

Edelweiss Securities (Hong Kong) Private Limited

**Financial Statements
together with Auditors' Report
for the year ended 31 March 2015**

Edelweiss Securities (Hong Kong) Private Limited

Financial statements together with Independent Auditor's Report
for the year ended 31 March 2015

(Currency: India Rupees)

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Independent Auditors' Report

To the Directors of
Edelweiss Securities (Hong Kong) Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Edelweiss Securities (Hong Kong) Private Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

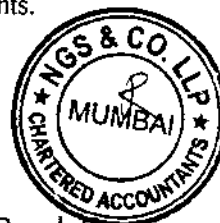
The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company. This responsibility also includes maintenance of adequate accounting records for safeguarding 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, 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.



B - 46, 3rd Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400 063.

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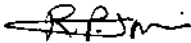
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 2015, and its loss and its cash flows for the year ended on that date.

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



R.P. Soni
Partner

Membership No.: 104796

Place: Mumbai

Date: 14 May 2015



Edelweiss Securities (Hong Kong) Private Limited

Balance Sheet

as at 31 March 2015

(Currency: Indian Rupees)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	4,65,11,044	4,65,11,044
Reserves and surplus	2.2	(97,10,840)	(59,78,524)
		<u>3,68,00,204</u>	<u>4,05,32,520</u>
Current liabilities			
Trade payables		3,57,426	5,16,748
Other current liabilities	2.3	20,00,000	1,65,767
		<u>23,57,426</u>	<u>6,82,515</u>
TOTAL		<u><u>3,91,57,630</u></u>	<u><u>4,12,15,035</u></u>
ASSETS			
Current assets			
Cash and cash equivalents	2.4	3,89,64,048	4,11,19,183
Short-term loans and advances	2.5	1,93,582	95,852
		<u>3,91,57,630</u>	<u>4,12,15,035</u>
TOTAL		<u><u>3,91,57,630</u></u>	<u><u>4,12,15,035</u></u>

Significant accounting policies and notes to the financial statements.

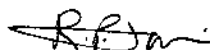
1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W



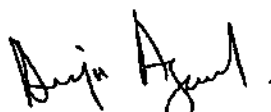
R. P. Soni

Partner

Membership No.: 104796



For and on behalf of the Board of Directors



Anuja Agarwal
Managing Director



Sachin Jain
Director

Mumbai

14 May 2015

14 May 2015

Edelweiss Securities (Hong Kong) Private Limited

Statement of Profit and Loss
for the year ended 31 March 2015

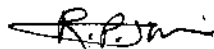
(Currency: Indian Rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Other income	2.6	410	259
Total revenue		410	259
Employee benefit expenses	2.7	47,72,777	16,32,036
Finance costs	2.8	4,129	1,72,794
Other expenses	2.9	7,08,010	20,88,637
Total expenses		54,84,916	38,93,467
Loss before tax		(54,84,506)	(38,93,208)
Tax expense		-	-
Loss for the year		(54,84,506)	(38,93,208)
Earnings per equity share: Basic and diluted (of face value of HKD 1 each)	2.12	(0.94)	(2.80)

Significant accounting policies and notes to the financial statements. 1 & 2

As per our report of even date attached.

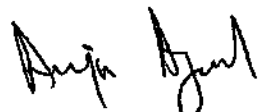
For NGS & Co. LLP
Chartered Accountants
Firm Registration No.: 119850W



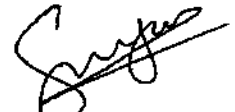
R. P. Soni
Partner
Membership No.: 104796



