

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

Annual Report for the year ended March 31, 2020

Edelweiss Finance & Investments Limited

26th Annual Report 2019-20

Board of Directors

| | | |
|-------------------------|---|------------------------|
| Mr. S. Ranganathan | - | Executive Director |
| Mr. Venkat Ramaswamy | - | Non-executive Director |
| Mr. P. N. Venkatachalam | - | Independent Director |
| Ms. Shabnam Panjwani | - | Non-Executive Director |
| Mr. Kunnasagan Chinniah | - | Independent Director |

Chief Financial Officer

Mr. Shivaraman Iyer

Company Secretary

Ms. Pooja Doshi

Statutory Auditors

M/s. S. R. Batliboi & Co. LLP

Registered Office

Edelweiss House,
Off C.S.T. Road, Kalina,
Mumbai - 400 098.
Corporate Identity No.:
U67120MH1994PLC286057
Tel: +91 22 4009 4400
Fax: +91 22 4086 3759
Email: egia.cs@edelweissfin.com

Debenture Trustee

Beacon Trusteeship Limited
4C&D, Siddhivinayak
Chambers,
Gandhi Nagar, Opp MIG
Cricket Club,
Bandra (E), Mumbai 400 051.

Catalyst Trusteeship Limited
Windsor, 6th Floor, Office No.
604, C.S.T. Road,
Kalina,
Santacruz (East),
Mumbai 400 098.

SBICap Trustee Company Limited
6th Floor, Apeejay House, 3,
Dinshaw Wachha Road,
Churchgate, Mumbai 400 020

Registrar and Share Transfer Agent

Link Intime India Private Limited
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083.

KFin Technologies Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032

BOARD'S REPORT

To the Members of Edelweiss Finance & Investments Limited,

The Directors hereby present their 26th Annual Report on the business, operations and the state of affairs of the Company together with the audited financial statement for the year ended March 31, 2020: -

Financial Highlights

(Amount Rs. in million)

| Particulars | 2019-2020 | 2018-2019 |
|--|------------------|------------------|
| Total income | 1,485.36 | 1,424.59 |
| Total Expenses | 1,221.70 | 1,378.91 |
| Profit Before Tax | 263.66 | 45.68 |
| Provision for tax (including Deferred Tax and fringe benefit tax, if any) | 79.37 | 32.59 |
| Loss/ Profit for the year | 184.29 | 13.09 |
| Other Comprehensive Income | (3.25) | 0.10 |
| Total Comprehensive Income | 181.04 | 13.19 |
| Opening Balance | (49.49) | (24.91) |
| | | |
| Profit available for appropriation | | |
| Appropriations | | |
| - Income Tax Impact on ESOP | - | (37.77) |
| - Transfer to special reserve under Section 45-IC of the Reserve Bank of India Act, 1934 | (40.19) | - |
| - Transfer to Capital Redemption Reserve | (16.62) | - |
| - Deemed distribution during the year | - | - |
| Surplus carried to Balance Sheet | 74.74 | (49.49) |

Information on the state of affairs of the Company

Information on the operational and financial performance for the financial year ended March 31, 2020, among others, is given in the Management Discussion and Analysis Report which is annexed as Annexure I to this Report and is in accordance with the provisions of the RBI Master Direction No. DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 as amended i.e. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking Company (Reserve Bank) Directions, 2016.

Holding Company

During the year under review, the Company became the subsidiary of Edelweiss Securities Limited (ESL), a subsidiary of Edelweiss Financial Services Limited (EFSL) on March 31, 2020. Further, subsequent to the year end the Company became the wholly owned subsidiary of ESL.

The Company continues to be a subsidiary of EFSL.

Share Capital

During the year under review, the Company issued and allotted 49,00,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. 542 per Share on rights basis.

Consequently, the paid-up share capital of the Company comprises of Rs. 83.35 million divided into 83,35,332 equity shares of Rs. 10 each.

Cumulative Redeemable Preference Shares

The Board on May 8, 2020 declared dividend of Rs. 30.26 million on 2,06,92,000 - 14.625% Cumulative Redeemable Preference Shares of Rs. 10/- each (the CRPS), for the financial year ended March 31, 2020.

Further, the Company has on June 14, 2019 and June 11, 2020, redeemed 10,68,800 CRPS and 1,09,73,000 CRPS, respectively. Consequently, the paid-up preference share capital of the Company comprises of Rs. 9,71,90,000 divided into 97,19,000 CRPS of Rs. 10/- each.

Public Issue of Non-convertible Debentures

During the year under review, the Company successfully completed its maiden public issue of 22,19,128 Non-convertible Debentures of Rs. 1,000 each (NCDs) aggregating Rs. 2,219.12 million.

The issue received overwhelmed response from the investors. The NCDs are listed on BSE Limited.

Finance

The Company continues to borrow funds in the form of Non-convertible Debentures offered on Private Placement Basis.

Trustee details

Beacon Trusteeship Limited, Catalyst Trusteeship Limited and SBICap Trustee Company Limited act as the Debenture Trustee for the Non-Convertible Debentures issued by the Company by Public Issue and Private Placement basis.

Loans, Investments and Guarantees

The particulars of the loans given / Investments made by the Company are provided in the financial statements. Further, during the year under review, the Company has not given any guarantee / provided securities.

Related Party Transactions

All the Related Party Transactions entered by the Company are on arm's length basis and in the ordinary course of business. Particulars of contracts or arrangements with the related Parties as referred to in sub-section (1) of Section 188 and forming part of this report is provided in the financial statement. All the Related Party Transactions as required the Accounting Standards have been reported in the Notes to the financial statement.

The particulars of the material contracts/arrangements entered into by the Company with related parties on arm's length are disclosed in Form No. AOC -2 (Annexure - II).

Directors and Key Managerial Personnel

Independent Directors

During the year under review, Mr. Kunnasagaran Chinniah was appointed as an Independent Director on the Board of Directors of the Company with effect from December 13, 2019.

The Company has received a notice from a member signifying his intention to propose Mr. Kunnasagaran Chinniah for the office of Independent Director at the forthcoming Annual General Meeting.

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have given a declaration that they meet the criteria of independence as provided in the said section.

Retirement by rotation

Ms. Shabnam Panjwani retires by rotation at the forthcoming Annual General Meeting and, being eligible, offered herself for re-appointment.

Key Managerial Personnel

During the year under review, Mr. Venkatchalam Ramaswamy resigned as an Executive Director of the Company with effect from August 12, 2019. He continues to be a Non-executive Director.

The Board at its Meeting held on February 14, 2020, re-appointed Mr. S. Ranganathan as an Executive Director for a further period of 3 years with effect from February 8, 2020. The members at the Extraordinary General Meeting held on February 17, 2020, approved the re-appointment of Mr. Ranganathan as an Executive Director.

Mr. S. Ranganathan resigned as an Executive Director of the Company with effect from August 1, 2020. He will continue to be a Non-executive Director.

During the year under review, Ms. Pooja Doshi was appointed as Company Secretary with effect from September 1, 2019.

Mr. Tushar Agarwal was appointed as Chief Executive Officer of the Company with effect from April 1, 2020. Subject to the approval of the Reserve Bank of India, he will also be designated as Managing Director of the Company.

Mr. Shivaraman Iyer, Chief Financial Officer, resigned with effect from July 31, 2020. Mr. Jagdish Bhoir has been appointed as Chief Financial Officer, with effect from August 1, 2020.

Number of Board Meetings held

During the year ended March 31, 2020, the Board met 5 times.

Remuneration Policy

The Board of Directors of the Company has framed a Remuneration Policy pursuant to Section 178 of the Companies Act, 2013. The Policy is annexed as an Annexure III to this Report.

Evaluation of the performance of the Board

The Board has framed an Evaluation Policy (“the Policy”) for evaluating the performance of the Board, Executive Directors, Independent Directors, Non-Executive Directors and its Committees. Based on the Policy, the performance was evaluated for the financial year ended March 31, 2020. A meeting of the Independent Directors was held during the year under review.

The Policy inter alia provides the criteria for performance evaluation such as Board effectiveness, quality of discussion, contribution at the meetings, business acumen, strategic thinking, time commitment, relationship with the stakeholders, corporate governance practices, contribution of the Committees to the Board in discharging its functions, etc.

Internal Financial Controls

The Company has in place adequate internal financial control with reference to financial statement.

Audit Committee

In accordance with the provisions of Section 177 of the Companies Act, 2013, (the Act), the Board of Directors of the Company has constituted the Audit Committee. The Audit Committee of the Board of Directors of the Company comprises of the following Directors as its members:-

| | | |
|-------------------------|---|---|
| Mr. P. N. Venkatachalam | - | Independent Director (Chairman of the Committee) |
| Mr. Kunnasagan Chinniah | - | Independent Director |
| Ms. Shabnam Panjwani | - | Non - Executive Director. |

During the year ended March 31, 2020 the Committee met 4 times.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors of the Company presently comprises of the following Directors:-

| | | |
|-------------------------|---|-------------------------|
| Mr. P. N. Venkatachalam | - | Independent Director |
| Mr. Kunnasagan Chinniah | - | Independent Director |
| Ms. Shabnam Panjwani | - | Non-executive Director. |

The constitution and terms of reference of the Committee are in compliance with the requirements of Section 178 of the Companies Act, 2013.

During the year ended March 31, 2020 the Committee met 4 times.

Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013 (the Act), the Board of Directors of the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) presently comprising the following Directors as its members:

| | | |
|----------------------------|---|------------------------|
| Mr. Venkatchalam Ramaswamy | - | Non-executive Director |
| Mr. P. N. Venkatachalam | - | Independent Director |
| Mr. S. Ranganathan | - | Executive Director |

The terms of reference of the CSR Committee include the matters specified in Section 135 of the Act. The CSR Policy of the Company is uploaded on the website www.edelweissinvestment.com. Further details in this regard are provided in the Annexure IV to this Report.

During the year ended March 31, 2020 the Committee met once.

Auditors

The Members of the Company had appointed M/s. S. R. Batliboi & Co. LLP, as the Auditors of the Company till the conclusion of the 29th Annual General Meeting of the Company to be held in the year 2023.

The Report of the Auditors on the Financial Statements is unqualified.

Secretarial Audit

The Board had appointed M/s. Sahani & Kothari Associates, Company Secretaries, as Secretarial Auditor of the Company for the financial year ended March 31, 2020. The Report of the Secretarial Auditor is provided as an Annexure V to this Report.

The Report of the Secretarial Auditors is unqualified.

Prevention of Sexual harassment of Women at Workplace

The Company has framed a Policy on Prevention of Sexual Harassment at workplace. There was no case reported during the year under review. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

A. Conservation of energy

- i) the steps taken or impact on conservation of energy - The operations of your Company are not energy-intensive. However, adequate measures have been initiated for conservation of energy.
- ii) the steps taken by the Company for utilising alternate sources of energy - though the operations of the Company are not energy intensive, the Company shall explore alternative source of energy, as and when the necessity arises.
- iii) the capital investment on energy conservation equipment's - Nil

B. Technology absorption

- (i) the efforts made towards technology absorption; The minimum technology required for the business has been absorbed.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; Not Applicable
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year); Not Applicable
 - (a) the details of technology imported;
 - (b) the year of import;
 - (c) whether the technology been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) the expenditure incurred on Research and Development: Not Applicable

C. Foreign exchange earnings and outgo

During the year under review, there were no foreign exchange earnings and outgo.

Other Disclosures

No disclosure is required in respect of the details relating to the deposits covered under Chapter V of the Companies Act, 2013, issue of Equity Shares with differential rights as to dividend, voting or otherwise, sweat equity shares, as there were no transactions on these matters during the year ended March 31, 2020. There were no significant or material order passed by any regulator or court or tribunal which would impact the status of the Company as a going concern and the operations in future. No material changes have occurred between the end of financial year i.e. March 31, 2020 and the date of the report affecting the financial position of your Company. The Company is in compliance with applicable Secretarial Standards issued by Institute of Company Secretaries of India.

Extract of the Annual Return

In accordance with the provisions of Section 92 of the Companies Act, 2013 and the Rules framed thereunder, the extract of the Annual Return in the prescribed Form MGT - 9 is provided in Annexure VI to this Report.

Whistle Blower Policy/Vigil Mechanism

The Company has established the Vigil Mechanism ('Whistle-blower Mechanism') which envisages reporting by directors and employees about their genuine concerns or grievances. The policy is uploaded on www.edelweissinvestment.com. The vigil mechanism is overseen by the Audit Committee.

Particulars of Employees

The information/particulars of Employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended are provided in Annexure - VII to this Report.

Risk Management

The Company has in place the Risk Management Policy, which was implemented during the year under review.

Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013 (the Act), the Board of Directors confirm that:-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and profit of the Company for the financial year ended on that date;
- (iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) internal financial controls have been laid down and the same are adequate and were operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgments

The Board of Directors wishes to place on record their appreciation for the continued support and co-operation extended by the Reserve Bank of India, Stock Exchanges, government authorities, banks, and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

**For and on behalf of the Board of Directors
Edelweiss Finance & Investments Limited**

-Sd-

**S. Ranganathan
Executive Director
DIN: 00125493**

-Sd-

**Venkatchalam Ramaswamy
Non-executive Director
DIN: 00008509**

Mumbai, July 3, 2020

Annexure I

Edelweiss Finance & Investments Limited (EFIL) FY2019-20

Management Discussion & Analysis

MACRO ECONOMY: REVIEW AND OUTLOOK

From 'moment of excitement' (2000-10) – as John Keynes would have put it - to lingering 'uncertainty' (2011-19), Emerging Markets (EM) have seen a remarkable reversal of fortunes and their growth models changed from being export-led to domestic demand-led. Fed's repeated attempts at tightening (2013, 2015, 2018) were met with EM turmoil, India being no exception. However, when Fed started its Balance sheet expansion from October 2019, global economy was eyeing at a modest uptick, only to face a speed breaker in the form of COVID-19 Pandemic. However, this too has a silver lining – COVID-19 has resulted in a unified monetary and fiscal expansion across developed economies.

Against this backdrop, how is India stacked up? Indian economy was stabilizing post the economic slowdown owing to large liquidity injections from the RBI. Systemic liquidity has been running in surplus for last ~12 months. On the reforms front, India made considerable progress with corporate tax rates reduction.

On the monetary policy front, RBI has been accommodative by cutting policy rates by 250 bps since April 2019. It indicated in its announcement on May 22, 2020 that post the Pandemic, real GDP is likely to contract in FY21 and hinted that if inflation progresses as per expectation, more room for rate cuts will open up.

On the fiscal front, government maintained fiscal prudence in FY20 though the recent stimulus package would cause a dent. This has resulted in India's macro stability being significantly anchored. From being a current account deficit country, India is on the path of having a current account surplus.

Now, with the COVID-19 crisis, operating conditions are challenging in the near term with

the FY20 GDP growth at 4.2% which is likely to slip into negative territory in early part of FY21. Bringing back the economy on a growth path would be arduous. However, such crises also present opportunities. We see two big opportunities for India. First, the sharp fall in oil prices. Second, the narrative today globally is to diversify facilities from China. In this context, given India's large size it should benefit from the same and it is important we capitalize on these opportunities.

Overall Outlook

While near-term outlook post lockdown is clouded with challenges, we believe that the medium term looks brighter. As developed markets continue with fiscal and monetary expansion, EMs will benefit significantly on the exports front. India could potentially be a big winner of these. On the flip side, however, a prolonged COVID-19 crisis across the world has the potential to play the spoil sport.

Therefore, it is expected that while economic activity will remain muted in FY21, it should start to gain traction gradually afterwards.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Commercial Credit Markets

Banking Industry

FY20 has been a tough year for banks. Coming out of softer 9MFY20, the impact of COVID-19 did not help the cause either. The system credit growth fell sub-7% levels for FY20 given the muted fourth quarter, which is usually the strongest quarter.

FY20 also saw volatile asset quality in banks with incremental stress remaining higher and witnessed the bail out of a private sector bank. Going forward we see our prognosis of systemic asset quality rather bleak, and we believe that long-term costs of the current economic dislocation remain a known unknown.

The developments over past few months which led to liquidity crunch resulted in risk aversion towards NBFCs/HFCs as incremental liquidity became expensive. Even while to an extent the banks benefitted from softened competition, the overall demand scenario suffered and credit outlook remains vulnerable.

NBFC Industry

The past few months have been volatile for NBFCs with a couple of events combined with market chaos triggering fears of a liquidity crisis. However, most of these fears have remained unfounded as most players were well-capitalized to handle any short-term market dislocation. However, funding did become more expensive in this backdrop, especially for players dependent on debt market with relatively shorter duration. As a result, risk appetite waned impacting growth of the NBFC sector as they focused more on liquidity management rather than asset growth.

The recovery following that has been gradual, aided by regulator's support, and the situation is improving, albeit very slowly. The growing relevance of NBFCs also highlighted the emphasis of risk management in the sector and most NBFCs emerged stronger with better balance sheet strength and no perceptible worsening of asset quality.

Going forward, while the segment is not entirely out of woods, comfortable capital position, control on asset quality and strengthened liquidity management practices provide comfort. Within NBFCs, well run business models with stronger balance sheets, prudent risk management practices and limited vulnerability to earnings will emerge stronger.

Retail Finance

India has one of the lowest credit penetration among larger economies and retail credit presents a large growth opportunity driven by long term trends in democratisation of credit, rising household incomes and increased consumption. However, current challenges turn consumption driven story on its head. We expect growth will

remain challenging with players also tightening risk metrics to reflect the ground realities.

Retail focus areas for the banks and NBFCs have been mortgages and Mudra Finance or MSME finance. With the markets on an upswing in the hope of a faster return of the economy to growth, demand for products like loans against securities, margin funding and ESOP financing also should grow. While we firmly believe in longer term potential for NBFCs to scale up these portfolios, near to medium term will be challenging before they embark upon growth trajectory again.

The Company

The Company is registered as a Non-Banking Financial Institution not accepting public deposits with the Reserve Bank of India. The Company is engaged in the business of investments and lending. Over a period of time the Company has acquired the status of Systemically Important Non-Banking Financial Company not accepting public deposits (NBFC-ND-SI).

Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 and Sections 230 to 232 of the Companies Act 2013 sanctioned by the National Company Law Tribunal (NCLT), Mumbai Bench vide its order dated 5 July 2018, Edelweiss Finance & Investments Limited has demerged the Lending and Investment Business to Edelweiss Finvest Private Limited, which is another Edelweiss group NBFC engaged in the business of lending and investments, and the Training Centre Business to Edel Land Limited, which undertakes real estate activities with effect from 1 April 2016, the Appointed Date. The Scheme has come into effect from 1 August 2018, the Effective Date.

At EFIL, we offer a wide range of products and services for Retail Clients of Edelweiss Global Investment Advisors business group with a clear focus on client requirements while designing our products. Our loan products include ESOP & Margin Funding, Loans against Securities and IPO Financing.

We are part of the Edelweiss Group which is one of India's prominent financial services organization

having businesses organized around four **broad business groups**:

- **Credit business** including Retail Credit and Corporate Credit,
- **Advisory business** including
 - **Edelweiss Global Investment Advisors (EGIA)**, which includes Wealth Management, Asset Management and Capital Markets, and,
- **Asset Reconstruction business**
- **Insurance** including Life and General Insurance.

FINANCIAL PERFORMANCE HIGHLIGHTS

With the macro-economic indicators starting to deteriorate, business sentiment turning bearish, liquidity crunch setting in for NBFCs/HFCs during FY20 and finally the impact of COVID-19 Pandemic coming in towards the closure of the financial year, EFIL's focus during the year shifted to risk management including control over asset quality and liquidity management rather than chasing asset growth. This resulted in a temporary setback to the growth momentum it had achieved in the past few years. However, our strong business fundamentals have empowered us to stand strong even during the headwinds faced by NBFC industry. At the same time, we devoted the year to improving productivity of our employees, ensuring quality of credit and customers we lend to and building infrastructure including state of the art technology to be ready to partake our share of growth when it returns.

FINANCIAL HIGHLIGHTS FOR FY20

A summary of our consolidated FY20 financial highlights together with FY19 financials as per Ind AS is as under:

- **Total Revenue Rs. 1,485 million** (Rs.1,425 million for FY19), Increase 4.27%
- **Profit after Tax Rs.184 million** (Rs.13 million for FY19), Increase 1308%.
- **Networth Rs. 4,611 million** (Rs. 1,659 million at the end of FY19)

INCOME

Fund Based Revenue

Our fund-based businesses earned revenue of Rs. 1,478 million for FY20 (Rs. 1,425 million for FY19). Out of this, interest income was higher at Rs. 1,190 million (Rs.1,411 million for FY19).

Agency Fee & Commission

Our agency fee & commission revenue was Rs.7 million for the year (Rs. Nil in FY19.)

EXPENSES

Our total costs for FY20 was Rs.1,222 million (Rs.1,379 million in FY19), down 11%. Within our total costs, operating expenses were Rs.126 million in FY20 (Rs.74 million in FY19), Increase 70%. Our employee expenses were Rs.80 million in FY20 (Rs.36 million in FY19), Increase 125%. The interest expense were Rs.984 million (Rs.1,204 million in FY19), down 18% due to lower average borrowings during FY20

PROFIT AFTER TAX

Our Profit for FY20 was Rs.184 million compared to Profit after Tax of Rs.13 million for FY19.

Our Profit before Tax margin for FY20 was 18% compared to 3% for FY19. Our Profit after Tax margin for FY20 was 12% compared to 1% for FY19.

Balance Sheet Gearing

We believe that a strong and liquid balance sheet imparts unique ability to our company to be able to meet demands of our large clients, capture any episodic opportunities and be able to raise debt capital whenever required. EFIL has a net worth of Rs.4,611 million as at the end of FY20 compared to Rs.1,659 million at the end of FY19. Amount of debt on the Balance Sheet as on March 31, 2020 was Rs. 3,652 million (Rs.19,731 million as on March 31, 2019), with a Gearing Ratio of 0.79 times. The gross Balance Sheet size at the end of FY20 was Rs.8,416 million (Rs.21,914 million at the end of FY19).

ANALYSIS OF SIGNIFICANT CHANGES IN FINANCIAL RATIOS

As per the recent amendments to the SEBI Listing Obligations and Disclosure Requirements (LODR), we give below additional information in respect of financial parameters that are applicable to our company:

1. Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:

(a) Debt Equity Ratio 0.79 at the end of FY20 compared to 11.89 at the end of FY19. This was due to the company has change the line of business from trading & Investment in Government securities and Fixed Income Securities to lending business which result in lowering of Borrowings.

(b) Operating Profit Margin 18% in FY20 compared to 3% in FY19.

(c) Net Profit Margin 12% at the end of FY20 compared to 1% at the end of FY19.

2. Return on Average Equity for FY20 is 6% compared to 1% for FY19.

The above ratios are not comparable as the company has change the line of business from trading & Investment in Government securities and Fixed Income Securities to lending business.

Other parameters, namely Debtors Turnover, Inventory Turnover, Interest Coverage Ratio and Current Ratio, are not applicable to our company.

BUSINESS PERFORMANCE HIGHLIGHTS

Our Company is presently engaged in the business of granting loans against securities, margin trade financing and IPO financing. Our company intends to grow into a leading NBFC of the Edelweiss group's advisory business. As a result of shift in line of business, the credit book will increase

consistently and treasury operations have come down significantly

As on 31st March'20, outstanding loan against securities in EFIL stands at INR 314.28 Cr vis-à-vis NIL at 31st March'19.

BALANCE SHEET MANAGEMENT

EFIL recognises the need for a strong and liquid balance sheet which enables us easier access to market borrowings on the back of a strong credit rating. A liquid balance sheet simultaneously enables us to redeploy capital efficiently towards business opportunities that appear at short notice.

In Feb'20, EFIL has launched its maiden public issue and has managed to successfully raise INR 221.9 Cr.

Over and above this, EFIL has raised borrowings from market linked debentures.

We continue to diversify our sources of borrowings across MLDs, NCDs etc. as well as add liabilities commensurate with our assets profile.

Capital Adequacy Ratio

As per the Non Banking Financial Companies Prudential Norms stipulated by Reserve Bank, all NBFCs–ND–SI are required to maintain a minimum Capital to Risk-weighted Assets Ratio ("CRAR") of 15%. EFIL's CRAR as on March 31, 2020 was 56.06% with a Tier I Ratio of 47.18% and Tier II ratio of 8.88% compared to 22.40% and 6.64% respectively as on March 31, 2019.

OPPORTUNITIES

Despite the current economic downturn being exacerbated by the Pandemic, the long term growth story of India and the trend of compounding growth remains in place. At the same time, while FY21 will be a year of resilience, demand for credit in India will continue to offer immense opportunities in future for firms like us as under:

- The financialisation of Indian household savings, low credit penetration,

democratization of credit and demand for consumption are presenting newer opportunities, notwithstanding the current dip, in the areas like retail credit which is our focus area.

- The monsoon has already set in on time this year and is expected to be a normal one. Agriculture production is likely to continue to grow in FY21 fuelling consumption which augurs well for the overall economy.

The expected return of growth in the Indian economy in FY22 would continue to offer opportunities for us to grow.

THREATS

While the opportunities landscape is promising in the medium term, following threats could dampen the growth of NBFCs in India:

- Slower than expected recovery of macro-economy, domestically as well as globally or a prolonged COVID-19 Pandemic can impact the growth.
- While the oil prices currently are benign, any increase in oil prices on the back of any geo-political conflicts or delay in revival of capex cycle can also impede growth.
- If the current tight liquidity situation does not normalize soon, it could affect the natural growth of the NBFC sector.

OUTLOOK & STRATEGY

With the GDP growth sliding down to 4.2% for FY20 and real GDP likely to fall into negative territory in FY21, the outlook in short term is uncertain. However, our belief in the long-term India story continues to remain the same and growth opportunities will stage a comeback sooner than later.

Despite the stimulus packages implemented by the Government to alleviate the impact of the Pandemic across various segments, the outlook for inflation and interest rates remains positive. The government will now go into a fiscal expansionary mode and with the regulator also pushing growth through rate cuts, we expect growth to come back in FY22 in a calibrated manner.

The new normal post COVID-19 will also need a significant re-thinking in the way NBFCs do business. There will be an enhanced focus on equity capital, liquidity management and resources side of the balance sheet. The industry may continue to face challenges in resources mobilization with Mutual Funds not willing to lend beyond the top few NBFCs and banks adopting a risk averse approach. Given this scenario, we should expect a muted FY21 with normalcy returning gradually in FY22.

As we look ahead for EFIL, while FY20 was devoted to strengthening the balance sheet, liquidity management and risk management, we see lot of promise and opportunity in the medium term. At Edelweiss, we have done fairly well in managing risks till now while balancing it with the growth vector, and we should be able to combine scale and efficiency going forward.

We will continue with the strategy to hold excess liquidity and equity capital. We will also use technology to be a key business driver to help us deliver superior customer experience and rationalise costs.

FY21 will be the year of resilience, as the economy recovers. We will continue to focus on creating value for stakeholders. Our customer base has kept faith with us. Our talent pool is unmatched and closely aligned with the interests of our stakeholders. As in the past, Edelweiss will emerge stronger once the current crisis blows away.

ENTERPRISE GROUPS

The business of EFIL is controlled and supported by a core of Enterprise Groups that provide consistent quality and rigour to key process functions. While EFIL itself is responsible and equipped with management of enterprise functions, it also draws upon the support from and expertise available at the Group level. Various steps taken by us to improve efficacy of Enterprise functions are detailed below.

GOVERNANCE

At Edelweiss Group, we believe in the philosophy that well governed organisations tend to last longer and that governance is the fulcrum around which entire financial sector thrives. Hence, Governance is at the heart of everything we do and it transcends beyond compliance extending to ethics and values as well.

Governance to us means **Trust** covering Ethics & Integrity, **Legitimacy** encompassing Transparency, Authenticity and Fairness, **Accountability** including Decision making, responsiveness, **Competence** highlighting Simplicity, and above all **Respect** for letter and spirit of law.

Our Board attaches highest importance to Governance and thus sets tone of culture flowing from top throughout the fabric of our organisation. Board has set a very high benchmark on the standards to be adhered to. Board of EFIL sets higher standards on ethics, integrity, transparency and fairness leading us to build good framework for conduct, behaviour and process oversights at organization level.

In order to promote good governance culture, we have self-defined rules for good behaviour and conduct at individual as well as at entity level. Sound Frameworks have been put in place on issues of Conflict of Interest, Insider Trading, dealing with sensitive information etc. Last 18 months have witnessed numerous challenges in the eco system as discussed elsewhere in this report. Our Governance standards have ensured continuity of service to customers besides taking care of safety and protection of all our stakeholders including employees, channel partners/business partners etc.

Learning from these events that have unfolded in the environment, our focus on governance has become even sharper. We are continuously recalibrating some of practices on the process of decision making to facilitate smooth functioning while working from home through use of technology with good governance controls

ensuring that compliance standards are met even in challenging circumstances.

RISK MANAGEMENT

Risk management is integral part of business at Edelweiss. The good risk management practices of the Group have facilitated navigating through environmentally turbulent times. Respect for Risk is central to every business decision at Edelweiss. Simple questions are to be answered before every decision, i.e., "**Is it worth it?**" and "**Can we afford it?**". This principle-based approach has stood well in protecting the organisation from vagaries of external world.

