

**Independent Auditors' Report**

**To the Members of Edelweiss Securities (IFSC) Limited  
Report on the Audit of the Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of **Edelweiss Securities (IFSC) Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

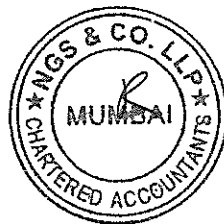
We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements'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

**Other Information**

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

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

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



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

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

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

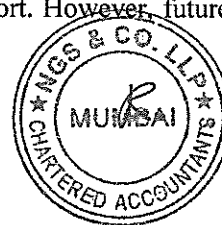
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

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



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

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

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

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

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

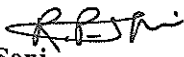
1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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) According to the information and explanations give to us and based on our examination of the records of the Company, being register with International Financial Services Centre (IFSC) the section 197 of the Act is not applicable to the Company;



(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.
- iv. a) The management has represented to us that, to the best of its knowledge and belief, as disclosed in the note 38(v) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiary") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiary;
- b) The management has represented to us that, to the best of its knowledge and belief, as disclosed in the note 38(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the period by the Company.

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

  
R. P. Soni  
Partner  
Membership No.: 104796



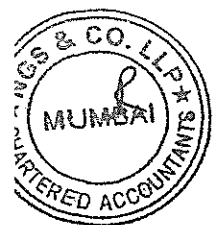
UDIN: 22104796AJDOVT9638

Place: Mumbai  
Date: May 17, 2022

**Annexure A to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Edelweiss Securities (IFSC) Limited ('the Company') on the financial statements for the year ended March 31, 2022, we report that:**

- (i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all the property, plant and equipment are verified in a phased manner over a period of three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management and on the basis of our examination of the records of the Company, there is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report under clause 3(i)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given by the management, the Company has not revalued its Property, Plant and Equipment (including Right of use assets) and intangible assets during the year ended March 31, 2022.
- (e) According to the information and explanations given by the management, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not involve inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) In our opinion and according to the information and explanations given to us by the management, during the year the Company has not made any investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report under clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, there are no loans, investments, guarantees, and securities in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given by the management, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.



(vi) To the best of our knowledge and as explained by the management of the Company, the Company is not in the business of sale of any goods or provision of such services as prescribed u/s 148 (1) of Companies Act, 2013. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to 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, goods and service tax, cess and other statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. The provisions relating to employees' state insurance, service tax, sales tax, duty of excise, duty of custom, value added tax and cess are not applicable to the Company.

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

(b) According to the information and explanation given to us, there are no dues of income tax, provident fund, goods and service tax and cess which have not been deposited with the appropriate authorities on account of any dispute. The provisions relating to employees' state insurance, service tax, sales tax, duty of excise, duty of custom, value added tax and cess are not applicable to the Company.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not availed any loans or borrowings from any lender during the year. Accordingly, the requirement to report on clause 3(ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year. Hence, the requirement to report on clause 3(ix)(c) of the Order is not applicable to the Company.

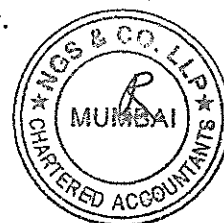
(d) The Company did not raise any funds during the year. Hence, the requirement to report on clause 3(ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

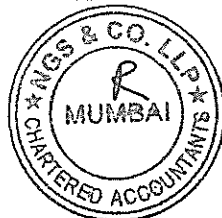
(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

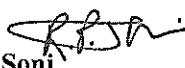


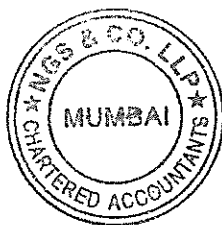
- (xi) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company we report that no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, during the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clauses 3(xii)(a) to 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.
- (xiv) (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size of the Company and nature of its business
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) According to the information and explanations given by the management, the Company has not entered into non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company. Accordingly, the requirement to report under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) Based on our examination, the Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given by the management, there is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has incurred cash losses amounting to Rs. 1,23,36,914 in the current year and amounting to Rs. 1,03,49,328 in the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report under Clause 3(xviii) of the Order is not applicable to the Company.



- (xix) On the basis of the financial ratios disclosed in note 37 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no unspent amounts in respect of other than ongoing projects, that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 39 to the financial statements.
- (b) According to the information and explanations given to us, there are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 39 to the financial statements.
- (xxi) The Report is part of standalone financials of the Company hence the requirement to report on clause 3(xx) of the Order is not applicable to the Company.

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

  
R. P. Soni  
Partner  
Membership No.: 104796



UDIN: 22104796AJDOVT9638

Place: Mumbai  
Date: May 17, 2022



**Annexure B to the Auditors' Report**

**Annexure B the Independent Auditor's report of even date on the financial statements of Edelweiss Securities (IFSC) 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 (IFSC) Limited ("the Company")** as of March 31, 2022 in conjunction with our audit of financial statements of the Company for the period ended on that date.

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

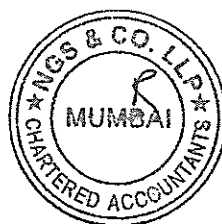
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

**Auditors' Responsibility**

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

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

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



### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

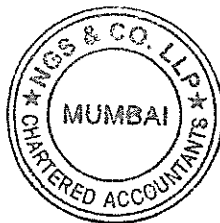
### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



R. P. Soni  
Partner  
Membership No.: 104796



UDIN: 22104796AJDOVT9638

Place: Mumbai  
Date: May 17, 2022

# Edelweiss Securities (IFSC) Limited

## Balance Sheet

(Currency : Indian rupees in thousands)

	Note	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7	63,814	102,760
Bank balances other than cash and cash equivalents	8	-	44,164
Other financial assets	9	75,773	29,322
		<u>139,587</u>	<u>176,246</u>
<b>Non-financial assets</b>			
Current tax assets (net)	10	68	-
Property, plant and equipment	11	2,931	4,231
Other intangible assets	12	-	607
Other non- financial assets	13	1,505	2,364
		<u>4,504</u>	<u>7,202</u>
<b>TOTAL ASSETS</b>		<u><b>144,091</b></u>	<u><b>183,448</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables	14	25	-
Total outstanding dues of micro enterprises and small enterprises		1,415	2,749
Total outstanding dues of creditors other than micro enterprises and small enterprises		<u>25,349</u>	<u>51,540</u>
Other financial liabilities	15	<u>26,789</u>	<u>54,289</u>
<b>Non-financial liabilities</b>			
Provisions	16	212	171
Other non-financial liabilities	17	137	168
		<u>349</u>	<u>339</u>
<b>Equity</b>			
Equity share capital	18	176,641	176,641
Other equity	19	(59,688)	(47,821)
		<u>116,953</u>	<u>128,820</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>144,091</b></u>	<u><b>183,448</b></u>

