



## EDELWEISS FINANCE & INVESTMENTS LIMITED

Our Company was incorporated in Mumbai, Maharashtra on October 27, 1994 as a private limited company under the provisions of the Companies Act, 1956, as Crossborder Investments Private Limited, and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra, Mumbai. Our Company is registered as a Non-Banking Financial Company under Section 45-IA of the Reserve Bank of India Act, 1934. For further details, please refer to the chapter titled "History and Certain other Corporate Matters" and "General Information" beginning on pages 107 and 38 of this Prospectus.

**Registered Office & Corporate Office:** Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400 098, Maharashtra, India | **CIN:** U67120MH1994PLC286057  
| **Tel:** +91 22 4009 4400 | **Fax:** +91 22 4086 3610 | **Website:** <https://edelweissinvestment.com> |

**Company Secretary and Compliance Officer:** Pooja Jayesh Doshi | **Tel.:** +91 22 4009 4400 | **Fax:** +91 22 4086 3610 | **E-mail:** [efildebtpo@edelweissfin.com](mailto:efildebtpo@edelweissfin.com) |

**PUBLIC ISSUE BY EDELWEISS FINANCE & INVESTMENTS LIMITED ("COMPANY" OR THE "ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000 EACH ("NCDS") FOR AN AMOUNT OF ₹1,250 MILLION ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO ₹1,250 MILLION AGGREGATING UP TO ₹2,500 MILLION ("LIMIT") ("ISSUE"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED (THE "SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED.**

### OUR PROMOTER

Our promoter is Edelweiss Financial Services Limited. For further details, refer to the chapter "Our Promoter" on page 118 of this Prospectus.

### GENERAL RISKS

For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the chapter titled "Risk Factors" beginning on page 15 of this Prospectus before making an investment in such Issue. This Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), the Registrar of Companies, Maharashtra at Mumbai ("RoC") or any stock exchange in India

### COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date and Redemption Amount of the NCDs, please refer to the section titled "Issue Related Information" on page 136. For details relating to the Eligible Investors, please refer to the chapter titled "Issue Structure" on page 136 of this Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus for the Issue does contain and will contain all information regarding the Issuer and the relevant Issue, which is material in the context of the Issue. The information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated "CRISIL AA-/Stable" (pronounced as CRISIL double A minus rating with stable outlook) for an amount of ₹ 5,000 million, by CRISIL Limited ("CRISIL") vide their letter dated December 13, 2019 and revalidated as "CRISIL AA-/Stable" (pronounced as CRISIL double A minus rating with stable outlook) by their revalidation letter dated January 6, 2020 and "CARE AA-/Stable" (pronounced as double A minus rating with stable outlook) for an amount of ₹5,000 million, by CARE Ratings Limited vide their letter dated December 17, 2019 and revalidated as "CARE AA-/Stable" (pronounced as double A minus rating with stable outlook) by their revalidation letter dated January 15, 2020. The rating of "CRISIL AA-/Stable" by CRISIL Limited and "CARE AA-/Stable" by CARE Ratings Limited indicate that instruments with these ratings are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. For the rationale for these ratings, see Annexures A and B of this Prospectus. These ratings are not recommendations to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

### LISTING

The NCDs offered through this Prospectus along with Prospectus are proposed to be listed on BSE Limited ("BSE") and BSE shall be the Designated Stock Exchange. Our Company has received an 'in-principle' approval from BSE vide their letter no. DCS/BM/PI-BOND/16/19-20 dated December 31, 2019.

### PUBLIC COMMENTS

The Draft Prospectus dated December 20, 2019 was filed with the BSE, pursuant to the provisions of the SEBI Debt Regulations to be kept open for public comments for a period of seven Working Days (i.e., until 5 p.m.) on December 30, 2019