While we have been managing various risks, a need for holistic approach to risk management led us to embrace the **Enterprise Risk Management (ERM)** framework sometime back at the Group level. This framework has helped us strategically benchmark our practices across different business lines to the best in class levels. We have also put in place an in-house "**Eleven-risk framework**" to formalize the process of Assess, Avoid, Manage and Mitigate risks across business verticals in a continuous manner.

The risk governance structure at Edelweiss Group includes Board Risk Committee, Global Risk Committee, Enterprise Risk Management (ERM) Council, Corporate Risk & Assurance, Investment Committees, Credit Committees & Business Risk Groups. While all the Group entities follow and implement the central philosophy of Risk Management, following the needs of our entity, the Business Risk Group within EFIL has been further strengthened.

Risk Culture is of paramount importance to Edelweiss Group. We have taken multiple initiatives to further improve and strengthen the Risk Culture through the organisation. Appropriate risk behaviour is recognized and applauded through specific reward and recognition programs.

Recently, the whole world has faced a tail risk event of COVID-19 Pandemic. Coupled with national lockdown, this event necessitated unique

approaches to mitigate different types of risk. Our advance preparation along with technology enablement in utmost agility ensured almost all our critical staff could work from home seamlessly for business continuity and serving customer deliverables.

In the short term, we are focused towards fighting the battle against COVID-19 and work is happening on different fronts for ensuring that we adapt to the New Normal going forward as expeditiously as possible.

We have the business risk team within our company which ensures implementation of risk philosophy and practices of Edelweiss Group at business level. Our risk team also ensures that necessary action is taken to make certain that identified risks are adequately addressed.

Key Risks

EFIL deals in multiple asset classes and client segments and is thus exposed to various risks that can be broadly classified as credit risk, market risk, operational risk and fraud risk.

Credit Risk

The credit risk framework of EFIL ensures prior and periodic comprehensive assessment of every client, counterparty and collateral. Exposure limits are sanctioned to counterparties based on their credit worthiness. Credit risk monitoring mechanism ensures that exposure to clients is diversified and remains within stipulated limits. Careful selection of quality and quantum of collateral is key for a client limit. Effective credit risk management has enabled us to steer through the current environmental stress conditions without any major impact.

Market Risk

EFIL faces the usual market risks on the liabilities as well as assets side. In order to monitor such market risk, a comprehensive set of reports and limits has been put in place that track positions, value at risk and duration of assets. The risk framework ensures that the risks are monitored and necessary timely action is taken for every single instance of breach, in case they occur.

Additionally, the asset liability mismatch and collateral margins are regularly assessed. Liquidity requirements are closely monitored and necessary care is taken to maintain sufficient liquidity cushion for maturing liabilities and for any unforeseen requirements. We also ensure diversification in source of borrowing to reduce dependence on a single source. We also proactively modify our liabilities profile in sync with the changing assets profile to ensure that we do not carry any material asset liability mismatch.

Operational Risk

Operational risk framework of EFIL is designed to balance and check operational risk at key manifestation points. In addition to defining new processes, we constantly review all critical processes to proactively identify weak controls and strengthen the same.

All of the above will also help us in ensuring our compliance with Companies Act 2013 requirement of “**adequate internal financial controls system and operating effectiveness of such controls**”.

INTERNAL CONTROL POLICIES AND THEIR ADEQUACY

Edelweiss Group has institutionalised a strong compliance culture across all the business entities recognising that transparency and trust amongst all its stakeholders can be achieved only through this. We believe Compliance is the cornerstone of good corporate citizenship.

The internal controls of Edelweiss are commensurate with the business requirements, its scale of operation and applicable statutes to ensure orderly and efficient conduct of business. These controls have been designed to ensure assurance with regard to maintaining proper accounting controls, substantiation of financial statement and adherence to IND AS requirements, safeguarding of resources, prevention and detection of frauds and errors, ensuring operating effectiveness, reliability of financial reporting, compliance with applicable regulations and relevant matters covered under section 134 (5) (e) of the Companies Act 2013.

Internal Audit

Internal Auditors at EFIL follow Standards on Internal Audit along with guidelines issued by regulators and ensures compliance with section 138 of the Companies Act 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, as amended and notified from time to time. The Internal Audit function operates under the supervision of the Audit Committee of the Board.

The Internal audits are carried out by EFIL team supported by external professionals who provide independent view and assurance by assessing the adequacy and effectiveness of internal control, compliance to internal and external guidelines, and risk management practices across the company.

HUMAN RESOURCES

Edelweiss's biggest strength has always been its people. They are always at the core of all designs, initiatives and programs in creating better experience through their life cycle of hiring, engagement, development.

Edelweiss Group is a cross-cultural mosaic and our strength lies in our diversity everywhere, within teams and across the organisation. Our diversity makes us stronger by bringing in fresh ideas, perspectives, experiences and fostering a truly collaborative workplace. The sense of ownership each one of us has displayed over the years is a testament to the culture of entrepreneurship we have tried to foster in Edelweiss. We share the Edelweiss group HR philosophy.

Developments on HR front in FY20 are summarised below:

- We ended FY20 with a lower headcount of 11, down from 31 as of March 31, 2019 to control costs in the challenging business environment of FY20.
- As growth comes back gradually in the New Normal of post COVID-19 scenario, we will be in a position to meet the challenges of increasing scale and complexity of our business as well as future business growth.

A significant component of our value based culture is our commitment to acknowledge and appreciate efforts of our employees through recognition programs that honor exemplary risk management, collaboration, customer centricity, people development, technology and innovation.

Taking care of our people with a framework that is fair, collaborative, compliant and responsive, Edelweiss represents a winning combination of people, opportunities and development.

People Practices during COVID-19 Pandemic

At the start of 2020, COVID-19 Pandemic came with specific challenges and a New Normal in the way of working. Our advanced planning and unique approaches helped us to address it promptly.

Employee safety being of utmost importance in this crisis, almost all critical staff were enabled to work from home with the help of technology. It further enabled employees to maintain their productivity to support business continuity, service internal and external stakeholders and customers.

Edelweiss culture, which is best described by the way we function - a certain sense of unity in all the diversity. It shone brightly during this crisis with demonstration of high levels of adaptability, resilience, ownership and commitment to serve the need of customers.

TECHNOLOGY

Building on the foundation laid by the platform thinking approach, Edelweiss Group has advanced its digital transformation journey by:

- adopting the cloud for high availability, scalability and resiliency
- redesigning the network topology to enable secure access of both on-premises and cloud applications from anywhere
- embracing an Application Program Interface (API) first approach for secure exchange of data both within and outside Edelweiss
- modernizing the workplace by deploying an integrated collaboration suite

All these initiatives have actually turned out to be a blessing in disguise in the Covid-19 Lockdown situation because almost 100% of our critical employees are enabled to work from home. We at EFIL share the IT Infrastructure, practices and policies of Edelweiss Group.

Information Security

Emerging technologies and digitalization bring along new challenges and exposes organizations to new risks as data no longer resides within the traditional network boundaries. Cyber risk landscape is changing fast and attacks are becoming more frequent, severe and systemic. To safeguard ourselves in these changing times, Edelweiss Group has implemented multi-layered security solutions across all layers, viz., data, application, endpoint and network, with a special focus on cloud security which we at EFIL share.

CUSTOMER EXPERIENCE

At Edelweiss, customers are at the heart of everything we do and Customer Experience (CX) is not just restricted to service delivery but regarded as a key pillar of business success.

We have evolved our CX framework across Edelweiss from a problem-solving based approach to a more proactive stance, by aligning efforts across business units to a shared set of values. We call this the ASSURED framework which is now an integral part of our CX strategy across Edelweiss. Another key initiative this year has been the implementation of digitisation of feedback strategy for the Group. This has been done by mapping the customer journeys across businesses and identifying the key, impactful touchpoints for the customer. We have adopted the same strategy in our company too.

.....

Cautionary Statement

Statements made in this Annual Report may contain certain forward looking statements, which are tentative, based on various assumptions on the Edelweiss Group's and EFIL's present and future business strategies and the environment in which we operate. Actual results may differ substantially or materially from those expressed or implied due to risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and internationally, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed. The discussion relating to financial performance, balance sheet, asset books of the Company and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data. The numbers have also been rounded off in the interest of easier understanding. Numbers have been re-casted, wherever required. Prior period figures have been regrouped/reclassified wherever necessary. FY19 and FY20 numbers are as per IndAS and rest all are as per IGAAP. All information in this discussion has been prepared solely by the company and has not been independently verified by anyone else.

Annexure II
Form AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

(Currency: Indian rupees in millions)

Details of contracts or arrangements or transactions not at arm's length basis:

| Sr. No. | Name(s) of the related party and nature of relationship | Nature of contracts/arrangements/transactions | Duration of the contracts/arrangements/transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Justification for entering into such contracts or arrangements or transactions | Date of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 |
|---------|---|---|---|--|--|-------------------------------|---------------------------------|---|
| - | - | - | - | - | - | - | - | - |

II. Details of material contracts or arrangement or transactions at arm's length basis:

| S. No. | Name(s) of the related party and nature of relationship | Nature of contracts/arrangements/transactions | Duration of the contracts/arrangements/transactions | Salient terms of the contracts or arrangements or transactions including the value, if any (Rs. In million) | Date of approval by the Audit Committee | Amount paid as advances, if any |
|--------|---|---|---|--|---|---------------------------------|
| 1. | Edelweiss Rural & Corporate Services Limited (Fellow subsidiary) | Loans taken from | One year | Repayable at demand 4,556.73 | January 22, 2019 | Nil |
| 2. | ECap Equities Limited (Fellow subsidiary) | Loans taken from | One year | Repayable at demand 4,485.00 | January 22, 2019 | Nil |

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

 Registered Office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. Tel No.: +91 22 4009 4400 Fax: +91 22 4019 4890 www.edelweissinvestment.com

| | | | | | | |
|-----|---|---|----------|---------------------------------|------------------|-----|
| 3. | Edelweiss Rural & Corporate Services Limited (Fellow subsidiary) | Loans repaid to | One year | Repayable at demand 5,008.00 | January 22, 2019 | Nil |
| 4. | ECap Equities Limited (Fellow subsidiary) | Loans repaid to | One year | Repayable at demand 9,051.00 | January 22, 2019 | Nil |
| 5. | Edelweiss Broking Limited (Fellow subsidiary) | Loans given to | One year | Repayable at demand 2,700.50 | January 22, 2019 | Nil |
| 6. | ECap Equities Limited (Fellow subsidiary) | Loans given to | One year | Repayable at demand 599.50 | January 22, 2019 | Nil |
| 7. | ECap Equities Limited (Fellow subsidiary) | Loans repaid to | One year | Repayable at demand 30.00 | January 22, 2019 | Nil |
| 8. | Edelweiss Securities Limited (Holding company) | Inter corporate deposits taken from | One year | Repayable at demand 4,773.20 | January 22, 2019 | Nil |
| 9. | Edelweiss Securities Limited (Holding company) | Inter corporate deposits repaid to | One year | Repayable at demand 4,773.20 | January 22, 2019 | Nil |
| 10. | ECL Finance Limited (Fellow subsidiary) | Purchase of securities held for trading | One time | 724.39 | January 22, 2019 | Nil |
| 11. | Edelweiss Finvest Private Limited (Fellow subsidiary) | Purchase of securities held for trading | One time | 0.84 | January 22, 2019 | Nil |
| 12. | ECL Finance Limited (Fellow subsidiary) | Sale of securities held for trading | One time | 1,646.89 | January 22, 2019 | Nil |
| 13. | Edelweiss Broking Limited (Fellow subsidiary) | Sale of securities held for trading | One time | 85.05 | January 22, 2019 | Nil |

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

 Registered Office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. Tel No.: +91 22 4009 4400 Fax: +91 22 4019 4890 www.edelweissinvestment.com

| | | | | | | |
|-----|--|---|----------|--------|------------------|-----|
| 14. | Edelweiss Finvest Private Limited (Fellow subsidiary) | Sale of securities held for trading | One time | 101.35 | January 22, 2019 | Nil |
| 15. | Edelweiss Securities Limited (Holding company) | Margin placed with | One time | 0.09 | January 22, 2019 | Nil |
| 16. | Edel Investments Limited (Fellow subsidiary) | Margin placed with | One time | 1.12 | January 22, 2019 | Nil |
| 17. | Edelweiss Custodial Services Limited (Fellow subsidiary) | Margin placed with | One time | 514.07 | January 22, 2019 | Nil |
| 18. | Edelweiss Securities Limited (Holding company) | Margin refund received from | One time | 0.11 | January 22, 2019 | Nil |
| 19. | Edel Investments Limited (Fellow subsidiary) | Margin refund received from | One time | 1.18 | January 22, 2019 | Nil |
| 20. | Edelweiss Custodial Services Limited (Fellow subsidiary) | Margin refund received from | One time | 598.24 | January 22, 2019 | Nil |
| 21. | Edelweiss Securities Limited (Holding company) | Amount paid to broker for trading in cash segment | One time | 875.42 | January 22, 2019 | Nil |
| 22. | Edelweiss Securities Limited (Holding company) | Amount received from broker for trading in cash segment | One time | 922.84 | January 22, 2019 | Nil |
| 23. | Edelweiss Securities Limited (Holding company) | Purchase of fixed assets from | One time | 0.04 | January 22, 2019 | Nil |
| 24. | Edelweiss Financial Services Limited (Ultimate Holding company) | Purchase of fixed assets from | One time | 0.01 | January 22, 2019 | Nil |

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

 Registered Office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. Tel No.: +91 22 4009 4400 Fax: +91 22 4019 4890 www.edelweissinvestment.com

| | | | | | | |
|-----|---|--|----------|-------|------------------|-----|
| 25. | ECL Finance Limited (Fellow subsidiary) | Sale of fixed assets to | One time | 0.04 | January 22, 2019 | Nil |
| 26. | ECap Equities Limited (Fellow subsidiary) | Interest income on loan given to | One time | 3.12 | January 22, 2019 | Nil |
| 27. | Edelweiss Broking Limited (Fellow subsidiary) | Interest income on loan given to | One time | 3.26 | January 22, 2019 | Nil |
| 28. | ECL Finance Limited (Fellow subsidiary) | Interest received on debt instruments from | One time | 0.14 | January 22, 2019 | Nil |
| 29. | Edelweiss Housing Finance Limited (Fellow subsidiary) | Interest received on debt instruments from | One time | 0.02 | January 22, 2019 | Nil |
| 30. | ECap Equities Limited (Fellow subsidiary) | Interest expense on loan taken from | One time | 26.13 | January 22, 2019 | Nil |
| 31. | Edelweiss Rural & Corporate Services Limited (Fellow subsidiary) | Interest expense on loan taken from | One time | 29.11 | January 22, 2019 | Nil |
| 32. | Edelweiss Securities Limited (Holding company) | Interest expense on ICD's taken from | One time | 46.39 | January 22, 2019 | Nil |
| 33. | Edelweiss Custodial Services Limited (Fellow subsidiary) | Interest received on margin placed with brokers | One time | 7.59 | January 22, 2019 | Nil |
| 34. | Edelweiss Financial Services Limited (Ultimate Holding company) | Cost reimbursement paid to | One time | 8.90 | January 22, 2019 | Nil |
| 35. | Edelweiss Rural & Corporate Services Limited (Fellow subsidiary) | Cost reimbursement paid to | One time | 54.66 | January 22, 2019 | Nil |

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

 Registered Office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. Tel No.: +91 22 4009 4400 Fax: +91 22 4019 4890 www.edelweissinvestment.com

| | | | | | | |
|-----|--|---|----------|-------|------------------|-----|
| 36. | Edelweiss Broking Limited (Fellow subsidiary) | Cost reimbursement paid to | One time | 0.02 | January 22, 2019 | Nil |
| 37. | Edelweiss Custodial Services Limited (Fellow subsidiary) | Cost reimbursement paid to | One time | 0.03 | January 22, 2019 | Nil |
| 38. | ECL Finance Limited (Fellow subsidiary) | Cost reimbursement paid to | One time | 11.73 | January 22, 2019 | Nil |
| 39. | ECap Equities Limited (Fellow subsidiary) | Cost reimbursement paid to | One time | 0.45 | January 22, 2019 | Nil |
| 40. | Edelweiss Securities Limited (Holding company) | Cost reimbursement paid to | One time | 0.06 | January 22, 2019 | Nil |
| 41. | Edelweiss Housing Finance Limited (Fellow subsidiary) | Cost reimbursement paid to | One time | 0.45 | January 22, 2019 | Nil |
| 42. | Edelweiss Financial Services Limited (Ultimate Holding company) | Corporate Guarantee support fee | One time | 4.67 | January 22, 2019 | Nil |
| 43. | Edelweiss Financial Services Limited (Ultimate Holding company) | Rating support fees paid to | One time | 0.22 | January 22, 2019 | Nil |
| 44. | Edelweiss Custodial Services Limited (Fellow subsidiary) | Clearing charges and Stamp duty paid to | One time | 2.98 | January 22, 2019 | Nil |
| 45. | Edelweiss Securities Limited (Holding company) | Commission and brokerage paid to | One time | 81.32 | January 22, 2019 | Nil |

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

 Registered Office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. Tel No.: +91 22 4009 4400 Fax: +91 22 4019 4890 www.edelweissinvestment.com

| | | | | | | |
|-----|---|---|----------|--------|------------------|-----|
| 46. | Edelweiss Broking Limited (Fellow subsidiary) | Commission and brokerage paid to | One time | 27.90 | January 22, 2019 | Nil |
| 47. | Edel Investment Limited (Fellow subsidiary) | Commission and brokerage paid to | One time | 0.03 | January 22, 2019 | Nil |
| 48. | Edelweiss Financial Services Limited (Ultimate Holding company) | Advisory fee paid to | One time | 5.05 | January 22, 2019 | Nil |
| 49. | Edelweiss Financial Services Limited (Ultimate Holding company) | Corporate guarantee taken from | One time | 310.38 | January 22, 2019 | Nil |
| 50. | Edelweiss Rural & Corporate Services Limited (Fellow subsidiary) | Interest expenses accrued and due on borrowings | One time | 0.34 | January 22, 2019 | Nil |
| 51. | Edelweiss Financial Services Limited (Ultimate Holding company) | Trade payables to | One time | 6.66 | January 22, 2019 | Nil |
| 52. | Edelweiss Securities Limited (Holding company) | Trade payables to | One time | 2.04 | January 22, 2019 | Nil |
| 53. | Edelweiss Rural & Corporate Services Limited (Fellow subsidiary) | Trade payables to | One time | 11.26 | January 22, 2019 | Nil |
| 54. | Edelweiss Broking Limited (Fellow subsidiary) | Trade payables to | One time | 0.27 | January 22, 2019 | Nil |
| 55. | Edelweiss Retail Finance Limited | Trade payables to | One time | 0.01 | January 22, 2019 | Nil |

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

 Registered Office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. Tel No.: +91 22 4009 4400 Fax: +91 22 4019 4890 www.edelweissinvestment.com

| | | | | | | |
|-----|---|--|----------|-------|------------------|-----|
| | (Fellow subsidiary) | | | | | |
| 56. | ECL Finance Limited (Fellow subsidiary) | Trade payables to | One time | 15.55 | January 22, 2019 | Nil |
| 57. | Edelweiss Housing Finance Limited (Fellow subsidiary) | Trade payables to | One time | 1.34 | January 22, 2019 | Nil |
| 58. | Edelweiss Rural & Corporate Services Limited (Fellow subsidiary) | Unsecured loan taken from | One time | 28.94 | January 22, 2019 | Nil |
| 59. | ECL Finance Limited (Fellow subsidiary) | Securities held for trading debentures of | One time | 0.05 | January 22, 2019 | Nil |
| 60. | Edelweiss Housing Finance Limited (Fellow subsidiary) | Securities held for trading debentures of | One time | 0.12 | January 22, 2019 | Nil |
| 61. | Edelweiss Retail Finance Limited (Fellow subsidiary) | Securities held for trading debentures of | One time | 0.03 | January 22, 2019 | Nil |
| 62. | Edelweiss Housing Finance Limited (Fellow subsidiary) | Accrued interest income on debentures of | One time | 0.01 | January 22, 2019 | Nil |
| 63. | Edelweiss Financial Services Limited (Ultimate Holding company) | Trade & other receivables | One time | 10.62 | January 22, 2019 | Nil |
| 64. | ECL Finance Limited (Fellow subsidiary) | Trade & other receivables | One time | 0.39 | January 22, 2019 | Nil |
| 65. | Edelweiss Securities Limited (Holding company) | Trade & other receivables | One time | 0.11 | January 22, 2019 | Nil |
| 66. | Edelweiss Custodial Services Limited | Trade & other receivables | One time | 0.81 | January 22, 2019 | Nil |

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

 Registered Office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. Tel No.: +91 22 4009 4400 Fax: +91 22 4019 4890 www.edelweissinvestment.com

| | | | | | | |
|-----|---|------------------------------------|----------|---------|------------------|-----|
| | (Fellow subsidiary) | | | | | |
| 67. | Edelcap Securities Limited (Fellow subsidiary) | Trade & other receivables | One time | 0.04 | January 22, 2019 | Nil |
| 68. | Edelweiss Finvest Private Limited (Fellow subsidiary) | Trade & other receivables | One time | 0.74 | January 22, 2019 | Nil |
| 69. | Edel Land Limited (Fellow subsidiary) | Trade & other receivables | One time | 0.60 | January 22, 2019 | Nil |
| 70. | Edelweiss Broking Limited (Fellow subsidiary) | Loan given to | One time | 2700.50 | January 22, 2019 | Nil |
| 71. | Ecap Equities Limited (Fellow subsidiary) | Loan given to | One time | 569.50 | January 22, 2019 | Nil |
| 72. | Edelweiss Broking Limited (fellow subsidiary) | Interest accrued on loans given to | One time | 2.93 | January 22, 2019 | Nil |
| 73. | Ecap Equities Limited (Fellow subsidiary) | Interest accrued on loans given to | One time | 2.81 | January 22, 2019 | Nil |
| 74. | Edelweiss Securities Limited (Holding company) | Margin placed with brokers | One time | 1.20 | January 22, 2019 | Nil |
| 75. | Edelweiss Custodial Services Limited (Fellow subsidiary) | Margin placed with brokers | One time | 9.76 | January 22, 2019 | Nil |
| 76. | Edelweiss Broking Limited (fellow subsidiary) | Margin placed with brokers | One time | 0.67 | January 22, 2019 | Nil |

Note: Edelweiss Securities Limited became holding company with effect from March 31, 2020 (fellow subsidiary upto March 30, 2020)

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

Registered Office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. Tel No.: +91 22 4009 4400 Fax: +91 22 4019 4890 www.edelweissinvestment.com

**For and on behalf of the Board of Directors
Edelweiss Finance & Investments Limited**

-Sd-

-Sd-

**S. Ranganathan
Executive Director
DIN: 00125493**

**Venkatchalam Ramaswamy
Non-executive Director
DIN: 00008509**

Mumbai, July 3, 2020

Annexure III

Remuneration Policy

Objective

The Companies Act, 2013 ('the Act') requires a Company to frame policy for determining the remuneration payable to the Directors, Key Managerial Personnel (KMPs) and other employees. While appointing the Directors, the Nomination and Remuneration Committee, considers qualification, positive attributes, areas of expertise and number of Directorships in other companies and such other factors as it may deem fit. The Board considers the Committee's recommendation, and takes appropriate action.

The objective of the Remuneration Policy (the Policy) of the Company is to provide a framework for the remuneration of the Independent Directors, Non-executive Directors, Managing Director/Executive Directors, KMPs, and other senior level employees of the Company.

The objective of this Policy is to ensure that:-

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain talent required to run the company successfully;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. remuneration to the Directors, KMPs and senior management comprises a balance of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Remuneration of the Independent Directors & Non- executive Directors

- The Independent Directors & Non-executive Directors are eligible for sitting fees for attending the meetings of the Board and the Committees thereof.
- The Independent Directors & Non-executive Directors are also eligible for commission, subject to limits prescribed under the Act and the Rules framed there under.
- The Independent Directors are not eligible for stock options.
- The Non-executive Directors (other than promoter Directors) shall be eligible for stock options.

Remuneration of the Managing Director & Executive Directors

- The remuneration of the Managing Director/Executive Directors is recommended by the Nomination and Remuneration Committee ('NRC') to the Board. Based on the recommendations of the NRC, the Board determines and approves the remuneration of the Managing Director/Executive Directors, subject to necessary approvals, if any.
- The remuneration paid to the Managing Director/Executive Directors is within the limits prescribed under the Act and approved by the shareholders of the Company. The remuneration structure includes fixed salary, perquisites, bonus, other benefits and allowances and contribution to Funds, etc.
- The Executive Directors (other than the promoter Directors) shall be eligible for stock options.

Remuneration of the KMP (other than Executive Directors) and Senior level employees

- The key components of remuneration package of the KMP (other than Executive Directors) and Senior level employees shall comprise of fixed salary, perquisites, annual bonus, other benefits and allowances and contribution to Funds, etc.
- They shall be eligible for stock options.

Policy Review

- The Policy may be amended as may be necessary.
- The NRC shall implement the Policy, and may issue such guidelines, procedures etc. as it may deem fit.

**For and on behalf of the Board of Directors
Edelweiss Finance & Investments Limited**

-Sd-

**S. Ranganathan
Executive Director
DIN: 00125493**

-Sd-

**Venkatchalam Ramaswamy
Non-executive Director
DIN: 00008509**

Mumbai, July 3, 2020

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-20

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

To leverage the capacity and capital to equip and enable the social sector achieve the greatest impact on the lives of the poor in India.

The CSR Policy of the Company is uploaded on the website www.edelweissinvestment.com.

2. The Composition of the CSR Committee is as under:-

Mr. Venkatchalam Ramaswamy - Non-executive Director

Mr. P. N. Venkatachalam - Independent Director

Mr. S. Ranganathan - Executive Director

3. Average net profit of the Company for last three financial years: Rs. 469.25 million.
-

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs.9.39 million.
-

5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year: Nil

(b) Amount unspent, if any: Rs. 9.39 million.

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in million)

| S. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs | | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
|--------|------------------------------------|--|--|---|--|------------|---|--|
| | | | (1) Local area or other | | Sub - heads: | | | |
| | | | (2) Specify the State and district where projects or programs was undertaken | | Direct expenditure on projects or programs | Overheads: | | |
| | - | - | - | - | - | - | - | - |
| | TOTAL | - | - | - | - | - | - | - |

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

The Company is subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 308.14 million (Previous year: Rs. 226.09 million) (representing more than 2% of the consolidated profit of the group) was spent by the group as a whole towards CSR activities during the year ended March 31, 2020, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2020.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**For and on behalf of the Board of Directors
Edelweiss Finance & Investments Limited**

-Sd-

-Sd-

**S. Ranganathan
Executive Director
DIN: 00125493**

**Venkatchalam Ramaswamy
Non-executive Director
Chairman of the CSR Committee Meeting
DIN: 00008509**

Mumbai, July 3, 2020



SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Edelweiss Finance & Investments Limited
Edelweiss House, Off. C.S.T. Road,
Kalina, Mumbai - 400098.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Edelweiss Finance & Investments Limited** (CIN: U67120MH1994PLC286057) and having its registered office at Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai - 400098 (hereinafter called the “Company”) for the Financial Year ended on March 31, 2020 (the audit period). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the “Act”) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings¹;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

¹ Not applicable to the Company during the audit period



“Committed to Comply”

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009²;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014³;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009⁴;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998⁵; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Non-Convertible Debentures of the Company issued by the Company on a Private Placement basis and listed on the Whole Sale Debt Segment of BSE Limited (the “Stock Exchange”).
- (vi) The Reserve Bank of India Act, 1934 and the Circular(s), Direction(s), Notification(s) and Regulation(s) issued by the Reserve Bank of India as applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking company, being laws that are specifically applicable to the Company based on their sector/industry.

We have also examined compliance with the applicable clauses of the Secretarial Standard issued by The Institute of Company Secretaries of India related to meetings and minutes.

During the audit period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and in respect of the laws specifically applicable (to the extent applicable) to the Company based on its sector/industry, in so far as registration, submission of various returns/information to be filed with the respective authorities.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings and Committee Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All Resolutions of the Board of Directors and its Committees are approved on the basis of majority and are duly recorded in the respective minutes. There were no dissenting

² Not applicable to the Company during the audit period

³ Not applicable to the Company during the audit period

⁴ Not applicable to the Company during the audit period

⁵ Not applicable to the Company during the audit period



views by any member of the Board of Directors during the Audit Period.

We further report that there are adequate systems and processes in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, guidelines and standards.

