

Independent Auditors' Report

To the Directors of
Edelweiss Financial Services (UK) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Edelweiss Financial Services (UK) Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company. This responsibility also includes maintenance of adequate accounting records 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing, which requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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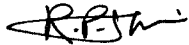
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 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 31 March 2018, and its profit and its cash flows for the period ended on that date.

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



R.P.Soni
Partner
Membership No. 104796
Place: Mumbai
Date: 19 April 2018



Edelweiss Financial Services (UK) Limited

Balance Sheet

(Currency: Indian rupees)


	Note	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	26,227,882	26,227,882
Reserves and surplus	2.2	<u>(2,401,308)</u>	<u>(5,881,911)</u>
		23,826,574	20,345,971
Current liabilities			
Trade payables		1,677,788	739,056
Other current liabilities	2.3	<u>-</u>	<u>265,884</u>
		1,677,788	1,004,940
TOTAL		<u>25,504,354</u>	<u>21,350,911</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.4	<u>38,182</u>	-
		38,182	-
Current assets			
Trade receivables	2.5	8,285,647	-
Cash and cash equivalents	2.6	16,635,598	20,947,419
Short-term loans and advances	2.7	<u>874,938</u>	<u>403,492</u>
		25,446,172	21,350,911
TOTAL		<u>25,504,354</u>	<u>21,350,911</u>

Significant accounting policies and notes to the financial statements

1 & 2

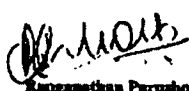
As per our report of even date attached.

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



R. P. Bhal

Partner
Membership No.: 104796
Mumbai
19 April 2018

For and on behalf of the Board of Directors


Ranganathan Perumbathaman

Director


Sanku Gadi

Director

19 April 2018

Edelweiss Financial Services (UK) Limited

Statement of Profit and Loss

(Currency: Indian rupees)

		For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations			
Fee income	2.8	10,568,236	617,280
Total revenue		10,568,236	617,280
Expenses			
Employee benefit expenses	2.9	1,580,488	1,052,565
Finance costs	2.10	41,862	73,306
Depreciation and amortization expenses	2.4	11,788	-
Other expenses	2.11	4,448,435	2,947,644
Total expenses		10,081,773	4,073,515
Profit / (Loss) before tax		566,463	(3,456,235)
Tax expense		-	-
Profit / (Loss) for the year		566,463	(3,456,235)
Earnings per equity share:			
Basic and diluted (per value of GBP 1 each)	2.14	1.89	(18.77)
Significant accounting policies and notes to the financial statements	1&2		

As per our report of even date attached.

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


R. P. Sani
Partner
Membership No.: 104796
Mumbai
19 April 2018



For and on behalf of the Board of Directors


Rangsunthan Purvatholomson
Director


Sushil Goel
Director

19 April 2018

Edelweiss Financial Services (UK) Limited

Cash Flow Statement

(Currency: Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities		
Profit / (Loss) before taxation	564,463	(3,456,235)
<i>Adjustments for non-cash/non-operating items:</i>		
Depreciation	11,708	-
Operating cash flow before working capital changes	576,171	(3,456,235)
<i>Add / (Less): Adjustments for working capital changes</i>		
Increase in trade receivables	(8,255,647)	-
Increase in loans and advances	(171,438)	(403,492)
(Decrease) / increase in other current liabilities	(265,884)	265,884
Increase / (decrease) in trade payables	938,724	(116,738)
Cash used in operations	(7,178,994)	(3,710,581)
Income taxes paid	-	-
Net cash used in operating activities - A	(7,178,994)	(3,710,581)
B Cash flow from investing activities - B		
Purchase of fixed assets	(47,152)	-
Net cash used in investing activities - B	(47,152)	-
C Cash flow from financing activities		
Proceeds from issue of share capital	-	19,050,638
Net cash generated from financing activities - C	-	19,050,638
D Change in foreign exchange translation reserve - D	2,911,322	(1,520,640)
Net (decrease) / increase in cash and cash equivalents (A+B+C+D)	(4,314,824)	13,819,417
Cash and cash equivalents as at the beginning of the year	28,947,419	7,128,002
Cash and cash equivalents as at the end of the year (refer note 2.6)	14,632,595	20,947,419

As per our report of even date attached.