### LEAD MANAGERS TO THE ISSUE

### REGISTRAR TO THE ISSUE

### DEBENTURE TRUSTEE

<p><b>IDBI CAPITAL MARKETS &amp; SECURITIES LIMITED</b> 6<sup>th</sup> Floor, IDBI Tower World Trade Centre, Cuffe Parade Mumbai 400 005 Maharashtra, India <b>Tel.:</b> +91 22 2217 1700 <b>Fax:</b> +91 22 2215 1787 <b>Email:</b> <a href="mailto:efil.ncd@idbicapital.com">efil.ncd@idbicapital.com</a> <b>Website:</b> <a href="http://www.idbicapital.com">www.idbicapital.com</a> <b>Investor Grievance email:</b> <a href="mailto:redressal@idbicapital.com">redressal@idbicapital.com</a> <b>Contact Person:</b> Anusha Shetty / Sumit Singh <b>Compliance Officer:</b> Christina D'souza <b>SEBI Registration No.:</b> INM000010866 <b>CIN:</b> U65990MH1993GOI075578</p>	<p><b>EDELWEISS FINANCIAL SERVICES LIMITED*</b> Edelweiss House, Off CST Road, Kalina, Mumbai 400 098, Maharashtra, India <b>Tel:</b> +91 22 4086 3535 <b>Fax</b> +91 22 4086 3610 <b>Email:</b> <a href="mailto:efil.ncd@edelweissfin.com">efil.ncd@edelweissfin.com</a> <b>Website:</b> <a href="http://www.edelweissfin.com">www.edelweissfin.com</a> <b>Investor Grievance email:</b> <a href="mailto:customerservice.mb@edelweissfin.com">customerservice.mb@edelweissfin.com</a> <b>Contact Person:</b> Lokesh Singh <b>Compliance Officer:</b> B. Renganathan <b>SEBI Registration No.:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641</p>	<p><b>LINK INTIME INDIA PRIVATE LIMITED</b> C- 101, 1st Floor, 247 Park LBS Marg, Vikhroli (West) Mumbai 400083, Maharashtra, India <b>Tel:</b> +91 22 4918 6200 <b>Fax:</b> +91 22 4918 6195 <b>Email:</b> <a href="mailto:Efil.ncd@linkintime.com">Efil.ncd@linkintime.com</a> <b>Investor Grievance email:</b> <a href="mailto:Efil.ncd@linkintime.co.in">Efil.ncd@linkintime.co.in</a> <b>Website:</b> <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> <b>Contact Person:</b> Shanti Gopalkrishnan <b>SEBI Registration Number:</b> INR000004058 <b>CIN:</b> U67190MH1999PTC118368</p>	<p><b>BEACON TRUSTEESHIP LIMITED***</b> 4 C&amp;D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club Bandra (East), Mumbai 400 051 <b>Tel:</b> +91 22 26558759 <b>Email:</b> <a href="mailto:compliance@beacontrustee.co.in">compliance@beacontrustee.co.in</a> <b>Investor Grievance e-mail:</b> <a href="mailto:investorgrievances@beacontrustee.co.in">investorgrievances@beacontrustee.co.in</a> <b>Website:</b> <a href="http://www.beacontrustee.co.in">www.beacontrustee.co.in</a> <b>Contact Person:</b> Vitthal Nawandhar <b>SEBI Registration Number:</b> IND000000569 <b>CIN:</b> U74999MH2015PLC271288</p>

### ISSUE SCHEDULE\*\*

**ISSUE OPENS ON: THURSDAY, JANUARY 23, 2020**

**ISSUE CLOSES ON: FRIDAY, JANUARY 31, 2020**

\* In compliance with the proviso to Regulation 21A (1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended ("Merchant Bankers Regulations"), Edelweiss Financial Services Limited ("EFSL") will be involved only in marketing of the Issue.

\*\* The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board of Directors of our Company ("Board") or the Debentures Committee. In the event of such an early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a reputed national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. For further details please refer to the chapter titled "General Information" on page 38 of this Prospectus.

\*\*\* Beacon Trusteeship Limited pursuant to regulation 4(4) of SEBI Debt Regulations has by its letter dated December 16, 2019 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue. For further details please refer to Annexure C.

A copy of this Prospectus shall be filed with the Registrar of Companies, Maharashtra at Mumbai, in terms of section 26 of the Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details please refer to the chapter titled "Material Contracts and Documents for Inspection" on page 238 of this Prospectus.