We further report that during the audit period:

- (i) the Company at their Board Meeting held on November 11, 2019 approved the issue of Non-Convertible Debentures (Debentures/NCDs) for an amount not exceeding Rs. 1,000 crores, in one or more tranches, to the public and to list the entire issue or certain tranches of NCDs on the Stock Exchanges;
- (ii) the Company has obtained the approval of members under Sections 42 & 71 of the Act by way of Special Resolution passed at the Extra-Ordinary General Meeting held on February 17, 2020 to issue, offer and allot secured, unsecured, perpetual, listed and/or unlisted Non-Convertible Debentures aggregating to Rs. 4,000 crores in one or more tranches;
- (iii) the Company at their Board Meeting held on March 19, 2020 approved the issue of Non-Convertible Debentures (Debentures/NCDs) for an amount not exceeding Rs. 500 crores, in one or more tranches, to the public and to list the entire issue or certain tranches of NCDs on the Stock Exchanges;

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For **M/s. SAHANI & KOTHARI ASSOCIATES**
Company Secretaries

SAHANI
KARAN
SUDHIR

Karan Sahani
Partner

Place: Mumbai
Date: July 3, 2020

M. No. ACS 40638 C.P. No. 17189
UDIN: A040638B000412482



‘Annexure A’

To,
The Members,
Edelweiss Finance & Investments Limited
Edelweiss House, Off. C.S.T. Road,
Kalina, Mumbai - 400098.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and book of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
7. We have issued the Secretarial Audit Report based on the available documents provided through e-mail and have not physically verified the documents due to the COVID19 Pandemic situation in Mumbai.

For **M/s. SAHANI & KOTHARI ASSOCIATES**
Company Secretaries

SAHANI
KARAN
SUDHIR

Karan Sahani
Partner

M. No. ACS 40638 C.P. No. 17189
UDIN: A040638B000412482

Place: Mumbai
Date: July 3, 2020

Annexure - VI

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

| I | REGISTRATION AND OTHER DETAILS: | | |
|---|---------------------------------|--|--|
| | i) | CIN | U67120MH1994PLC286057 |
| | ii) | Registration Date | 27/10/1994 |
| | iii) | Name of the Company | Edelweiss Finance & Investments Limited |
| | iv) | Category / Sub-Category of the Company | Public Company / Limited by Shares |
| | v) | Address of the Registered office and contact details | Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai - 400098, Maharashtra. Email - egia.cs@edelweissfin.com Tel No.: 022 4009 4400 Fax No.: 022 4086 3759 |
| | vi) | Whether listed company Yes / No | Yes |
| | vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | <u>Link Intime India Private Limited</u> C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083. Tel No.: +91 22 4918 6200. |

| | | | |
|-----|---|--|--|
| | | | Fax No.: +91 22 4918 6195. <u>KFin Technologies Private Limited</u> Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: +91 40 6716 2222 Fax: +91 40 2300 1153 |
| II | PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY All the business activities contributing 10 % or more of the total turnover of the company shall be stated:- | | As per Attachment - A |
| III | PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:- | | As per Attachment - B |
| IV | SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) | | |
| | i) | Category-wise Share Holding | As per Attachment - C |
| | ii) | Shareholding of Promoters | As per Attachment - D |
| | iii) | Change in Promoters' Shareholding (please specify, if there is no change): | As per Attachment - E |
| | iv) | Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): | As per Attachment - F |
| | v) | Shareholding of Directors and Key Managerial Personnel: | As per Attachment - G |
| V | INDEBTEDNESS Indebtedness of the Company including interest outstanding/accrued but not due for payment | | As per Attachment - H |

| | | |
|-----|---|-----------------------|
| VI | Remuneration of Directors and Key Managerial Personnel | As per Attachment - I |
| VII | PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: | As per Attachment - J |

Attachment - A
II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service# | % to total turnover of the Company\$ |
|---------|--|-----------------------------------|--------------------------------------|
| 1. | Investing & Financing | 649 | 100% |

As per National Industrial Classification- Ministry of Statistics and Programme Implementation

\$ On the basis of Gross Income

Attachment - B
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

| Sr. No | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Edelweiss Securities Limited Address: 2nd Floor, MB Towers, Plot no 5, Road No 2, Banjara Hills, Hyderabad 500034 | U67110TG1993PLC052266 | Holding Company | 62.91 | Section 2(46) |
| 2 | Edelweiss Financial Services Limited Address: Edelweiss House, Off C.S.T Road, Kalina, Mumbai 400098. | L99999MH1995PLC094641 | Ultimate Holding Company | 37.09 | Section 2(46) |

Edelweiss Finance & Investments Limited

Corporate Identity Number: U67120MH1994PLC286057

 Registered Office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. Tel No.: +91 22 4009 4400 Fax: +91 22 4019 4890 www.edelweissinvestment.com

Attachment - C
i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|------------------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters and | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | 6,00,000 | 28,35,332 | 34,35,332 | 100% | 34,35,332 | - | 83,35,332 | 100% | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1):- | 6,00,000 | 28,35,332 | 34,35,332 | 100% | 34,35,332 | - | 83,35,332 | 100% | - |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other - Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (2):- | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) =(A)(1)+(A)(2) | 6,00,000 | 28,35,332 | 34,35,332 | 100% | 34,35,332 | - | 83,35,332 | 100% | - |
| B. Public Shareholding | | | | | | | | | |

| | | | | | | | | | | |
|---|-----------------|------------------|-------------------|-------------|------------------|----------|------------------|-------------|----------|----------|
| 1. Institutions | | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | - | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | - | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | - | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | - | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 6,00,000 | 28,35,332 | 34,35,332* | 100% | 34,35,332 | - | 83,35,332 | 100% | - | - |

Note: 49,00,000 Equity Shares of Rs. 10 each were allotted to Edelweiss Securities Limited (ESL) on March 31, 2020, which were credited to the beneficial account of ESL post March 31, 2020.

Attachment - D

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the Year | | | % change In share holding during the year |
|---------|---------------------------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of Total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of Total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | Edelweiss Financial Services Limited* | 34,35,332 | 100% | Nil | 30,91,798 | 37.09% | Nil | (62.91%) |
| 2. | Edelweiss Securities Limited | Nil | Nil | Nil | 52,43,534 | 62.91% | Nil | 62.91% |
| | Total | 34,35,332* | 100% | Nil | 83,35,332* | 100% | Nil | 62.91% |

* Including 6 shares held by their nominees of EFSL.

Attachment - E
(iii) Change in Promoters' Shareholding (please specify, if there is no change):

| Sr. No. | Particulars | Shareholding at the beginning of the year as on April 1, 2019 | | Increase/ Decrease in shareholding during the year | | Reason | Date of change | Cumulative Shareholding during the Year | |
|---------|---------------------------------------|---|----------------------------------|--|----------|--|----------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | Increase | Decrease | | | No. of shares | % of total shares of the company |
| 1. | Edelweiss Financial Services Limited* | 34,35,332* | 100% | - | 3,43,534 | Transfer of Shares to Edelweiss Securities Limited | March 31, 2020 | 30,91,798* | 37.09% |
| 2. | Edelweiss Securities Limited | Nil | Nil | 52,43,534 | - | | March 31, 2020 | 52,43,534 | 62.91% |
| | At the End of the year | | | | | | | 83,35,332* | 100 |

* Including 6 shares held by their nominees of EFSL.

Attachment - F
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

| Name | Shareholding at the beginning of the year as on April 1, 2015 | | Cumulative Shareholding during the year | |
|------|---|--------------------------------------|---|----------------------------------|
| | No. of shares | % of the total shares of the Company | No. of shares | % of total shares of the Company |
| - | - | - | - | - |

Attachment - G
(v) Shareholding of Directors and Key Managerial Personnel: Nil

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the Year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | Nil | Nil | Nil | Nil |
| | Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc): | | | | |
| | At the End of the year | Nil | Nil | Nil | Nil |

Attachment - H
V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Rs. in million)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Subordinate Liabilities | Total Indebtedness |
|--|-------------------------------------|-----------------|----------|----------------------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | | |
| i) Principal Amount | - | 19,209.12 | - | 470.70 | 19,679.82 |
| ii) Interest due but not paid | - | 0.00 | - | 0.00 | - |
| iii) Interest accrued but not due | - | 6.05 | - | 45.89 | 51.94 |
| Total (i+ii+iii) | - | 19,215.17 | - | 516.59 | 19,731.76 |
| Change in Indebtedness during the financial year | | | | | |
| • Addition | 3,281.73 | - | - | - | 3,281.73 |
| • Reduction | - | 19,185.87 | - | 176.04 | 19,361.91 |
| Net Change | - | - | - | - | - |
| Indebtedness at the end of the financial year | - | - | - | - | - |

| | | | | | |
|-----------------------------------|-----------------|--------------|---|---------------|-----------------|
| i) Principal Amount | 3,281.73 | 28.94 | - | 310.38 | 3,621.05 |
| ii) Interest due but not paid | - | 0.00 | - | 0.00 | - |
| iii) Interest accrued but not due | - | 0.34 | - | 30.17 | 30.51 |
| Total (i+ii+iii) | 3,281.73 | 29.29 | | 340.55 | 3,651.56 |

Attachment - I

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL - As per Annexure

Attachment - J

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|--|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |
| | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |
| | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |

| | |
|-------------|-------------|
| Punishment | None |
| Compounding | |

**For and on behalf of the Board of Directors
Edelweiss Finance & Investments Limited**

-Sd-

-Sd-

**S. Ranganathan
Executive Director
DIN: 00125493
Mumbai, July 3, 2020**

**Venkatchalam Ramaswamy
Non-executive Director
DIN: 00008509**

Annexure VII
Disclosure pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended is as under.

| Sr. No. | Disclosure Requirement | Disclosure Details | | |
|---------|---|---|-------------------------|-----------------------------------|
| | | Directors | Title | Ratio |
| 1. | Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year | Mr. S. Ranganathan | Executive Director | NA |
| | | Mr. Venkatchalam Ramaswamy (Resigned as Executive Director w.e.f August 12, 2019) | Non-executive Director | 27.89% |
| | | | | |
| 2. | Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year | Directors/KMP's | Title | % increase in remuneration |
| | | Mr. S. Ranganathan | Executive Director | Not Applicable |
| | | Mr. Venkatchalam Ramaswamy (Resigned as Executive Director w.e.f August 12, 2019) | Non-executive Director | 161.61% |
| | | Mr. Amit Pandey (Resignation w.e.f April 18, 2019) | Company Secretary | Not Applicable |
| | | Ms. Pooja Doshi (appointment w.e.f September 1, 2019) | Company Secretary | Not Applicable |
| | | Mr. Manjeet Bijlani (Resignation w.e.f April 18, 2019) | Chief Financial Officer | -95.20% |
| | | Mr. Shivaraman Iyer (appointment w.e.f May 13, 2019) | Chief Financial Officer | Not Applicable |
| | | | | |
| 3 | Percentage increase in the median remuneration of employees in the financial year | -37.68% | | |

| | | |
|---|--|---|
| 4 | Number of permanent employees on the rolls of Company at the end of the year | 11 permanent employees were on the rolls of the Company as on March 31, 2020 |
| 5 | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | <p>The average increase for employees other than the managerial personnel who were in the employment during the financial year 2018-19 and 2019-20 the average increase is -24.9%</p> <p>The average increase for managerial personnel is 10.9%</p> |
| 6 | Affirmations that the remuneration is as per the remuneration policy of the Company | It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company. |

Explanation.- For the purposes of this rule.- (i) the expression “median” means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one;

(ii) if there is an even number of observations, the median shall be the average of the two middle values.

**For and on behalf of the Board of Directors
Edelweiss Finance & Investments Limited**

-Sd-

S. Ranganathan
Executive Director
DIN: 00125493

-Sd-

Venkatchalam Ramaswamy
Non-executive Director
DIN: 00008509

Mumbai, July 3, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Edelweiss Finance & Investments Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Edelweiss Finance & Investments Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 48 to the Ind AS financial statements, which describes the uncertainty caused by Novel Coronavirus (COVID-19) pandemic with respect to the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

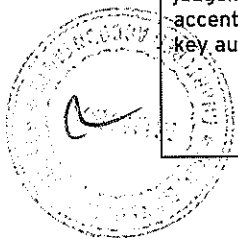
We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| (a) Impairment of financial assets as at balance sheet date (as described in note 2.8, 8 & 8.A of Ind AS financial statements) | |
| <p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <ul style="list-style-type: none">• Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);• Grouping of borrowers based on homogeneity by using appropriate statistical techniques;• Estimation of behavioral life;• Determining macro-economic factors impacting credit quality of receivables;• Estimation of losses for loan product with no/minimal historical defaults. <p>Additional considerations on account of COVID-19</p> <p>Pursuant to the Reserve Bank of India circular dated March 27, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and May 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy as described in Note 48.</p> <p>In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated.</p> <p>In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.</p> | <p>Our audit procedures focused on the impairment of financial assets as at balance sheet date:</p> <ul style="list-style-type: none">• Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020.• Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.• Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.• Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.• Assessed the additional considerations applied by the management for staging of loans as SICR/default in view of Company's policy on moratorium.• Tested the ECL model, including assumptions and underlying computation. Assessed the floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults.• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).• Audited disclosures included in the Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation. |



S.R. BATLIBOI & CO. LLP

Chartered Accountants

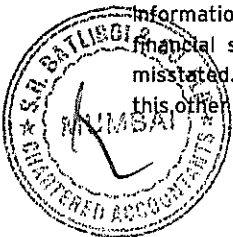
| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>(b) IT systems and controls</p> <p>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company.</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.</p> | <p>Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting of the Company:</p> <ul style="list-style-type: none">• We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.• We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized.• We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization.• In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.• tested the design and operating effectiveness of compensating controls in case deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. |

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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



Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

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

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

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

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

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

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

- ▶ Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or



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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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 mail confirmation received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 2" to this report;

In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



S.R. BATLIBOI & Co. LLP

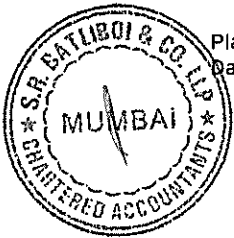
Chartered Accountants

- (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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 35 to the Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 44.04 to the Ind AS financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
CAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 20102102AAAAGZ6553

Place of Signature: Mumbai
Date: July 03, 2020



Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year in accordance with regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.
- (ii) The verification of securities held for trading have been conducted on the basis of statement of holding received from the Depository Participants and Clearing Corporation holding statement at reasonable intervals by the management during the year.
- (iii) According to the information and explanations given to us and audit procedures performed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii)(a) Undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to employees' state insurance, service tax, duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.
- (b) According to the information and explanations given to us and based upon the audit procedures performed, 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. The provisions relating to employees' state insurance, service tax, duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.
- (c) According to the information and explanations given to us and based upon the audit procedures performed, the dues of income-tax, service tax and cess on account of any dispute, are given below. The provisions relating to employees' state insurance, duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.

| Name of the Statute | Nature of dues | Amount (Rs in million) | Period to which the amount relates | Forum where the dispute is pending |
|----------------------|----------------|------------------------|------------------------------------|------------------------------------|
| Income Tax Act, 1961 | Income Tax | 26.82 | AY 2008-2009 | High Court |
| Income Tax Act, 1961 | Income Tax | 37.75 | AY 2009-2010 | High Court |



S.R. BATLIBOI & Co. LLP

Chartered Accountants

| Name of the Statute | Nature of dues | Amount (Rs in million) | Period to which the amount relates | Forum where the dispute is pending |
|----------------------|----------------|------------------------|------------------------------------|--------------------------------------|
| Income Tax Act, 1961 | Income Tax | 0.14 | AY 2009-2010 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 11.87 | AY 2010-2011 | High Court |
| Income Tax Act, 1961 | Income Tax | 29.88 | AY 2011-2012 | High Court |
| Income Tax Act, 1961 | Income Tax | 90.58 | AY 2013-2014 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 74.08 | AY 2016-2017 | Commissioner of Income Tax (Appeals) |

(viii) In our opinion and according to the information and explanations given by the management and based upon the audit procedures performed, the Company has not defaulted in repayment of loans or borrowing to a financial institution, banks or dues to debenture holders. The Company does not have any dues to government.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of further public offer and term loans.

Further, monies raised by the company by way of public offer of debt instruments were applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilization have been invested in liquid investments payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

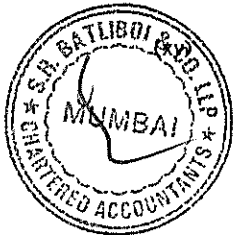
(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed, transactions with the related parties are in compliance with section 177 and 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.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet and based upon the audit procedures performed, the Company has not made any preferential allotment or private placement of shares during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

According to the information and explanations given by the management and audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.



S.R. BATLIBOI & CO. LLP

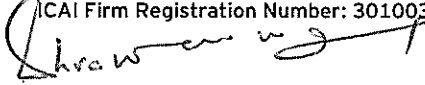
Chartered Accountants

(xvi) According to the information and explanations given to us and audit procedures performed, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 20102102AAAAGZ6553

Place of Signature: Mumbai

Date: July 03, 2020



S.R. BATLIBOI & Co. LLP

Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF EDELWEISS FINANCE & INVESTMENTS LIMITED

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

To the Members of Edelweiss Finance & Investments Limited

We have audited the internal financial controls over financial reporting of Edelweiss Finance & Investments Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, 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 **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Shrawan Jalan**

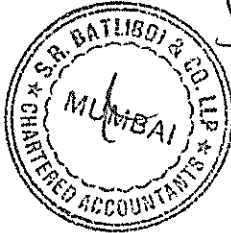
Partner

Membership Number: 102102

UDIN: 20102102AAAAGZ6553

Place of Signature: Mumbai

Date: July 03, 2020



Edelweiss Finance & Investments Limited

Balance Sheet as at March 31, 2020

(Currency : Indian rupees in million)

| | Note | As at March 31, 2020 | As at March 31, 2019* | As at April 01, 2018* |
|---|------|-------------------------|--------------------------|--------------------------|
| Assets | | | | |
| Financial assets | | | | |
| (a) Cash and cash equivalents | 3 | 1,587.54 | 1,050.24 | 152.96 |
| (b) Bank balances other than cash and cash equivalents | 4 | 3.45 | 53.33 | 50.02 |
| (c) Derivative financial instruments | 5 | 17.84 | 1.01 | 26.44 |
| (d) Securities held for trading | 6 | 31.00 | 13,804.53 | 14,824.88 |
| (e) Receivables | | | | |
| (i) Trade receivables | 7 | 11.90 | 6,283.79 | 4,563.14 |
| (ii) Other receivables | | 13.73 | 0.84 | 95.30 |
| (f) Loans | 8 | 6,392.90 | - | - |
| (g) Other financial assets | 9 | 133.90 | 444.72 | 164.81 |
| | | <u>8,192.26</u> | <u>21,638.46</u> | <u>19,877.55</u> |
| Non-financial assets | | | | |
| (a) Current tax assets (net) | 10 | 136.65 | 145.62 | 306.19 |
| (b) Deferred tax assets (net) | 11 | 7.82 | 74.03 | 81.53 |
| (c) Property, Plant and Equipment | 12 | 6.09 | 6.56 | 9.78 |
| (d) Other Intangible assets | 12 | 5.55 | 9.27 | 4.71 |
| (e) Other non- financial assets | 13 | 67.43 | 40.03 | 16.31 |
| | | <u>223.54</u> | <u>275.51</u> | <u>418.52</u> |
| Total Assets | | <u>8,415.80</u> | <u>21,913.97</u> | <u>20,296.07</u> |
| Liabilities | | | | |
| Financial liabilities | | | | |
| (a) Derivative financial instruments | 5 | 5.70 | 260.35 | 20.72 |
| (b) Trade payables | | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 14 | 62.01 | 49.40 | 54.64 |
| (c) Debt securities | 15 | 3,281.73 | - | - |
| (d) Borrowings (other than debt securities) | 16 | 29.28 | 19,215.17 | 17,569.70 |
| (e) Subordinated Liabilities | 17 | 340.55 | 516.59 | 516.59 |
| (f) Other financial liabilities | 18 | 21.22 | 32.56 | 48.80 |
| | | <u>3,740.49</u> | <u>20,074.07</u> | <u>18,210.45</u> |
| Non-financial liabilities | | | | |
| (a) Current tax liabilities (net) | 19 | 34.43 | 80.24 | 194.00 |
| (b) Provisions | 20 | 9.55 | 10.46 | 115.63 |
| (c) Other non-financial liabilities | 21 | 12.63 | 16.34 | 18.55 |
| | | <u>56.61</u> | <u>107.04</u> | <u>328.18</u> |
| Equity | | | | |
| (a) Equity share capital | 22 | 83.35 | 34.35 | 34.35 |
| (b) Other equity | 23 | 4,535.35 | 1,698.51 | 1,723.09 |
| | | <u>4,618.70</u> | <u>1,732.86</u> | <u>1,757.44</u> |
| Total Liabilities And Equity | | <u>8,415.80</u> | <u>21,913.97</u> | <u>20,296.07</u> |

The accompanying notes are an integral part of the financial statements

1 to 49

* Refer note 45

As per our report of even date attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

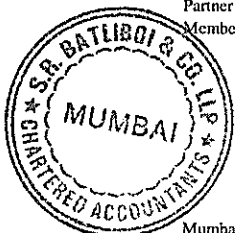
ICAI Firms Registration Number: 301003E/E300005

Shrawan Jalan

per Shrawan Jalan

Partner

Membership No: 102102



Mumbai

July 03, 2020

For and on behalf of the Board of Directors

AR Venkatchala

Venkatchalan Ramaswamy
Non-Executive Director
DIN: 00008509

S Ranganathan

S Ranganathan
Executive Director
DIN: 00125493

Tushar Agrawal

Tushar Agrawal
Chief Executive Officer

Shivaramap Iyer

Shivaramap Iyer
Chief Financial Officer

Pooja Doshi

Pooja Doshi
Company Secretary

Mumbai

July 03, 2020

Edelweiss Finance & Investments Limited

Statement of Profit and Loss for the year ended March 31, 2020
(Currency : Indian rupees in million)

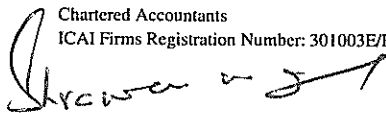
| | Note | For the year ended March 31, 2020 | For the year ended March 31, 2019* |
|--|------|--------------------------------------|---------------------------------------|
| Revenue from operations | | | |
| Interest income | 24 | 1,190.14 | 1,410.66 |
| Dividend income | 25 | - | 1.44 |
| Fee and commission income | 26 | 15.28 | - |
| Net gain on fair value changes (including Treasury income) | 29 | 278.42 | - |
| Other income | 27 | 1.52 | 12.49 |
| Total Revenue | | 1,485.36 | 1,424.59 |
| Expenses | | | |
| Finance costs | 28 | 984.38 | 1,204.46 |
| Net loss on fair value changes (including Treasury income) | 29 | - | 58.76 |
| Impairment on financial instruments | 30 | 25.67 | - |
| Employee benefits expense | 31 | 80.37 | 35.77 |
| Depreciation and amortisation expense | 12 | 5.40 | 6.04 |
| Other expenses | 32 | 125.88 | 73.88 |
| Total expenses | | 1,221.70 | 1,378.91 |
| Profit before tax | | 263.66 | 45.68 |
| Tax expenses | | | |
| (1) Current tax | 33 | 13.16 | 69.38 |
| (2) Deferred tax (net) | 33 | 66.21 | (36.79) |
| Profit for the year | | 184.29 | 13.09 |
| Other Comprehensive Income (OCI) | | | |
| Items that will not be reclassified to profit or loss | | | |
| a) Remeasurement gain on defined benefit plans (OCI) | | (4.34) | 0.16 |
| b) Income Tax - OCI - that will not be reclassified | | 1.09 | (0.06) |
| Total | | (3.25) | 0.10 |
| Total Comprehensive Income | | 181.04 | 13.19 |
| Earnings per equity share (Face value of Rs. 10 each) (in Rs.): | | | |
| Basic | 34 | 53.44 | 3.81 |
| Diluted | 34 | 53.44 | 3.81 |

The accompanying notes are an integral part of these financial statements | 1 to 49

* Refer note 45

As per our report of even date attached.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firms Registration Number: 301003E/E300005

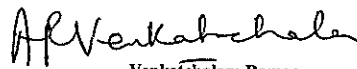


per Shrawan Jalan
Partner
Membership No: 102102

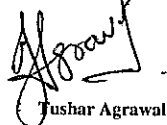


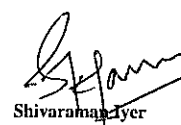
Mumbai
July 03, 2020


For and on behalf of the Board of Directors


Venkatchalam Ramaswamy
Non-Executive Director
DIN: 00008509


S Ranganathan
Executive Director
DIN: 00125493


Tushar Agrawal
Chief Executive Officer


Shivaraman Iyer
Chief Financial Officer


Pooja Doshi
Company Secretary

Mumbai
July 03, 2020

Edelweiss Finance & Investments Limited

(Currency : Indian rupees in million)

Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

| Particulars | For the year ended March 31, 2020 | | | For the year ended March 31, 2019 | | |
|--|-----------------------------------|------------------------|----------------------------------|-----------------------------------|------------------------|----------------------------------|
| | Outstanding as on April 1, 2019 | Issued during the year | Outstanding as on March 31, 2020 | Outstanding as on April 1, 2018 | Issued during the year | Outstanding as on March 31, 2019 |
| Issued, Subscribed and Paid up (Equity shares of Rs.10 each, fully paid-up) | 34.35 | 49.00 | 83.35 | 34.35 | - | 34.35 |

B. Other Equity

| Particulars | Capital redemption reserve | Securities Premium | Statutory Reserve | General Reserve | Retained Earnings | Deemed Capital Contribution - Equity | Total Attributable to equity holders |
|---|----------------------------|--------------------|-------------------|-----------------|-------------------|--------------------------------------|--------------------------------------|
| Balance as at April 1, 2018* | 9.71 | 711.81 | 921.04 | 90.26 | (24.91) | 15.18 | 1,723.09 |
| Profit for the year | - | - | - | - | 13.09 | - | 13.09 |
| Other Comprehensive Income | - | - | - | - | 0.10 | - | 0.10 |
| | 9.71 | 711.81 | 921.04 | 90.26 | (11.72) | 15.18 | 1,736.28 |
| Income tax impact on ESOPS | - | - | - | - | (37.77) | - | (37.77) |
| Balance as at March 31, 2019 | 9.71 | 711.81 | 921.04 | 90.26 | (49.49) | 15.18 | 1,698.51 |
| Profit for the year | - | - | - | - | 184.29 | - | 184.29 |
| Other Comprehensive Income | - | - | - | - | (3.25) | - | (3.25) |
| | 9.71 | 711.81 | 921.04 | 90.26 | 131.55 | 15.18 | 1,879.55 |
| Securities premium on shares issued during the year | - | 2,655.80 | - | - | - | - | 2,655.80 |
| Transfer to Special Reserve | - | - | 40.19 | - | (40.19) | - | 0.00 |
| Transfer to Capital redemption Reserve | 106.88 | - | - | (90.26) | (16.62) | - | (0.00) |
| Balance as at March 31, 2020 | 116.59 | 3,367.61 | 961.23 | - | 74.74 | 15.18 | 4,535.35 |

* Refer note 45

The accompanying notes are an integral part of these financial statements.