Significant accounting policies and notes forming part of the financial statements

1 to 41

As per our report of even date attached

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors

Udit Sureka

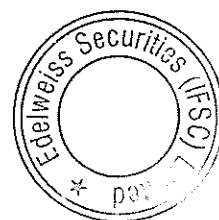
Director

DIN : 02190342

Shiv Sehgal

Director

DIN : 07112524



V. S. Vyas

Viresh Vyas

Chief Financial Officer

Miraj Dave

Company Secretary

Mumbai

May 17, 2022

May 17, 2022

# Edelweiss Securities (IFSC) Limited

## Statement of Profit and Loss

(Currency : Indian rupees in thousands)

	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Revenue from operations</b>			
Interest income	20	216	553
Fee and commission income	21	31	273
<b>Other income</b>	22	-	12
<b>Total Revenue</b>		<b>247</b>	<b>838</b>
<b>Expenses</b>			
Finance costs	23	279	349
Employee benefits expense	24	5,664	5,394
Depreciation and amortisation	11 & 12	3,312	3,875
Other expenses	25	6,641	5,434
<b>Total expenses</b>		<b>15,896</b>	<b>15,052</b>
<b>Loss before tax</b>		<b>(15,649)</b>	<b>(14,214)</b>
<b>Tax expenses</b>			
Current tax		-	12
<b>Loss for the year</b>		<b>(15,649)</b>	<b>(14,226)</b>
<b>Other Comprehensive Income</b>			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / loss on defined benefit plans (OCI)		20	3
<b>Total</b>		<b>20</b>	<b>3</b>
(b) Items that will be reclassified to profit or loss			
Foreign Exchange Translation Reserve (OCI)		3,762	(3,188)
<b>Total</b>		<b>3,762</b>	<b>(3,188)</b>
<b>Other Comprehensive Income</b>		<b>3,782</b>	<b>(3,185)</b>
<b>Total Comprehensive Income</b>		<b>(11,867)</b>	<b>(17,411)</b>
<b>Earnings per equity share: (face value of Rs. 10 each)</b>			
(1) Basic (in rupees)	27	(0.89)	(0.88)
(2) Diluted (in rupees)		(0.89)	(0.88)

Significant accounting policies and notes forming part of the financial statements

1 to 41

As per our report of even date attached

For NGS & Co. LLP

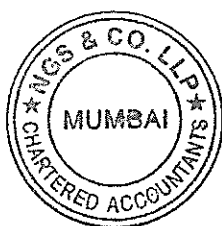
Chartered Accountants

Firm Registration No.: 119850W

R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors

Udit Sureka

Director

DIN : 02190342

Shiv Sehgal

Director

DIN : 07112524

Viresh Vyas

Chief Financial Officer

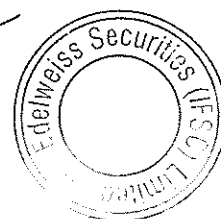
May 17, 2022

Miraj Dave

Company Secretary

Mumbai

May 17, 2022



# Edelweiss Securities (IFSC) Limited

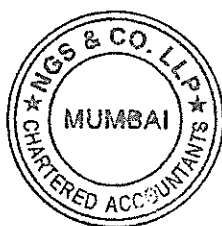
## Cash Flow Statement (Currency : Indian rupees in thousands)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A Cash flow from operating activities</b>		
Loss before taxation	(15,649)	(14,213)
<i>Adjustments for</i>		
Depreciation and ammortization	3,312	3,875
Loss on sale of fixed assets	91	743
Provision for employee benefits	59	79
Interest expense	253	338
<b>Operating cash flow before working capital changes</b>	<b>(11,934)</b>	<b>(9,178)</b>
<i>Add / (Less): Adjustments for working capital changes</i>		
Increase in financial assets	(2)	(12,155)
Decrease / (increase) in non financial assets	932	(711)
(Decrease) / increase in financial liabilities	(28,253)	18,625
(Decrease) / increase in non-financial liabilities	(43)	12
<b>Cash used in from operations</b>	<b>(39,300)</b>	<b>(3,407)</b>
Income taxes paid / (refund received)	(68)	95
<b>Net cash used in operating activities - A</b>	<b>(39,368)</b>	<b>(3,312)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed asset	(1,403)	(399)
Sale of fixed assets	-	-
<b>Net cash used in investing activities - B</b>	<b>(1,403)</b>	<b>(399)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of ordinary shares	-	14,300
Interest paid on lease	(1,193)	(1,095)
<b>Net cash used in financing activities - C</b>	<b>(1,193)</b>	<b>13,205</b>
<b>D Foreign exchange translation reserve - D</b>	<b>3,017</b>	<b>(1,909)</b>
<b>Net decrease in cash and cash equivalents (A+B+C+D)</b>	<b>(38,947)</b>	<b>7,585</b>
Cash and cash equivalent as at the beginning of the year	102,760	95,175
Cash and cash equivalent as at the end of the year (refer note below)	63,814	102,760
<b>Note:</b>		
1 Cash and cash equivalents include the following		
- Balances with banks	63,814	102,760

As per our report of even date attached.

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

R. P. Soni  
Partner  
Membership No.: 104796



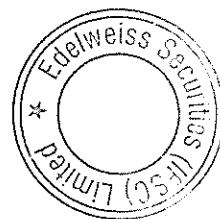
For and on behalf of the Board of Directors

Udit Sureka  
Director  
DIN : 02190342

Shiv Sehgal  
Director  
DIN : 07112524

V. S. Vyas  
Chief Financial Officer

Miraj Dave  
Company Secretary



Mumbai  
May 17, 2022

May 17, 2022

## Edelweiss Securities (IFSC) Limited

### Statement of changes in Equity

(Currency : Indian rupees in thousands)

#### Equity and Other Equity

	Equity and Other Equity			
	Equity Share Capital	Retained earnings	Exchange differences on translating the financial statements of a foreign operation	Total
Balance at March 31, 2020 (Ind AS)	162,341	(50,493)	20,083	131,931
Loss for the year	-	(14,226)	-	(14,226)
Other comprehensive income	-	-	(3,188)	(3,188)
Remeasurement gain / loss on defined benefit plans (OCI)	-	3	-	3
<b>Total Comprehensive Income for the year</b>	-	(14,223)	(3,188)	(17,411)
Issue of equity instruments	14,300	-	-	14,300
<b>Balance at March 31, 2021 (Ind AS)</b>	<b>176,641</b>	<b>(64,716)</b>	<b>16,895</b>	<b>128,820</b>
Loss for the year	-	(15,649)	-	(15,649)
Other comprehensive income	-	-	3,762	3,762
Remeasurement gain / loss on defined benefit plans (OCI)	-	20	-	20
<b>Total Comprehensive Income for the year</b>	-	(15,629)	3,762	(11,867)
Issue of equity instruments	-	-	-	-
<b>Balance at March 31, 2022 (Ind AS)</b>	<b>176,641</b>	<b>(80,345)</b>	<b>20,657</b>	<b>116,953</b>

#### Note

##### Foreign Exchange Translation Reserve

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

As per our report of even date attached.