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Prospectus to “the Issuer”, “our Company”, “the Company” or “EFIL” or “we” or “us” or “our” are to Edelweiss Finance & Investments Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400 098, Maharashtra, India.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Prospectus, and references to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended from time to time.

#### Company Related Terms

Term	Description
₹/Rs./INR/Rupees/ Indian Rupees	The lawful currency of the Republic of India
“Issuer”, “the Company” and “our Company”	EFIL, a company incorporated under the Companies Act, 1956 and registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 and having its Registered and Corporate Office at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400 098, Maharashtra
Act/Companies Act 2013	The Companies Act 2013, as amended read with the rules framed thereunder
Companies Act, 1956	The erstwhile Companies Act, 1956
AOA/Articles/Articles of Association	Articles of Association of our Company
2017 Audited Consolidated Financial Statement/ 2017 Audited Indian GAAP Consolidated Financial Statement	The Consolidated Balance Sheet of the Company as at March 31, 2017 and the Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash flows for the financial year ended March 31, 2017 and the summary of significant accounting policies including notes thereto prepared in accordance with Indian GAAP
2019 Audited standalone Financial Statement/Audited Ind AS Financial Statement	The Balance Sheet of the Company as at March 31, 2019 and the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash flows and the Statement of Changes in Equity for the financial year ended March 31, 2019 and the summary of significant accounting policies including notes thereto prepared in accordance with Ind AS
Board/Board of Directors	The Board of Directors of our Company and includes any Committee thereof
Current Statutory Auditors	Our current statutory auditors being S.R. Batliboi & Co LLP, Chartered Accountants
DIN	Director Identification Number
Equity Shares	Equity shares of the face value of ₹ 10 each of our Company
September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement/ Interim Condensed Financial Statement	Unaudited Interim Condensed Standalone Financial Statement as at and for the six months period ended September 30, 2019 prepared in accordance with principles laid down in Indian Accounting Standard 34, (Ind AS 34) “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013, as amended
Memorandum/MOA/ Memorandum of Association	Memorandum of Association of our Company
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NPA/ NPAs	Non-Performing Asset
Net NPAs	Gross NPAs less provisions for NPAs
Promoter	Edelweiss Financial Services Limited
Preference Shares	Cumulative redeemable non-convertible preference shares of ₹10 each
Reformatted Standalone Financial Statements/	The reformatted standalone statement of assets and liabilities of our Company as at March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015

<b>Term</b>	<b>Description</b>
Reformatted Standalone Statements (under IGAAP)	and the related reformatted standalone statement of profit and loss for the year ended 2018, 2017, 2016 and 2015 and the reformatted standalone statement of cash flow for the year ended March 31, 2018, 2017, 2016 and 2015
Specified Cities	Centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the Members of the Syndicate or the Trading Members of the Stock Exchange shall accept ASBA Applications in terms of the SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011

#### Issue Related Terms

<b>Term</b>	<b>Description</b>
Abridged Prospectus	A memorandum containing the salient features of the Prospectus
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allot/Allotment/Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue to the successful Allottees
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
Allottee(s)	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue
Applicant/Investor	Any prospective applicant who makes an Application pursuant to the Prospectus, Abridged Prospectus and the Application Form
Application/ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of the Prospectus
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the Issue
Application Form/ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the Application for Allotment of NCDs in terms of the Prospectus
Application Supported by Blocked Amount/ASBA/ASBA Application	The application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the bid amount in the specified bank account maintained with such SCSB
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form by an ASBA Applicant
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process
Bankers to the Issue	The banks which are clearing members and registered with SEBI as bankers to the issue, with whom the Public Issue Accounts and/or Refund Accounts will be opened by our Company in respect of the Issue, and as specified in this Prospectus
Base Issue	₹1,250 million
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in “ <i>Issue Procedure – Basis of Allotment</i> ” on page 174 of this Prospectus
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Broker Centres	Broker Centres notified by the Stock Exchange where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchange at <a href="http://www.bseindia.com">www.bseindia.com</a>
BSE	BSE Limited