1 to 49

As per our report of even date attached.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firms Registration Number: 301003E/E3000035
Shrawan

For and on behalf of the Board of Directors

per Shrawan Jalan
Partner
Membership No: 102102

AP Venkatesh
Venkatchalam Ramaswamy
Non-Executive Director
DIN: 00008509

S Ranganathan
S Ranganathan
Executive Director
DIN: 00125493

Tushar Agrawal
Tushar Agrawal
Chief Executive Officer

Shivaraman Iyer
Shivaraman Iyer
Chief Financial Officer

Pooja Doshi
Pooja Doshi
Company Secretary

Mumbai
July 03, 2020

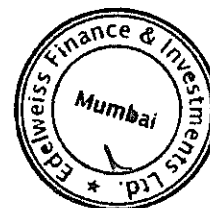
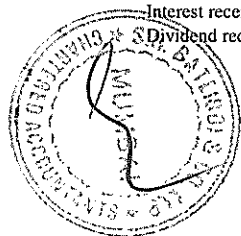


Edelweiss Finance & Investments Limited

Statement of cash flows for the year ended March 31, 2020

(Currency : Indian rupees in million)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| A Cash flow from operating activities | | |
| Profit before tax | 263.66 | 45.68 |
| <i>Adjustments for</i> | | |
| Depreciation and amortisation expense | 5.40 | 6.04 |
| Fair value (gain) / loss of financial instruments | (0.98) | 176.21 |
| Provision for compensated absences | (0.91) | 0.35 |
| Write back of deferred bonus | - | (105.52) |
| Expense on employee stock option scheme | - | 5.47 |
| Impairment on financial assets | 25.67 | - |
| Profit on sale of of Property, Plant and Equipment | (0.01) | (0.21) |
| Operating cash flow before working capital changes | 292.83 | 128.02 |
| Add / (Less): Adjustments for working capital changes | | |
| Increase in Loans | (6,418.57) | - |
| Decrease / (increase) Trade and other receivables | 6,259.00 | (1,626.19) |
| Decrease in Securities held for trading | 13,774.51 | 844.14 |
| Decrease / (increase) in Other financial assets | 343.87 | (266.79) |
| Increase in Other non- financial assets | (27.40) | (14.72) |
| Increase / (decrease) in Trade payables | 12.61 | (5.24) |
| Decrease in Non-financial liabilities and Provisions | (6.96) | (7.52) |
| (Decrease) / increase in Other financial liabilities | (265.99) | 223.39 |
| Cash generated from / (used in) operations | 13,963.90 | (724.91) |
| Income taxes paid | (50.00) | (16.11) |
| Net cash generated from / (used in) operating activities - A | 13,913.90 | (741.02) |
| B Cash flow from investing activities | | |
| Purchase of Property, Plant and Equipment | (1.26) | (8.00) |
| Sale of Property, Plant and Equipment | 0.06 | 0.83 |
| Net cash used in investing activities - B | (1.20) | (7.17) |
| C Cash flow from financing activities | | |
| Proceeds from issuance of Share capital (including Securities Premium) | 2,704.80 | - |
| Proceeds from issuance of Debt Securities | 3,281.73 | - |
| (Decrease) / increase in Borrowings other than Debt Securities (refer note 2) | (19,185.89) | 1,645.47 |
| Repayment of Subordinated Liabilities | (176.04) | - |
| Net cash (used in) / generated from financing activities - C | (13,375.40) | 1,645.47 |
| Net increase in cash and cash equivalents (A+B+C) | 537.30 | 897.28 |
| Cash and cash equivalent as at the beginning of the year | 1,050.24 | 152.96 |
| Cash and cash equivalent as at the end of the year | 1,587.54 | 1,050.24 |
| Operational cash flows from interest and dividends | | |
| Interest paid | 963.56 | 1,225.32 |
| Interest received | 1,400.00 | 1,439.67 |
| Dividend received | - | 1.44 |



Edelweiss Finance & Investments Limited

Statement of cash flows for the year ended March 31, 2020 (continued)

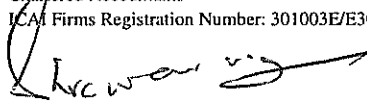
(Currency : Indian rupees in million)

Notes:

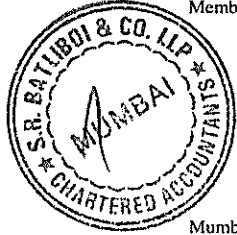
- 1 Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7 (Statement of Cash Flows) prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013.
- 2 Cash receipts and payments for transaction with group companies in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.
- 3 Refer note 37 for change in liabilities arising from financing activities

As per our report of even date attached.


For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firms Registration Number: 301003E/E300005


per Shrawan Jalan
Partner
Membership No: 102102

Mumbai
July 03, 2020




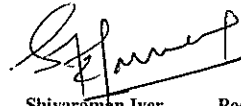
For and on behalf of the Board of Directors

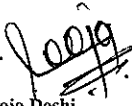

Venkatchalam Ramaswamy
Non-Executive Director
DIN: 00008509


Tushar Agrawal
Chief Executive Officer

Mumbai
July 03, 2020


S Ranganathan
Executive Director
DIN: 00125493


Shivaraman Iyer
Chief Financial Officer


Pooja Doshi
Company Secretary

Edelweiss Finance & Investments Limited
Notes to the financial statements (continued)

1. Corporate information:

Edelweiss Finance & Investments Limited ('the Company') a public limited company domiciled and incorporated under the provisions of the Companies Act applicable in India is subsidiary of Edelweiss Securities Limited. The Ultimate Holding Company of the Company is Edelweiss Financial Services Limited. The Company was incorporated on October 27, 1994 and is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

The Company is engaged in the business of advancing of loans against securities and trading and investing in government securities and fixed income securities.

2.1 Basis of preparation:

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

These financial statements have been prepared on a historical cost basis, except for certain financial instruments such as, derivative financial instruments, and other financial instruments held for trading, which have been measured at fair value. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

2.2 Presentation of financial statements:

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 38.

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

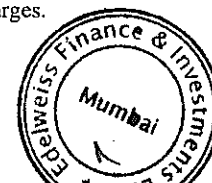
Derivative assets and liabilities with master netting arrangements [e.g. ISDAs (International Swaps and Derivatives Association)] are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

2.3 Recognition of interest income and dividend income

2.3.1 Effective interest rate (EIR):

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 flows through the expected life of the financial instrument or, when appropriate a shorter period to the gross carrying amount of financial instrument.

The EIR 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 financial asset. 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.



Edelweiss Finance & Investments Limited

Notes to the financial statements (continued)

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

2.3.2 Interest income:

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

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

2.3.3 Dividend income:

The Company recognised Dividend income when the Company's right to receive the payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

2.4 Financial instruments:

2.4.1 Date of recognition:

Financial Assets and financial liabilities with exception of loans and borrowings are initially recognised on the trade date, i.e. the date 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. Loans are recognised when funds are transferred to the customers' account. The Company recognises borrowings when funds are available for utilisation to the Company.

2.4.2 Initial measurement of financial instruments:

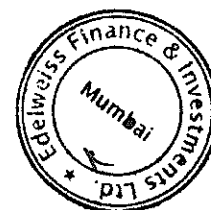
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are 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.

2.4.3 Day 1 profit and 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 / loss 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.

2.4.4 Classification & measurement categories of financial assets and liabilities:

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:



Edelweiss Finance & Investments Limited
Notes to the financial statements (continued)

Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset 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. The changes in carrying value of financial assets is recognised in profit and loss account.

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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. The changes in fair value of financial assets is recognised in Other Comprehensive Income.

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

A financial asset which is not classified in any of the above categories are measured at FVTPL. The Company measures all financial assets classified as FVTPL at fair value at each reporting date. The changes in fair value of financial assets is recognised in Profit and loss account.

2.5 Financial assets and liabilities:

2.5.1 Amortized cost and effective interest method

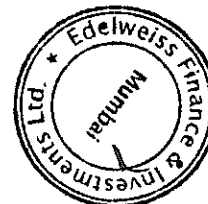
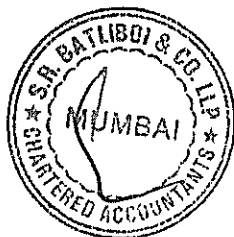
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

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.

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.

2.5.2 Financial assets held for trading:

The Company classifies financial assets as held for trading when they have been purchased 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 is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain / loss on fair value changes.



Edelweiss Finance & Investments Limited
Notes to the financial statements (continued)

2.5.3 Investment in equity instruments:

The Company subsequently measures all equity investments at fair value through profit or loss, unless the management has elected to classify irrevocably some of its strategic equity investments to be measured at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

2.5.4 Financial liabilities:

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

2.5.5 Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and market risk.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

2.5.6 Debt securities and other borrowed funds:

The Company measures debt issued and other borrowed funds at amortised cost at each reporting date. 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.

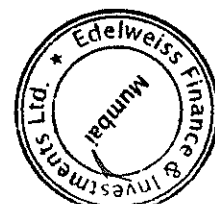
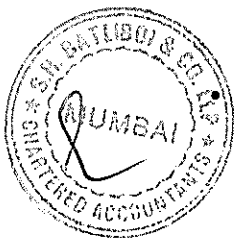
The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

2.5.7 Financial assets and financial liabilities at fair value through profit or loss:

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

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



Edelweiss Finance & Investments Limited

Notes to the financial statements (continued)

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.

2.5.8 Loan commitment

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

2.5.9 Financial liabilities and equity instruments

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

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

2.6 Reclassification of financial assets and liabilities

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

2.7 Derecognition of financial Instruments:

2.7.1 Derecognition of financial asset

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

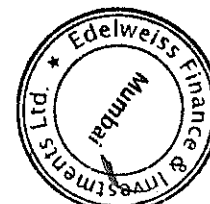
The Company has transferred the financial asset if, and only if, either

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

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.



Edelweiss Finance & Investments Limited

Notes to the financial statements (continued)

2.7.2 Derecognition of financial liabilities

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

2.8 Impairment of financial assets:

The Company records allowance for expected credit losses for all financial assets, other than financial assets held at FVTPL, together with loan commitment and financial guarantee contracts. Equity instruments are not subject to impairment.

Simplified approach

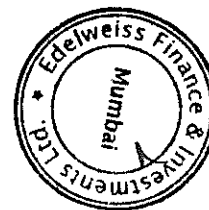
The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss (ECL) 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.

General approach

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 ECL is a function of the probability of default (PD), loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. As for the 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.



Edelweiss Finance & Investments Limited
Notes to the financial statements (continued)

Company categories its financial assets as follows:

Stage 1 assets:

Stage 1 assets includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL (resulting from default events possible within 12 months from reporting date) are recognised.

Stage 2 assets:

Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition. For these assets lifetime ECL (resulting from default events possible within 12 months from reporting date) are recognised.

Stage 3 assets:

Stage 3 for Assets considered credit-impaired the Company recognises the lifetime ECL for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

For financial assets, 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 loss or reversal of impairment loss in the profit and loss statement with a corresponding adjustment to their carrying amount through a loss allowance account.

The Company's product offering includes a facilities with a right to company to cancel and/or reduce the facilities with one day's notice. The Company does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Company's expectations of the customer behaviour, its likelihood of default and the Company's future risk mitigation procedures, which could include reducing or cancelling the facilities.

2.9 Collateral valuation:

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, power of attorney, credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Company's balance sheet. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a monthly/quarterly basis. However, some collateral, for example, securities relating to margin requirements, is valued daily.

To the extent possible, the company uses active market data for valuing financial assets held as collateral.

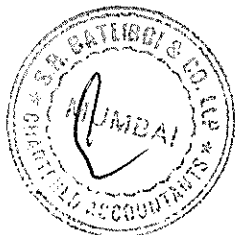
2.10 Write-offs:

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

2.11 Determination of fair value:

The Company measures financial instruments, such as, derivatives at fair value at each reporting 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.



Edelweiss Finance & Investments Limited

Notes to the financial statements (continued)

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.

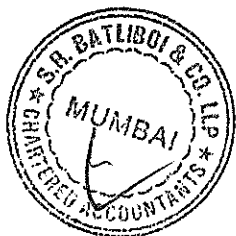
The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

2.12 Operating leases:

Company as a lessee:

The Company has applied Ind AS 116 using the partial retrospective approach.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



Edelweiss Finance & Investments Limited
Notes to the financial statements (continued)

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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.

Company as lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

2.13 Earnings per share:

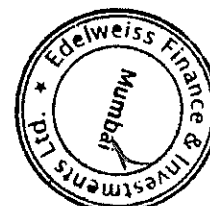
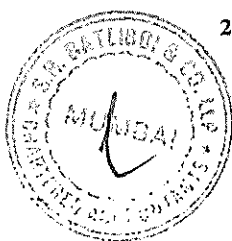
Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding for the year.

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.

2.14 Retirement and other employee benefit:

2.14.1 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.



Edelweiss Finance & Investments Limited

Notes to the financial statements (continued)

2.14.2 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.

Re-measurement, comprising of actuarial gains and losses, the effect of the asset ceiling, 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.

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

2.14.3 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.

2.14.4 Deferred bonus:

The Company has adopted a Deferred Bonus Plan under its Deferred Variable Compensation Plan. A pool of identified senior employees of the Company is entitled for benefits under this plan. Such deferred compensation will be paid in a phased manner over a future period of time. The measurement for the same has been based on actuarial assumptions and principles.

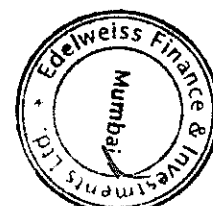
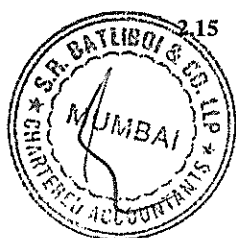
2.14.5 Share-based payment arrangements:

Equity-settled share-based payments to employees are granted by the ultimate parent Company. These are measured by reference to the fair value of the equity instruments at the grant date. This includes Stock Appreciation Rights (SARs) where the right to receive the difference between the SAR price and the market price of equity shares of the ultimate parent Company on the date of exercise, either by way of cash or issuance of equity shares of the ultimate parent Company, is at the discretion of the ultimate parent Company. These are classified as equity settled share-based transaction.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the 'ESOP reserve'. In cases where the share options granted vest in instalments over the vesting period, the Group treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.

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.



Edelweiss Finance & Investments Limited

Notes to the financial statements (continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are recognized in profit or loss during the reporting period, in which they are incurred.

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

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 Property, plant and equipment are as follows:

| Nature of assets | Estimated useful lives |
|---|------------------------|
| Building (other than Factory Building) | 60 years |
| Vehicles | 8 years |
| Office Equipment | 5 years |
| Furniture and fixtures | 10 years |
| Computers - Servers and networks | 6 years |
| Computers - End user devices, such as desktops, laptops, etc. | 3 years |

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.

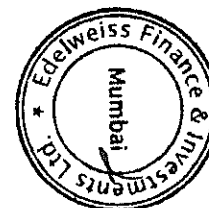
2.16 Intangible assets:

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

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

2.17 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 impairment is reversed subject to a maximum carrying value of the asset before impairment.



Edelweiss Finance & Investments Limited

Notes to the financial statements (continued)

2.18 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.

2.19 Income tax expenses:

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

2.19.1 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.

2.19.2 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.

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.



Edelweiss Finance & Investments Limited
Notes to the financial statements (continued)

Minimum Alternative Tax (MAT) credit

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

2.19.3 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.

2.20 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.

2.21 Significant accounting judgements, estimates and assumptions :

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.

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.

2.21.1 Business model assessment:

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how Company's 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.



Edelweiss Finance & Investments Limited
Notes to the financial statements (continued)

2.21.2 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. 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.

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.

2.21.3 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.

2.21.4 Effective Interest Rate (EIR) Method:

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments and penalty interest and charges.

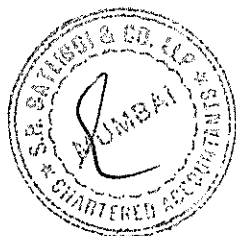
This estimation, by nature requires an element of judgement regarding the expected behaviour and life cycle of the instrument, as well expected changes India's base rate and other fee income, expenses that are integral part of the instrument.

2.22 Impairment of Financial assets:

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

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

- PD calculation includes historical data, assumptions and expectations of future conditions.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment.



Edelweiss Finance & Investments Limited

Notes to the financial statements (continued)

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EAD and LGD
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

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

2.23 Impairment of Non-Financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exist, the company estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less cost of disposal and its value in use. Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.24 Provisions and contingent liabilities:

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of its business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

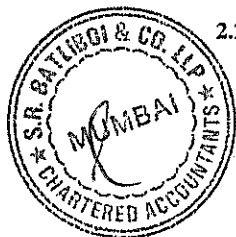
2.25 Provisions for Income Taxes:

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

2.26 Standards issued but not yet effective:

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



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| 3. Cash and cash equivalents | | | |
| Cash in hand | 0.03 | - | 0.01 |
| Balances with banks | | | |
| - in current accounts | 1,587.51 | 1,050.24 | 152.95 |
| | <u>1,587.54</u> | <u>1,050.24</u> | <u>152.96</u> |

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|--|-------------------------|-------------------------|-------------------------|
| 4. Bank balances other than cash and cash equivalents | | | |
| Short term bank deposits with banks * | - | 50.02 | 50.02 |
| (other bank deposits with maturity less than 12 months) | | | |
| Earmarked balance with bank (unpaid dividends) | 3.45 | 3.31 | - |
| | <u>3.45</u> | <u>53.33</u> | <u>50.02</u> |

4.A Encumbrances on fixed deposits held by the Company:

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|-------------------------|-------------------------|-------------------------|
| Fixed deposit pledged against overdraft facility | | | |
| RBL Bank Limited | - | 50.00 | 50.00 |
| | <u>-</u> | <u>50.00</u> | <u>50.00</u> |

* Fixed deposit with bank earns interest at fixed rate.

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|--|-------------------------|-------------------------|-------------------------|
| 5. Derivative financial instruments | | | |

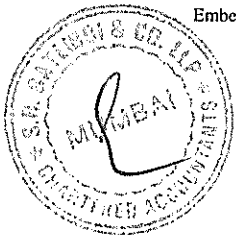
5.A Breakup of Derivative financial instruments

Fair Value Assets

| | | | |
|--|--------------|-------------|--------------|
| Mark to market on interest rate swap | - | 1.01 | 26.44 |
| Embedded derivatives in market-linked debentures (liabilities) | 17.84 | - | - |
| | <u>17.84</u> | <u>1.01</u> | <u>26.44</u> |

Fair Value Liabilities

| | | | |
|--|-------------|---------------|--------------|
| Mark to Market on interest rate swap | - | 260.35 | 20.72 |
| Embedded derivatives in market-linked debentures (liabilities) | 5.70 | - | - |
| | <u>5.70</u> | <u>260.35</u> | <u>20.72</u> |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

5. Derivative financial instruments

The Company enters into derivatives for risk management purposes. These include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

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

| As at March 31, 2020 | | | | | | | | |
|---|------|----------|--------------|------------------|------|----------|--------------|----------------------|
| Particulars | Unit | Currency | Notional | Fair value Asset | Unit | Currency | Notional | Fair value liability |
| (i) Embedded derivatives* | | | | | | | | |
| In market linked debentures | | | | 17.84 | | | | 5.70 |
| Total Derivative Financial Instruments | | | Total | 17.84 | | | Total | 5.70 |

| As at March 31, 2019 | | | | | | | | |
|---|-------------|----------|-----------|------------------|-------------|----------|------------|----------------------|
| Particulars | Unit | Currency | Notional | Fair value Asset | Unit | Currency | Notional | Fair value liability |
| (i) Interest rate derivatives | | | | | | | | |
| Interest Rate Swaps | Rs. Million | INR | 2,500 | 1.01 | Rs. Million | INR | 23,250 | 260.35 |
| Interest Rate Future | G-Sec Units | | 3,800,000 | 0.18 | G-Sec Units | | 14,500,000 | 9.69 |
| Less: amounts offset (Refer Note 5.B) | | | | (0.18) | | | | (9.69) |
| Total Derivative Financial Instruments | | | | 1.01 | | | | 260.35 |

| As at April 01, 2018 | | | | | | | | |
|---|-------------|----------|-----------|------------------|-------------|----------|----------|----------------------|
| Particulars | Unit | Currency | Notional | Fair value Asset | Unit | Currency | Notional | Fair value liability |
| (i) Interest rate derivatives | | | | | | | | |
| Interest Rate Swaps | Rs. Million | INR | 6,500 | 26.44 | Rs. Million | INR | 8,000 | 20.72 |
| Interest Rate Future | G-Sec Units | | 5,444,000 | 3.29 | | | - | - |
| Less: amounts offset (Refer Note 5.B) | | | | (3.29) | | | | - |
| Total Derivative Financial Instruments | | | | 26.44 | | | | 20.72 |

Note: The notional/units held indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

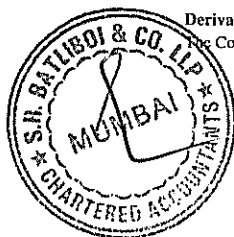
*An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. refer Note 2.5.5 for further details.

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk and equity index risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 42.

Derivatives designated as hedging instruments

The Company has not designated any derivatives as hedging instruments.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

5.B Offsetting

The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

Financial Assets and Liabilities subject to offsetting, netting arrangements

Financials assets and liabilities as at March 31, 2020 that are subject to offsetting, netting arrangements is Rs Nil.

Financial Assets subject to offsetting, netting arrangements

| As at March 31, 2019 | Offsetting recognised in balance sheet | | Netting potential not recognised in balance sheet | | Assets not subject to netting arrangements | Total Assets | Maximum Exposure to Risk | |
|----------------------------|--|----------------|---|------------------|--|--------------|--------------------------|------------------|
| | Gross asset before offset | Amount offset* | Net asset recognised on the balance sheet | Financial assets | | | | Collaterals paid |
| Trade receivables | 9,096.11 | (2.812.32) | 6,283.79 | - | - | 6,283.79 | 6,283.79 | 6,283.79 |
| Derivative Assets | 1.19 | (0.18) | 1.01 | (1.01) | - | - | 1.01 | - |
| Margin placed with broker* | 303.47 | - | 303.47 | - | - | 303.47 | 303.47 | 303.47 |
| | | | | | | | | 95.22 |

Financial Liabilities subject to offsetting, netting arrangements

| As at March 31, 2019 | Offsetting recognised in balance sheet | | Netting potential not recognised in balance sheet | | Liabilities not subject to netting arrangements | Total liabilities | Maximum Exposure to Risk | |
|------------------------|--|----------------|---|-----------------------|---|-------------------|--------------------------|----------------------|
| | Gross liability before offset | Amount offset* | Net liability recognised in balance sheet | Financial liabilities | | | | Collaterals received |
| Trade payables | 2.812.32 | (2.812.32) | - | - | - | - | - | - |
| Derivative Liabilities | 270.04 | (9.89) | 260.35 | (1.01) | - | 260.35 | 260.35 | 51.09 |

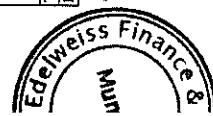
Financial Assets subject to offsetting, netting arrangements

| As at April 01, 2018 | Offsetting recognised in balance sheet | | Netting potential not recognised in balance sheet | | Assets not subject to netting arrangements | Total Assets | Maximum Exposure to Risk | |
|----------------------------|--|----------------|---|------------------|--|--------------|--------------------------|------------------|
| | Gross asset before offset | Amount offset* | Net asset recognised on the balance sheet | Financial assets | | | | Collaterals paid |
| Trade receivables | 9,615.36 | (5,052.22) | 4,563.14 | - | - | 4,563.14 | 4,563.14 | 4,563.14 |
| Derivative Assets | 29.73 | (3.29) | 26.44 | (9.89) | - | 26.44 | 26.44 | 12.10 |
| Margin placed with broker* | 41.51 | - | 41.51 | - | - | 41.51 | 41.51 | 26.23 |

Financial Liabilities subject to offsetting, netting arrangements

| As at April 01, 2018 | Offsetting recognised in balance sheet | | Netting potential not recognised in balance sheet | | Liabilities not subject to netting arrangements | Total liabilities | Maximum Exposure to Risk | |
|------------------------|--|----------------|---|-----------------------|---|-------------------|--------------------------|----------------------|
| | Gross liability before offset | Amount offset* | Net liability recognised in balance sheet | Financial liabilities | | | | Collaterals received |
| Trade payables | 5,052.22 | (5,052.22) | - | - | - | - | - | - |
| Derivative Liabilities | 20.72 | - | 20.72 | (10.33) | - | 20.72 | 20.72 | 9.89 |

*Note: As at the reporting date, cash margin received that has been offered against the gross derivative assets. Also, cash margin paid that has been offered against the gross derivative liabilities.



Notes to financial statements (continued)

(Currency : Indian rupees in million)

6. Securities held for trading

| Particulars | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|-------------------------|-------------------------|-------------------------|
| At Fair Value Through Profit and Loss | | | |
| (i) Government Debt Securities | - | 13,679.23 | 14,406.88 |
| (ii) Debt securities | 0.21 | 125.30 | 389.24 |
| (iii) Exchange Traded Funds | 30.79 | - | - |
| (iv) Preference Shares | - | - | 28.76 |
| Total | 31.00 | 13,804.53 | 14,824.88 |
| At Fair Value Through Other Comprehensive Income | | | |
| (i) Investments outside India | - | - | - |
| (ii) Investments in India | 31.00 | 13,804.53 | 14,824.88 |
| Total | 31.00 | 13,804.53 | 14,824.88 |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|-------------------------|-------------------------|-------------------------|
| 7. Receivables | | | |
| a) Trade receivables | | | |
| Receivables considered good - Unsecured (refer note 5.A) | 11.90 | 6,283.79 | 4,563.14 |
| Trade Receivables (a) | 11.90 | 6,283.79 | 4,563.14 |
| b) Other receivables | | | |
| Receivables considered good - Unsecured | 13.73 | 0.84 | 95.30 |
| Other receivables (b) | 13.73 | 0.84 | 95.30 |
| Total Receivables (a) + (b) | 25.63 | 6,284.63 | 4,658.44 |

c) Reconciliation of impairment allowance on trade and lease receivables:

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Impairment allowance measured as per simplified approach | | |
| Impairment allowance - Opening Balance | - | - |
| Add/ (less): asset originated or acquired (net) | - | - |
| Impairment allowance - Closing Balance | - | - |

Notes:

- 1) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person.
- 2) No trade or other receivables are due from firms or private companies in which directors is partner, a director or a member.

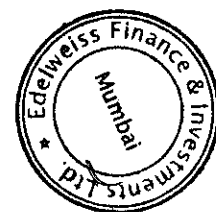
d) Trade receivables days past due

| As at March 31, 2020 | Current | 1-90 days | 91-180 days | 181-270 days | 270- 360 days | > 360 days | Total |
|--|--------------|--------------|----------------|--------------|------------------|------------|--------------|
| ECL Rates | | | | | | | |
| Estimated total gross carrying amount at default | 25.63 | - | - | - | - | - | 25.63 |
| ECL - Simplified approach | - | - | - | - | - | - | - |
| Net carrying amount | 25.63 | - | - | - | - | - | 25.63 |

| As at March 31, 2019 | Current | 1-90 days | 91-180 days | 181-270 days | 270- 360 days | > 360 days | Total |
|--|-----------------|--------------|----------------|--------------|------------------|------------|-----------------|
| ECL Rates | | | | | | | |
| Estimated total gross carrying amount at default * | 6,283.79 | - | - | - | - | - | 6,283.79 |
| ECL - Simplified approach | - | - | - | - | - | - | - |
| Net carrying amount | 6,283.79 | - | - | - | - | - | 6,283.79 |

| As at April 01, 2018 | Current | 1-90 days | 91-180 days | 181-270 days | 270- 360 days | > 360 days | Total |
|--|-----------------|--------------|----------------|--------------|------------------|------------|-----------------|
| ECL Rates | | | | | | | |
| Estimated total gross carrying amount at default * | 4,563.14 | - | - | - | - | - | 4,563.14 |
| ECL - Simplified approach | - | - | - | - | - | - | - |
| Net carrying amount | 4,563.14 | - | - | - | - | - | 4,563.14 |

* Receivables largely includes receivables from clearing house and companies in same group. The Company has no history and expects no default on these receivables, accordingly no allowance for ECL has been recognised on these receivables.

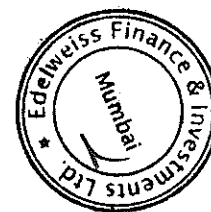


Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|--|-------------------------|-------------------------|-------------------------|
| 8. Loans (at Amortised cost) | | | |
| Other loans | | | |
| Corporate credit | 3,275.74 | - | - |
| Retail Credit | 3,142.83 | - | - |
| Total gross | 6,418.57 | - | - |
| Less: Impairment loss allowance (Refer Note 8.A) | (25.67) | - | - |
| Total net | 6,392.90 | - | - |
| Secured by marketable securities & unlisted securities | 2,881.58 | - | - |
| Unsecured | 3,536.99 | - | - |
| Total gross | 6,418.57 | - | - |
| Less: Impairment loss allowance (Refer Note 8.A) | (25.67) | - | - |
| Total net | 6,392.90 | - | - |
| Loans in India | | | |
| Public sector | - | - | - |
| Others | 6,418.57 | - | - |
| Total Gross | 6,418.57 | - | - |
| Less: Impairment loss allowance (Refer Note 8.A) | (25.67) | - | - |
| Total net | 6,392.90 | - | - |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

8.A Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances.

Loans at Amortised Cost

| Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|-----------------------|----------------------|---------------|-----------|-----------------|----------------------|----------|-----------|----------|
| | Stage I | Stage II | Stage III | Total | Stage I | Stage II | Stage III | Total |
| Performing | | | | | | | | |
| High grade | 6,271.19 | - | - | 6,271.19 | - | - | - | - |
| Standard grade | - | 147.38 | - | 147.38 | - | - | - | - |
| Non-performing | | | | | | | | |
| Individually impaired | - | - | - | - | - | - | - | - |
| Total | 6,271.19 | 147.38 | - | 6,418.57 | - | - | - | - |

Reconciliation of changes in gross carrying amount and corresponding ECL allowances for loans and advances:

The following disclosure provides stage wise reconciliation of the Company's gross carrying amount and ECL allowances for loans and advances to corporates and retail customers.

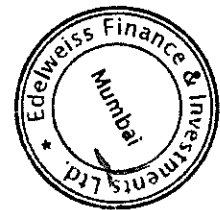
The 'New assets originated / repayments received (net)' represent the gross carrying amount and associated allowance ECL impact from transactions within the Company's lending portfolio.

Reconciliation / movement for the year ended March 31, 2020

| Particulars | Non credit impaired | | | | Credit impaired | | Total | |
|---|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Stage I | | Stage II | | Stage III | | | |
| | Gross Carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL |
| Opening balance | - | - | - | - | - | - | - | - |
| New assets originated / repayments received (net) | 6,271.19 | 25.08 | 147.38 | 0.59 | - | - | 6,418.57 | 25.67 |
| Closing balance | 6,271.19 | 25.08 | 147.38 | 0.59 | - | - | 6,418.57 | 25.67 |

Reconciliation / movement for the year ended March 31, 2019

There were no loans as at March 31, 2019 and as at April 01, 2018. Hence, disclosure for reconciliation / movement is not disclosed.