For and on behalf of the Board of Directors



Anuja Agarwal
Managing Director



Sachin Jain
Director

Mumbai
14 May 2015

14 May 2015

Edelweiss Securities (Hong Kong) Private Limited

Cash Flow Statement
for the year ended 31 March 2015

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
Loss before taxation	(54,84,506)	(38,93,208)
Adjustments for:		
Interest expense	-	1,67,215
Operating cash flow before working capital changes	(54,84,506)	(37,25,993)
Add / (Less): Adjustments for working capital changes		
Increase in loans and advances	(97,730)	(41,463)
Increase in other current liabilities	20,00,000	-
(Decrease) / increase in trade payables	(1,59,322)	1,69,635
Cash used in operations	(37,41,558)	(35,97,821)
Income taxes paid	-	-
Net cash used in operating activities - A	(37,41,558)	(33,015)
B Cash flow from financing activities		
Proceeds from issue of ordinary shares	-	4,64,57,958
Interest paid	(1,65,767)	-
Net cash (used in) / generated from financing activities - B	(1,65,767)	4,64,57,958
C Change in foreign exchange translation reserve - C	17,52,190	(17,41,025)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(21,55,135)	4,46,63,918
Cash and cash equivalents as at the beginning of the year	4,11,19,183	-
Cash and cash equivalents as at the end of the year	3,89,64,048	4,11,19,183

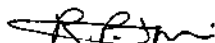
Notes:

- I Cash and cash equivalents includes the following
Balances with banks
- in current accounts

3,89,64,048 4,11,19,183

As per our report of even date attached.

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

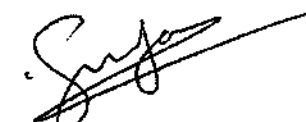


R. P. Soni
Partner
Membership No.: 104796



For and on behalf of the Board of Directors


Anuja Agarwal
Managing Director


Sachin Jain
Director

Mumbai
14 May 2015

14 May 2015

Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements

for the year ended 31 March 2015

(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 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 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together 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 GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities 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 satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- 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 used to settle a liability for at least 12 months after the reporting date.
- Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the company's normal operating cycle.



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements

for the year ended 31 March 2015

(Currency: Indian Rupees)

1. Significant accounting policies *(Continued)*

1.3 *Current and Non-current classification (Continued)*

- It is held primarily for the purpose of being traded;
- 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 financial liabilities.

All other liabilities are classified as non-current

1.1 *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 or the recoverable amount of the cash generating unit to which the asset belongs, 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 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.

1.2 *Revenue recognition*

Interest income is recognised on accrual basis.

1.6 *Employee benefits*

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (revised 2005), is set out below:

Provident fund

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

1.7 *Taxation*

Tax expense comprises income 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).

Income tax

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



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2015

(Currency: Indian Rupees)

1. Significant accounting policies *(Continued)*

1.7 Taxation *(Continued)*

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 by 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 carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

1.8 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 for 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 using the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding at year end.

1.9 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 Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2015

(Currency: Indian Rupees)

2.1 Share capital	As at 31 March 2015	As at 31 March 2014
(a) Issued, subscribed and paid up :		
5,818,566 (Previous year : 5,818,566 of HKD 1 each) ordinary shares of HKD 1 each	4,65,11,044	4,65,11,044
	<u>4,65,11,044</u>	<u>4,65,11,044</u>

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

(b) Movement in share capital

	As at 31 March 2015		As at 31 March 2014	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	58,18,566	4,65,11,044	7,750	53,086
Shares issued during the year	-	-	58,10,816	4,64,57,958
As at the end of the year	<u>58,18,566</u>	<u>4,65,11,044</u>	<u>58,18,566</u>	<u>4,65,11,044</u>

(c) Terms/rights attached to ordinary shares:

The Company has only one class of ordinary shares. 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.

