	Number of index units	1,09,650	1.10			
Less: amount offset			1.10			
<b>Subtotal (iv)</b>			-		-	-
<b>Total Derivative Financial Instruments (i) + (ii) + (iii) + (iv)</b>		-	-		-	-





## Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

### Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

#### 37 Derivative financial instruments (continued)

##### (b) Offsetting of financial assets and liabilities

###### Financial assets subject to offsetting 31 March 2021

	Offsetting recognised in the balance sheet		
	Gross asset before offset	Amount offset*	Net asset recognised in balance sheet
Derivative financial assets	-	-	-

###### Financial liabilities subject to offsetting 31 March 2021

	Offsetting recognised in the balance sheet		
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet
Derivative financial liability	-	-	-

\* As at the reporting date 31 March 2021 the amount of gross derivative assets and liabilities that has been offset against the cash margin is Rs.Nil and Rs.Nil respectively.

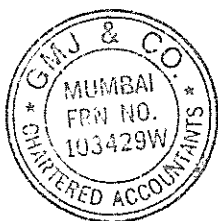
###### Financial assets subject to offsetting 31 March 2020

	Offsetting recognised in the balance sheet		
	Gross asset before offset	Amount offset*	Net asset recognised in balance sheet
Derivative financial assets	1.72	1.72	-

###### Financial liabilities subject to offsetting 31 March 2020

	Offsetting recognised in the balance sheet		
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet
Derivative financial liability	2.11	2.11	-

\* As at the reporting date 31 March 2020 the amount of gross derivative assets and liabilities that has been offset against the cash margin is Rs. 1.72 millions and Rs.2.11 millions respectively.



## Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

### Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

#### 38 Earnings per share:

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Profit / (loss) after tax (as per statement of profit and loss)	28.82	170.16
(b) Calculation of weighted average number of equity shares of Rs. 10 each:		
Number of shares outstanding at the beginning of the year	1,56,774	1,00,000
Number of Shares issued during the year	-	56,774
Total number of equity shares outstanding at the end of the year	1,56,774	1,56,774
Weighted average number of equity shares outstanding during the year	1,56,774	1,17,063
(c) Basic and diluted earnings per share (in rupees) (a)/(b)	183.82	1,453.56

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

#### 39 Details of dues to micro, small and medium enterprises

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

#### 40 Capital commitment and contingent liability:

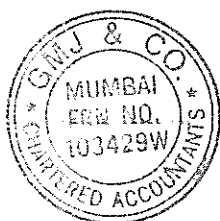
##### (a) Capital commitment:

The Company has capital commitments of Rs.Nil as at the balance sheet date (Previous year: Rs.Nil).

##### (b) Contingent liability:

i) The Company has no contingent liability as at the balance sheet date (Previous year Rs. Nil).

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



# Edelweiss Securities and Investment Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 41 Risk management framework:-

#### a) Governance framework

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

#### b) Approach to capital management

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

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

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

Particulars	As at 31st March 2021	As at 31st March 2020
Total Debt (Bank and other Borrowings)	424.21	1,308.60
Equity	789.17	760.33
Net Debt to Equity	0.54	1.72

#### c) Credit risk

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and financial instruments.

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

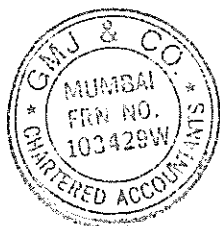
The Company's financial assets subject to the expected credit loss model within Ind AS 109 are short-term trade and other receivables and financial instruments. Company applies the expected credit loss model for recognising impairment loss. Expected credit loss allowance in respect of receivables is computed based on a provision matrix which takes into account historical credit loss experience.