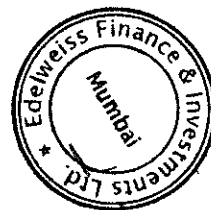
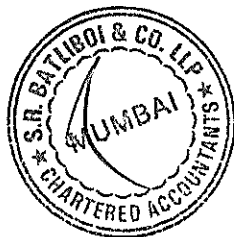


Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|-------------------------|-------------------------|-------------------------|
| 9. Other financial assets | | | |
| Deposits placed with exchange/depositories | 121.00 | 139.90 | 112.40 |
| Deposits- others | 1.03 | 1.07 | 0.82 |
| Margin placed with broker (refer note 5.B) | 11.62 | 303.47 | 41.51 |
| Accrued interest on margin | 0.25 | 0.28 | 0.69 |
| Other assets | - | - | 9.39 |
| | 133.90 | 444.72 | 164.81 |
| 10. Current tax assets (net) | | | |
| Advance income taxes (net) | 136.65 | 145.62 | 306.19 |
| | 136.65 | 145.62 | 306.19 |
| 11. Deferred tax assets (net) | | | |
| Deferred tax assets | | | |
| <u>Loans</u> | | | |
| Expected credit loss | 6.46 | - | |
| <u>Property, Plant and Equipment & Intangible assets</u> | | | |
| Difference between book and tax depreciation | 1.48 | 2.07 | 2.38 |
| <u>Investment and other financials instruments</u> | | | |
| Unrealised loss on derivatives | - | 89.78 | 6.31 |
| Fair valuation of investments and securities held for trading - loss in valuation | - | - | 2.26 |
| <u>Fair valuation of employee stock option</u> | - | - | 37.77 |
| <u>MAT credit entitlement</u> | - | - | 6.47 |
| <u>Employee benefit obligations</u> | | | |
| Disallowances under section 43B of the Income Tax Act, 1961 | 0.13 | 0.48 | 37.26 |
| <u>Others</u> | - | 1.83 | - |
| | 8.07 | 94.16 | 92.45 |
| Deferred tax liabilities | | | |
| <u>Investment and other financials instruments</u> | | | |
| Fair valuation - securities held for trading | 0.25 | 19.73 | |
| Unrealised gain on derivatives | - | 0.40 | 10.92 |
| | 0.25 | 20.13 | 10.92 |
| | 7.82 | 74.03 | 81.53 |



12. Property, plant and equipment and intangible assets

| Particulars | Property, plant and equipment | | | | | | Other Intangible Assets | | |
|--|-------------------------------|----------|------------------|-----------|-----------|--------|-------------------------|--------|--------|
| | Building* | Vehicles | Office equipment | Computers | Furniture | Total | Computer Software | Total | Total |
| Cost | | | | | | | | | |
| As at April 1, 2018 | 1.25 | 8.20 | 0.28 | 4.08 | - | 13.81 | 5.47 | 5.47 | 19.28 |
| Additions | - | - | - | 0.71 | - | 0.71 | 7.29 | 7.29 | 8.00 |
| Disposals | - | (0.87) | - | (0.16) | - | (1.03) | - | - | (1.03) |
| as at March 31, 2019 | 1.25 | 7.33 | 0.28 | 4.63 | - | 13.49 | 12.76 | 12.76 | 26.25 |
| Additions | 1.48 | - | - | 0.28 | 0.07 | 1.83 | (0.57) | (0.57) | 1.26 |
| Disposals | - | - | - | (0.57) | - | (0.57) | - | - | (0.57) |
| as at March 31, 2020 | 2.73 | 7.33 | 0.28 | 4.34 | 0.07 | 14.75 | 12.19 | 12.19 | 26.94 |
| Depreciation and amortisation: | | | | | | | | | |
| As at April 1, 2018 | 0.06 | 2.65 | 0.09 | 1.23 | - | 4.03 | 0.76 | 0.76 | 4.79 |
| Depreciation/Amortisation for the year | 0.06 | 1.68 | 0.09 | 1.48 | - | 3.31 | 2.73 | 2.73 | 6.04 |
| Disposals | - | (0.32) | - | (0.09) | - | (0.41) | - | - | (0.41) |
| as at March 31, 2019 | 0.12 | 4.01 | 0.18 | 2.62 | - | 6.93 | 3.49 | 3.49 | 10.42 |
| Depreciation/Amortisation for the year | 0.11 | 1.07 | 0.05 | 1.01 | 0.01 | 2.25 | 3.15 | 3.15 | 5.40 |
| Disposals | - | - | - | (0.52) | - | (0.52) | - | - | (0.52) |
| as at March 31, 2020 | 0.23 | 5.08 | 0.23 | 3.11 | 0.01 | 8.65 | 6.64 | 6.64 | 15.29 |
| Net Book Value | | | | | | | | | |
| As at April 01, 2018 | 1.19 | 5.55 | 0.19 | 2.85 | 0.00 | 9.78 | 4.71 | 4.71 | 14.49 |
| As at March 31, 2019 | 1.13 | 3.32 | 0.10 | 2.01 | 0.00 | 6.56 | 9.27 | 9.27 | 15.83 |
| As at March 31, 2020 | 2.50 | 2.25 | 0.05 | 1.23 | 0.06 | 6.09 | 5.55 | 5.55 | 11.64 |

Charge against secured redeemable non-convertible debentures (Refer note 15.B)

Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|--|-------------------------|-------------------------|-------------------------|
| 13. Other non-financial assets | | | |
| (Unsecured considered good, unless stated otherwise) | | | |
| Input tax credit | 40.77 | 22.42 | 11.67 |
| Vendor Advances | 12.38 | 3.70 | 1.32 |
| Contribution to gratuity fund (net) (refer note 31) | 1.36 | 1.50 | 1.47 |
| Prepaid expenses | 3.62 | 1.53 | 1.85 |
| Advances to employees | 0.29 | 1.88 | - |
| Others | 9.01 | 9.00 | - |
| | 67.43 | 40.03 | 16.31 |
| 14. Trade Payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note 5.B) | 62.01 | 49.40 | 54.64 |
| | 62.01 | 49.40 | 54.64 |
| 14.A Details of dues to micro and small enterprises | | | |
| Trade Payables includes Rs.Nil (March 31, 2019: Rs.Nil; April 01, 2018: Rs Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. | | | |
| 15. Debt securities | | | |
| <i>at amortised cost</i> | | | |
| (Refer Note 15.A and 15.B) | | | |
| Redeemable non-convertible debentures - secured | | | |
| Market linked debentures | 1,145.26 | - | - |
| Public issue | 2,136.47 | - | - |
| Total | 3,281.73 | - | - |
| Debt securities in India | 3,281.73 | - | - |
| Debt securities outside India | - | - | - |
| Total | 3,281.73 | - | - |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|-------------------------|-------------------------|-------------------------|
| 16. Borrowings other than Debt Securities <i>(at amortised cost)</i> | | | |
| <u>Secured</u> | | | |
| Borrowings (Repo) (Secured by pledge of Government securities and Treasury-bills) (March 31, 2019; Repayable on April 02, 2019 Interest payable in range of 5.50% to 7.30%) (April 01, 2018; Repayable on April 03, 2018 Interest payable in range of 4.40% to 7.10%) | - | 14,162.90 | 17,373.62 |
| <u>Unsecured</u> | | | |
| Loan from related parties (refer note 39) (Repayable on demand, Interest payable in the range of 11.60% to 11.75% for March 31, 2020 and 9.00% to 12.50% for March 31, 2019, 9% for April 01, 2018) | 29.28 | 5,052.27 | 196.08 |
| | 29.28 | 19,215.17 | 17,569.70 |
| Borrowings in India | 29.28 | 19,215.17 | 17,569.70 |
| Borrowings outside India | - | - | - |
| | 29.28 | 19,215.17 | 17,569.70 |
| 17. Subordinated Liabilities <i>(at Amortised Cost)</i> | | | |
| <u>Unsecured</u> | | | |
| Preference Shares - privately placed (i) Subsidiaries | 340.55 | 516.59 | 516.59 |
| (ii) Other | 310.38 | 470.70 | 470.70 |
| Interest accrued - subordinated liabilities | 30.17 | 45.89 | 45.89 |
| | 340.55 | 516.59 | 516.59 |
| Subordinated liabilities in India | 340.55 | 516.59 | 516.59 |
| Subordinated liabilities outside India | - | - | - |
| | 340.55 | 516.59 | 516.59 |

The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 15 per share. The Preference Shares were allotted on July 19, 2013. The Preference Shares are Cumulative and Redeemable. The Preference Shares carry a Cumulative dividend of 14.625%. The Preference Shares will be redeemed at a premium of Rs. 5 per preference share over the Face value together with the unpaid dividend till the date of redemption. The preference share will be compulsorily redeemed at the end of 10 years from the date of allotment. The Company and the investor can seek the early redemption of preference shares after 5 years from the date of allotment by giving early redemption notice from May 16 to May 31, every year. In such a case, Company shall redeem preference shares within 30 days of receiving early redemption notice.

In line with the terms, during the year ended March 31, 2020, the Company has redeemed 10,688,000 preference shares basis the early redemption requests received. Consequently, as required under the Companies Act, the Company has also transferred amount Rs. 106.88 Million, being face value of preference shares redeemed, to capital redemption reserve from its free reserves.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

15.A Maturity profile and rate of interest of debt securities are set out below:

As at March 31, 2020

Redeemable non-convertible debentures - secured

| Month | | | | Grand total |
|----------|-----------------|---------------|-----------------|-----------------|
| | 9% - 10% | 10% - 11% | MLD* | |
| Mar 2021 | - | - | 368.38 | 368.38 |
| Jul 2021 | - | - | 24.72 | 24.72 |
| Aug 2021 | 482.45 | - | - | 482.45 |
| Feb 2022 | - | - | 70.04 | 70.04 |
| Mar 2022 | - | - | 186.55 | 186.55 |
| Dec 2022 | - | - | 101.28 | 101.28 |
| Feb 2023 | - | - | 228.83 | 228.83 |
| Jun 2023 | - | - | 54.72 | 54.72 |
| Feb 2023 | 351.52 | - | - | 351.52 |
| Feb 2025 | 443.93 | 401.49 | - | 845.42 |
| Dec 2026 | - | - | 110.73 | 110.73 |
| Feb 2030 | 263.41 | 276.34 | - | 539.75 |
| | 1,541.31 | 677.83 | 1,145.25 | 3,364.39 |

Add: interest accrued **

33.90

Less: unamortised issuance cost

(116.56)

3,281.73

*MLD represents market linked debentures

** Interest accrued but not due is payable on next interest payment date for respective ISINs.

As at March 31, 2019

There were no debt securities as at March 31, 2019. Hence, disclosure for maturity profile and rate of interest of debt securities is not disclosed.

15.B Details of debt securities:

Redeemable non-convertible debentures - secured

Public issue:

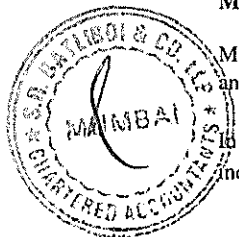
Debentures are secured by way of a charge in favour of the Debenture Trustee on present and/or future receivables and/or pari passu charge on an identified immovable property of the Company as may be decided mutually by our Company and the Debenture Trustee.

During the year ended March 31, 2020, the Company has raised Rs 2,219.13 million worth of redeemable non-convertible debentures through public issue. As at March 31 2020, the Company has utilised the whole of the aforementioned net proceeds towards the objects of the issue as stated in the prospectus.

Market linked debentures:

Market linked debentures are secured by first charge / pari passu charge, as the case may be, on property and on present & future receivables, loans, securities, investments & other financial assets.

In case of market linked debentures the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.



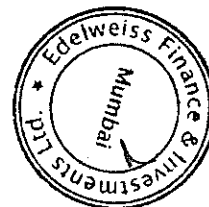
Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|--|-------------------------|-------------------------|-------------------------|
| 18. Other financial liabilities | | | |
| Other payables | 17.75 | - | - |
| Accrued salaries and benefits | 0.02 | 20.00 | 39.07 |
| Provision for dividend distribution tax | - | 9.25 | 9.34 |
| Unpaid dividends | 3.45 | 3.31 | 0.39 |
| | <u>21.22</u> | <u>32.56</u> | <u>48.80</u> |
| 19. Current tax liabilities (net) | | | |
| Provision for taxation (net) | 34.43 | 80.24 | 194.00 |
| | <u>34.43</u> | <u>80.24</u> | <u>194.00</u> |
| 20. Provisions | | | |
| Provision for employee benefits | | | |
| Compensated leave absences | 0.54 | 1.45 | 1.10 |
| Deferred bonus | - | - | 105.52 |
| Others | 9.01 | 9.01 | 9.01 |
| | <u>9.55</u> | <u>10.46</u> | <u>115.63</u> |
| 21. Other non-financial liabilities | | | |
| Statutory liabilities* | 6.22 | 3.71 | 14.92 |
| Others | 6.41 | 12.63 | 3.63 |
| | <u>12.63</u> | <u>16.34</u> | <u>18.55</u> |

* Includes withholding taxes, provident fund, profession tax and other statutory dues payables



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | As at March 31, 2020 | | As at March 31, 2019 | | As at April 01, 2018 | |
|--|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| | No of shares | Amount | No of shares | Amount | No of shares | Amount |
| 22. Equity share capital | | | | | | |
| Authorised : | | | | | | |
| Equity Shares of Rs.10 each | 41,620,000 | 416.20 | 41,620,000 | 416.20 | 41,620,000 | 416.20 |
| Preference shares of Rs 10 each | 31,380,000 | 313.80 | 31,380,000 | 313.80 | 31,380,000 | 313.80 |
| | 73,000,000 | 730.00 | 73,000,000 | 730.00 | 73,000,000 | 730.00 |
| Issued, Subscribed and Paid up: | | | | | | |
| Equity Shares of Rs.10 each | 8,335,332 | 83.35 | 3,435,332 | 34.35 | 3,435,332 | 34.35 |
| | 8,335,332 | 83.35 | 3,435,332 | 34.35 | 3,435,332 | 34.35 |

22.A Reconciliation of number of shares

| | As at March 31, 2020 | | As at March 31, 2019 | | As at April 01, 2018 | |
|--|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | No of shares | Amount | No of shares | Amount | No of shares | Amount |
| Outstanding at the beginning of the year | 3,435,332 | 34.35 | 3,435,332 | 34.35 | 2,655,020 | 26.55 |
| Shares issued during the year (Refer note below) | 4,900,000 | 49.00 | - | - | 780,312 | 7.80 |
| Outstanding at the end of the year | 8,335,332 | 83.35 | 3,435,332 | 34.35 | 3,435,332 | 34.35 |

Notes:

During the financial year 2019-20, the Company has issued 49,00,000 fully paid-up equity shares of Rs.10 each at a premium of Rs 542 each for the consideration of Rs.2,704.80 million to Edelweiss Securities Limited through rights issue.

22.B Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share held.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

22.C Shares held by holding/ultimate holding company

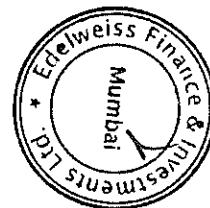
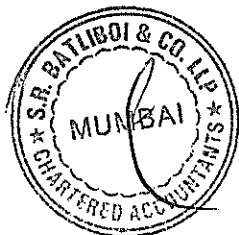
| | As at March 31, 2020 | | As at March 31, 2019 | | As at April 01, 2018 | |
|--|----------------------|----------------|----------------------|----------------|----------------------|----------------|
| | No of shares | % holding | No of shares | % holding | No of shares | % holding |
| Holding company | | | | | | |
| Edelweiss Securities Limited | 5,243,534 | 62.91% | - | - | - | - |
| Fellow subsidiaries | | | | | | |
| Edelweiss Financial Services Limited # | 3,091,798 | 37.09% | 3,435,332 | 100.00% | 3,435,332 | 100.00% |
| | 8,335,332 | 100.00% | 3,435,332 | 100.00% | 3,435,332 | 100.00% |

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

| | As at March 31, 2020 | | As at March 31, 2019 | | As at April 01, 2018 | |
|--|----------------------|----------------|----------------------|----------------|----------------------|----------------|
| | No of shares | % holding | No of shares | % holding | No of shares | % holding |
| Holding company | | | | | | |
| Edelweiss Securities Limited | 5,243,534 | 62.91% | - | - | - | - |
| Fellow subsidiaries | | | | | | |
| Edelweiss Financial Services Limited # | 3,091,798 | 37.09% | 3,435,332 | 100.00% | 3,435,332 | 100.00% |
| | 8,335,332 | 100.00% | 3,435,332 | 100.00% | 3,435,332 | 100.00% |

including 6 shares held by nominees of Edelweiss Financial Services Limited

22.E There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

23. Other Equity

| | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|-------------------------|-------------------------|-------------------------|
| a. Capital redemption reserve | 116.59 | 9.71 | 9.71 |
| b. Securities Premium Reserve | 3,367.61 | 711.81 | 711.81 |
| c. Statutory Reserve | 961.23 | 921.04 | 921.04 |
| d. General Reserve | - | 90.26 | 90.26 |
| e. Retained Earnings | 74.74 | (49.49) | (24.91) |
| f. Deemed capital contribution - Equity | 15.18 | 15.18 | 15.18 |
| | <u>4,535.35</u> | <u>1,698.51</u> | <u>1,723.09</u> |

A. Nature and purpose of Reserves

a. Capital redemption reserve

The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

b. Securities Premium Reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

c. Statutory Reserve

Reserve created under 45-IC(1) in The Reserve Bank of India Act, 1934 a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

d. General Reserve

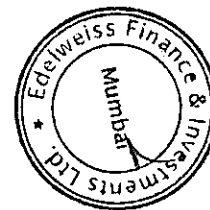
General reserve comprises of the Company's undistributed earnings which are transferred from the retained earnings.

e. Retained Earnings

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

f. Deemed capital contribution - Equity

Deemed capital contribution - Equity relates to Share options granted to eligible employees of the company by the parent company under its employee share option plan.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

23. Other Equity

23. Other Equity (continued)

B. Movement in Other Equity

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| I. Capital redemption reserve | | |
| Opening Balance | 9.71 | 9.71 |
| Add : Additions during the year | 106.88 | - |
| | <u>116.59</u> | <u>9.71</u> |
| II. Securities Premium Reserve | | |
| Opening Balance | 711.81 | 711.81 |
| Add : Premium received on issue of equity shares | 2,655.80 | - |
| | <u>3,367.61</u> | <u>711.81</u> |
| III. Statutory Reserve | | |
| Opening Balance | 921.04 | 921.04 |
| Add : Reserve created for the year | 40.19 | - |
| | <u>961.23</u> | <u>921.04</u> |
| IV. General Reserve | | |
| Opening Balance | 90.26 | 90.26 |
| Less: Transfer to Capital Redemption Reserve | (90.26) | - |
| | <u>-</u> | <u>90.26</u> |
| V. Retained Earnings | | |
| Opening Balance | (49.49) | (24.91) |
| Add: Profit / (loss) for the year | 184.29 | 13.09 |
| Add: Other Comprehensive Income | (3.25) | 0.10 |
| Less: Income tax effect of ESOPs | - | (37.77) |
| Amount available for appropriation (a) | <u>131.55</u> | <u>(49.49)</u> |
| Appropriations: | | |
| Transfer to Special Reserve | (40.19) | - |
| Transfer to Capital Redemption Reserve | (16.62) | - |
| Appropriations (b) | <u>(56.81)</u> | <u>-</u> |
| Total V - (a - b) | <u>74.74</u> | <u>(49.49)</u> |
| VI. Deemed capital contribution - Equity | | |
| Opening Balance | 15.18 | 15.18 |
| Add : Additions during the year | - | - |
| | <u>15.18</u> | <u>15.18</u> |
| Total = (I+II+III+IV+V+VI) | <u>4,535.35</u> | <u>1,698.51</u> |

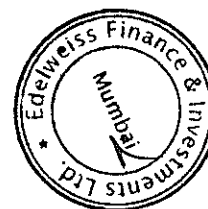


Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| 24. Interest Income | | |
| On Financial assets measured at amortised cost | | |
| Interest income on Loans | 98.55 | - |
| Interest income on fixed deposits with Bank | 1.10 | 3.45 |
| Interest income on collateralised borrowing and lending operations | 37.43 | 2.39 |
| Other interest income | | |
| - On margin with brokers | 16.01 | 2.18 |
| - On others | 0.95 | 1.99 |
| On Financial assets measured at fair value through profit or loss | | |
| Interest income from debt securities held for trading | 1,036.10 | 1,400.65 |
| | 1,190.14 | 1,410.66 |
| 25. Dividend Income | | |
| Dividend on securities held for trading | - | 1.44 |
| | - | 1.44 |
| 26. Fee income | | |
| Processing and other fees | 15.28 | - |
| | 15.28 | - |
| 27 Other income | | |
| Profit on sale of property, plant and equipment (net) | 0.01 | 0.21 |
| Interest on income tax refund | 1.51 | 12.28 |
| | 1.52 | 12.49 |



Edelweiss Finance & Investments Limited

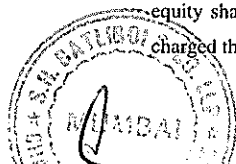
Notes to financial statements (continued)

(Currency : Indian rupees in million)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| 28. Finance costs | | |
| On Financial Liabilities measured at Amortised Cost | | |
| Interest on borrowings | | |
| - Interest on collateralised borrowing and lending operations | 55.87 | 79.31 |
| - Interest on clearcorp repo order matching system | 717.68 | 943.34 |
| - Interest on loan from fellow subsidiaries | 55.24 | 79.19 |
| - Interest on Intercompany deposits | 46.39 | - |
| Interest on debt securities | | |
| - Interest on debentures (public issue) | 41.23 | - |
| - Interest on market linked debentures | 1.02 | - |
| Interest on subordinated liabilities | | |
| - Dividend on preference shares | 34.08 | 55.24 |
| Other interest expense | | |
| - Finance and bank charges | 6.54 | 5.04 |
| - Collateralised borrowing and lending charges | 26.33 | 42.34 |
| | <u>984.38</u> | <u>1,204.46</u> |
| 29. Net gain/(loss) on fair value changes (including treasury income) | | |
| Net gain/ (loss) on financial instruments at fair value through profit or loss | | |
| On securities held for trading | 823.96 | 18.60 |
| On derivative financial instrument | (545.54) | (77.36) |
| | <u>278.42</u> | <u>(58.76)</u> |
| Fair value changes | | |
| Realised | 277.44 | 117.45 |
| Unrealised | 0.98 | (176.21) |
| | <u>278.42</u> | <u>(58.76)</u> |
| 30. Impairment on financial instruments | | |
| Expected credit loss | | |
| Loans | 25.67 | - |
| | <u>25.67</u> | <u>-</u> |
| 31. Employee benefits expense | | |
| Salaries, wages and bonus | 75.61 | 25.18 |
| Contribution to provident and other funds | 1.94 | 3.54 |
| Expense on share based payments - Refer Note below | 2.01 | 5.47 |
| Staff welfare expenses | 0.81 | 1.58 |
| | <u>80.37</u> | <u>35.77</u> |

Notes:

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



Edelweiss Financial Services Limited

Notes to financial statements (continued)

(Currency: Indian rupees in million)

31. Employee benefits expense (continued)

a) Defined contribution plan - provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Company contributes an equal amount.

Amount of Rs. 1.91 million (previous year: Rs. 3.33 million) is recognised as expenses and included in "Employee benefits expense".

b) Defined benefit plan - gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a non-contributory defined benefit arrangement providing lump-sum gratuity benefits expressed in terms of final monthly salary and year of service, covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment in accordance with the rules laid down in the Payment of Gratuity Act, 1972.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

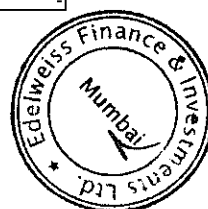
Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Reconciliation of Defined Benefit Obligation (DBO)

| | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Present Value of DBO at Start of the year | 7.91 | 7.48 |
| <i>Service Cost</i> | | |
| a. Current Service Cost | 0.47 | 1.11 |
| b. Past Service Cost | - | - |
| c. Loss/(Gain) from Settlement | - | - |
| Interest Cost | 0.26 | 0.49 |
| Benefits Paid | - | (0.21) |
| Re-measurements | - | - |
| a. Actuarial Loss/(Gain) from changes in demographic assumptions | - | - |
| b. Actuarial Loss/(Gain) from changed in financials assumptions | 0.25 | 0.13 |
| c. Actuarial Loss/(Gain) from experience over last past year | (0.36) | (0.27) |
| Effect of acquisition / (divestiture) | - | - |
| Changes in foreign exchange rate | - | - |
| Transfer In / (Out) | (4.24) | (0.82) |
| Present Value of DBO at end of the year | 4.28 | 7.91 |

Reconciliation of Fair Value of Plan Assets

| | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Fair Value of Plan Assets at start of the year | 9.41 | 8.95 |
| <i>Contributions by Employer</i> | <i>0.03</i> | <i>0.01</i> |
| Benefits Paid | - | (0.21) |
| Interest Income Plan Assets | 0.66 | 0.64 |
| Re-measurements | - | - |
| Return on plan assets excluding amount including in net interest on the net defined benefit liability / (asset) | (0.62) | 0.02 |
| Effect of acquisition / (divestiture) | - | - |
| Changes in foreign exchange rate | - | - |
| Fair Value of Plan Assets at end of the year | 9.47 | 9.41 |
| <i>Actual Return on Plan Assets</i> | <i>0.04</i> | <i>0.66</i> |
| <i>Expected Employer Contributions for the coming year</i> | <i>-</i> | <i>-</i> |



Edelweiss Financial Services Limited

Notes to financial statements (continued)

(Currency: Indian rupees in million)

31. Employee benefits expense (continued)

Expenses recognised in the Profit and Loss Account

| | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| <i>Service Cost</i> | | |
| a. Current Service Cost | 0.47 | 1.11 |
| b. Past Service Cost | - | - |
| c. Loss/(Gain) from Settlement | - | - |
| Net Interest on net defined benefit liability / (asset) | (0.40) | (0.16) |
| Changes in foreign exchange rate | - | - |
| Employer Expenses | 0.07 | 0.96 |

Net Liability / (Asset) recognised in the Balance sheet

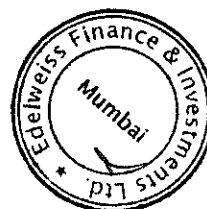
| | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Present Value of DOB | 4.28 | 7.91 |
| Fair Value of Plan Assets | 9.47 | 9.41 |
| Liability / (Asset) recognised in the Balance Sheet | (5.18) | (1.50) |
| Funded Status [Surplus/ (Deficit)] | 5.18 | 1.50 |
| Less: Amount not recognized as asset [Effect of limiting net assets to asset ceiling] | 3.82 | - |
| Liability / (Asset) recognised in the Balance Sheet | 1.36 | 1.50 |
| Of which, Short term Liability | - | - |
| Experience Adjustment on Plan Liabilities: (Gain)/Loss | (0.36) | (0.27) |

Percentage Break-down of Total Plan Assets

| | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Equity instruments | - | - |
| Debt instruments | - | - |
| Real estate | - | - |
| Derivatives | - | - |
| Investment Funds with Insurance Company | 99.6% | 99.9% |
| Of which, Unit Linked | 99.6% | 99.9% |
| Of which, Traditional/ Non-Unit Linked | - | - |
| Asset-backed securities | - | - |
| Structured debt | - | - |
| Cash and cash equivalents | 0.6% | 0.1% |
| Total | 100% | 100% |

Actuarial assumptions:

| | March 31, 2020 | March 31, 2019 |
|--|----------------------------|----------------------------|
| Salary Growth Rate (% p.a) | 7% p.a | 7% p.a |
| Discount Rate (% p.a) | 5.90% p.a | 7% p.a |
| Withdrawal Rate (% p.a) | | |
| <i>Senior</i> | 13% p.a | 13% p.a |
| <i>Middle</i> | 18% p.a | 18% p.a |
| <i>Junior</i> | 25% p.a | 25% p.a |
| Mortality Rate | IALM 2012-14 (Ultimate) | IALM 2012-14 (Ultimate) |
| Interest Rate on Net DBO / (Asset) (%) | 7% p.a | 7.3% p.a |
| Expected weighted average remaining working life (years) | 5 Years | 5 Years |



Edelweiss Financial Services Limited

Notes to financial statements (continued)

(Currency: Indian rupees in million)

31. Employee benefits expense (continued)

Movement in Other Comprehensive Income

| | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Balance at start of year (Loss)/ Gain | 0.16 | - |
| <i>Re-measurements on DBO</i> | | |
| a. Actuarial Loss/(Gain) from changes in demographic assumptions | - | - |
| b. Actuarial Loss/(Gain) from changed in financials assumptions | (0.25) | (0.13) |
| c. Actuarial Loss/(Gain) from experience over last past year | 0.36 | 0.27 |
| <i>Re-measurements on Plan Assets</i> | | |
| Return on plan assets excluding amount including in net interest on the net defined benefit liability / (asset) | (0.62) | 0.02 |
| <i>Re-measurements on asset ceiling</i> | | |
| Changes in the effect of limiting a net defined benefit asset to the asset ceiling excluding amount included in net interest on the net defined benefit liability/ (asset) | (3.82) | - |
| Balance at end of year (Loss)/ Gain | (4.17) | 0.16 |

Sensitivity Analysis

| DOB increases / (decreases) by | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| 1 % Increase in Salary Growth Rate | 0.24 | 0.39 |
| 1 % Decrease in Salary Growth Rate | (0.23) | (0.36) |
| 1 % Increase in Discount Rate | (0.23) | (0.36) |
| 1 % Decrease in Discount Rate | 0.25 | 0.39 |
| 1 % Increase in Withdrawal Rate | (0.01) | (0.03) |
| 1 % Decrease in Withdrawal Rate | 0.01 | 0.03 |
| Mortality (Increase in expected lifetime by 1 year) | - | Negligible |
| Mortality (Increase in expected lifetime by 3 year) | 0.00 | Negligible |

Note: The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant there are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses.