#### For NGS & Co. LLP

Chartered Accountants

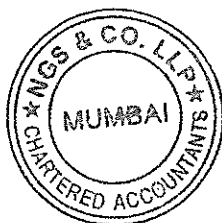
Firm Registration No.: 119850W

*R.P. Soni*

R. P. Soni

Partner

Membership No.: 104796



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

*Udit Surekha*

Udit Surekha

Director

DIN : 02190342

*Shiv Sehgal*

Shiv Sehgal

Director

DIN : 07112524

*V.S. Vyas*

Viresh Vyas

Chief Financial Officer

*Miraj Dave*

Miraj Dave

Company Secretary

Mumbai

May 17, 2022

May 17, 2022



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 1. Background

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

PAGAC Ecstasy Pte. Limited is the Ultimate Holding company.

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

#### 2. Basis of preparation of financial statements and Functional Currency

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

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

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

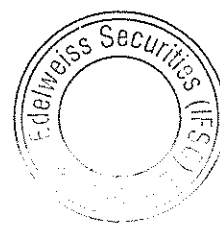
These financial statements have been prepared on a historical cost basis, except for certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and other financial assets held for trading, which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

#### 3. Presentation of financial statements

These financial statements are Special Purpose Indian Accounting Standards (Ind-AS) Financial Statement prepared in Indian Rupees (INR) for the purpose of preparation of consolidated financial statements for the year ended March 31, 2022 for Edelweiss Securities Limited for its reporting of Consolidated audited financial results under Ind-AS Division III of Schedule III of the Companies Act, 2013. The Company has prepared a separate set of financial statements for the year ended March 31, 2022 in Indian rupees, which is prepared in accordance with Division III of Schedule III and Ind-AS prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 3. Presentation of financial statements (Continued)

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

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

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

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

The outbreak of COVID - 19 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 statement, the Company's management has view that there is no material impact of the pandemic on its operations and its assets as at March 31, 2021

#### 4. Significant accounting policies

##### 4.1 Recognition of Interest

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

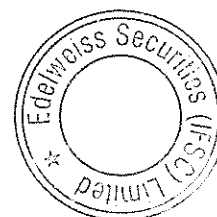
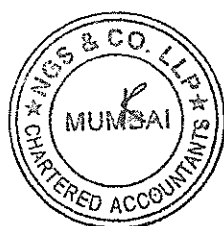
##### 4.1 Recognition of Interest

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

##### 4.2 Financial Instruments

###### 4.2.1 Date of recognition

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





## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

##### 4.2 Financial Instruments (Continued)

##### 4.2.2 Initial measurement of financial instruments

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

##### 4.2.3 Day 1 profit or loss

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

#### 4.3 Classification of financial instruments

##### 4.3.1 Financial assets:

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

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

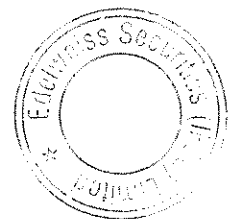
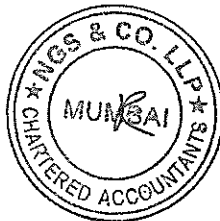
The Company measures debt financial assets that meet the following conditions at amortised cost:

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

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

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

#### 4.3 Classification of financial instruments (Continued)

##### 4.3.1 Financial assets: (Continued)

##### 4.3.1.1 Amortized cost and Effective interest method

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

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

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

##### 4.3.1.2 Financial assets held for trading

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

#### 4.3.2 Financial liabilities

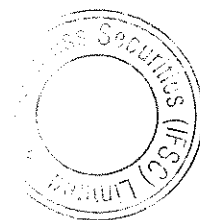
All financial liabilities are measured at amortised cost except loan commitments, financial guarantees, and derivative financial liabilities.

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

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

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

#### 4.3 Classification of financial instruments (Continued)

#### 4.3.2 Financial liabilities (Continued)

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

• The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or

• The liabilities are part of a Company of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or

• The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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

#### 4.3.2.3 Financial liabilities and equity instruments

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

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

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

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

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

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

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4.5 Derecognition of financial assets and financial liabilities (Continued)

##### 4.5.1 Derecognition of financial assets due to substantial modification of terms and conditions (Continued)

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

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

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

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

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

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

##### 4.5.3 Derecognition of financial liabilities

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

##### 4.6 Impairment of financial assets

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

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

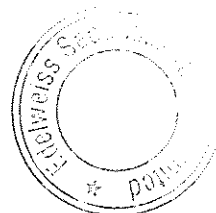
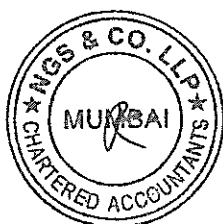
For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk (SICR) since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company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

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

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

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

##### 4.7 Write off

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

##### 4.8 Determination of fair value

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

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

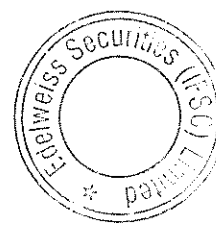
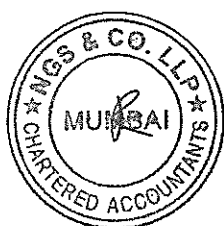
The principal or the most advantageous market must be accessible by the Company.

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

##### 4.9 Revenue from contract with customer

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

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

##### 4.10 Operating leases

As a lessee:

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract is or contains lease.

##### Measurement and recognition

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

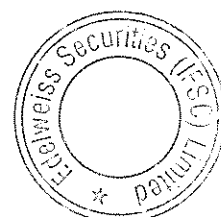
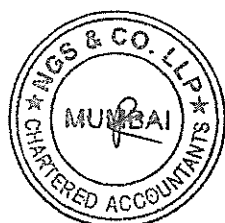
The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At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

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

##### Short term lease

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

##### 4.11 Earnings per share

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

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

##### 4.12 Foreign currency transactions

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

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

##### 4.13 Retirement and other employee benefit

Provident fund and national pension scheme

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

##### Gratuity

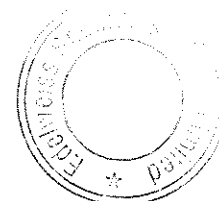
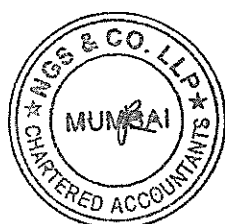
The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted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

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

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

##### Compensated Absences

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





## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

##### 4.14 Property, plant and equipment

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

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives. Depreciation is provided on a written down value basis (except otherwise mentioned) from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