Term	Description
Coupon Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with the Prospectus. For further details, see “ <i>Issue Structure</i> ” on page 136 of this Prospectus
Category I Investor	<ul style="list-style-type: none"> <li>• Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs;</li> <li>• Provident funds, pension funds with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;</li> <li>• Mutual Funds registered with SEBI;</li> <li>• Venture Capital Funds/ Alternative Investment Fund registered with SEBI, subject to investment conditions applicable to them under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</li> <li>• Insurance Companies registered with IRDA;</li> <li>• State industrial development corporations;</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>• Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than ₹5,000 million as per the last audited financial statements; and</li> <li>• National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India</li> </ul>
Category II Investor	<ul style="list-style-type: none"> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013;</li> <li>• Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>• Co-operative banks and regional rural banks;</li> <li>• Public/private charitable/ religious trusts which are authorised to invest in the NCDs;</li> <li>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>• Association of Persons; and</li> <li>• Any other incorporated and/ or unincorporated body of persons</li> </ul>
Category III Investor	High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 lacs across all series of NCDs in Issue
Category IV Investors	Retail Individual Investors which include Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 1 million across all series of NCDs in Issue
Credit Rating Agencies	For the present Issue, the credit rating agencies, being CRISIL and CARE
CRISIL	CRISIL Limited
CARE	Care Ratings Limited
CDP/ Collecting Depository Participant	A depository participant as defined under the Depositories Act, 1996 and registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
NCDs/Debentures	Secured redeemable non-convertible debentures of the face value of ₹ 1,000

<b>Term</b>	<b>Description</b>
	each
Debenture Holder (s) / NCD Holder(s)	The holders of the NCDs whose name appears in the database of the Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law
Debt Application Circular	Circular No. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI
Debenture Trustee	Debenture Trustee for the Debenture Holders, in this Issue being Beacon Trusteeship Limited
Debenture Trustee Agreement	Agreement dated December 19, 2019 entered into between our Company and Beacon Trusteeship Limited
Debenture Trust Deed	Trust Deed to be entered into between our Company and Beacon Trusteeship Limited which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements, for creating appropriate security, in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs and the interest due thereon issued pursuant to the Issue
Deemed Date of Allotment	The date on which the Board or Debentures Committee approves the Allotment of NCDs or such date as may be determined by the Board of Directors or Debentures Committee and notified to the Designated Stock Exchange. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant, such as his address, occupation, bank account details, Category, PAN for printing on refund orders which are based on the details provided by the Applicant in the Application Form
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL)
DP/Depository Participant	A depository participant as defined under the Depositories Act
Designated Stock Exchange/BSE	BSE Limited
Direct Online Application	The application made using an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility through a recognized stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialized form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at <a href="https://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html">https://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html</a> or at such other website as may be prescribed by SEBI from time to time
Designated Date	The date on which the Registrar to the Issue issues instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of the Prospectus and the Public Issue Account Agreement and following which the Board, shall Allot the NCDs to the successful Applicants
Direct Online Application	The Application made using the online interface and online payment facility of the Stock Exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialized form
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchange ( <a href="http://www.bseindia.com">www.bseindia.com</a> ) as updated from time to time