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


R. P. Sood
Partner
Membership No.: 104796
Mumbai
19 April 2018



For and on behalf of the Board of Directors


Jaganathan Purushothaman
Director


Sushil Geel
Director

19 April 2018

Edelweiss Financial Services (UK) Limited

Notes to the financial statements for the year ended 31 March 2018

(Currency: Indian Rupees)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian Rupees.

The entity being a foreign company, the assets and liabilities for the purpose of preparation of these financial statements, are translated into Indian Rupees at the rate of exchange prevailing as at the Balance Sheet date. Further, revenue and expense are translated into Indian Rupees at the average exchange rate prevailing during the year and the resulting net translation adjustment has been disclosed as Foreign Exchange Translation Reserve in Reserves and Surplus. The same is in compliance with Accounting Standard 11 issued by the Institute of Chartered Accountants of India on "The Effects of Changes in Foreign Exchange Rates".

1.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent liabilities on date of the financial statements and reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Current and Non-current classification

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

Assets

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



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

1. Significant accounting policies (Continued)

1.3 Current and Non-current classification (Continued)

Liabilities

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

1.4 Revenue recognition

Fee income is recognised on accrual basis.

1.5 Impairment of 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 is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

1.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with bank and other fixed deposits with bank with original maturities of three months or less.

1.7 Fixed asset and depreciation

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Class of asset	Life of asset
Computer	4 years



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

1. Significant accounting policies (Continued)

1.8 Taxation

Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the applicable Income Tax Act) and deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

Current tax

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act.

Deferred taxation

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carry forward losses under taxation laws, a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable / probable (as the case may be) to be realised.

1.9 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - "Earnings Per Share" as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

1.10 Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.1 Share capital	As at	As at
	31 March 2018	31 March 2017
(a) Issued, subscribed and paid up: 300,000 ordinary shares (previous year: 300,000) of GBP 1 each, fully paid-up	26,227,882	26,227,882
	<u>26,227,882</u>	<u>26,227,882</u>

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

(b) Movement in share capital

	31 March 2018		31 March 2017	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year			75,000	7,177,244
Issued during the year	300,000	26,227,882	-	-
As at the end of the year	<u>300,000</u>	<u>26,227,882</u>	<u>225,000</u>	<u>19,050,638</u>

(c) Terms/rights attached to ordinary shares:

The Company has only one class of ordinary shares having a par value of GBP 1. Each holder of ordinary shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

3.2 Reserves and surplus

Foreign exchange translation reserve	1,382,489	(1,531,651)
Deficit in the statement of profit and loss		
Opening balance	(4,350,260)	(894,025)
Add: Profit / (loss) for the year	566,463	(3,456,235)
Closing balance	<u>(3,783,797)</u>	<u>(4,350,260)</u>
	<u>(2,401,308)</u>	<u>(5,881,911)</u>



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.3 Other current liabilities		
Statutory dues payable	-	265,884
Accrued salaries and benefits	-	-
	<u>-</u>	<u>265,884</u>



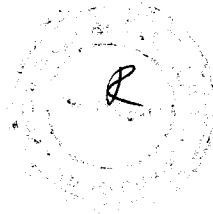
Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.4 Fixed assets

Description of assets	Gross block				Depreciation			Net Block		
	As at 1 April 2017	Additions	Deductions/ other adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ other adjustments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
	Tangible assets									
Computers		47,152	3,758	50,910		11,786	940	12,728	38,182	
Total :		47,152	3,758	50,910		11,786	940	12,728	38,182	
Grand Total		47,152	3,758	50,910		11,786	940	12,728	38,182	
Previous year										

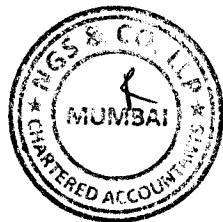


Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	As at 31 March 2018	As at 31 March 2017
2.5 Trade receivables		
Other debts		
Unsecured, considered Good	8,255,647	-
	<u>8,255,647</u>	<u>-</u>
2.6 Cash and cash equivalents		
Balances with banks		
- in current accounts	16,635,595	20,947,419
	<u>16,635,595</u>	<u>20,947,419</u>
2.7 Short-term loans and advances		
<u>Unsecured, considered good</u>		
Other loans and advances		
Cenvat and VAT assets	306,081	403,492
Rental deposits	49,557	-
Advance rent	53,156	-
Other advances	166,136	-
	<u>574,930</u>	<u>403,492</u>