Movement in Surplus / (Deficit)

| | March 31, 2020 | March 31, 2019 |
|--------------------------------------|----------------|----------------|
| Surplus / (Deficit) at start of year | 1.50 | 1.47 |
| Net (Acquisition) / Divestiture | - | - |
| Net Transfer (In)/ Out | 4.24 | 0.82 |
| <i>Movement during the year</i> | | |
| Current Service Cost | (0.47) | (1.11) |
| Past Service Cost | - | - |
| Net Interest on net DBO | 0.40 | 0.16 |
| Changes in foreign exchange rate | - | - |
| Re-measurements | (4.34) | 0.16 |
| Contributions / Benefits | 0.03 | 0.01 |
| Surplus / (Deficit) at end of year | 1.36 | 1.50 |



Notes to financial statements (continued)

(Currency : Indian rupees in million)

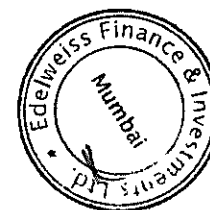
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| 32. Other expenses | | |
| Advertisement and business promotion | 0.51 | 0.15 |
| Auditors' remuneration | 2.83 | 1.77 |
| Commission and brokerage | 2.20 | 0.22 |
| Communication | 4.23 | 1.57 |
| Directors' sitting fees | 0.30 | 0.46 |
| Insurance | 0.13 | 0.09 |
| Legal and professional fees | 13.30 | 5.83 |
| Printing and stationery | 0.27 | 0.26 |
| Rates and taxes | 12.02 | 8.63 |
| Rent | 7.32 | 9.09 |
| Repairs and maintenance | 0.20 | 0.06 |
| Electricity charges | - | 0.93 |
| Computer expenses | 0.39 | 0.57 |
| Computer software | 4.74 | 6.09 |
| Corporate social responsibility | - | 5.00 |
| Clearing & custodian charges | 3.17 | 0.24 |
| Rating support fees | 0.22 | 0.13 |
| Membership and subscription | 0.48 | 0.09 |
| Office expenses | 55.92 | 17.46 |
| Stamp duty | 7.08 | 2.41 |
| Travelling and conveyance | 3.47 | 5.63 |
| Miscellaneous expenses | 7.10 | 7.20 |
| | 125.88 | 73.88 |

32.A Auditors' remuneration:

As a Auditor

| | | |
|---------------------------|-------------|-------------|
| Audit fees | 2.56 | 1.70 |
| Certification fees | 0.15 | - |
| Reimbursement of expenses | 0.12 | 0.07 |
| | 2.83 | 1.77 |

In addition to above, during the year the Company has paid an amount of Rs. 4.12 million to statutory auditors towards certification fees for Public issue of NCDs. The fees paid to the statutory auditors has been amortised as over the NCD period and the same has been considered in calculation of Effective Interest Rate (EIR)



Notes to financial statements (continued)

(Currency : Indian rupees in million)

32.B Details of CSR Expenditure:

Gross Amount required to be spent by the Company as per the provisions of Section 135 of Companies Act, 2013.

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Amount Spent (paid in cash) | | |
| i) Construction/ acquisition of any assets | - | - |
| ii) On purpose other than (i) above | - | 5.00 |
| Amount Spent (yet to be paid in cash) | | |
| i) Construction/ acquisition of any assets | - | - |
| ii) On purpose other than (i) above | - | - |
| | <u>-</u> | <u>5.00</u> |
| Amount paid to EdelGive Foundation (refer note 39 related party disclosure) | - | 5.00 |
| Paid to external parties | - | - |
| | <u>-</u> | <u>5.00</u> |

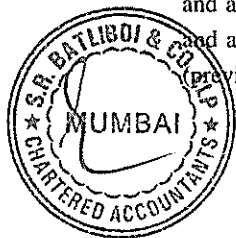
The Company is a wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 308.14 million (Previous year: Rs. 225.19 million) (representing more than 2% of the consolidated profit of the group) was spent by the group as a whole towards CSR activities during the year ended March 31, 2020, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2020.

32.C Operating leases

The Company has taken premises on operating lease. Rental expenses for the year aggregated to **Rs.7.32 million** (Previous year Rs.9.09 million) which has been included under the head Other expenses – Rent in the statement of profit and loss.

32.D Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost, Group mediclaim, etc. which is for the common benefit of itself and its certain subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, costs like rent, electricity charges incurred by the Company for the benefit of fellow subsidiaries and associate companies (if any) are recovered as reimbursement by the Company from the subsidiaries and associate companies on similar basis. Accordingly, and as identified by the management, the expenditure heads in note 31 and 32 include reimbursements paid and are net of the reimbursements received based on the management's best estimate are **Rs. 63.67 million** (previous year Rs. 11.86 million)



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

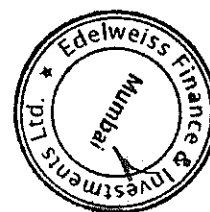
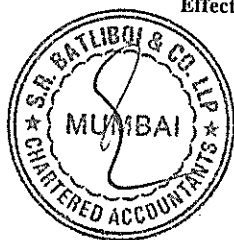
33. Income Tax

33.A Component of Income Tax Expenses

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Current tax | 28.78 | 79.47 |
| Adjustment in respect of current income tax of prior years | (15.62) | (10.09) |
| Deferred tax relating to temporary differences | 66.21 | (36.79) |
| Total Tax Charge for the year | 79.37 | 32.59 |
| Current Tax | 13.16 | 69.38 |
| Deferred Tax | 66.21 | (36.79) |

33.B Reconciliation of total tax charge

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Profit / (Loss) before Taxes | 263.66 | 45.68 |
| Statutory Income Tax rate | 25.17% | 34.94% |
| Tax Charge at Statutory Rate | 66.36 | 15.96 |
| Adjustment in respect of current income tax of prior years | (15.62) | (10.09) |
| Tax effect of : | | |
| Income / Items not subject to tax to chargeable to lower tax rate | | |
| Dividend Income | - | (0.50) |
| Non deductible expenses | | |
| Dividend on Preference shares | 8.58 | 19.30 |
| Interest on shortfall of advance tax | 0.45 | 0.08 |
| Donation expense | - | 0.87 |
| Impact on account of adoption of new tax regime | 18.21 | - |
| Others | 1.39 | 6.97 |
| Total tax expenses reported in Statement of Profit and Loss | 79.37 | 32.59 |
| Effective Income Tax Rate | 30.10% | 71.35% |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

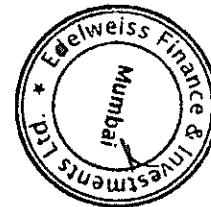
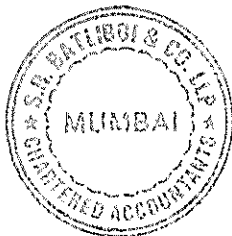
33.C Movement of Deferred Tax assets

Financial year 2019-20

| | Movement for the period (2019-20) | | | | | Total movement | As on March 31, 2020 |
|---|-----------------------------------|---------------------------------|----------------------|-------------------------------|----------|----------------|-------------------------|
| | As on April 1, 2019 | Recognised in profit or loss | Recognised in OCI | Recognised in other equity | Others | | |
| Deferred tax assets | | | | | | | |
| Property, Plant and Equipment & Intangible assets | 2.07 | (0.60) | - | - | - | (0.60) | 1.47 |
| Unrealised loss on Derivatives | 89.78 | (89.78) | - | - | - | (89.78) | - |
| Employee benefits obligations | 0.48 | (0.35) | - | - | - | (0.35) | 0.13 |
| Expected credit loss provision | - | 6.46 | - | - | - | 6.46 | 6.46 |
| Others | 1.83 | (1.83) | - | - | - | (1.83) | - |
| Deferred tax liabilities | | | | | | | |
| Fair valuation of investments and securities held for trading - gain in valuation | (19.73) | 19.49 | - | - | - | 19.49 | (0.24) |
| Unrealised gain on derivatives | (0.40) | 0.40 | - | - | - | 0.40 | - |
| Deferred tax assets (net) | 74.03 | (66.21) | - | - | - | (66.21) | 7.82 |

Financial year 2018-19

| | Movement for the period (2018-19) | | | | | Total movement | As on March 31, 2019 |
|---|-----------------------------------|---------------------------------|----------------------|-------------------------------|---------------|----------------|-------------------------|
| | As on April 1, 2018 | Recognised in profit or loss | Recognised in OCI | Recognised in other equity | Others | | |
| Deferred tax assets | | | | | | | |
| Property, Plant and Equipment & Intangible assets | 2.38 | (0.31) | - | - | - | (0.31) | 2.07 |
| Unrealised loss on derivatives | 6.31 | 83.47 | - | - | - | 83.47 | 89.78 |
| ESOP cost | 37.77 | - | - | (37.77) | - | (37.77) | - |
| MAT credit entitlement | 6.47 | - | - | - | (6.47) | (6.47) | - |
| Employee benefits obligations | 37.26 | (36.72) | (0.06) | - | - | (36.78) | 0.48 |
| Others | - | 1.83 | - | - | - | 1.83 | 1.83 |
| Deferred tax liabilities | | | | | | | |
| Fair valuation of investments and securities held for trading - gain in valuation | 2.26 | (21.99) | - | - | - | (21.99) | (19.73) |
| Unrealised gain on derivatives | (10.92) | 10.52 | - | - | - | 10.52 | (0.40) |
| Deferred tax assets (net) | 81.53 | 36.79 | (0.06) | (37.77) | (6.47) | (7.50) | 74.03 |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

34. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company with the weighted average number of equity shares outstanding during the period adjusted for assumed conversion of all dilutive potential equity shares.

| | | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|---------|--------------------------------------|--------------------------------------|
| Net profit / (loss) attributable to Equity holders of the Company | (A) | 184.29 | 13.09 |
| Weighted average Number of Shares | | | |
| - Number of equity shares outstanding at the beginning of the year | | 3,435,332 | 3,435,332 |
| - Number of equity shares issued during the year | | 4,900,000 | - |
| Total number of equity shares outstanding at the end of the year | | 8,335,332 | 3,435,332 |
| Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) | (B) | 3,448,720 | 3,435,332 |
| Basic and diluted earnings per share (in rupees) | (A / B) | 53.44 | 3.81 |

The basic and diluted earnings per share are the same as there are no dilutive/ potential equity shares issued or outstanding as at the year end.

35. Contingent Liability & Commitment:

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

35.1 Contingent Liability

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Taxation matters related to income tax for Assessment year 2009-10 and Assessment year 2013-14 in respect of which appeal is pending | 0.60 | 0.60 |
| Taxation matters related to service tax for the period from April 1, 2011 to March 31, 2016 in respect of which appeal is pending | - | 3.08 |

35.2 Commitment

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| a) Uncalled liabilities on non-current investments | - | - |
| b) Estimated amount of contracts remaining to be executed on capital account and not provided for | - | - |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

36. Segment Reporting

Primary Segment (Business segment)

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

| Segment | Activities covered |
|------------------------|--|
| Capital based business | Income from treasury operations, income from investments and dividend income |
| Financing business | Retail financing |

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis. Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary Segment

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

Segment information as at and for the year ended March 31, 2020

| Particulars | Financing business | Capital based business | Unallocated | Total |
|---------------------------------------|--------------------|------------------------|---------------|-----------------|
| Revenue from Operations | | | | |
| Interest Income | 98.55 | 1,091.55 | 0.04 | 1,190.14 |
| Other Operating income | 8.17 | 278.43 | 8.62 | 295.22 |
| Total Revenue from Operations | 106.72 | 1,369.98 | 8.66 | 1,485.36 |
| Interest Expenses | 13.86 | 968.71 | 1.81 | 984.38 |
| Other Expenses | 87.34 | 145.15 | 4.83 | 237.32 |
| Total Expenses | 101.20 | 1,113.86 | 6.64 | 1,221.70 |
| Segment profit before taxation | 5.52 | 256.12 | 2.02 | 263.66 |
| Income Tax Expenses | | | 79.37 | 79.37 |
| Profit for the year | | | | 184.29 |
| Other Comprehensive Income | - | - | (3.25) | (3.25) |
| Total comprehensive income | | | | 181.04 |
| Segment Assets | 8,026.28 | 189.99 | 199.53 | 8,415.80 |
| Segment Liabilities | 3,710.61 | 36.54 | 49.95 | 3,797.10 |
| Capital expenditure | 0.34 | 0.92 | - | 1.26 |
| Depreciation and amortisation | 0.65 | 4.75 | - | 5.40 |
| Significant non-cash items | 25.42 | (0.66) | - | 24.76 |



Edelweiss Finance & Investments Limited

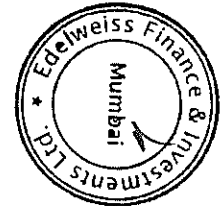
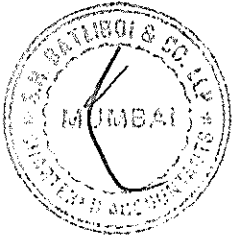
Notes to financial statements (continued)

(Currency : Indian rupees in million)

36. Segment Reporting (continued)

Segment information as at and for the year ended March 31, 2019

| Particulars | Financing business | Capital based business | Unallocated | Total |
|--|--------------------|------------------------|-------------|------------------|
| Revenue from Operations | | | | |
| Interest Income | - | 1,410.66 | - | 1,410.66 |
| Other Operating income | - | 13.93 | - | 13.93 |
| Total Revenue from Operations | - | 1,424.59 | - | 1,424.59 |
| | | | | |
| Interest Expenses | - | 1,204.46 | - | 1,204.46 |
| Other Expenses | - | 174.45 | - | 174.45 |
| Total Expenses | - | 1,378.91 | - | 1,378.91 |
| Segment profit/(loss) before taxation | - | 45.68 | - | 45.68 |
| | | | | |
| Income Tax Expenses | - | 32.59 | - | 32.59 |
| Profit for the year | - | 13.09 | - | 13.09 |
| | | | | |
| Other Comprehensive Income | - | 0.10 | - | 0.10 |
| Total comprehensive income | - | 13.19 | - | 13.19 |
| Segment Assets | - | 21,913.97 | - | 21,913.97 |
| Segment Liabilities | - | 20,181.11 | - | 20,181.11 |
| Capital expenditure | - | 8.00 | - | 8.00 |
| Depreciation and amortisation | - | 6.04 | - | 6.04 |
| Significant non-cash items | - | 71.04 | - | 71.04 |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

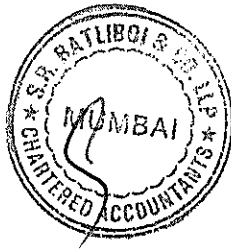
(Currency : Indian rupees in million)

37. Cash Flow Disclosure

Change in Liabilities arising from financing activities

| Particulars | As at March 31, 2019 | Cash Flows | Changes in Fair value | Other | As at March 31, 2020 |
|---|-------------------------|--------------------|--------------------------|----------|-------------------------|
| Debt Securities | - | 3,281.73 | - | - | 3,281.73 |
| Borrowings (other than debt securities) | 19,215.17 | (19,185.89) | - | - | 29.28 |
| Subordinated Liabilities | 516.59 | (176.04) | - | - | 340.55 |
| | 19,731.76 | (16,080.20) | - | - | 3,651.56 |

| Particulars | As at April 01, 2018 | Cash Flows | Changes in Fair value | Others | As at March 31, 2019 |
|---|-------------------------|-----------------|--------------------------|----------|-------------------------|
| Borrowings (other than debt securities) | 17,569.70 | 1,645.47 | - | - | 19,215.17 |
| Subordinated Liabilities | 516.59 | - | - | - | 516.59 |
| | 18,086.29 | 1,645.47 | - | - | 19,731.76 |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

38. Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives (excluding embedded derivatives), securities held for trading have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | | As at April 1, 2018 | | |
|--|----------------------|-------------------|-----------------|----------------------|-----------------|------------------|---------------------|-----------------|------------------|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| Financial Assets | | | | | | | | | |
| Cash and cash equivalents | 1,587.54 | - | 1,587.54 | 1,050.24 | - | 1,050.24 | 152.96 | - | 152.96 |
| Bank balances other than cash and cash equivalents | 3.45 | - | 3.45 | 53.33 | - | 53.33 | 50.02 | - | 50.02 |
| Derivative financial instruments | - | 17.84 | 17.84 | 1.01 | - | 1.01 | 26.44 | - | 26.44 |
| Securities held for trading | 31.00 | - | 31.00 | 13,804.53 | - | 13,804.53 | 14,824.88 | - | 14,824.88 |
| Trade receivables | 11.90 | - | 11.90 | 6,283.79 | - | 6,283.79 | 4,563.14 | - | 4,563.14 |
| Other receivables | 13.73 | - | 13.73 | 0.84 | - | 0.84 | 95.30 | - | 95.30 |
| Loans | 6,392.90 | - | 6,392.90 | - | - | - | - | - | - |
| Other financial assets | 133.90 | - | 133.90 | 303.75 | 140.97 | 444.72 | 42.20 | 122.61 | 164.81 |
| Non-financial assets | | | | | | | | | |
| Current tax assets (net) | - | 136.65 | 136.65 | - | 145.62 | 145.62 | - | 306.19 | 306.19 |
| Deferred tax assets (net) | - | 7.82 | 7.82 | - | 74.03 | 74.03 | - | 81.53 | 81.53 |
| Property, Plant and Equipment | - | 6.09 | 6.09 | - | 6.56 | 6.56 | - | 9.78 | 9.78 |
| Other Intangible assets | - | 5.55 | 5.55 | - | 9.27 | 9.27 | - | 4.71 | 4.71 |
| Other non-financial assets | 16.29 | 51.14 | 67.43 | 31.03 | 9.00 | 40.03 | 16.31 | - | 16.31 |
| Total Assets | 8,190.71 | 225.09 | 8,415.80 | 21,528.52 | 385.45 | 21,913.97 | 19,771.25 | 524.82 | 20,296.07 |
| Financial Liabilities | | | | | | | | | |
| Derivative financial instruments | - | 5.70 | 5.70 | 260.35 | - | 260.35 | 20.72 | - | 20.72 |
| Trade payables | 62.01 | - | 62.01 | 49.40 | - | 49.40 | 54.64 | - | 54.64 |
| Debt securities | 349.89 | 2,931.84 | 3,281.73 | - | - | - | - | - | - |
| Borrowings (other than debt securities) | 29.28 | - | 29.28 | 19,215.17 | - | 19,215.17 | 17,569.70 | - | 17,569.70 |
| Subordinated Liabilities | 194.76 | 145.79 | 340.55 | 45.89 | 470.70 | 516.59 | - | 516.59 | 516.59 |
| Other financial liabilities | 21.22 | - | 21.22 | 32.56 | - | 32.56 | 48.80 | - | 48.80 |
| Non-financial liabilities | | | | | | | | | |
| Current tax liabilities (net) | 34.43 | - | 34.43 | 80.24 | - | 80.24 | - | 194.00 | 194.00 |
| Provisions | 0.09 | 9.46 | 9.55 | 1.21 | 9.25 | 10.46 | 71.68 | 43.95 | 115.63 |
| Other non-financial liabilities | 9.37 | 3.26 | 12.63 | 12.90 | 3.44 | 16.34 | 14.96 | 3.59 | 18.55 |
| Total Liabilities | 701.05 | 3,096.05 | 3,797.10 | 19,697.72 | 483.39 | 20,181.11 | 17,780.50 | 758.13 | 18,538.63 |
| Net Assets | 7,489.66 | (2,870.96) | 4,618.70 | 1,830.80 | (97.94) | 1,732.86 | 1,990.75 | (233.31) | 1,757.44 |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

39. Disclosure of related parties transactions pursuant to Ind AS 24 "Related Party Disclosures"

i. List of related parties and relationship:

| Relationship | Name of related parties |
|---|--|
| Ultimate Holding Company | Edelweiss Financial Services Limited |
| Holding Company | Edelweiss Securities Limited (w.e.f March 31, 2020) |
| Fellow Subsidiaries (with whom transaction have taken place) | ECL Finance Limited ECap Equities Limited Edel Land Limited Edelweiss Securities Limited (upto March 30, 2020) Edelweiss Broking Limited Edelweiss Housing Finance Limited Edelweiss Retail Finance Limited EdelGive Foundation Edelweiss Capital Markets Limited Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Limited) Edelweiss Custodial Services Limited Edelweiss Finvest Private Limited Edelweiss Business Services Limited (Merged with Edelweiss Rural & Corporate Services Limited) Edelweiss Tokio Life Insurance Company Limited EFSL Trading Limited EFSL Comtrade Limited Edelweiss General Insurance Limited Edel Investments Limited Edelcap Securities Limited |
| Key Management Personnel | Venkatchalam Ramaswamy (upto August 11, 2019) , S Ranganathan * |
| Non executive Director | P.N. Venkatachalam Kunnasagan Chinniah (w.e.f December 13, 2019) Venkatchalam Ramaswamy (w.e.f August 12, 2019) Shabnam Panjwani |

* No remuneration drawn from the Company during the year ended March 31, 2020 and March 31, 2019

ii. Transactions with related parties :

| Nature of Transactions | Related Party Name | March 31, 2020 | March 31, 2019 |
|---|--|--|--|
| A. Current account transactions | | | |
| Loans taken from (refer note 1 below) | Edelweiss Rural & Corporate Services Limited ECap Equities Limited | 5,300.00 9,000.00 | 3,565.00 4,566.00 |
| Loan repaid to (refer note 1 below) | Edelweiss Rural & Corporate Services Limited ECap Equities Limited | 5,010.00 5,000.00 | 3,100.60 - |
| Loans given to (refer note 1 below) | Edelweiss Broking Limited ECap Equities Limited | 2,700.00 400.00 | - - |
| Repayment of loans by (refer note 1 below) | Edelweiss Broking Limited ECap Equities Limited | 600.00 30.00 | - - |
| Inter corporate deposits (ICDs) taken from | Edelweiss Securities Limited | 4,773.20 | - |
| Inter corporate deposits (ICDs) repaid to | Edelweiss Securities Limited | 4,773.20 | - |
| B. Secondary market transactions | | | |
| Purchases of securities held for trading from | ECL Finance Limited Edelweiss Rural & Corporate Services Limited Edelweiss Finvest Private Limited | 724.39 - 0.84 | 2,625.64 1,132.24 102.42 |
| Sale of securities held for trading to | ECL Finance Limited Edelweiss Broking Limited Edelweiss Finvest Private Limited Edelweiss Rural & Corporate Services Limited Edelweiss Securities Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss General Insurance Limited Edelweiss Retail Finance Limited | 1,646.89 85.05 101.35 - - - - - | 2,448.82 - - 249.79 166.49 86.19 99.91 315.46 |
| Margin placed with | Edelweiss Securities Limited Edel Investments Limited Edelweiss Custodial Services Limited | 1.62 1.93 2,586.68 | 2.84 0.26 1,097.04 |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

39. Disclosure of related parties transactions pursuant to Ind AS 24 "Related Party Disclosures" (contd.)

| Nature of Transactions | Related Party Name | March 31, 2020 | March 31, 2019 |
|---|--|----------------|----------------|
| Margin refund received from | Edelweiss Securities Limited | 1.63 | 3.56 |
| | Edel Investments Limited | 2.00 | 0.19 |
| | Edelweiss Custodial Services Limited | 2,670.84 | 1,118.75 |
| Amount paid to Broker for trading in cash segment | Edelweiss Securities Limited | 875.42 | - |
| Amount received from Broker for trading in cash segment | Edelweiss Securities Limited | 922.84 | - |
| Purchase of fixed asset from | ^ Edelweiss Broking Limited | 0.00 | - |
| | Edelcap Securities Limited | 0.04 | - |
| | Edelweiss Financial Services Limited | 0.01 | - |
| | ^ Edelweiss Rural & Corporate Services Limited | 0.00 | - |
| | ^ Edelweiss Global Wealth Management Limited | 0.00 | - |
| | ^ Edelweiss Securities Limited | 0.00 | - |
| Sale of fixed asset to | ECL Finance Limited | 0.04 | - |
| | ^ Edelweiss Custodial Services Limited | 0.00 | - |
| | ^ Edelweiss Rural & Corporate Services Limited | 0.00 | - |
| | ^ Edelweiss Securities Limited | 0.00 | - |
| C. Other transactions | | | |
| Interest income on loan given to | Ecap Equities Limited | 3.12 | - |
| | Edelweiss Broking Limited | 3.26 | - |
| Interest received on debt instruments from | ECL Finance Limited | 0.14 | 0.37 |
| | Edelweiss Housing Finance Limited | 0.02 | 0.02 |
| | ^ Edelweiss Retail Finance Limited | 0.00 | 26.70 |
| Interest Expense on loan taken from | Ecap Equities Limited | 26.13 | 4.69 |
| | Edelweiss Rural & Corporate Services Limited | 29.11 | 46.95 |
| | Edelweiss Finvest Private Limited | - | 27.55 |
| Interest expense on ICDs taken from | Edelweiss Securities Limited | 46.39 | - |
| Interest received on margin placed with brokers | Edelweiss Securities Limited | - | 0.01 |
| | Edelweiss Custodial Services Limited | 7.59 | 2.66 |
| | ^ Edel Investments Limited | 0.00 | - |
| Cost reimbursement paid to | Edelweiss Financial Services Limited | 8.90 | 1.76 |
| | Edelweiss Rural & Corporate Services Limited | 54.66 | 7.73 |
| | Edelweiss Business Services Limited | - | 27.43 |
| | Edelweiss Broking Limited | 0.02 | 2.13 |
| | Edelweiss Custodial Services Limited | 0.03 | 0.12 |
| | ECL Finance Limited | 11.73 | 0.03 |
| | Ecap Equities Limited | 0.45 | 0.22 |
| | Edelweiss Securities Limited | 0.06 | - |
| | Edelweiss Housing Finance Limited | 0.45 | - |
| Corporate Guarantee support fee | Edelweiss Financial Services Limited | 4.67 | 4.38 |
| Rating support fees paid to | Edelweiss Financial Services Limited | 0.22 | 0.12 |
| Clearing charges and Stamp duty paid to | ^ Edelweiss Custodial Services Limited | 2.98 | 0.00 |
| Commission and brokerage paid to | ^ Edelweiss Securities Limited | 81.32 | 0.00 |
| | Edelweiss Broking Limited | 27.90 | - |
| | Edel Investment Limited | 0.03 | - |
| Advisory fee paid to | Edelweiss Financial Services Limited | 5.05 | - |
| Donation given to | EdelGive Foundation | - | 5.00 |
| Remuneration payable to executive director (refer note 2 below) | Venkatchalam Ramaswamy | 24.43 | 9.40 |
| Sitting fees paid to non executive director | P.N. Venkatchalam | 0.26 | 0.32 |
| | Vinod Juneja | - | 0.14 |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

39. Disclosure of related parties transactions pursuant to Ind AS 24 "Related Party Disclosures" (contd.)

| Nature of Transactions | Related Party Name | March 31, 2020 | March 31, 2019 |
|---|--|----------------|----------------|
| D. Balances with related parties | | | |
| Liabilities | | | |
| Corporate guarantee taken from | Edelweiss Financial Services Limited | 310.38 | 916.77 |
| Interest expenses accrued and due on borrowings | Edelweiss Rural & Corporate Services Limited | 0.34 | - |
| Trade payables to | Edelweiss Financial Services Limited | 6.66 | 5.09 |
| | ^ Edelweiss Securities Limited | 2.04 | 0.00 |
| | Edelweiss Rural & Corporate Services Limited | 11.26 | 3.31 |
| | Edelweiss Business Services Limited | - | 11.63 |
| | Edelweiss Broking Limited | 0.27 | - |
| | ^ ECap Equities Limited | 0.00 | 0.07 |
| | Edelweiss Retail Finance Limited | 0.01 | - |
| | Edel Investments Limited | - | 0.72 |
| | Edel Land Limited | - | 0.38 |
| | ECL Finance Limited | 15.55 | 0.23 |
| | Edelweiss Housing Finance Limited | 1.34 | - |
| Unsecured loan taken from | Ecap Equities Limited | - | 4,566.00 |
| | Edelweiss Rural & Corporate Services Limited | 28.94 | 480.22 |
| Securities held for trading - Debentures of | ECL Finance Limited | 0.05 | 2.41 |
| | Edelweiss Housing Finance Limited | 0.12 | 0.15 |
| | Edelweiss Retail Finance Limited | 0.03 | - |
| Payable to Broker | Edelweiss Securities Limited | - | 0.08 |
| Assets | | | |
| Accrued interest income on debentures of | ^ ECL Finance Limited | 0.00 | 0.05 |
| | ^ Edelweiss Retail Finance Limited | 0.00 | - |
| | Edelweiss Housing Finance Limited | 0.01 | 0.01 |
| Trade & other receivables | Edelweiss Financial Services Limited | 10.62 | - |
| | ^ ECL Finance Limited | 0.39 | 0.00 |
| | Edelweiss Securities Limited | 0.11 | 0.36 |
| | Edelweiss Rural & Corporate Services Limited | - | 0.02 |
| | Edelweiss Custodial Services Limited | 0.81 | 0.15 |
| | ^ EFSL Trading Limited | - | 0.00 |
| | Edelweiss Capital Markets Limited | - | 0.14 |
| | ^ EFSL Comtrade Limited | - | 0.00 |
| | Edelcap Securities Limited | 0.04 | - |
| | Edelweiss Finvest Private Limited | 0.74 | - |
| | Edel Land Limited | 0.60 | - |
| Loan given to | Edelweiss Broking Limited | 2,700.50 | - |
| | Ecap Equities Limited | 569.50 | - |
| Interest accrued on loans given to | Edelweiss Broking Limited | 2.93 | - |
| | Ecap Equities Limited | 2.81 | - |
| Margin Placed with Brokers | Edelweiss Securities Limited | 1.20 | - |
| | Edelweiss Custodial Services Limited | 9.76 | 93.93 |
| | Edel Investments Limited | - | 0.07 |
| | Edelweiss Broking Limited | 0.67 | - |

^ - less than Rs. 0.01 million

Note:

- As part of fund based activities, intergroup company loans and advances activities undertaken are generally in the nature of revolving demand loans. Such loans and advances, voluminous in nature, are carried on at arm's length and in the ordinary course of business. Pursuant to Ind AS 24 - Related Party Disclosures, maximum amount of loans given and repaid are disclosed above as in the view of the management it provides meaningful reflection of such related party transactions on the financial statements. Interest income and expenses on such loans and advances are disclosed on the basis of full amounts of such loans and advances given and repaid.
- Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

40. Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements from its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Pillars of its policy are as follows:

- Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- Maintain investment grade ratings for all its liability issuances domestically and internationally by ensuring that the financial strength of the balance sheets is preserved.
- Manage financial market risks arising from interest rate, equity prices and minimise the impact of market volatility on earnings.
- Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of balance sheet.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment.