<b>Term</b>	<b>Description</b>
Designated Intermediary(ies)	Collectively, the Lead Managers, the Members of Syndicate, sub-brokers, agents, SCSBs, Registered Brokers, CDPs and CRTAs, who are authorised to collect Application Forms from the Applicants in the Issue
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the website of the Stock Exchange (www.bseindia.com), as updated from time to time)
Draft Prospectus	The Draft Prospectus dated December 20, 2019 was filed with the Stock Exchange for receiving public comments in accordance the Regulation 6(2) of the SEBI Debt Regulations and to SEBI for record purpose
EFIL	Edelweiss Finance & Investments Limited
Financial Year/FY/Fiscal Year	Financial Year ending March 31
FPI	Foreign portfolio investors as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2019
FIPB	The erstwhile Foreign Investment Promotion Board
Ind AS/ IND (AS)	Indian accounting standards (Ind AS) as per Indian Companies (Indian accounting standards) rules, 2015, as amended notified under section 133 of the Act and other relevant provisions of the Act.
Interest/ Coupon Payment Date	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus.
Issue	Public issue by our Company of secured redeemable non-convertible debentures of face value of ₹1,000 each for an amount of ₹1,250 million (“Base Issue Size”) with an option to retain oversubscription up to ₹1,250 million aggregating up to ₹2,500 million (“Limit”) (“Issue”).
Issue Agreement	Agreement dated December 19, 2019 entered into between our Company and the Lead Managers
Issue Opening Date	Thursday, January 23, 2020
Issue Closing Date	Friday, January 31, 2020
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days during which Applicants can submit their Applications
Lead Managers	IDBI Capital Markets & Securities Limited and Edelweiss Financial Services Limited
Lead Brokers	IDBI Capital Markets & Securities Limited, Edelweiss Securities Limited, Axis Capital Limited, HDFC Securities Limited, ICICI Securities Limited, IIFL Securities Limited, Integrated Enterprises (India) Private Limited, JM Financial Services Limited, Kotak Securities Limited, SMC Global Securities Limited and Trust Securities Services Private Limited
Lead Brokers Agreement	Lead brokers agreement dated January 14, 2020 executed between our Company, the Lead Managers and the Lead Brokers
Market Lot	1 (One) NCD
Members of Syndicate	Members of Syndicate includes Lead Managers and Lead Brokers
Members of the Syndicate Bidding Centres	Members of the Bidding Centres established for acceptance of Application Forms.
NCD Holder(s)/Debenture Holder(s)/Bond Holder(s)	The holders of the NCDs whose name appears in the database of the Depository (in case of NCDs in the dematerialized form) and/or the register of NCD holders maintained by our Company/Registrar if required under Applicable Law
Offer Document	The Draft Prospectus, this Prospectus, the Abridged Prospectus and Application Form
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA.

<b>Term</b>	<b>Description</b>
	OCBs are not permitted to invest in the Issue
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs on the Designated Date
Public Issue Account Bank	ICICI Bank Limited
Public Issue Account Agreement	Agreement dated January 14, 2020 entered amongst our Company, the Registrar, the Public Issue Account Bank, the Refund Bank and the Lead Managers for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Record Date	<p>The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors or the Debentures Committee from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be</p> <p>In case Record Date falls on a day when Stock Exchange are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date</p>
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in this Prospectus
Refund Bank	ICICI Bank Limited
Registrar to the Issue/Registrar	Link Intime India Private Limited
Registrar Agreement	The agreement dated December 19, 2019 between our Company and the Registrar in connection with the Issue
Registered Brokers or Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Applications from Applicants
RTAs/ Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations
Redemption Amount	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
Redemption Date	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
SEBI Debt Regulations/Debt Regulations/SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time
SEBI Listing Regulations/Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account, and a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/">https://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/</a> Recognised-Intermediaries or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Managers, Lead Brokers or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Managers, Lead Brokers or the Trading Members of the Stock Exchange is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other web-link as may be prescribed by SEBI from time to time

<b>Term</b>	<b>Description</b>
Specified Cities/Specified Locations	Bidding Centres where the Member of the Syndicate shall accept Application Forms from Applicants a list of which is available on the website of the SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Stock Exchange	BSE
Syndicate ASBA Application Locations	ASBA Applications through the Lead Managers, Members of the Syndicate, sub-brokers or the Trading Members of the Stock Exchange or the Designated Intermediaries
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate, and a list of which is available on <a href="https://www.sebi.gov.in">https://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor of the NCDs which will be specified in this Prospectus. For details, see “Terms of the Issue” on page 143 of this Prospectus
Trading Members	Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by the Stock Exchange
Tripartite Agreement(s)	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories have agreed to act as depositories for the securities issued by the Issuer i.e. tripartite agreement dated April 13, 2010 between the Company, Registrar to the Issue and CDSL and the tripartite agreement dated March 15, 2010 between the Company, Registrar to the Issue and NSDL
Uniform Listing Agreement	The uniform listing agreement to be entered between the Stock Exchange and our Company, pursuant to the Listing Regulations and SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015, in relation to the listing of the NCDs on the Stock Exchange
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
Working Days / Business Days	All days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the securities, Working Days shall mean all days excluding Saturdays and / or Sundays and/or a holiday of commercial banks in Mumbai or a public holiday in India, however, with reference to payment of interest/redemption of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai

#### **Business/Industry Related Terms**

<b>Term</b>	<b>Description</b>
ALCO	Asset-Liability Management Committee
ALM	Asset Liability Management
Assets under Management (AUM)	Aggregate of receivable from financing business (secured and unsecured which has been shown as part of short term loans and advances and long term loans and advances), accrued interest on loans given which has been shown as part of other current assets and quoted and unquoted credit substitute which has been shown as part of stock in trade

<b>Term</b>	<b>Description</b>
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016
CRAR/CAR	Capital-to-Risk-Weighted Assets Ratio
DSA	Direct Sales Agent
Expected Credit Loss /ExCL	ExCL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate
FIR	First Information Report
Gross NPAs/GNPAs	Aggregate of receivable from financing business considered as non-performing assets (secured and unsecured which has been shown as part of short term loans and advances and long term loans and advances) and non performing quoted and unquoted credit substitute forming part of stock in trade. Gross NPA is also referred to as GNPAs
KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
Loan Book as per IGAAP	Aggregate of receivable from financing business (secured and unsecured which has been shown as part of short term loans and advances and long term loans and advances), accrued interest on loans given which has been shown as part of other current assets and quoted and unquoted credit substitute which has been shown as part of stock in trade
Loan Book as per Ind AS/Loans excluding provisions	Aggregate of receivable from financing business, accrued interest on loans given, unamortized loan origination cost, less of unamortized processing fee as determined under Ind AS
Master Direction	Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016, as amended from time to time
NBFC	Non-Banking Financial Company
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systemically Important NBFC-ND with Asset size of more than ₹ 5000 million
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 as defined under Ind AS
Stage 1 Provision	Stage 1 provision are 12-month ExCL resulting from default events that are possible within 12 months after the reporting date as defined under Ind AS
Stage 2 Assets	Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment as defined under Ind AS
Stage 2 Provision	Stage 2 provision are life time ExCL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
Stage 3 Assets	Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS
Stage 3 Provision	Stage 3 provision are life time ExCL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
Tier I Capital	Tier I Capital means owned fund as reduced by investment in shares of other NBFC and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiary and companies in the same group exceeding, in aggregate, ten percent of the owned fund and perpetual debt instruments issued by a Systemically important non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital

Term	Description
	of such company as on March 31 of the previous accounting year
Tier II Capital	<p>Tier II capital includes the following:</p> <ul style="list-style-type: none"> <li>(a) preference shares other than those which are compulsorily convertible into equity;</li> <li>(b) revaluation reserves at discounted rate of fifty five percent;</li> <li>(c) General Provisions (including that for Standard Assets/ Stage 1 assets and Stage 2 assets under Ind AS) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets;</li> <li>(d) hybrid debt capital instruments;</li> <li>(e) subordinated debt; and</li> <li>(f) perpetual debt instruments issued by a systemically important non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital</li> </ul>

### Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
CBLO	Collateralised borrowing and lending obligation
CAGR	Compounded Annual Growth Rate and is calculated by dividing the value at the end of the period in question by the corresponding value at the beginning of that period, and raising the result to the power of one divided by the period length, and subtracting one from the subsequent result.
CDSL	Central Depository Services (India) Limited
CROMS	Clearcorp Repo Order Matching System
DRR	Debenture Redemption Reserve
ECGC	Export Credit Guarantee Corporation of India
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI Policy	The Government policy, rules and the regulations (including the applicable provisions of the FEMA Non-Debt Rules) issued by the Government of India prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA Non-Debt Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Debt Regulations	Foreign Exchange Management (Debt Instrument) Regulations, 2019
FII/FIIs	Foreign Institutional Investor(s)
GDP	Gross Domestic Product
GoI	Government of India
G-Sec	Government Securities
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Indian GAAP/IGAAP	Accounting Standards as per the Companies (Accounting standards) Rules, 2014 as amended, notified under Section 133 of the Act and other relevant provisions of the Act
IRDAI	Insurance Regulatory and Development Authority of India
IT Act	The Income Tax Act, 1961, as amended from time to time
IT	Information Technology
KYC	Know Your Customer
LTV	Loan to value
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition