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

Estimated useful lives of the assets are as follows:

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

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

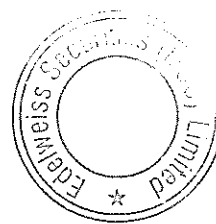
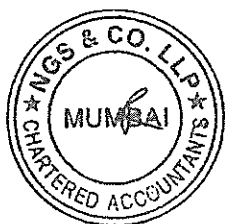
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof.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

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

##### 4.15 Intangible assets

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

##### 4.16 Impairment of non-financial assets

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

##### 4.17 Cash and cash equivalents

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

##### 4.18 Provisions and other contingent liabilities

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

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

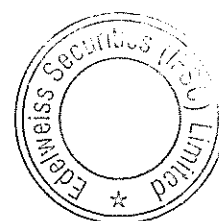
Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

##### 4.19 Income tax expenses

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

##### 4.19.1 Current tax

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 4. Significant accounting policies (continued)

##### 4.19.2 Deferred tax

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

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

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

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

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

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

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

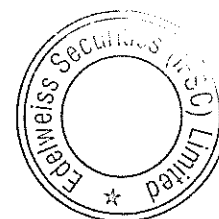
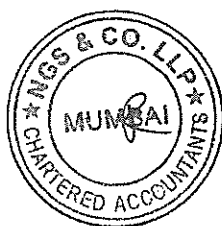
##### 4.19.3 Current and deferred tax for the year

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

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

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

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

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

##### 5.1 Critical judgements in applying accounting policies

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

##### 5.1.1 Business model assessment

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

##### 5.1.2 Significant increase in credit risk

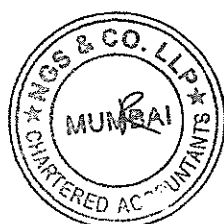
ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Ind AS 109 does not define what constitutes a significant increase in credit risk.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

##### 5.2 Key sources of estimation uncertainty

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

##### 5.2.1 Fair value of financial instruments

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



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

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

##### 5.2 Key sources of estimation uncertainty (Continued)

###### 5.2.2 Impairment of financial assets

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

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

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

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

###### 5.2.3 Effective interest rate method

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

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

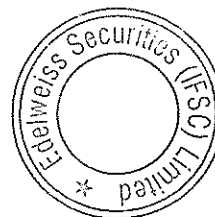
###### 5.2.4 Accounting for deferred taxes

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

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

#### 6. Standards issued but not yet effective

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



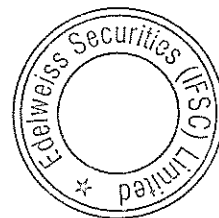
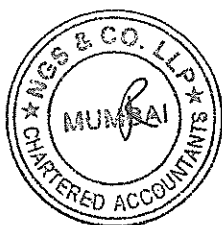
## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

	As at March 31, 2022	As at March 31, 2021
<b>7 Cash and cash equivalents</b>		
- in current accounts	63,814	102,760
	<b>63,814</b>	<b>102,760</b>
<b>8 Bank balances other than cash and cash equivalents</b>		
Fixed deposits with banks	-	44,164
	<b>-</b>	<b>44,164</b>
<b>8.1 Encumbrance's on fixed deposits held by the Company</b>		
The Company has pledged fixed deposits aggregating to Rs. Nil with India INX (Previous year : Rs. 33,075 thousands) and Rs. Nil with NSE IFSC (Previous year : Rs. 11,025 thousands) for meeting margin requirements.		
<b>9 Other financial assets</b>		
Deposits placed with/ for exchange	15,367	14,812
Rental deposits	1,014	983
Deposits- others	207	293
Receivable from exchange /clearing house (net)	72	4
Margin placed with exchange	59,113	13,230
	<b>75,773</b>	<b>29,322</b>
<b>10 Current tax assets (net)</b>		
Advance income taxes	68	-
	<b>68</b>	<b>-</b>



## Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

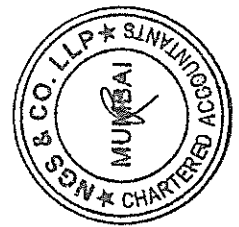
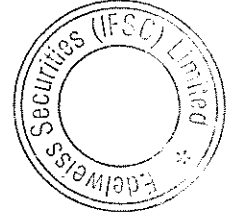
For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

### 11 Property, Plant and Equipment

Description of Assets	Gross Block				Depreciation			Net Block	
	As at April 1, 2021	Additions during the year	Disposals during the year	Other adjustments (as applicable)	As at March 31, 2022	Charge for the year	Disposals during the year	Other adjustments (as applicable)	As at March 31, 2022
Leasehold Premises	962	-	-	30	992	216	-	15	596
Furnitures & Fixtures	345	-	-	10	355	48	-	5	215
Office Equipments	681	-	-	21	702	81	-	17	600
Computers	5,083	1,403	434	159	6,211	1,539	342	156	5,451
Right to Use Assets	3,853	-	-	-	3,853	815	-	(61)	2,320
<b>Total</b>	<b>10,924</b>	<b>1,403</b>	<b>434</b>	<b>220</b>	<b>12,113</b>	<b>2,699</b>	<b>342</b>	<b>132</b>	<b>9,182</b>
						<b>6,693</b>			<b>2,931</b>

Description of Assets	Gross Block				Depreciation			Net Block	
	As at April 1, 2020	Additions during the year	Disposals during the year	Other adjustments (as applicable)	As at March 31, 2021	Charge for the year	Disposals during the year	Other adjustments (as applicable)	As at March 31, 2021
Leasehold Premises	987	-	-	(25)	962	215	-	(6)	365
Furnitures & Fixtures	759	-	396	(18)	345	65	182	(8)	162
Office Equipments	698	-	-	(17)	681	148	-	(11)	502
Computers	6,022	399	1,187	(151)	5,083	1,050	660	(103)	4,098
Right to Use Assets	3,853	-	-	-	3,853	814	-	(66)	1,566
<b>Total</b>	<b>12,319</b>	<b>399</b>	<b>1,583</b>	<b>(211)</b>	<b>10,924</b>	<b>2,292</b>	<b>842</b>	<b>(194)</b>	<b>6,693</b>
						<b>5,437</b>			<b>4,231</b>



## Edelweiss Securities (IFSC) Limited

Notes to the financial statements (Continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

### 12 Other Intangible Assets

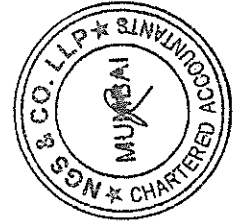
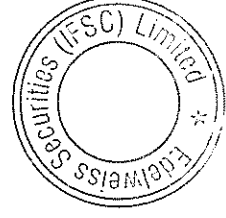
Description of Assets	Gross Block			Depreciation			Net Block
	As at April 1, 2021	Additions during the year	Disposals during the year	Other adjustments (as applicable)	As at March 31, 2022	As at March 31, 2022	As at March 31, 2022
Software	6,021	-	-	187	6,208	6,208	-
<b>Total</b>	<b>6,021</b>	<b>-</b>	<b>-</b>	<b>187</b>	<b>6,208</b>	<b>6,208</b>	<b>-</b>