2.2 Reserves and surplus

Foreign exchange translation reserve	12,613	(17,39,577)
Deficit in the Statement of Profit and Loss		
Opening balance	(42,38,947)	(3,45,739)
Add: Loss for the year	<u>(54,84,506)</u>	<u>(38,93,208)</u>
	<u>(97,23,453)</u>	<u>(42,38,947)</u>
	<u>(97,10,840)</u>	<u>(59,78,524)</u>



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2015

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
2.3 Other current liabilities		
Interest accrued and due on borrowings	-	1,65,767
Other payables		
Accrued salaries and benefits	20,00,000	-
	<u>20,00,000</u>	<u>1,65,767</u>
2.4 Cash and cash equivalents		
Balances with banks		
- in current account	3,89,64,048	4,11,19,183
	<u>3,89,64,048</u>	<u>4,11,19,183</u>
2.5 Short-term loans and advances		
Unsecured, considered good		
Prepaid expenses	83,234	76,191
Vendor advances	1,10,348	19,661
	<u>1,93,582</u>	<u>95,852</u>



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2015

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.6 Other income		
Interest income - others	410	259
	<u>410</u>	<u>259</u>
2.7 Employee benefit expenses		
Salaries and wages	46,21,969	15,64,032
Contribution to provident and other funds	1,37,024	68,004
Staff welfare expenses	13,784	-
	<u>47,72,777</u>	<u>16,32,036</u>
2.8 Finance costs		
Interest on loan from ultimate holding company	-	1,67,215
Bank charges	4,129	5,579
	<u>4,129</u>	<u>1,72,794</u>
2.9 Other expenses		
Business promotion expenses	39,159	-
Auditors' remuneration (refer note below)	1,16,034	81,590
Foreign exchange loss (net)	(22,158)	-
Legal and professional fees	5,27,271	19,84,700
Postage and courier	21,359	-
Miscellaneous expenses	26,345	22,347
	<u>7,08,010</u>	<u>20,88,637</u>
Note :		
Auditors remuneration		
As auditors	88,527	59,243
For taxation matters	21,936	19,426
For reimbursement of expenses	5,571	2,921
	<u>1,16,034</u>	<u>81,590</u>



Edelweiss Securities (Hong Kong) Private Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2015

(Currency: Indian Rupees)

2.10 Segment reporting

Since the Company has not commenced business, there is no reportable business segment within the meaning of Accounting Standard 17 – Segment Reporting.

2.11 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) Transactions with related party

Particulars	2015	2014
Capital account transactions		
Issue of ordinary shares		
Edelweiss Securities Limited	-	15,553,008
Issue of ordinary shares against loan taken		
Edelweiss Securities Limited	-	30,904,950
Loan transaction		
Unsecured loan taken		
Edelweiss Securities Limited	-	30,140,050
Interest expenses		
Edelweiss Securities Limited	-	167,215
Balances with related parties		
Other current liabilities		
Edelweiss Securities Limited	-	165,767

Note 1 : Loan given/taken to/from related parties are disclosed based on the maximum incremental amount given/taken during the reporting period.



Edelweiss Securities (Hong Kong) Private Limited
Notes to the financial statements (Continued)
for the year ended 31 March 2015

(Currency: Indian Rupees)

2.12 Earnings per share

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

Particulars		2015	2014
a)	Shareholders earnings (as per statement of profit and loss)	(5,484,506)	(3,893,208)
b)	Calculation of weighted average number of ordinary Shares of HKD 1/- each :		
	– Number of shares at the beginning of the year	5,818,566	7,750
	– Shares issued during the year (number of shares issued)	-	5,810,816
	Total number of ordinary shares outstanding at the end of the year	5,818,566	5,818,566
	Weighted average number of ordinary shares outstanding during the year (based on the date of issue of shares)	5,818,566	1,390,781
	Nominal value per share in HKD	1	1
c)	Basic and diluted earnings per share (in Rupees) (a/b)	(0.94)	(2.80)

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

2.13 Capital commitments and contingent liabilities

The Company has Rs. Nil capital commitments and contingent liabilities as at the balance sheet date.

As per our report of even date attached.

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

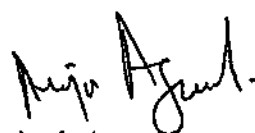

 R. P. Soni

Partner
 Membership No: 104796

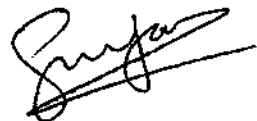
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14 May 2015