Term	Description
MIS	Management Information System
NA	Not Applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NII(s)	Non-Institutional Investor(s)
NIM	Net Interest Margin
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
Provision for NPAs	Aggregate of provision for non performing assets (which has been shown as part of short term provision and long term provision).
Profit after Tax (PAT)	Profit for the year
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RM	Relationship Manager
ROC	Registrar of Companies, Maharashtra, Mumbai
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time
TDS	Tax Deducted at Source
TNW	Tangible Net worth
TOL	Total Outside Liabilities
WDM	Wholesale Debt Market

**Notwithstanding the foregoing:**

1. In the chapter titled “*Summary of Main Provisions of the Articles of Association*” beginning on page 227 of this Prospectus, defined terms have the meaning given to such terms in that section.
2. In the chapter titled “*Financial Information*” beginning on page 127 of this Prospectus defined terms have the meaning given to such terms in that chapter.
3. In the paragraph titled “*Disclaimer Clause of BSE*” in the chapter “*Other Regulatory and Statutory Disclosures*” beginning on page 213 of this Prospectus defined terms shall have the meaning given to such terms in those paragraphs.
4. In the chapter titled “*Statement of Tax Benefits*” beginning on page 54 of this Prospectus, defined terms have the meaning given to such terms in that chapter.
5. In the chapter titled “*Key Regulations and Policies*” beginning on page 202 of this Prospectus, defined terms have the meaning given to such terms in that chapter.
6. In the chapter titled “*Our Business*” beginning on page 88 of this Prospectus, defined terms have the meaning given to such terms in that chapter.



## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

In this Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to “Edelweiss Finance & Investments Limited”, “Issuer”, “we”, “us”, “our” and “our Company” are to Edelweiss Finance & Investments Limited. Unless stated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus. Unless stated otherwise, all references to financial numbers are on a standalone basis.

All references to “India” are to the Republic of India and its territories and possessions and all references to the “Government” or the “State Government” are to the Government of India, central or state, as applicable.

### **Presentation of Financial Information**

Our Company publishes its financial statements in Rupees. Our Company’s audited standalone financial statements for the year ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 and our Company’s audited consolidated financial statement for the year ended March 31, 2017 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act, 2013 read with General Circular 8/2014 dated April 4, 2014. Our audited standalone financial statement for the year ended March 31, 2018 have been audited by Price Waterhouse Chartered Accountants LLP. Our audited standalone financial statements for the year ended March 31, 2017, March 31, 2016 and March 31, 2015 and our audited consolidated financial statement for the year ended March 31, 2017 have been audited by B S R & Associates LLP, Chartered Accountants.

With effect from April 1, 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies dated 18 January 2016, for financial reporting purposes, the Company has followed the Accounting Standards issued by the ICAI specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 (“**Ind AS**”). Accordingly, the Audited Ind AS Financial Statement and the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement have been prepared in accordance with Ind AS.

The examination report on the Reformatted Standalone Financial Statements as issued by our Company’s Current Statutory Auditor, S. R. Batliboi & Co. LLP, Chartered Accountants, are included in this Prospectus in the chapter titled “*Financial Information*” beginning at page 130. The 2019 Audited standalone Financial Statement and the audit report of our current Statutory Auditor, S. R. Batliboi & Co. LLP, Chartered Accountants, are included in this Prospectus in the chapter titled “*Financial Information*” beginning at page 130.

The September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement have been prepared by our Company in accordance with the principles laid down in Indian Accounting Standard 34 (Ind AS 34) “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended, and has been included in this Prospectus in the section titled “*Financial Information*” beginning at page 130.

The audit report on the 2017 Audited Consolidated Financial Statement as issued by our Company’s erstwhile statutory auditors, B S R & Associates LLP, Chartered Accountants, are included in this Prospectus in the chapter titled “*Financial Information*” beginning at page 130. The 2017 Audited Consolidated Financial Statement has been audited by B S R & Associates LLP, Chartered Accountants.