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.8 Fee income		
Fee income	10,568,236	617,280
	<u>10,568,236</u>	<u>617,280</u>
2.9 Employee benefit expenses		
Salaries and wages	5,145,486	1,052,565
Contribution to other funds	355,002	-
	<u>5,500,488</u>	<u>1,052,565</u>
2.10 Finance costs		
Bank charges	41,062	73,306
	<u>41,062</u>	<u>73,306</u>
2.11 Other expenses		
Auditors' remuneration (refer below)	262,403	219,284
Insurance	5,857	-
Legal and professional fees	2,521,427	2,568,259
Office expenses	9,807	-
Postage and courier	2,205	-
Rent	596,666	84,111
Business promotion expenses	339,756	665,375
Travelling and conveyance	631,295	-
License fees	-	68,468
Foreign exchange loss	79,019	-
Director's fees	-	(657,853)
	<u>4,448,435</u>	<u>2,947,644</u>
Auditor's remuneration:		
As auditors	253,856	219,284
Towards reimbursement of expenses	8,547	-
	<u>262,403</u>	<u>219,284</u>



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.12 Segment reporting

The Company has operated in only one business segment during the year. Therefore, the Company has only one reportable business segment, the results of which are disclosed in the financial statements. Further, there are no geographical segments. Hence, no disclosures are required under Accounting Standard 17 on Segment Reporting.

2.13 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 :

(A) Names of related parties by whom control is exercised

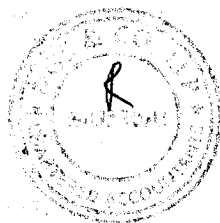
Edelweiss Securities Limited	Holding company
Edelweiss Financial Services Limited	Ultimate holding company

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

Edelweiss Financial Services Inc

(C) Transactions and balances with related parties

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Capital accounts transactions		
Issue of ordinary shares		
Edelweiss Securities Limited	-	19,050,638
Current accounts transactions		
Fee income received from		
Edelweiss Securities Limited	7,646,308	-
Reimbursements paid to		
Edelweiss Financial Services Inc	-	68,468
Balances with related parties		
Trade receivable		
Edelweiss Securities Limited	8,255,647	-



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (*Continued*)

(Currency: Indian Rupees)

2.14 *Earnings Per Share*

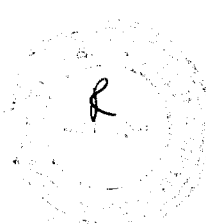
In accordance with Accounting Standard 20 on Earnings Per Share notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Profit / (Loss) attributable to Ordinary shareholders (as per Statement of profit and loss)	566,463	(3,456,235)
b) Calculation of weighted average number of ordinary shares of GBP 1/- each:		
– Number of shares at the beginning of the year	300,000	75,000
– Shares issued during the year	-	225,000
Total number of ordinary shares outstanding at the end of the year	300,000	300,000
Weighted average number of ordinary shares outstanding during the year (based on the date of issue of shares)	300,000	184,110
Nominal value per share in GBP	1	1
c) Basic and diluted earnings per share (in rupees) (a/b)	1.89	(18.77)

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

2.15 *Capital commitments and contingent liabilities*

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



Edelweiss Financial Services (UK) Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

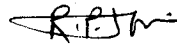
2.16 Previous year comparatives

Previous year figures have been regrouped and rearranged whenever necessary.

As per our report of even date attached.

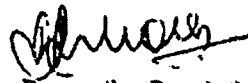
For NGS & Co. LLP
Chartered Accountants
Firm Registration No: 19850W

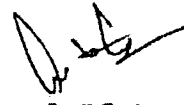



R. P. Soni
Partner
Membership No: 104796

19 April 2018

For and on behalf of the Board of Directors


Ranganathan Purushotharan
Director


Sunil Goel
Director

19 April 2018