Description of Assets	Gross Block			Depreciation			Net Block
	As at April 1, 2020	Additions during the year	Disposals during the year	Other adjustments (as applicable)	As at March 31, 2021	As at March 31, 2021	As at March 31, 2021
Software	6,175	-	-	(154)	6,021	5,414	607
<b>Total</b>	<b>6,175</b>	<b>-</b>	<b>-</b>	<b>(154)</b>	<b>6,021</b>	<b>5,414</b>	<b>607</b>

### 13 Other non-financial assets

Input tax credit	663	643
Prepaid expenses	610	1,015
Vendor Advances	167	643
Advances recoverable in cash or in kind or for value to be received	65	63
	<b>1,505</b>	<b>2,364</b>





## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

	As at March 31, 2022	As at March 31, 2021
--	-------------------------	-------------------------

#### 14 Trade Payables

Total outstanding dues of micro enterprises and small enterprises	25	-
Total outstanding dues to creditors other than micro enterprises and small enterprises	1,415	2,749
	<u>1,440</u>	<u>2,749</u>

Trade payables due for payment	Outstanding for following periods from date of transaction				Total
March 31, 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	25	-	-	-	25
(ii) Others	1,415	-	-	-	1,415
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-
Total	1,440	-	-	-	1,440

Trade payables due for payment	Outstanding for following periods from date of transaction				Total
March 31, 2021	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	2,749	-	-	-	2,749
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-
Total	2,749	-	-	-	2,749

#### 15 Other financial liabilities

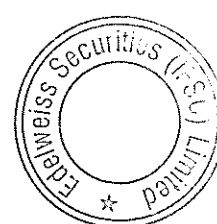
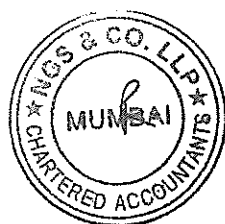
Application money to be refunded	-	400
Accrued salaries and benefits	674	474
Payable to exchange / clearing house (net)	2	1,307
Payable to client (net)	22,741	46,578
Lease liability	1,932	2,781
	<u>25,349</u>	<u>51,540</u>

#### 16 Provisions

Provision for employee benefits		
Gratuity	164	129
Compensated leave absences	48	42
	<u>212</u>	<u>171</u>

#### 17 Other non-financial liabilities

Others		
Withholding taxes, Goods and service tax and other taxes payable	137	168
	<u>137</u>	<u>168</u>



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 18 Issued capital and reserves

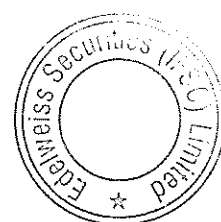
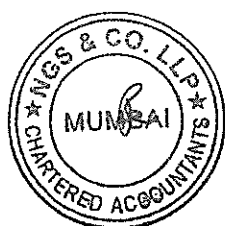
##### 18.1 Issued capital

	As at March 31, 2022	As at March 31, 2021
Equity share capital		
Authorised :		
(a) 20,000,000 equity shares of Rs. 10 each	<u>200,000</u>	<u>200,000</u>
	<u>200,000</u>	<u>200,000</u>
(b) Issued, Subscribed and Paid up:		
17,664,144 (Previous Year : 17,664,144) equity shares of Rs. 10 each, fully paid-up	176,641	176,641
(The entire share capital is held by Edelweiss Securities Limited, the holding company and its nominees)	<u>176,641</u>	<u>176,641</u>
(c) Movement in share capital :		
	March 31, 2022	March 31, 2021
	No of shares	No of shares
Outstanding at the beginning of the year	17,664,144	16,234,144
Issued during the year	-	1,430,000
As at the end of the year	<u>17,664,144</u>	<u>17,664,144</u>
	Amount	Amount
	176,641	162,341
	-	14,300
	<u>176,641</u>	<u>176,641</u>

Shares held by promoters at the end of the year				March 31, 2021			
Sr. No	Promoter name	March 31, 2022			March 31, 2021		
		No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
1	Edelweiss Securities Limited	17,664,144	100%	-	17,664,144	100%	-
		17,664,144	100%	-	17,664,144	100%	-

#### 19 Reserves and surplus

Foreign Exchange Translation Reserves	16,895	20,083
Add : (Deletion) / addition during the year	<u>3,762</u>	<u>(3,188)</u>
	20,657	16,895
Opening Balance	(64,716)	(50,493)
Add: Loss for the year	<u>(15,629)</u>	<u>(14,223)</u>
Amount available for appropriation	(80,345)	(64,716)
	<u>(59,688)</u>	<u>(47,821)</u>



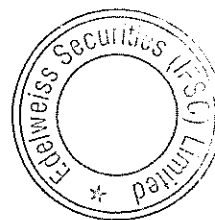
## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>20 Interest Income</b>		
Interest income on fixed deposits	216	553
	<u>216</u>	<u>553</u>
<b>21 Fee and commission income</b> (Service transferred at a point in time)		
Income from Broking	31	273
	<u>31</u>	<u>273</u>
<b>22 Other income</b>		
Interest on income tax refund	-	12
	<u>-</u>	<u>12</u>



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>23 Finance costs</b>		
Interest - others	4	2
Interest on lease liability	253	338
Financial and bank charges	22	9
	<u>279</u>	<u>349</u>
<b>24 Employee benefit expenses</b>		
Salaries and Bonus	5,152	5,059
Contribution to provident and other funds (refer note 29)	312	241
Staff welfare expenses	200	94
	<u>5,664</u>	<u>5,394</u>
<b>25 Other expenses</b>		
Advertisement and business promotion	24	-
Auditor's remuneration (refer note below)	549	430
Communication	492	414
Computer expenses	755	15
Computer software	1,700	1,116
Clearing and custodian charges	107	-
Dematerialisation charges	-	6
Electricity charges	478	353
Foreign exchange loss (net)	203	430
Insurance	-	1
Legal and professional fees	788	1,053
Loss on sale of fixed assets	91	743
Membership and subscription	491	447
Office expenses	74	395
Printing and stationery	(4)	-
Rates and taxes	27	-
Rent	3	(15)
Repairs and maintenance	140	(18)
ROC expenses	7	4
Goods and service tax expenses	2	-
Stamp duty	1	-
Travelling and conveyance	46	-
Miscellaneous expenses	-	4
Outside services cost	667	56
	<u>6,641</u>	<u>5,434</u>
Auditor's remuneration		
- As auditors	514	429
- For others	35	1
	<u>549</u>	<u>430</u>