#### Trade receivables

Particulars	31 March 2021	31 March 2020
Receivables considered good - Unsecured	0.33	9.64
	0.33	9.64

#### Provision matrix for Trade receivables

	Trade receivables days past due	1-90days	Total
ECL rate		0%	
31 March 2021	Estimated total gross carrying amount at default	0.33	0.33
	ECL - Simplified approach	-	-
	Net carrying amount	0.33	0.33
31 March 2020	Estimated total gross carrying amount at default (Group)	-	-
	ECL - Simplified approach	-	-
	Net carrying amount	-	-



## Edelweiss Securities and Investment Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

### Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

#### 41 Risk management framework:- (Continued)

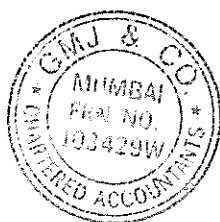
##### d) Market risks

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

##### i) Total market risk exposure

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

Particulars	31 March 2021			31 March 2020		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
<b>Assets</b>						
Cash and cash equivalent and bank balances other than cash and cash equivalents	2.85	-	2.85	5.93	-	5.93
Stock-in-trade	6.55	6.55	-	2,098.01	2,098.01	-
Loans	293.70	-	293.70	479.45	-	479.45
Trade receivables	0.33	-	0.33	9.64	-	9.64
Investments at cost	950.47	-	950.47	-	-	-
Other financial assets	0.05	-	0.05	1.63	-	1.63
<b>Total</b>	<b>1,254.95</b>	<b>6.55</b>	<b>1,248.40</b>	<b>2,594.66</b>	<b>2,098.01</b>	<b>496.64</b>
<b>Liability</b>						
Borrowings	424.21	-	424.21	1,308.60	-	1,308.60
Trade payables	195.75	-	195.75	2.32	-	2.32
Other liabilities	-	-	-	1.27	1.27	-
<b>Total</b>	<b>619.96</b>	<b>-</b>	<b>619.96</b>	<b>1,312.19</b>	<b>1.27</b>	<b>1,310.92</b>



# Edelweiss Securities and Investment Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 41 Risk management framework:- (Continued)

#### d) Market risks

##### (ii) Interest rate risk

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

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

Interest rate future	31 March 2021					
	Increase in IRF price (%)	Effect on profit before tax	Effect on Equity	Decrease in IRF price (%)	Effect on profit before tax	Effect on Equity
INR	5	-	-	5	-	-
US dollar (if any)	5	-	-	5	-	-

Currency of borrowing / advances	31 March 2020					
	Increase in IRF price (%)	Effect on profit before tax	Effect on Equity	Decrease in IRF price (%)	Effect on profit before tax	Effect on Equity
INR	5	-	-	5	-	-
US dollar (if any)	5	-	-	5	-	-

##### (iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings.

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

Currency	31 March 2021					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
USD	5	-	-	5	-	-

Currency	31 March 2020					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
USD	5	-	-	5	-	-

##### (iv) Equity price risk

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

Impact on	31 March 2021					
	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
Debt securities	0.25	-	-	0.25	-	-
Debentures	5	0.05	-	5	(0.05)	-
Equity	5	0.27	-	5	(0.27)	-
Derivatives	5	-	-	5	-	-

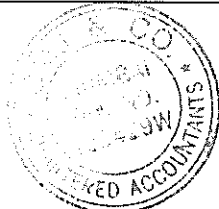
Impact on	31 March 2020					
	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
Debt securities	0.25	1.87	-	0.25	(1.87)	-
Debentures	5	14.31	-	5	(14.31)	-
Equity	5	51.00	-	5	(51.00)	-
Derivatives	5	47.20	-	5	(47.20)	-

##### (v) Index price risk

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

Impact on	31 March 2021					
	Increase in index price (%)	Effect on profit before tax	Effect on Equity	Decrease in index price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5	-	-	5	-	-

Impact on	31 March 2020					
	Increase in index price (%)	Effect on profit before tax	Effect on Equity	Decrease in index price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5	(47.26)	-	5	47.26	-



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 41 Risk Management framework:- (Continued)

#### e) Liquidity Risk

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

#### i) 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:

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that the counterparties will not request repayment on the earliest date it could be required to pay.