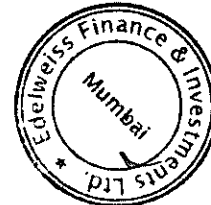
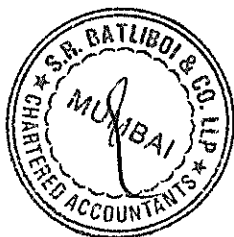
Regulatory Capital

The Company, being an NBFC, has to maintain a minimum capital to risk-weighted asset ratio of 15% in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India.

The regulatory capital is computed as below:

| Particulars | As at March 31, 2020 | As at 31 March 2019 |
|--|-------------------------|------------------------|
| Capital Funds | | |
| Net owned funds (Tier I capital) | 1,784.99 | 1,588.72 |
| Tier II capital | 336.05 | 470.70 |
| Total capital | 2,121.04 | 2,059.42 |
| Total risk weighted assets/ exposures | 3,783.63 | 7,092.27 |
| % of capital funds to risk weighted assets/exposures: | | |
| Tier I capital | 47.18% | 22.40% |
| Tier II capital | 8.88% | 6.64% |
| Total capital Funds | 56.06% | 29.04% |

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

41. Fair Value measurement:

A. Valuation principles

Fair value 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 a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

Level 1 – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that company can access at the measurement date.

Level 2 – valuation technique using observable inputs: 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 – valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

Refer note 2.11 for more details on fair value hierarchy

B. Valuation governance framework

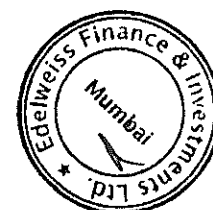
The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions.

Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, Company sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable.

The responsibility of ongoing measurement resides with the business and product line divisions. However finance department is also responsible for establishing procedures governing valuation and ensuring fair values are in compliance with accounting standards.

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

| As at March 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Assets measured at fair value on a recurring basis | | | | |
| Derivative financial instruments | | | | |
| Embedded derivatives in market-linked debentures | - | - | 17.84 | 17.84 |
| Total derivative financial instruments - A | - | - | 17.84 | 17.84 |
| Financial Assets held for trading | | | | |
| Other debt securities | - | 0.21 | - | 0.21 |
| Exchange traded fund units | 30.79 | - | - | 30.79 |
| Total Financial assets held for trading - B | 30.79 | 0.21 | - | 31.00 |
| Total Financial assets measured at fair value (A+B) | 30.79 | 0.21 | 17.84 | 48.84 |
| Liabilities measured at fair value on a recurring basis | | | | |
| Derivative financial instruments | | | | |
| Embedded derivatives in market-linked debentures | - | - | 5.70 | 5.70 |
| Total derivative financial instruments | - | - | 5.70 | 5.70 |
| Total Financial liabilities measured at fair value | - | - | 5.70 | 5.70 |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

41. Fair Value measurement:

| As at March 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|--|-------------|------------------|----------|------------------|
| Assets measured at fair value on a recurring basis | | | | |
| Derivative financial instruments | | | | |
| Exchange-traded derivatives | 0.18 | - | - | 0.18 |
| OTC derivatives | - | 1.01 | - | 1.01 |
| Total derivative financial instruments - A | 0.18 | 1.01 | - | 1.19 |
| Financial Assets held for trading | | | | |
| Government debt securities | - | 13,679.23 | - | 13,679.23 |
| Other debt securities | - | 125.30 | - | 125.30 |
| Preference Shares | - | - | - | - |
| Total Financial assets held for trading - B | - | 13,804.53 | - | 13,804.53 |
| Total Financial assets measured at fair value (A+B) | 0.18 | 13,805.54 | - | 13,805.72 |
| Liabilities measured at fair value on a recurring basis | | | | |
| Derivative financial instruments | | | | |
| Exchange-traded derivatives | 9.69 | - | - | 9.69 |
| OTC derivatives | - | 260.35 | - | 260.35 |
| Total derivative financial instruments - A | 9.69 | 260.35 | - | 270.04 |
| Total Financial liabilities measured at fair value | 9.69 | 260.35 | - | 270.04 |

D. Valuation techniques:

Government debt securities:

Government debt securities are financial instruments issued by sovereign governments and include both long term bonds and short-term Treasury bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification.

Debt securities:

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

Equity instruments, units of mutual fund and Exchange traded fund units:

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

Interest rate swaps:

Under Interest rate swap contract, the Company agrees to exchange the difference between fixed and floating rate interest amount calculated on agreed notional principal. Such contracts enable the Company to mitigate the risk of changing interest rate. The fair value of interest rate swap is determined by discounting the future cash flows using the curves at the end of reporting period and the credit risk inherent in the contract. The Company classify the Interest rate swaps as level 2 instruments.

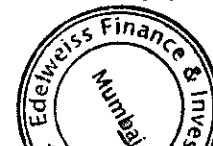
Exchange traded derivatives:

Exchange traded derivatives includes index/stock options, index/stock futures, company uses exchange traded prices to value these derivative and classify these instrument as level 1.

Embedded derivative:

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The Company uses valuation models which calculate the present value of expected future cash flows, based upon 'no arbitrage' principles. Inputs to valuation models are determined from observable market (Indices) data wherever possible, including prices available from exchanges, dealers, brokers. company classify these embedded derivative as level 2 instruments.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

41. Fair Value measurement:

E. There have been no transfers between levels during the year ended March 31, 2020 and March 31, 2019.

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

| Financial year ended March 31, 2020 | Embedded options | | |
|-------------------------------------|------------------|-------------|--------------|
| | Assets | Liabilities | Net balance |
| At April 1, 2019 | - | - | - |
| Issuances | 17.84 | 5.70 | 12.14 |
| Settlements | - | - | - |
| At March 31, 2020 | <u>17.84</u> | <u>5.70</u> | <u>12.14</u> |

Financial year ended March 31, 2019

During the year ended March 31, 2019, there were no financial instruments which were classified under level 3 hierarchy. Hence, reconciliation table is not disclosed.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

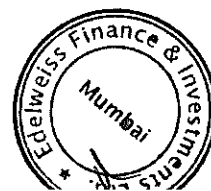
41. Fair Value measurement:

G. Impact on fair value of level 3 financial instrument of changes to key unobservable inputs

The below table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's Level 3 Instruments. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty to their valuation. Relationships between unobservable inputs have not been incorporated in this summary.

| Type of Financial Instruments | Fair value of asset as on 31 March 2020 | Valuation Techniques | Significant Unobservable input | Range of estimates for unobservable input | Increase in the unobservable input | Change in fair value | Decrease in the unobservable input | Change in fair value |
|-------------------------------|---|---|--|---|--|----------------------|--|----------------------|
| Embedded derivatives (net) | 12.14 | Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative | Nifty level Risk-adjusted discount rate | 8,597.75 4.50% to 6% | 5% increase in Nifty Index curve 1% increase in Risk-adjusted discount rate | 0.24 0.06 | 5% Decrease in Nifty Index curve 1% Decrease in Risk-adjusted discount rate | (0.22) (0.06) |

There were no outstanding level 3 financial instruments as at March 31, 2019. Hence, disclosure of impact on fair value of changes to key unobservable inputs is not given.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

41. Fair Value measurement:

H. Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. The information given below is with respect to financial assets and financial liabilities measured at amortised cost for which the fair value is difference that the carrying amount. For the remaining financials assets and financial liabilities measured at amortised cost. This table does not include the fair values of non-financial assets and non-financial liabilities.

| As at March 31, 2020 | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|-----------------------|----------------|----------------|----------------|--------------|
| Financial Assets | | | | | |
| Loans | 6,392.90 | - | - | 6,381.57 | 6,381.57 |
| Financial Liabilities | | | | | |
| Debt securities | 3,281.73 | - | 3,160.78 | - | 3,160.78 |
| Subordinated Liabilities | 340.55 | - | 334.84 | - | 334.84 |
| As at March 31, 2019 | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Financial Liabilities | | | | | |
| Subordinated Liabilities | 516.59 | - | 518.63 | - | 518.63 |

I. Valuation Methodologies of Financial Instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Short Term Financial Assets and Liabilities

Carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, trade payables, Borrowings (other than debt securities) approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financials assets and other financial liabilities is not significant in each of the years presented.

Financial assets at amortised cost

The fair values of financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued Debt

The fair value of issued debt is estimated by a discounted cash flow model.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42. Risk Management

42.A Introduction and risk profile

Risk is an inherent part of Company's business activities. When the Company extends a corporate or retail loan, buys or sells securities in market, or offers other products or services, the Company takes on some degree of risk. The Company's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its customers and investors and protects the safety and soundness of the Company.

The Company believes that effective risk management requires:

- 1) Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the Company;
- 2) Ownership of risk identification, assessment, data and management within each of the lines of business and Corporate; and
- 3) Firmwide structures for risk governance

The Company strives for continual improvement through efforts to enhance controls, ongoing employee training and development and other measures.

42.B Risk Management Structure

We have a well-defined risk management policy framework for risk identification, assessment and control to effectively manage risks associated with the various business activities. The risk function is monitored primarily by the business risk group. The Company has also established a Global Risk Committee that is responsible for managing the risk arising out of various business activities at a central level.

Our risk management policy ensures that the margin requirements are conservative to be able to withstand market volatility and scenarios of sharply declining prices. As a result, we follow conservative lending norms. The Company centralises the risk monitoring systems to monitor our client's credit exposure which is in addition to the monitoring undertaken by the respective businesses.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee holds regular meetings and report to board on its activities.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

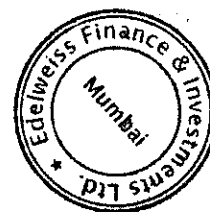
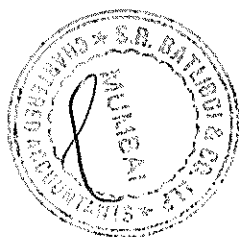
42.C Risk mitigation and risk culture

The Company's business processes ensure complete independence of functions and a segregation of responsibilities. Credit appraisal & credit control processes, centralised operations unit, independent audit unit for checking compliance with the prescribed policies and approving loans at transaction level as well as our risk management processes and policies allow layers of multiple checks and verifications. Our key business processes are regularly monitored by the head of our business or operations. Our loan approval and administration procedures, collection and enforcement procedures are designed to minimise delinquencies and maximise recoveries.

At all levels of the Company's operations, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

It is the Company's policy that a monthly briefing is given to the Board of Directors and all other relevant members of the Company in the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42.D Types of Risks

The Company's risks are generally categorized in the following risk types:

| Notes | Risks | Arising from | Measurement, monitoring and management of risk |
|--------|---|--|--|
| 42.D.1 | Credit risk Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. | Arises principally from financing, dealing in Corporate Bonds, Investments in Mutual Fund, Equity, but also from certain other products such as derivatives | Measured as the amount that could be lost if a customer or counterparty fails to make repayments; Monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and Managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers. |
| 42.D.2 | Liquidity risk Liquidity risk is the risk that we do not have sufficient financial resources to meet our obligations as they fall due or that we can only do so at an excessive cost. | Liquidity risk arises from mismatches in the timing of cash flows. Arises when illiquid asset positions cannot be funded at the expected terms and when required. | Measured using a range of metrics, including Asset Liability mismatch, Debt Equity Ratio Regular monitoring of funding levels to ensure to meet the requirement for Business and maturity of our liabilities. Maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements of the Company. |
| 42.D.3 | Market risk Market risk is the risk that movements in market factors, such as Interest rates, equity prices and Index prices, will reduce our income or the value of our portfolios. | Exposure to market risk is separated into two portfolios: trading and non-trading. | Measured using sensitivities, detailed picture of potential gains and losses for a range of market movements and scenarios. Monitored using measures, including the sensitivity of net interest income. Managed using risk limits approved by the risk management committee. |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42.D.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's Trade receivables and Loans. The Company has adopted a policy of dealing with creditworthy counterparties and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In case the loans are to be restructured, similar credit assessment process is followed by the Company.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties/Groups (Single Borrowing Limit/Group Borrowing Limit) and for industry concentrations, and by monitoring exposures in relation to such limits.

Credit quality of a customer is assessed based on its credit worthiness and historical dealings with the Company and market intelligence. Outstanding customer receivables are regularly monitored. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Derivative financial Instruments:

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. With gross-settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.

Impairment Assessment:

The Company applies the expected credit loss model for recognising impairment loss. The expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Company has devised an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS. Accordingly, the loans are classified into various stages as follows:

| <u>Internal rating grade</u> | <u>Internal grading description</u> | <u>Stages</u> |
|------------------------------|-------------------------------------|---------------|
| Performing | | |
| High grade | 0 dpd and 1 to 30 dpd | Stage I |
| Standard grade | 31 to 90 dpd | Stage II |
| Non-performing | | |
| Individually impaired | 90+ dpd | Stage III |

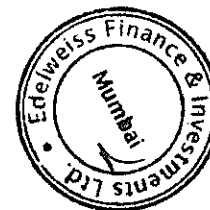
Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Expected Credit Loss (ECL) computation is not driven by any single methodology, however methodology and approach used must reflect the following:

- 1) An unbiased and probability weighted amount that evaluates a range of possible outcomes
- 2) Reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions;
- 3) Time value of money

While the time value of money element is currently being factored into ECL measurement while discounting cash flows by the Effective Interest Rate (EIR), the objective of developing a macroeconomic model using exogenous macroeconomic variables (MEVs) is to address the first two requirements. This has been achieved by using the model output to adjust the PD risk component in order to make it forward looking and probability-weighted.

Significant increase in credit risk (SICR)

The Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets from stage 1 to stage 2 has been carried out based on SICR criterion. Accounts which are more than 30 days past due have been identified as accounts where significant increase in credit risk has been observed. These accounts have been classified as Stage 2 assets. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42.D.1 Credit Risk (continued)

Probability of Default

Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. Company calculates the 12 month PD by taking into account the historical trends of the Loans/portfolio and its credit performance. In case of assets where there is a significant increase in credit risk / credit impaired assets, lifetime PD has been applied.

Loss Given Default (LGD)

The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. Since the Company is into the business of lending against securities, haircut of 25% is applied on the value of the collateral, based on basel haircut values for corporate securities. The exposure amount that is over and above the collateral (with haircut) is considered as the effective exposure. The LGD of 65% is used for the unsecured exposure the portfolio carries.

Exposure at Default (EAD)

The amount which the borrower will owe to the portfolio at the time of default is defined as Exposure at Default (EAD). While the drawn credit line reflects the explicit exposure for the Company, there might be variable exposure that may increase the EAD. These exposures are of the nature where the Company provides future commitments, in addition to the current credit. Therefore, the exposure will contain both on and off balance sheet values.

Risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

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

As at March 31, 2020

| Particulars | Central & State Government | Financial Services | Retail loans | Service Sector | Others | Total |
|--|----------------------------|--------------------|-----------------|----------------|--------|-----------------|
| Financial Assets | | | | | | |
| Cash and cash equivalents | - | 1,587.54 | - | - | - | 1,587.54 |
| Bank balances other than cash and cash equivalents | - | 3.45 | - | - | - | 3.45 |
| Derivative financial instruments | - | 17.84 | - | - | - | 17.84 |
| Securities held for trading | - | 31.00 | - | - | - | 31.00 |
| Trade receivables | - | 11.90 | - | - | - | 11.90 |
| Other receivables | - | 13.73 | - | - | - | 13.73 |
| Loans | - | 3,262.64 | 3,130.26 | - | - | 6,392.90 |
| Other financial assets | - | 133.90 | - | - | - | 133.90 |
| Total Assets | - | 5,062.00 | 3,130.26 | - | - | 8,192.26 |

As at March 31, 2019

| Particulars | Central & State Government | Financial Services | Retail loans | Service Sector | Others | Total |
|--|----------------------------|--------------------|--------------|----------------|-------------|------------------|
| Financial Assets | | | | | | |
| Cash and cash equivalents | - | 1,050.24 | - | - | - | 1,050.24 |
| Bank balances other than cash and cash equivalents | - | 53.33 | - | - | - | 53.33 |
| Derivative financial instruments | - | 1.01 | - | - | - | 1.01 |
| Securities held for trading | 13,679.23 | 125.30 | - | - | - | 13,804.53 |
| Trade receivables | - | 6,283.79 | - | - | - | 6,283.79 |
| Other receivables | - | 0.77 | - | 0.07 | - | 0.84 |
| Other financial assets | - | 443.65 | - | - | 1.07 | 444.72 |
| Total Assets | 13,679.23 | 7,958.09 | - | 0.07 | 1.07 | 21,638.46 |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42. Risk Management (continued)

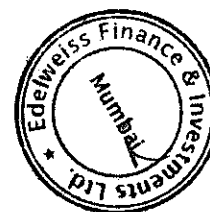
42.D.1 Credit Risk (continued)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are pledge over marketable securities such as equity shares, mutual fund units, bonds, AIF units etc. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

The tables below shows the maximum exposure to credit risk by class of financial asset along with details on collaterals held against exposure.

| | Maximum exposure to credit risk | | Principal type of collateral |
|--|---------------------------------|-------------------------|--|
| | As at March 31, 2020 | As at March 31, 2019 | |
| Financial Assets | | | |
| Cash and cash equivalents | 1,587.54 | 1,050.24 | |
| Bank balances other than cash and cash equivalents | 3.45 | 53.33 | |
| Derivative financial instruments | 17.84 | 1.01 | |
| Securities held for trading | 31.00 | 13,804.53 | The Company invest in highly liquid Central/State Government securities, high rated Corporate Bonds & marketable securities. |
| Trade receivables | 11.90 | 6,283.79 | These are receivables mainly from Clearing houses and related party, carrying minimum risk. |
| Other receivables | 13.73 | 0.84 | |
| Loans | | | |
| Corporate credit | 3,262.64 | - | Receivable from related party. |
| Retail Credit | 3,130.26 | - | Equity shares, mutual fund units, Bonds, AIF units. |
| Other financial assets | 133.90 | 444.72 | |
| Total | 8,192.26 | 21,638.46 | |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42. Risk Management (continued)

42.D.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

The Company ensures sufficient Liquidity Cushion is maintained in the form of Cash and cash equivalents and Investments in liquid securities. These assets carry minimal credit risk and can be liquidated in a very short period of time. This takes care of immediate obligations while continuing to honour our commitments as a going concern. The Company continues to focus on developing a diversified funding model to achieve an optimum cost of funds while balancing liquidity.

Liquidity Cushion:

| | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|-------------------------|-------------------------|
| Liquidity cushion | | |
| Cash and cash equivalents | 1,587.54 | 1,050.24 |
| Lending (Repo) | - | 3,900.00 |
| Debt securities | 0.21 | 125.30 |
| Other quoted investments | 30.79 | - |
| Total Liquidity cushion | 1,618.54 | 5,075.54 |

Financing Arrangement

The Company had access to the following undrawn borrowing facilities at the end of the reporting year

| | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|-------------------------|-------------------------|
| Committed Lines from Banks | - | 50.00 |

Analysis of financial assets and liabilities by maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Gross settled, non-trading derivatives are shown separately, by contractual maturity at the foot of the note.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42. Risk Management (continued)

42.D.2 Liquidity risk (continued)

As at March 31, 2020 - Analysis of contractual maturities of financial assets and liabilities

| | On Demand | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 3 years | More than 3 years | Total |
|--|-----------------|-----------------|---------------|--------------------|-------------------|-------------------|-----------------|
| Financial Assets | | | | | | | |
| (a) Cash and cash equivalents | 1,587.54 | - | - | - | - | - | 1,587.54 |
| (b) Bank balances other than cash and cash equivalents | 3.45 | - | - | - | - | - | 3.45 |
| (c) Derivative financial instruments | - | - | - | - | 17.84 | - | 17.84 |
| (d) Securities held for trading | - | 31.00 | - | - | - | - | 31.00 |
| (e) Receivables | | | | | | | |
| (i) Trade receivables | - | 11.90 | - | - | - | - | 11.90 |
| (ii) Other receivables | - | 13.73 | - | - | - | - | 13.73 |
| (f) Loans | 3,275.74 | 127.02 | 87.17 | 3,195.26 | - | - | 6,685.19 |
| (g) Other financial assets | - | 11.87 | 1.03 | 121.00 | - | - | 133.90 |
| Total undiscounted financial assets | 4,866.73 | 195.52 | 88.20 | 3,316.26 | 17.84 | - | 8,484.55 |
| Financial Liabilities | | | | | | | |
| (a) Derivative financial instruments | - | - | - | - | - | 5.70 | 5.70 |
| (b) Trade payables | - | 62.01 | - | - | - | - | 62.01 |
| (c) Debt securities | - | 22.22 | 17.47 | 524.26 | 1,832.49 | 2,119.60 | 4,516.04 |
| (d) Borrowings (other than debt securities) | 29.28 | - | - | - | - | - | 29.28 |
| (e) Subordinated Liabilities | - | 194.86 | - | - | 28.43 | 164.24 | 387.53 |
| (f) Other financial liabilities | - | 21.22 | - | - | - | - | 21.22 |
| Total undiscounted financial liabilities | 29.28 | 300.31 | 17.47 | 524.26 | 1,860.92 | 2,289.54 | 5,021.78 |
| Total net financial assets / (liabilities) | 4,837.45 | (104.79) | 70.73 | 2,792.00 | (1,843.08) | (2,289.54) | 3,462.77 |

In the above table, cash flows have been considered basis contractual maturities of respective assets and liabilities. As at March 31, 2020, the Company has given short term loans, with a maturity of less than 12 months. However, Debt securities and Subordinated liabilities outstanding as at March 31, 2020 have a maturity of more than 12 months. The Surplus funds so available on repayments of aforementioned loans granted, shall be used to create further loan book.

As at March 31, 2019 - Analysis of contractual maturities of financial assets and liabilities

| | On Demand | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 3 years | More than 3 years | Total |
|--|-------------------|------------------|---------------|--------------------|-------------------|-------------------|------------------|
| Financial Assets | | | | | | | |
| (a) Cash and cash equivalents | 1,050.24 | - | - | - | - | - | 1,050.24 |
| (b) Bank balances other than cash and cash equivalents | 53.33 | - | - | - | - | - | 53.33 |
| (c) Derivative financial instruments | - | 1.01 | - | - | - | - | 1.01 |
| (d) Securities held for trading | - | 13,804.53 | - | - | - | - | 13,804.53 |
| (e) Receivables | | | | | | | |
| (i) Trade receivables | - | 6,283.79 | - | - | - | - | 6,283.79 |
| (ii) Other receivables | - | 0.84 | - | - | - | - | 0.84 |
| (f) Other financial assets | 131.97 | 312.75 | - | - | - | - | 444.72 |
| Total undiscounted financial assets | 1,235.54 | 20,402.92 | - | - | - | - | 21,638.46 |
| Financial Liabilities | | | | | | | |
| (a) Derivative financial instruments | - | 260.35 | - | - | - | - | 260.35 |
| (b) Trade payables | - | 49.40 | - | - | - | - | 49.40 |
| (c) Borrowings (other than debt securities) | 5,052.27 | 14,162.90 | - | - | - | - | 19,215.17 |
| (d) Subordinated Liabilities | - | 45.89 | - | - | 91.79 | 576.32 | 714.00 |
| (e) Other financial liabilities | - | 32.56 | - | - | - | - | 32.56 |
| Total undiscounted financial liabilities | 5,052.27 | 14,551.10 | - | - | 91.79 | 576.32 | 20,271.48 |
| Total net financial assets / (liabilities) | (3,816.73) | 5,851.82 | - | - | -91.79 | (576.32) | 1,366.98 |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42. Risk Management (continued)

42.D.3 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, equity prices and Index movements. The company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. All the positions are managed and monitored using sensitivity analyses.

Total market risk exposure

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | | Primary risk sensitivity | |
|--|----------------------|--------------|----------------------|------------------|--------------------------|------------------|
| | Carrying Amount | Traded Risk | Non traded risk | Carrying Amount | | Traded Risk |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 1,587.54 | - | 1,587.54 | 1,050.24 | - | 1,050.24 |
| Bank balances other than cash and cash equivalents | 3.45 | - | 3.45 | 53.33 | - | 53.33 |
| Derivative financial instruments | 17.84 | 17.84 | - | 1.01 | 1.01 | - |
| Securities held for trading | 31.00 | 31.00 | - | 13,804.53 | 13,804.53 | - |
| Trade receivables | 11.90 | - | 11.90 | 6,283.79 | - | 6,283.79 |
| Other receivables | 13.73 | - | 13.73 | 0.84 | - | 0.84 |
| Loans | 6,392.90 | - | 6,392.90 | - | - | - |
| Other financial assets | 133.90 | - | 133.90 | 444.72 | - | 444.72 |
| Total Assets | 8,192.26 | 48.84 | 8,143.42 | 21,638.46 | 13,805.54 | 7,832.92 |
| Financial Liabilities | | | | | | |
| Derivative financial instruments | 5.70 | 5.70 | - | 260.35 | 260.35 | - |
| Trade payables | 62.01 | - | 62.01 | 49.40 | - | 49.40 |
| Debt securities | 3,281.73 | - | 3,281.73 | - | - | - |
| Borrowings (other than debt securities) | 29.28 | - | 29.28 | 19,215.17 | - | 19,215.17 |
| Subordinated Liabilities | 340.55 | - | 340.55 | 516.59 | - | 516.59 |
| Other financial liabilities | 21.22 | - | 21.22 | 32.56 | - | 32.56 |
| Total Liabilities | 3,740.49 | 5.70 | 3,734.79 | 20,074.07 | 260.35 | 19,813.72 |



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42. Risk Management (Continued)

42.E.1 Interest Rate Risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

ALCO is the monitoring body for compliance with these limits. ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. Balance Sheet Management Unit is in-charge for day to day management of interest rate risk.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the non-trading interest rate gaps for stipulated periods. The Company's policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at March 31, 2020 and at March 31, 2019.

42.E.2 Interest rate sensitivity

The Company does not have floating rate borrowing and CBLO borrowings. Accordingly the Company's profitability will not be affected due to interest rate changes except for the Interest rate future agreements entered in by the Company.

As at March 31, 2020

| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
|---------------------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| Borrowings from related parties | 25 | (0.07) | - | 25 | 0.07 | - |
| Floating rate loans | 25 | 8.19 | - | 25 | (8.19) | - |
| Corporate debt securities | 25 | (0.00) | - | 25 | 0.00 | - |
| Other traded securities | 25 | (0.08) | - | 25 | 0.08 | - |

As at March 31, 2019

| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
|---------------------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| Borrowings from related parties | 25 | (12.63) | - | 25 | 12.63 | - |
| Borrowings (Repo) | 25 | (35.41) | - | 25 | 35.41 | - |
| Government securities | 25 | (34.20) | - | 25 | 34.20 | - |
| Corporate debt securities | 25 | (0.31) | - | 25 | 0.31 | - |
| Interest rate swaps | 25 | 64.38 | - | 25 | (64.38) | - |

42.E.3 Price Risk

The Company does not have investment in quoted equity shares or mutual fund units of equity oriented funds. Accordingly there is no effect on the Company's profitability or equity.