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 26 Income tax disclosure

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

Particulars	March 31, 2022	March 31, 2021
Current tax	-	-
Adjustment in respect of current income tax of prior years	-	12
Deferred tax	-	-
<b>Total tax charge</b>	<b>-</b>	<b>12</b>

#### Reconciliation of total tax charge

Particulars	March 31, 2022	March 31, 2021
Accounting loss before tax as per financial statements	(15,649)	(14,214)
Tax rate (in percentage)	26%	26%
Income tax expenses calculated based on this rate	-	-
Adjustment in respect of current income tax of prior years	-	12
Others	-	-
<b>Tax charge for the year recorded in P&amp;L</b>	<b>-</b>	<b>12</b>

#### 27 Earning per share

Particulars	March 31, 2022	March 31, 2021
a) Loss after tax (as per Statement of Profit and Loss)	(15,649)	(14,226)
Less: dividend on preference share including dividend distribution tax	Nil	Nil
Net loss for the year attributable to equity shareholders	(15,649)	(14,226)
b) Calculation of weighted average number of equity Shares of Rs. 10 each		
Number of shares outstanding at the beginning of the year	17,664,144	16,234,144
Number of Shares issued during the year	-	1,430,000
Total number of equity shares outstanding at the end of the year	17,664,144	17,664,144
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	17,664,144	16,238,062
c) Number of dilutive potential equity shares	-	-
d) Basic and diluted earnings per share (in rupees) (a)/(b)	(0.89)	(0.88)

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

#### 29 Retirement benefit plan

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

Amount of Rs. 257 thousands (Previous year: Rs. 241 thousands) is recognised as expenses and included in "Employee benefit expense" in the statement of profit and loss.

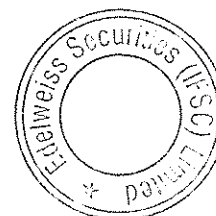
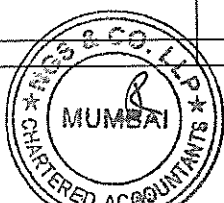
##### B) Defined benefit plan (Gratuity):

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

#### Statement of profit and loss

Expenses recognised in the Statement of Profit and Loss:

	March 31, 2022	March 31, 2021
Current service cost	49	47
Interest on defined benefit obligation	6	5
Expected return on plan assets	-	-
Past service cost	-	-
Exchange rate adjustment	-	-
Effect of limiting net assets to asset ceiling	-	-
Actuarial (gain) / losses	-	-
<b>Total included in 'Employee benefits expense'</b>	<b>55</b>	<b>52</b>



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 29 Retirement benefit plan (Continued)

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

##### Statement of profit and loss

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

	March 31, 2022	March 31, 2021
Present value of DBO at the beginning of the year	129	80
Acquisition/ (Divestiture)	-	-
Transfer (out)/in	-	-
Interest cost	6	5
Current service cost	49	47
Benefits paid	-	-
Past service cost	-	-
Actuarial (gain)/loss	(20)	(3)
Exchange Rate Adjustment	-	-
<b>Present value of DBO at the end of the year</b>	<b>164</b>	<b>129</b>

Net liability recognised in the balance sheet:

	March 31, 2022	March 31, 2021
Present value of DBO	164	129
Fair value of plan assets at the end of the year	-	-
<b>Net Liability</b>	<b>(164)</b>	<b>(129)</b>
Less: Effect of limiting net assets to asset ceiling	-	-
<b>Liability recognized in the balance sheet</b>	<b>(164)</b>	<b>(129)</b>

##### Retirement benefit plan

Experience adjustments:

	March 31, 2022	March 31, 2021
On plan liabilities: loss / (gain)	(20)	(3)
On plan assets: gain / (loss)	-	-
<b>Estimated contribution for next year</b>	<b>-</b>	<b>-</b>

Principal actuarial assumptions at the balance sheet date:

	March 31, 2022	March 31, 2021
Discount rate	5.40%	5.00%
Salary escalation	7%	7%
Employees attrition rate	0%-25%	0%-25%
Expected return on Plan Assets		
Mortality Rate	IALM 2012-14 (Ultimate)	IALM 2012-14 (Ultimate)
Expected average remaining working lives of employees	3 Years	3 Years

Sensitivity Analysis for 2022:

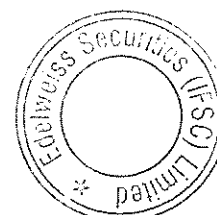
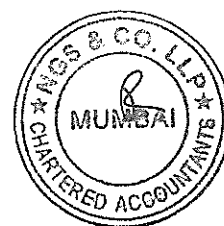
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1.00%	1.00%	1.00%	1.00%
	Increase	Decrease	Increase	Decrease
<b>Impact on defined benefit obligation</b>	<b>(8)</b>	<b>9</b>	<b>9</b>	<b>(8)</b>

Sensitivity Analysis for 2021:

Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1.00%	1.00%	1.00%	1.00%
	Increase	Decrease	Increase	Decrease
<b>Impact on defined benefit obligation</b>	<b>(8)</b>	<b>8</b>	<b>8</b>	<b>(7)</b>

Movement in Other Comprehensive Income

	March 31, 2022	March 31, 2021
<b>Balance at start of year (Loss)/ Gain</b>	<b>4</b>	<b>1</b>
Re-measurements on DBO		
a. Actuarial Loss/(Gain) from changes in demographic assumptions	-	12
b. Actuarial Loss/(Gain) from changes in financial assumptions	4	(8)
c. Actuarial Loss/(Gain) from experience over the past year	16	(1)
<b>Balance at start of year Gain</b>	<b>24</b>	<b>4</b>



## Edelweiss Securities (IFSC) Limited

Notes to the financial statements (continued)

For the year ended March 31, 2022

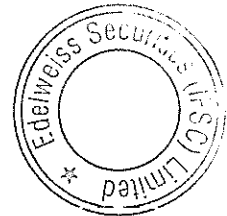
(Currency : Indian rupees in thousands)

### 30 Maturity analysis of assets and liabilities

Particulars	March 31, 2022			March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>						
Cash and cash equivalents	63,814	-	63,814	102,760	-	102,760
Other bank balances	-	-	-	44,164	-	44,164
Other financial assets	59,185	16,588	75,773	13,234	16,088	29,322
	122,999	16,588	139,587	160,158	16,088	176,246
<b>Non-financial assets</b>						
Current tax assets (net)	-	68	68	-	-	-
Property, plant and equipment	-	2,931	2,931	-	4,231	4,231
Other intangible assets	-	-	-	-	607	607
Other non-financial assets	1,505	-	1,505	2,364	-	2,364
	1,505	2,999	4,504	2,364	4,838	7,202
<b>Total assets</b>	<b>124,504</b>	<b>19,587</b>	<b>144,091</b>	<b>162,522</b>	<b>20,926</b>	<b>183,448</b>