As at 31 March 2021	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Trade payables	195.76	-	-	-	-	195.76
Borrowings (other than debt securities)	424.21	-	-	-	-	424.21
<b>Total undiscounted non-derivative financial liabilities</b>	<b>619.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>619.97</b>

As at 31 March 2020	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Trade payables	2.32	-	-	-	-	2.32
Borrowings (other than debt securities)	1,308.60	-	-	-	-	1,308.60
Other financial liabilities	1.27	-	-	-	-	1.27
<b>Total undiscounted non-derivative financial liabilities</b>	<b>1,312.19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,312.19</b>

#### ii) 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 2021	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Cash and cash equivalent and bank balances other than cash and cash equivalents	2.71	0.14	-	-	-	2.85
Stock-in-trade	6.55	-	-	-	-	6.55
Trade receivables	0.33	-	-	-	-	0.33
Investments at cost	-	-	-	-	950.47	950.47
Loans	293.70	-	-	-	-	293.70
Other financial assets	0.00	0.05	-	-	-	0.05
<b>Total</b>	<b>303.29</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>950.47</b>	<b>1,253.95</b>

As at 31 March 2020	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Cash and cash equivalent and bank balances other than cash and cash equivalents	5.80	-	0.13	-	-	5.93
Stock-in-trade	2,098.01	-	-	-	-	2,098.01
Trade receivables	9.64	-	-	-	-	9.64
Loans	480.45	-	-	-	-	480.45
Other financial assets	1.98	0.05	-	-	-	2.02
<b>Total</b>	<b>2,595.88</b>	<b>0.05</b>	<b>0.13</b>	<b>-</b>	<b>-</b>	<b>2,596.05</b>

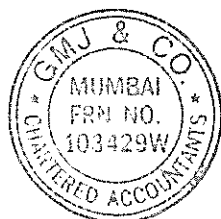
#### iii) Maturity analysis for derivatives:

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

As at 31 March 2021	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Net settled derivatives entered into for trading purposes	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at 31 March 2020	0 to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Net settled derivatives entered into for trading purposes	(0.39)	-	-	-	-	(0.39)
<b>Total</b>	<b>(0.39)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.39)</b>



# Edelweiss Securities and Investments Private Limited

(Formerly known as Magnolia Commodities Services Private Limited)

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 41 Risk management framework:- (Continued)

#### e) Liquidity Risk (Continued)

#### iv) Disclosure related to collateral

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

As at 31 March 2021	Pledge as collateral	Available as collateral	others (refer note)	Total carrying amount
Cash and cash equivalent and bank balances other than cash and cash equivalents	0.14	-	2.71	2.85
Stock in trade	-	6.55	-	6.55
Trade receivables	-	0.33	-	0.33
Loans	-	293.70	-	293.70
Investments at cost	-	950.47	-	950.47
Other financial assets	-	0.05	-	0.05
<b>Total assets</b>	<b>0.14</b>	<b>1,251.10</b>	<b>2.71</b>	<b>1,253.95</b>

As at 31 March 2020	Pledge as collateral	Available as collateral	others (refer note)	Total carrying amount
Cash and cash equivalent and bank balances other than cash and cash equivalents	0.13	-	5.80	5.93
Stock in trade	746.97	1,351.04	-	2,098.01
Trade receivables	-	9.64	-	9.64
Loans	-	479.45	-	479.45
Other financial assets	-	1.63	-	1.63
<b>Total assets</b>	<b>747.10</b>	<b>1,841.76</b>	<b>5.80</b>	<b>2,594.66</b>

Note : Represents assets which are not restricted for use as collateral, but that the group would not consider readily available to secure funding in the normal course of business



**Edelweiss Securities and Investments Private Limited**  
(Formerly known as Magnolia Commodities Services Private Limited)

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

(Currency: Indian rupees in millions)