As at March 31, 2020

| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
|------------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| Derivative instruments | | | | | | |
| Embedded derivative | 25 | 0.03 | - | 25 | (0.03) | - |

As at March 31, 2019

| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
|------------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| Derivative instruments | | | | | | |
| Interest rate futures | 25 | (52.48) | - | 25 | 52.48 | - |

42.E.4 Prepayment Risk

Prepayment risk is the risk that the Company will incur a financial loss because its counterparties request repayment earlier or later than expected, such as fixed rate borrowings in the falling interest rate scenario.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01,2016 as amended.

43.01 Investments

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 1) Value of Investments (including securities held for trading) | | |
| i) Gross Value of Investments | | |
| a) In India | 31.00 | 13,804.53 |
| b) Outside India | - | - |
| ii) Provisions for Depreciation | | |
| a) In India | - | - |
| b) Outside India | - | - |
| iii) Net Value of Investments | | |
| a) In India | 31.00 | 13,804.53 |
| b) Outside India | - | - |
| 2) Movement of provisions held towards depreciation on investments. | | |
| i) Opening balance | - | - |
| ii) Add : Provisions made during the year | - | - |
| iii) Less : Write-off / write-back of excess provisions during the year | - | - |
| iv) Closing balance | - | - |

43.02 Derivatives

A) Forward Rate Agreement / Interest Rate Swap

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| i) The notional principal of swap agreements | - | 25,750.00 |
| ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the | - | 1.01 |
| iii) Collateral required by the NBFC upon entering into swaps | - | - |
| iv) Concentration of credit risk arising from the swaps@ | 0% | 100% |
| v) The fair value of the swap book | - | (259.34) |

@ % of concentration of credit risk arising from swaps with banks.

B) Exchange Traded Interest Rate (IR) Derivatives

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| i) Notional principal amount of exchange traded IR derivatives undertaken during the year | - | 64,171.20 |
| ii) Notional principal amount of exchange traded IR derivatives outstanding | - | 1,070.00 |
| iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly | - | - |
| iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" | - | - |

C) Qualitative disclosure for Derivatives

The Company undertakes transactions in derivative products in the role of a user with counter parties. The Company deals in the derivatives for balance sheet management i.e. for hedging fixed rate, floating rate and for hedging the variable interest in case of benchmark linked debentures. All derivatives are marked to market on reporting dates and the resulting gain/loss is recorded in the statement of profit and loss.

Dealing in derivatives is carried out by specified groups of the treasury department of the Company based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Mid office team conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, risk monitoring and reporting.

The Company has a credit and market risk department that assesses counterparty risk and market risk limits, within the risk architecture and processes of the Company. The Company has in place a policy which covers various aspects that apply to the functioning of the derivative business. Limits are monitored on a daily basis by the mid-office.

D) Quantitative Disclosures

| S.no. | Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|-------|---|----------------------|---------------------------|----------------------|---------------------------|
| | | Currency Derivatives | Interest Rate Derivatives | Currency Derivatives | Interest Rate Derivatives |
| i) | Derivatives (Notional Principal Amount) | | | | |
| | For hedging | - | - | - | 26,820.00 |
| ii) | Marked to Market Positions | | | | |
| | a) Assets (+) | - | - | - | 1.01 |
| | b) Liability (-) | - | - | - | (260.35) |
| iii) | Credit Exposure | - | - | - | 247.50 |
| iv) | Unhedged Exposures | - | - | - | - |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43.03 Capital to Risk Assets Ratio (CRAR)

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| i. CRAR (%) | 56.06% | 29.04% |
| ii. CRAR - Tier I Capital (%) | 47.18% | 22.40% |
| iii. CRAR -Tier II Capital (%) | 8.88% | 6.64% |
| iv. Amount of subordinated debt raised as Tier-II capital | - | - |
| v. Amount raised by issue of Perpetual Debt Instruments | - | - |

43.04 Details of Single Borrower Limit and Borrower Group Limit exceeded by the Company:

During the year ended March 31, 2020 and March 31, 2019, the Company credit exposure to single borrowers and group borrowers were within the limits prescribed by RBI except in one case in year ended March 31, 2020 where credit exposure to one borrower which exceeded the single borrower limit by Rs 47.41 Million. The same was regularised immediately upon identification.

43.05 Exposure to real estate sector, both direct and indirect;

| | As at | As at |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| A Direct exposure | | |
| i. Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately) | - | - |
| ii. Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; | - | - |
| iii Investments in Mortgage Backed Securities (MBS) and other securitised exposures | | |
| Residential | - | - |
| Commercial Real Estate | - | - |
| B Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | - | - |
| C Others (Not covered Above)* | - | - |
| Total Exposure | - | - |

43.06 Exposure to Capital Market

| | As at | As at |
|--|-----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented invested in corporate debt; | - | - |
| (ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | 3,142.83 | - |
| (iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | - | - |
| (iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | - | - |
| (v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | 2,703.31 | - |
| (vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | - | - |
| (vii) bridge loans to companies against expected equity flows / issues; | - | - |
| (viii) all exposures to Venture Capital Funds (both registered and unregistered) | - | - |
| (ix) Others - Not covered above | - | - |
| Total exposure | 5,846.14 | - |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.07 Asset Liability Management

Maturity pattern of certain assets and liabilities as at March 31, 2020

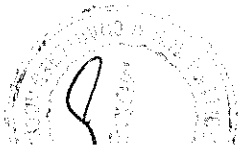
| Particulars | Liabilities | | Assets | | |
|---------------------------------|-------------|-----------------|-----------------|-----------------------------|-------------|
| | Deposit | Borrowings | Advances | Securities held for trading | Investments |
| 1 day to 30/31 days (one month) | - | 234.68 | 3,302.33 | - | - |
| Over one month to 2 months | - | - | - | - | - |
| Over 2 months to 3 months | - | - | - | - | - |
| Over 3 months to 6 months | - | - | - | - | - |
| Over 6 months to 1 year | - | 386.97 | 3,090.57 | - | - |
| Over 1 year to 3 years | - | 1,449.16 | - | - | - |
| Over 3 years to 5 years | - | 1,046.84 | - | - | - |
| Over 5 years | - | 533.91 | - | - | - |
| Total | - | 3,651.56 | 6,392.90 | - | - |

Maturity pattern of certain assets and liabilities as at March 31, 2019

| Particulars | Liabilities | | Assets | | |
|----------------------------|-------------|------------------|----------|-----------------------------|-------------|
| | Deposit | Borrowings | Advances | Securities held for trading | Investments |
| 1 day to 30/31 days | - | 19,215.17 | - | 13,804.53 | - |
| Over one month to 2 months | - | 45.89 | - | - | - |
| Over 2 months to 3 months | - | - | - | - | - |
| Over 3 months to 6 months | - | - | - | - | - |
| Over 6 months to 1 year | - | - | - | - | - |
| Over 1 year to 3 years | - | - | - | - | - |
| Over 3 years to 5 years | - | - | - | - | - |
| Over 5 years | - | 470.70 | - | - | - |
| Total | - | 19,731.76 | - | 13,804.53 | - |

The asset liability mismatch for the short term as at March 31, 2019 are primarily on account of the trade date accounting followed by the Company for recording the purchase and sale transactions of government securities whereby the sale proceeds aggregating to Rs. 6,283.79 million are reflected as trade receivables as at March 31, 2019.

Further, the Company had temporarily deployed its excess liquidity aggregating to Rs. 3,900.00 million as at March 31, 2019 in the Repo Lending. Accordingly, the Company is well poised to meet its contractual obligations over all the maturity due dates.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.08 Movements in Non Performing Advances:

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets(NPAs), net NPAs and provisions:

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| i) Movement of NPAs (Gross) | | |
| a) Opening Balance | - | - |
| b) Additions during the year | - | - |
| c) Reductions during the year | - | - |
| d) Closing balance | - | - |
| ii) Movement of Net NPAs | | |
| a) Opening Balance | - | - |
| b) Additions during the year | - | - |
| c) Reductions during the year | - | - |
| d) Closing balance | - | - |
| iii) Movement of Provisions for NPAs (excluding provision on Standard assets) | | |
| a) Opening Balance | - | - |
| b) Additions during the year | - | - |
| c) Reductions during the year | - | - |
| d) Closing balance | - | - |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.09 Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss.

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (i) Provisions for depreciation on investment | - | - |
| (ii) Provision towards NPA | - | - |
| (iii) Provision made towards income tax (net of deferred tax) | 79.37 | 32.59 |
| (iv) Provision for stage 1 / stage 2 assets | 25.67 | - |
| (v) Other Provision and Contingencies (Provision for doubtful debts) | - | - |

43.10 Concentration of Deposits, Advances, Exposures and NPAs

| | As at | As at |
|--|--|----------------|
| | March 31, 2020 | March 31, 2019 |
| A) Concentration of Advances | | |
| Total advances to twenty largest borrowers | 4,901.90 | - |
| Percentage of advances to twenty largest borrowers to total advances | 76.37% | 0.00% |
| B) Concentration of Exposures | | |
| Total exposures to twenty largest borrowers / customers | 4,901.90 | - |
| Percentage of exposures to twenty largest borrowers / customers to | 76.37% | 0.00% |
| C) Concentration of NPAs | | |
| Total exposures to top four NPAs | - | - |
| D) Sector-wise NPAs | | |
| Sectors | Percentage of NPAs to Total Advances in that sector | |
| | March 31, 2020 | March 31, 2019 |
| 1 Agriculture & allied activities | - | - |
| 2 MSME | - | - |
| 3 Corporate borrowers | - | - |
| 4 Services | - | - |
| 5 Unsecured personal loans | - | - |
| 6 Auto loans | - | - |
| 7 Other personal loans | - | - |

43.11 Customer Complaints

| | As at | As at |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (a) No. of complaints pending at the beginning of the year | - | - |
| (b) No. of complaints received during the year | - | - |
| (c) No. of complaints redressed during the year | - | - |
| (d) No. of complaints pending at the end of the year | - | - |

43.12 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)-Nil

43.13 The Company has not restructured any loans and advances during the year ended March 31, 2020 and March 31, 2019.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.14 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 19 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.

Liabilities side :

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|----------------|----------------------|----------------|
| | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue |
| (1) Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid: | | | | |
| (a) Debentures (other than falling within the meaning of public deposits \$) | | | | |
| i) Secured | 3,281.73 | - | - | - |
| ii) Unsecured | - | - | - | - |
| (b) Deferred Credits | - | - | - | - |
| (c) Term Loans | - | - | - | - |
| (d) Inter-Corporate Loans and Borrowing | 29.28 | - | 5,052.27 | - |
| (e) Commercial Paper | - | - | - | - |
| (f) Other Loans: | | | | |
| Borrowings (Repo) | - | - | 14,162.90 | - |
| Preference Share Capital | 340.55 | - | 516.59 | - |
| (\$ Please see Note 1 below) | | | | |

Assets side :

| | Amount Outstanding | |
|---|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| (2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]: | | |
| (a) Secured | 2,881.58 | - |
| (b) Unsecured | 3,536.99 | - |
| (3) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities | | |
| (i) Lease assets including lease rentals under sundry debtors : | | |
| (a) Financial Lease | - | - |
| (b) Operating Lease | - | - |
| (ii) Stock on hire including hire charges under sundry debtors: | | |
| (a) Assets on Hire | - | - |
| (b) Repossessed Assets | - | - |
| (iii) Hypothecation loans counting towards EL / HP activities : | | |
| (a) Loans where assets have been repossessed | - | - |
| (b) Loans other than (a) above | - | - |
| (4) Break-up of | | |
| Current Investments:(including securities held for trading) | | |
| I. Quoted : | | |
| (i) Shares : (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | 0.21 | 125.30 |
| (iii) Units of Mutual Funds | 30.79 | - |
| (iv) Government Securities | - | 13,679.23 |
| (v) Others | - | - |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43.14 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 19 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016. (Continued)

| (4) Break-up of Investments (Continued) | Amount Outstanding | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| 2. Unquoted : | | |
| (i) Shares : (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (Debt instruments) | - | - |
| Long Term investments : | | |
| 1. Quoted : | | |
| (i) Shares : (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others | - | - |
| 2. Unquoted : | | |
| (i) Shares : (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others | - | - |
| (a) Warrants | - | - |
| (b) Units of Fund | - | - |
| (c) Investment in Security Receipts | - | - |
| (d) Share Application Money | - | - |

(5) **Borrower group-wise classification of all assets financed as in (2) and (3) above:**
As at March 31, 2020

| Category | Secured | Amount (net of provisions) | | Total |
|-------------------------------|----------|----------------------------|-----------|----------|
| | | Secured | Unsecured | |
| 1. Related Parties** | | | | |
| (a) Subsidiaries | - | - | - | - |
| (b) Other related parties | - | 3,262.64 | - | 3,262.64 |
| 2. Other than related parties | 2,870.05 | 260.21 | - | 3,130.26 |

As at 31 March 2019

| Category | Secured | Amount (net of provisions) | | Total |
|---------------------------------|---------|----------------------------|-----------|-------|
| | | Secured | Unsecured | |
| 1. Related Parties** | | | | |
| (a) Subsidiaries | - | - | - | - |
| (b) Companies in the same group | - | - | - | - |
| (c) Other related parties | - | - | - | - |
| 2. Other than related parties | - | - | - | - |
| Total | - | - | - | - |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43.14 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 19 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016. (Continued)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

| Category | Market value / Break-up or fair value or NAV | | Book value (net of provisions) | |
|---------------------------------|--|------------------|--------------------------------|------------------|
| | 31 March 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| 1. Related parties** | | | | |
| (a) Subsidiaries | - | - | - | - |
| (b) Companies in the same group | 0.21 | 2.62 | 0.21 | 2.62 |
| (c) Other related parties | - | - | - | - |
| 2. Other than related parties | 30.79 | 13,801.91 | 30.79 | 13,801.91 |
| Total | 31.00 | 13,804.53 | 31.00 | 13,804.53 |

** As per Ind AS-24 Related Party Disclosures

(7) Other information

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (i) Gross Non-Performing Assets | | |
| (a) Related Party | - | - |
| (b) Other than Related Parties | - | - |
| (ii) Net Non-Performing Assets | | |
| (a) Related Party | - | - |
| (b) Other than Related Parties | - | - |
| (iii) Assets acquired in satisfaction of debts | - | - |

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- Market value/Breakup Value or Fair Value or NAV is taken as same as book value in case if unquoted shares in absence of market value / breakup value or fair value or NAV.

43.15 Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2020

| Instrument category | CRISIL | ICRA | CARE | Brickworks |
|--------------------------------|--------------------|---------------------|-------------------|--------------------|
| (i) Long Term Instruments | | | | |
| Rating | AA-/stable | AA-/negative | AA-/stable | AA/negative |
| Amount | 16,150 | 16,350 | 12,000.00 | 5,000 |
| (ii) Short Term Instruments | | | | |
| Rating | A1+ | - | A1+ | - |
| Amount | 40,000 | - | 35,000 | - |
| (iii) Market linked debentures | | | | |
| a. Short Term | | | | |
| Rating | PP-MLD A1+r | PP-MLD A1+ | - | - |
| Amount | 715 | 4,000 | - | - |
| b. Long Term | | | | |
| Rating | PP-MLD AA-r/stable | PP-MLD AA-/Negative | PP-MLD AA-/stable | PP-MLD AA/negative |
| Amount | 5,000 | 7,000 | 5,000 | 5,000 |

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2019

| Instrument category | CRISIL | ICRA | CARE | Brickworks |
|--------------------------------|-------------|------------------|--------|------------|
| (i) Long Term Instruments | | | | |
| Rating | AA/Stable | AA/Stable | - | AA+/Stable |
| Amount | 11,150 | 16,350 | - | 500 |
| (ii) Short Term Instruments | | | | |
| Rating | A1+ | A1+ | A1+ | - |
| Amount | 10,000 | 10,000 | 10,000 | - |
| (iii) Market linked debentures | | | | |
| a. Short Term | | | | |
| Rating | PP MLD A1+r | PP MLD A1+ | - | - |
| Amount | 715 | 4,000 | - | - |
| b. Long Term | | | | |
| Rating | - | PP MLD AA/Stable | - | - |
| Amount | - | 7,000 | - | - |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.16 Details of transaction with non executive directors

| Sr. | Name of the Non executive director | Nature of Transaction | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-----|------------------------------------|-----------------------|-----------------------------------|-----------------------------------|
| 1 | P.N. Venkatachalam | Sitting Fees | 0.26 | 0.32 |
| 2 | Vinod Juneja | Sitting Fees | - | 0.14 |

43.17 The Company has no disclosure in respect of securitisation as there are no financial assets sold to securitisation / reconstruction company

43.18 Unsecured Advances

Total amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral - Nil

43.19 Impact of prior period items on current year's profit and loss: Nil (Previous year Nil)

43.20 Circumstances in which Revenue Recognition has been postponed: Nil (Previous year Nil)

43.21 Draw Down from Reserves: Nil (Previous year Nil)

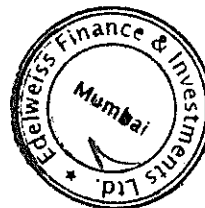
43.22 Note to the Balance Sheet of a non-banking financial company as required in terms of Chapter II paragraph 5 of Monitoring of frauds in NBFs (Reserve Bank) Directions, 2016 - Nil (Previous year Nil)

43.23 Details of financing of parent company products - None (Previous year - none)

43.24 Off-Balance SPV sponsored - None (Previous year - none)

43.25 Registration obtained from other financial sector regulators - Nil (Previous year Nil)

43.26 Disclosure of Penalties imposed by RBI and other regulators - Nil (Previous year Nil)



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

43.27 Prudential Floor for ECL

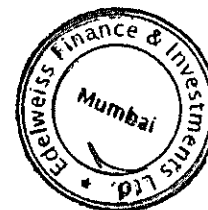
As required in terms of paragraph 2 of circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 - Non-Banking Financial Company - Implementation of Indian Accounting Standards

As at March 31, 2020

| Asset classification as per RBI norms | Asset classification as per IND AS 109 | Gross carrying amount as per IND AS | Loss allowances (provisions) as required under IND AS 109 | Net carrying amount | Provisions required as per IRACP norms | Difference between IND AS 109 provisions and IRACP norms |
|---------------------------------------|--|-------------------------------------|---|---------------------|--|--|
| A | B | C | D | E= C - D | F | G = D - F |
| Performing assets | | | | | | |
| Standard | Stage 1 | 6,271.19 | 25.08 | 6,246.11 | 25.08 | - |
| | Stage 2 | 147.38 | 0.59 | 146.79 | 0.59 | - |
| Subtotal (i) | | 6,418.57 | 25.67 | 6,392.90 | 25.67 | - |
| Non performing assets (NPA) | | | | | | |
| Substandard | Stage 3 | - | - | - | - | - |
| Doubtful | Stage 3 | - | - | - | - | - |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal (ii) | | - | - | - | - | - |
| Total | Stage 1 | 6,271.19 | 25.08 | 6,246.11 | 25.08 | - |
| | Stage 2 | 147.38 | 0.59 | 146.79 | 0.59 | - |
| | Stage 3 | - | - | - | - | - |
| | Total | 6,418.57 | 25.67 | 6,392.90 | 25.67 | - |

As at March 31, 2019

There were no loans outstanding as at March 31, 2019. Hence, comparative information is not disclosed



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

43.28 Disclosure on liquidity risk

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Number of significant counterparties* | 11 | 3 |
| Amount of borrowings from significant counterparties | 899.80 | 19,209.12 |
| % of Total deposits | NA | NA |
| % of Total liabilities | 23.70% | 95.18% |

* "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's total liabilities.

ii) Top 20 large deposits

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits.

iii) Top 10 borrowings

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Amount of Borrowings from top 10 lenders* | 899.80 | 19,284.42 |
| % of Total Borrowings ** | 24.64% | 97.73% |

* Represents principal amount

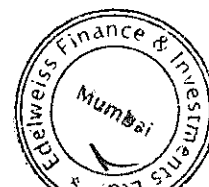
** Total borrowings represents debt securities + borrowings (other than debt securities) + subordinated liabilities

iii) Funding Concentration based on significant instrument/product

| Name of the product | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|---------------------------|----------------------|---------------------------|
| | Amount | % of Total Liabilities | Amount | % of Total Liabilities |
| Debentures | | | | |
| Market linked debentures | 1,145.26 | 30.16% | - | 0.00% |
| Public issue | 2,136.47 | 56.27% | - | 0.00% |
| Borrowings other than Debt Securities | | | | |
| Loan from related parties | 29.28 | 0.77% | 5,052.27 | 25.03% |
| Borrowings (Repo) | - | - | 14,162.90 | 70.18% |
| Subordinated Liabilities | | | | |
| Preference Shares - privately placed | 340.55 | 8.97% | 516.59 | 2.56% |
| Total | 3,651.56 | 96.17% | 19,731.76 | 97.77% |

iv) Stock ratios:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Commercial papers | | |
| as a % of total public funds | NA | NA |
| as a % of total liabilities | NA | NA |
| as a % of total assets | NA | NA |
| Non-convertible debentures (original maturity of less than one year) | | |
| as a % of total public funds | NA | NA |
| as a % of total liabilities | NA | NA |
| as a % of total assets | NA | NA |
| Other short-term liabilities | | |
| as a % of total public funds | 19.20% | 99.83% |
| as a % of total liabilities | 18.46% | 97.60% |
| as a % of total assets | 8.33% | 89.89% |



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

43.28 Disclosure on liquidity risk

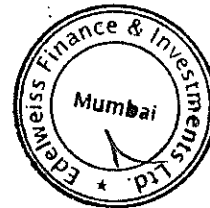
iv) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee and the Risk Management Committee.

The Asset Liability Management Committee, inter alia -

- (a) Implement and administer guidelines on Asset-Liability Management approved by the Board and its revision, if any
- (b) Monitor the asset liability gap and overcome the asset-liability mismatches, interest risk exposure, etc.; Strategize action to mitigate risk associated with the asset liability gap;
- (c) Develop risk policies and procedures and verify adherence to various risk parameters and prudential limits; review the risk monitoring system and ensure effective risk management; and
- (d) Ensure that the credit and investment exposure to any party / Company / group of parties or companies does not exceed the internally set limits as well as statutory limits as prescribed by Reserve Bank of India from time to time.

The Company ensures sufficient Liquidity Cushion is maintained in the form of Cash and cash equivalents and Investments in liquid securities. These assets carry minimal credit risk and can be liquidated in a very short period of time. This takes care of immediate obligations while continuing to honour our commitments as a going concern. The Company continues to focus on developing a diversified funding model to achieve an optimum cost of funds while balancing liquidity.



Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees)

44. Other disclosures (continued)**44.01 Details of open interest for derivative instruments****44.01(a) Open interest in interest rate derivatives:**

As at March 31, 2020 : Nil

As at March 31, 2019

| Benchmark | Notional principal | Terms | Purpose |
|-----------|--------------------|--------------------------------|---------|
| MIBOR | 25,750 | Pay fixed Vs. receive floating | Hedging |

44.01(b) Open interest rate futures as at March 31, 2020 with exchange

| Maturity grouping | Long Position | | Short Position | |
|-------------------|---------------------|-----------------|---------------------|-----------------|
| | Number of contracts | Number of units | Number of contracts | Number of units |
| < 1 month | - | - | - | - |
| 1-2 months | - | - | - | - |
| 2-3 months | - | - | - | - |
| 3-6 months | - | - | - | - |
| 6-12 months | - | - | - | - |

Open interest rate futures as at March 31, 2019 with exchange

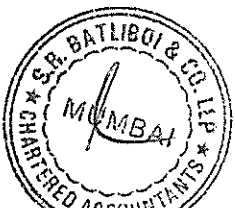
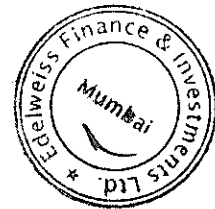
| Maturity grouping | Long Position | | Short Position | |
|-------------------|---------------------|-----------------|---------------------|-----------------|
| | Number of contracts | Number of units | Number of contracts | Number of units |
| < 1 month | 1,900.00 | 3,800,000 | 7,250 | 14,500,000 |
| 1-2 months | - | - | - | - |
| 2-3 months | - | - | - | - |
| 3-6 months | - | - | - | - |
| 6-12 months | - | - | - | - |

44.02 Foreign currency

The Company has not undertaken any foreign currency transaction during the year ended March 31, 2020 (Previous year: Rs Nil).

44.03 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2020.

44.04 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

45. Pursuant to the income tax assessment orders received, provision for tax recorded in the books of accounts and related income tax returns filed for respective years, the Company has assessed an additional tax expense of Rs 114.85 million. Since these tax expense pertains to earlier years, the Company has recognised the impact of these tax expense in its retained earnings / statement of Profit and Loss, so as to provide reliable and more relevant information about the Company's financial position and its performance.

Accordingly, as per para: 42 of Ind-AS 8, the company has changed the respective year financial statements to give effect to above adjustments, the impact of such adjustment on the financial position and financial performance is given below.

As at April 01, 2018

| | Reported amount | Increase/(decrease) | Revised amount |
|--------------------------|-----------------|---------------------|----------------|
| Other equity | 1,854.67 | (131.58) | 1723.09 |
| Current tax assets (net) | 437.77 | (131.58) | 306.19 |

For the year ended and As at March 31, 2019

| Balance Sheet | Reported amount | Increase/(decrease) | Revised amount |
|--|-----------------|---------------------|----------------|
| Other equity | 1,813.36 | (114.85) | 1,698.51 |
| Current tax assets (net) | 260.47 | (114.85) | 145.62 |
| Statement of Profit and Loss | | | |
| Current tax | 86.11 | (16.73) | 69.38 |
| Earnings per equity share (Face value of Rs. 10 each) (in Rs.) | | | |
| Basic | (1.06) | 4.87 | 3.81 |
| Diluted | (1.06) | 4.87 | 3.81 |

46. The Company has implemented Ind AS 116 "Leases" as on April 1, 2019. This does not have any significant impact on financial statement for the year ended March 31, 2020.

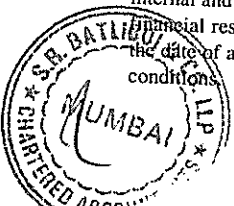
47. Pursuant to the introduction of Section 115BAA of the Income Tax Act, 1961, in FY 2019-20, the Company has opted for the reduced tax rate of 25.17% under the said Section. Accordingly the Company has recognised provision for income tax for the year ended March 31, 2020 and has also re-measured its deferred tax asset, resulting in tax charge of Rs. 18.21 million.

48. The Covid-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activity. The Indian Government too has imposed lockdowns starting from March 24, 2020. The Indian economy would be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on the Company's results, including credit quality and provisions, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

In accordance with the regulatory package announced by the Reserve Bank of India (RBI) on March 27, 2020 and April 17, 2020 the Company has granted a moratorium of 3 months and extended the same for a further period of 3 months in accordance with the announcement by the RBI on May 22, 2020 for the payment of all instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers that have opted to avail the same. In respect of accounts, where moratorium benefit has been granted, the staging for the accounts is based on staging existing as at February 29, 2020. As per the assessment done by the Company, this staging standstill has not been on its own considered to be triggering any substantial increase in credit risk. Based on the assessment of the Company, in the absence of other credit risk indicators, the granting of the moratorium does not itself result in accounts becoming past due and triggering Stage 2 and Stage 3 classification criteria.

The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they fall due. Based on the management assessment of liquidity position of the Company, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time during current period and for the period going forward.

In assessing the recoverability of loans and receivables, intangible assets, deferred tax assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

49. Previous year figures has been restated/regrouped wherever necessary.

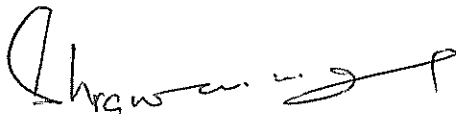
As per our report of even date attached.

For S. R. Batliboi & Co. LLP

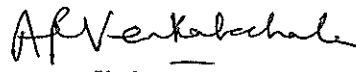
Chartered Accountants

ICAI Firms Registration Number: 301003E/E300005

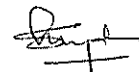
For and on behalf of the Board of Directors



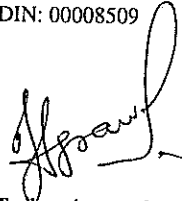
per Shrawan Jalan
Partner
Membership No: 102102



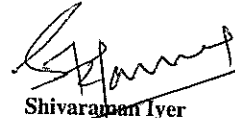
Venkatchalam Ramaswamy
Non-Executive Director
DIN: 00008509



S Ranganathan
Executive Director
DIN: 00125493



Tushar Agrawal
Chief Executive Officer



Shivaraman Iyer
Chief Financial Officer



Pooja Doshi
Company Secretary

Mumbai
July 03, 2020

Mumbai
July 03, 2020