Particulars	March 31, 2022			March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial liabilities</b>						
Trade payables	1,440	-	1,440	2,749	-	2,749
Other financial liabilities	24,422	927	25,349	49,607	1,932	51,540
	25,862	927	26,789	52,356	1,932	54,289
<b>Non-financial liabilities</b>						
Provisions	12	200	212	10	161	171
Other non-financial liabilities	137	-	137	168	-	168
	149	200	349	178	161	339
<b>Total liabilities</b>	<b>26,011</b>	<b>1,127</b>	<b>27,138</b>	<b>52,534</b>	<b>2,093</b>	<b>54,628</b>
<b>Net</b>	<b>98,493</b>	<b>18,460</b>	<b>116,953</b>	<b>109,988</b>	<b>18,833</b>	<b>128,820</b>



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 31 Contingent liabilities, commitments and lease arrangements

##### A. Contingent liabilities

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

##### B. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 69 thousands (net of advances) (Previous year: Nil)

##### C. Legal claims

There are no legal claims outstanding against the Company as at March 31, 2022 (Previous year: Nil).

##### D. Operating lease commitments

The Company has entered into commercial leases for premises and equipment. Gross rental expenses for the year ended March 31, 2022 Rs. 1,102 thousands (Previous year: Rs. 1,035 thousands) which has been included in lease liability.

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

Particulars	March 31, 2022	March 31, 2021
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-
Total	-	-

Group has on lease office premises which are of short term in nature which are of period of less than 12 months. Lease rental expenses recognised in the books of accounts is amounting to Rs. Rs. 3 thousands (Previous year: Rs (14) thousands)

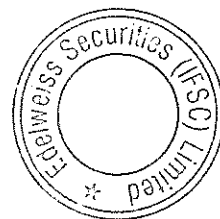
	March 31, 2022	March 31, 2021
Right-of-use assets	1,472	2,220
Lease liability	1,932	2,781

For adjustments recognised on adoption of Ind AS 116 on April 1, 2019

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

	March 31, 2022	March 31, 2021
Depreciation on ROU of building	815	814
Interest cost	253	338
Expenses related to short term lease	-	-
Expenses related to low value lease	-	-

The Company had total cash outflows for leases of Rs. 1,102 thousands (Previous year : Rs. 1,035 thousands). The initial application of Ind AS 116 resulted in noncash additions to right-of-use assets and lease liabilities of Rs. 3,853 thousands and Rs. 4,083 thousands at April 1, 2019





## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

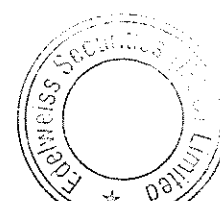
32 Disclosure as required by Indian Accounting standard 24 - "Related Party Disclosure", as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 :

- (A) **Names of related parties by whom control is exercised**  
 Edelweiss Financial Services Limited (till 26th March 2021) Ultimate holding company  
 Edelweiss Global Wealth Management Limited (w.e.f. March 27, 2021 till March 31, 2022) Parent of holding company  
 PAGAC Ecstasy Pte Limited (W.e.f. 27th March 2021) Ultimate holding company
- (B) **Holding company**  
 Edelweiss Financial Services Limited (till 29th June 2020)  
 Edelweiss Securities Limited (W.e.f. 30th June 2020)
- (C) **Names of related parties who exercise significant influence**  
 Edelweiss Financial Services Limited (W.e.f. 27th March 2021)
- (D) **Fellow subsidiaries with whom the Group has transactions:**  
**Upto 26 March 2021**  
 Edelweiss Rural & Corporate Services Limited  
 Edelweiss Comtrade Limited  
 Edelweiss Custodial Services Limited  
 Edelweiss General Insurance Company Limited
- (E) **Subsidiaries of Entity exercising significant influence with whom the Group has transactions**  
**W.e.f. 27 March 2021**  
 Edelweiss Rural & Corporate Services Limited  
 Edelweiss Comtrade Limited
- (F) **Key Management Personnel (KMP):**  
 Sharad Sharma Chief Executive Officer till November 4, 2020  
 Viresh Vyas Chief Executive Officer w.e.f. March 19, 2021  
 Chirag Thakkar Company Secretary (till July 1, 2021)  
 Miraj Dave Company Secretary (w.e.f. July 19, 2021)  
 Paresh Jansari Manager

### Transactions with related parties

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2022	March 31, 2021
<b>Capital account transactions</b>				
1	Issue of equity shares to	Edelweiss Securities Limited	-	14,300
2	Mediclinic premium paid	Edelweiss General Insurance Company Limited	198	192
3	Reimbursements paid to	Edelweiss Rural & Corporate Services Limited	-	526
		Edelweiss Financial Services Limited	-	311
		Edelweiss Securities Limited	-	100
<b>Balances with related parties</b>				
4	Managerial remuneration paid	Sharad Sharma	-	900
		Viresh Vyas	593	26
		Chirag Thakkar	524	526
		Miraj Dave	570	-
		Paresh Jansari	1,082	-
5	Other advances to be recovered from	Edelweiss Financial Services Limited	65	63
6	Trade payable	Edelweiss Comtrade Limited #	0	0
		Edelweiss Securities Limited	60	224
		Edelweiss Rural & Corporate Services Limited	7	7
		Edelweiss General Insurance Company Limited	13	-
7	Other financial liabilities	Edelweiss Securities Limited	-	400

# Amount is less than ₹ 1 thousand



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 33 Capital management

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

The Company defines "capital employed" to include all components of shareholders' equity and borrowings. The amount of capital employed at March 31, 2022 by the Company was Rs. 116,954 thousands (Previous year: Rs. 128,821 thousands).

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

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

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

#### 33.1 Analysis of risk concentration

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

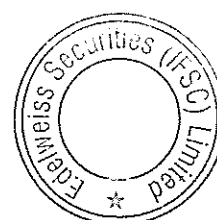
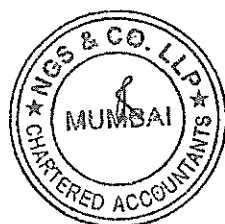
The carrying amounts of financial assets in the statement of financial position represent the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of their financial assets.