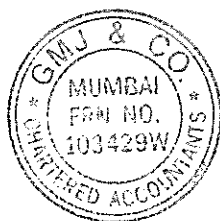
**42 Analysis of risk concentration**

**Industry analysis - Risk concentration for 31 March 2021**

Particulars	Financial services	Construction	Total
<b>Financial assets</b>			
Cash and cash equivalent and bank balances other than cash and cash equivalents	2.85	-	2.85
Stock in trade	6.55	-	6.55
Investments at cost	950.47	-	950.47
Trade and other receivables	0.33	-	0.33
Loans	293.70	-	293.70
Other financial assets	0.05	-	0.05
	<b>1,253.95</b>	<b>-</b>	<b>1,253.95</b>
Other Commitments	-	-	-
<b>Total</b>	<b>1,253.95</b>	<b>-</b>	<b>1,253.95</b>

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

Particulars	Financial services	Construction	Total
<b>Financial assets</b>			
Cash and cash equivalent and bank balances other than cash and cash equivalents	5.93	-	5.93
Stock in trade	2,098.01	-	2,098.01
Loans	463.47	15.97	479.45
Trade and other receivables	9.64	-	9.64
Other financial assets	1.63	-	1.63
	<b>2,578.68</b>	<b>15.97</b>	<b>2,594.66</b>
Other Commitments	-	-	-
<b>Total</b>	<b>2,578.68</b>	<b>15.97</b>	<b>2,594.66</b>





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

(Currency: Indian rupees in millions)

**43 Fair Values of Financial Instruments**

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

Particulars	31 March 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
Derivative financial instruments (Assets):				
Exchange-traded derivatives	-	-	-	-
<b>Total derivative financial instruments (Assets)</b>	-	-	-	-
<b>Stock-in-trade</b>				
Other debt securities and preference shares - Group	1.15	-	-	1.15
Equity instruments	-	-	5.40	5.40
<b>Total stock-in-trade</b>	<b>1.15</b>	<b>-</b>	<b>5.40</b>	<b>6.55</b>
<b>Total financial assets measured at fair value on a recurring basis</b>	<b>1.15</b>	<b>-</b>	<b>5.40</b>	<b>6.55</b>

Particulars	31 March 2021			
	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value on a recurring basis -</b>				
Derivative financial instruments (Liabilities):				
Exchange-traded derivatives	-	-	-	-
<b>Total financial liabilities measured at fair value on a recurring basis</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	31 March 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
Derivative financial instruments (Assets):				
Exchange-traded derivatives	1.72	-	-	1.72
<b>Total derivative financial instruments (Assets)</b>	<b>1.72</b>	<b>-</b>	<b>-</b>	<b>1.72</b>
<b>Stock-in-trade</b>				
Other debt securities and preference shares - Group	794.76	-	283.25	1,078.01
Equity instruments	-	-	1,020.00	1,020.00
<b>Total stock-in-trade</b>	<b>794.76</b>	<b>-</b>	<b>1,303.25</b>	<b>2,098.01</b>
<b>Total financial assets measured at fair value on a recurring basis</b>	<b>796.48</b>	<b>-</b>	<b>1,303.25</b>	<b>2,099.73</b>

Particulars	31 March 2020			
	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value on a recurring basis -</b>				
Derivative financial instruments (Liabilities):				
Exchange-traded derivatives	2.11	-	-	2.11
<b>Total financial liabilities measured at fair value on a recurring basis</b>	<b>2.11</b>	<b>-</b>	<b>-</b>	<b>2.11</b>

**Fair valuation techniques:**

**(i) Debt securities**

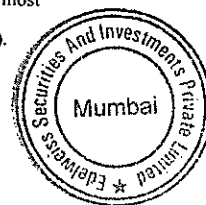
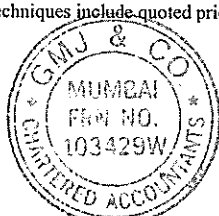
Whilst most of these instruments are standard fixed or floating rate securities, however nifty linked debentures have embedded derivative characteristics. Fair value of these instruments is derived based on the indicative quotes of price and yields prevailing in the market as at the reporting date. Company has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not actively traded Company has used CRISIL Corporate Bond Valuer model for measuring fair value.

**(ii) Equity instruments and units of Alternative Investment Funds**

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

**(iii) Derivatives**

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



## Edelweiss Securities and Investments Private Limited

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### Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

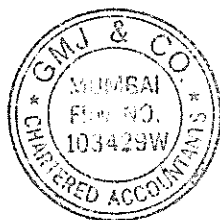
#### 43 Fair values of financial instruments (continued)

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

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

Particulars	Stock in trade - Non Convertible Debentures/ Nifty linked debentures	Investments in unquoted equity shares categorised at Level 3	Investments in Warrants	Total
At 1 April 2020	283.25	1,020.00	-	1,303.25
Purchase	711.03	530.02	60.00	1,301.05
Sales	(1,016.53)	(1,628.39)	-	(2,644.92)
Gains / (losses) for the period (2020-21) recognised in profit or loss	22.25	83.77	(60.00)	46.02
At 31 March 2021	(0.00)	5.40	-	5.40
Unrealised (gains) / losses related to balances held at the end of the year	-	(0.30)	-	(0.30)

Particulars	Stock in trade - Nifty linked debentures	Investments in unquoted equity shares categorised at Level 3	Investments in Warrants	Total
At 1 April 2019	-	-	-	-
Purchase	481.88	1,020.00	-	1,501.88
Sales	(218.44)	-	-	(218.44)
Gains / (losses) for the period (2019-20) recognised in profit or loss	19.80	-	-	19.80
At 31 March 2020	283.25	1,020.00	-	1,303.25
Unrealised gains / (losses) related to balances held at the end of the year	15.58	-	-	15.58



# Edelweiss Securities and Investments Private Limited

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## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

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

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

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

Type of Financial Instruments	Fair value of asset as on 31 March 2021	Fair value of liability as on 31 March 2021	Valuation techniques	Significant unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in unquoted equity shares categorised at Level 3	5.40	-	Fair Valuation – bidding process	Price per shares	Rs. 1,080 per shares	5%	0.27	5%	(0.27)
<b>Total</b>	<b>5.40</b>	<b>-</b>					<b>0.27</b>		<b>(0.27)</b>

Type of Financial Instruments	Fair value of asset as on 31 March 2020	Fair value of liability as on 31 March 2020	Valuation techniques	Significant unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Stock in trade - Nifty linked debentures	283.25	-	Fair value of index	Price per debenture	Rs 87,978 to 113,605 per debenture	5%	14.16	5%	(14.16)
Investments in unquoted equity shares categorised at Level 3	1,020.00	-	Fair Valuation – bidding process	Price per shares	Rs 1,020 per shares	5%	51.00	5%	(51.00)
<b>Total</b>	<b>1,303.25</b>	<b>-</b>					<b>65.16</b>		<b>(65.16)</b>



**Edelweiss Securities and Investments Private Limited**  
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Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

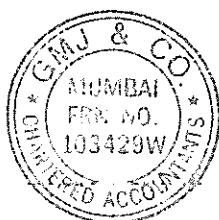
**43 Fair values of financial instruments (continued)**

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

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

31 March 2021					
Particulars	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Cash and cash equivalent	2.71	2.71	2.71	-	-
Bank balances other than cash and cash equivalent	0.14	0.14	0.14	-	-
Trade Receivables	0.33	0.33	-	0.33	-
Loans	293.70	293.70	-	293.70	-
Investments at cost	950.47	950.47	-	950.47	-
Other financial assets	0.05	0.05	-	0.05	-
<b>Total</b>	<b>1,247.40</b>	<b>1,247.40</b>	<b>2.85</b>	<b>1,244.55</b>	<b>-</b>
<b>Financial liabilities</b>					
Trade payables	195.76	195.76	-	195.76	-
Borrowing (other than debt securities)	424.21	424.21	-	424.21	-
<b>Total</b>	<b>619.97</b>	<b>619.97</b>	<b>-</b>	<b>619.97</b>	<b>-</b>