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

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

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

Particulars	Financial services	
	March 31, 2022	March 31, 2021
Financial assets		
Cash and cash equivalent and other bank balances	63,814	146,924
Other financial assets	75,773	29,322
Total	139,587	176,246



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 33.2 Analysis of financial assets and liabilities by remaining contractual maturities

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

As at March 31, 2022	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	3 years to 5 years	> 5 years	Total
Trade payables	1,440	-	-	-	-	-	1,440
Other financial liabilities	22,981	245	1,196	927	-	-	25,349
<b>Total undiscounted non-derivative financial liabilities</b>	<b>24,421</b>	<b>245</b>	<b>1,196</b>	<b>927</b>	<b>-</b>	<b>-</b>	<b>26,789</b>

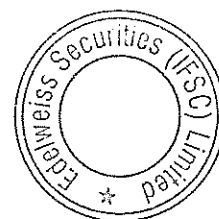
As at March 31, 2021	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	3 years to 5 years	> 5 years	Total
Trade payables	2,748	-	-	-	-	-	2,748
Other financial liabilities	48,959	206	442	1,932	-	-	51,538
<b>Total undiscounted non-derivative financial liabilities</b>	<b>51,707</b>	<b>206</b>	<b>442</b>	<b>1,932</b>	<b>-</b>	<b>-</b>	<b>54,286</b>

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

The table below summarises the maturity profile of the undiscounted cash flows of the Company financial assets as at March 31

As at March 31, 2022	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	3 years to 5 years	> 5 years	Total
Cash and cash equivalent and other bank balances	63,814	-	-	-	-	-	63,814
Other financial assets	59,185	-	-	1,014	-	15,574	75,773
<b>Total</b>	<b>122,999</b>	<b>-</b>	<b>-</b>	<b>1,014</b>	<b>-</b>	<b>15,574</b>	<b>139,587</b>

As at March 31, 2021	Less than 3 months	Equal to or more than 3 months but less than 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	3 years to 5 years	> 5 years	Total
Cash and cash equivalent and other bank balances	102,760	-	44,164	-	-	-	146,924
Other financial assets	13,234	-	-	1,276	-	14,812	29,322
<b>Total</b>	<b>115,994</b>	<b>-</b>	<b>44,164</b>	<b>1,276</b>	<b>-</b>	<b>14,812</b>	<b>176,246</b>



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 33.4 Financial assets available to support future funding

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

March 31, 2022	Pledged as collateral	others (1)	Available as collateral	others (2)	Total carrying amount
Cash and cash equivalent including bank balance	-	-	-	63,814	63,814
Other financial assets	74,480	-	279	1,014	75,773
Property, Plant and Equipment	-	-	1,002	-	1,002
<b>Total assets</b>	<b>74,480</b>	<b>-</b>	<b>1,281</b>	<b>64,828</b>	<b>140,589</b>

March 31, 2021	Pledged as collateral	others (1)	Available as collateral	others (2)	Total carrying amount
Cash and cash equivalent including bank balance	44,164	-	-	102,760	146,924
Other financial assets	28,042	-	297	983	29,322
Property, Plant and Equipment	-	-	1,347	-	1,347
<b>Total assets</b>	<b>72,206</b>	<b>-</b>	<b>1,644</b>	<b>103,743</b>	<b>177,593</b>

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

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

#### 33.5 Currency risk:

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

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

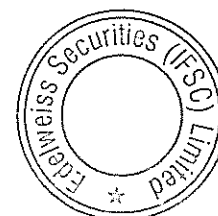
Currency	March 31, 2022					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
INR	5	6,471	-	5	(6,471)	-

Currency	March 31, 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
INR	5	3,161	-	5	(3,161)	-

#### 33.6 Market risk:

Fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately using sensitivity analyses.

Particulars	March 31, 2022			March 31, 2021		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
<b>Assets</b>						
Cash and cash equivalent and other bank balances	63,814	-	63,814	146,924	-	146,924
Other financial assets	75,773	-	75,773	29,322	-	29,322
<b>Total</b>	<b>139,587</b>	<b>-</b>	<b>139,587</b>	<b>176,246</b>	<b>-</b>	<b>176,246</b>
<b>Liability</b>						
Trade payables	1,440	-	1,440	2,749	-	2,749
Other liabilities	25,349	-	25,349	51,540	-	51,540
<b>Total</b>	<b>26,789</b>	<b>-</b>	<b>26,789</b>	<b>54,289</b>	<b>-</b>	<b>54,289</b>



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 34 Details of dues to Micro, Small and Medium enterprises

Trade Payables includes Rs. 25 thousands (Previous year: Nil thousands) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the period to "Suppliers" registered under this Act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

35 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 closing of the Interim Condensed special purpose financial statements of the Company. The Company's management has view that there is no material impact of the pandemic on its operations and its assets as at March 31, 2022.

36 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

#### 37 Ratio :

Particular	As at / For the year ended	As at / For the year ended March 31, 2021	Remark (> 25% <)
Current ratio (refer note 1)	4.79	3.09	Current assets reduced by 23% viz a viz current liabilities reduced by 50%
Return on Equity ratio (refer note 2)	(0.09)	(0.08)	No major movement
Return on Capital Employed (refer note 3)	(0.13)	(0.11)	No major movement

#### Note

1. Current ratio = Current assets / Current liabilities

2. Return on Equity ratio = Net profit after tax - preference dividend / Average shareholder's equity

3. Return on Capital Employed = Earnings before interest and taxes / Capital Employed = Tangible network (Net-worth - intangible assets) + Total Debt + Deferred Tax Liability

4. Debt equity ratio, Debt Service Coverage ratio, Interest Service Coverage ratios and Total Debts/ Total Assets and Return on Investment are nil since there is no debt and investment during the current year and previous year.

5. Inventory turnover ratio, Trade receivable ratio, Trade payable turnover, Net capital turnover and Net profit ratio are not applicable owing to the business model of the company.

#### 38 Others disclosure

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

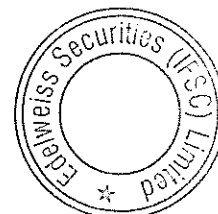
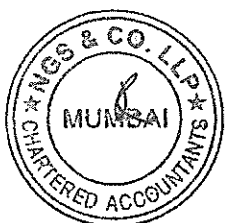
(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period

(iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.



## Edelweiss Securities (IFSC) Limited

### Notes to the financial statements (continued)

For the year ended March 31, 2022

(Currency : Indian rupees in thousands)

#### 38 Others disclosure (Continued)

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

#### 39 Corporate Social Responsibility (CSR)

CSR provisions are not applicable for current year and previous year as the turnover, Net Worth are below the prescribed limits of 1000 Crs & 500 Crs each.

#### 40 Rounded off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand as per the requirements of Schedule III, unless otherwise stated.

#### 41 Previous period comparatives

Previous year figures have been regrouped and rearranged whenever necessary.


As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

For and on behalf of the Board of Directors



R. P. Soni

Partner

Membership No.: 104796



Udit Surekha

Director

DIN : 02190342



Shiv Sehgal

Director

DIN : 07112524



Mumbai

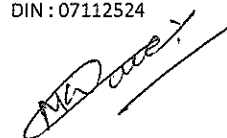
May 17, 2022



Viresh Vyas

Chief Financial Officer

May 17, 2022



Miraj Dave

Company Secretary