31 March 2020					
Particulars	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Cash and cash equivalent	5.80	5.80	5.80	-	-
Bank balances other than cash and cash equivalent	0.13	0.13	0.13	-	-
Trade Receivables	9.64	9.64	-	9.64	-
Loans	479.45	479.45	-	479.45	-
Other financial assets	1.63	1.63	-	1.63	-
<b>Total</b>	<b>496.64</b>	<b>496.64</b>	<b>5.93</b>	<b>490.72</b>	<b>-</b>
<b>Financial liabilities</b>					
Trade payables	2.32	2.32	-	2.32	-
Borrowing (other than debt securities)	1,308.60	1,308.60	-	1,308.60	-
Other financial liabilities	1.27	1.27	-	1.27	-
<b>Total</b>	<b>1,312.19</b>	<b>1,312.19</b>	<b>-</b>	<b>1,312.19</b>	<b>-</b>



**Edelweiss Securities and Investments Private Limited**  
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**Notes to the financial statements (Continued)**

(Currency: Indian rupees in millions)

**44 Cash Flow disclosure:**

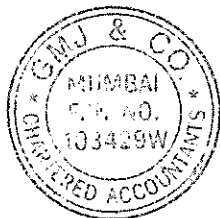
**Change in liabilities arising from financing activities**

Particulars	1 April 2020	Cash flows	Others*	31 March 2021
Borrowings other than debt securities	1,308.60	(879.35)	(5.04)	424.21
Deposits	-	-	-	-
Total liabilities from financing activities	1,308.60	(879.35)	(5.04)	424.21

\* Includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

Particulars	1 April 2019	Cash flows	Others*	31 March 2020
Borrowings other than debt securities	172.07	1,132.94	3.59	1,308.60
Deposits	-	-	-	-
Total liabilities from financing activities	172.07	1,132.94	3.59	1,308.60

\* Includes the effect of interest accrued but not paid interest on financing liabilities.



**Edelweiss Securities and Investments Private Limited**

(Formerly known as Magnolia Commodities Services Private Limited)

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

(Currency: Indian rupees in millions)

**45 Earnings and expenditure in foreign currency**

The Company did not have any earnings or expenditure in foreign currency during the reporting year. (Previous year Nil)

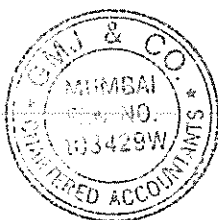
**46 Corporate social responsibility (CSR):**

As per the provisions of Section 135 of the Companies Act, 2013:

a) Gross amount required to be spent by the Company during the year was Rs. 2.57 (Previous year: Rs.0.78)

b) Amount spent during the year on:

Particulars	In cash (PY)	Yet to be paid in cash	Total
Constructions / acquisition of any assets	-	-	-
On purpose other than (i) above	2.58 (Nil)	-	2.58 (Nil)



**Edelweiss Securities and Investments Private Limited**  
(Formerly known as Magnolia Commodities Services Private Limited)

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

(Currency: Indian rupees in millions)

**47 Prior period comparatives**

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

As per our report of even date attached.

**For GMJ & Co.**

*Chartered Accountants*

Firm's Registration No.: 103429W



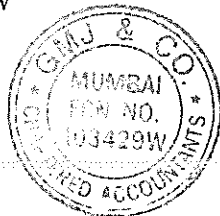
**Haridas Bhat**

*Partner*

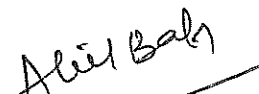
Membership No: 039070

Mumbai

3 June 2021



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



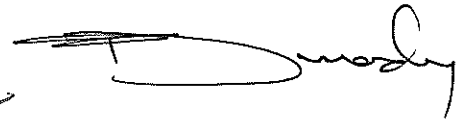
**Atul Bapna**

*Non-executive Director*

DIN: 06733969

Mumbai

3 June 2021



**Prashant Mody**

*Non-executive Director*

DIN: 05345277