Unless stated otherwise or unless the context requires otherwise, the financial data: (a) as at and for the year ended March 31, 2019 used in this Prospectus is derived from our Company’s 2019 Audited standalone Financial Statement; (b) as at and for the years ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 used in this Prospectus is derived from our Company’s Reformatted Standalone Financial Statements; and (c) on a consolidated basis as at and for the year ended March 31, 2017 is derived from our 2017 Audited Consolidated Financial Statement. Additionally, unless stated otherwise or unless the context requires otherwise, the financial data as at and for the six months ended September 30, 2019 used in this Prospectus, is derived from our Company’s September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement.

Further, the financial data and numbers used in this Prospectus are under Ind AS and IGAAP, as specifically mentioned in this Prospectus and is not strictly comparable.

Unless stated otherwise or unless the context requires otherwise, the financial data used in this Prospectus is on a standalone basis.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, macroeconomic and industry data used throughout this Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Prospectus is meaningful depends on the readers' familiarity with and understanding of methodologies used in compiling such data.

### **Currency and units of Presentation**

In this Prospectus, all references to 'Rupees'/'Rs.'/'INR'/'₹' are to Indian Rupees, the official currency of the Republic of India.

Except where stated otherwise in this Prospectus, all figures have been expressed in 'in millions'. All references to 'million/million/mn.' refer to one million, which is equivalent to 'ten lakhs' or 'ten lacs', the word 'lakhs/lacs/lac' means 'one hundred thousand' and 'Crore' means 'ten million' and 'billion/bn./billions' means 'one hundred crores'.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

### **Industry and Market Data**

Any industry and market data used in this Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

## FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements that are not statements of historical fact and are in the nature of “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “expect”, “estimate”, “intend”, “objective”, “plan”, “potential”, “project”, “will”, “will continue”, “will pursue”, “will likely result”, “will seek to”, “seek” or other words or phrases of similar import. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability and other matters discussed in this Prospectus that are not historical facts. Our Company operates in a highly competitive, dynamic and regulated business environment, and a change in any of these variables may necessitate an alteration of our Company’s plans. Further, these plans are not static, but are subject to continuous internal review and policies, and may be altered, if the altered plans suit our Company’s needs better.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results, performance or achievements to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to expand our product portfolio, regulatory changes pertaining to our businesses and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations include the following:

1. Demand for our current products and our ability to introduce new products and implement our growth strategy;
2. Maintenance of adequate collateral by our customers towards the loans granted to them;
3. Volatility in interest rates;
4. Adequacy of our Company’s information technology and telecommunication systems and our ability to adopt to rapid technological changes;
5. Change in control of our Company such that our Company no longer forms part of the Edelweiss group;
6. Unanticipated turbulence in interest rates or other rates or prices; the performance of the financial and capital markets in India and globally;
7. Changes in political conditions in India;
8. Changes in the value of Rupee and other currency changes;
9. The outcome of any legal or regulatory proceedings we are or may become a party to;
10. Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
11. Any changes in connection with policies, statutory provisions, regulations and/or RBI directions in connection with NBFCs, including laws that impact our lending rates and our ability to enforce our collateral;
12. Emergence of new competitors or disruptive technologies;

13. Performance of the Indian debt and equity markets;
14. Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
15. Our ability to attract and retain qualified personnel; and
16. Other factors discussed in this Prospectus, including under the chapter titled “*Risk Factors*” beginning on page 15 of this Prospectus.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the section titled “*Risk Factors*” and chapters titled “*Industry Overview*”, “*Outstanding Litigations and Defaults*” and “*Our Business*” beginning on pages 15, 67, 180 and 88 of this Prospectus respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as on the date of this Prospectus. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. Neither our Company or the Lead Managers, nor any of their respective affiliates has any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company and Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

## SECTION II - RISK FACTORS

*An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus and the Prospectus, including the risks and uncertainties described below, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown, if materialises, may in the future have a material adverse effect on our business, financial condition, cash flows and results of operations. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Unless otherwise stated or unless the context requires otherwise, the financial information used in this section is derived from and should be read in conjunction with Reformatted Standalone Financial Statements, the 2019 Audited Standalone Financial Statement, the 2017 Audited Consolidated Financial Statement and/or September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement of our Company, as the case may be.*

*Investors are advised to read the following risk factors carefully before making an investment in the NCDs offered in this Issue. You must rely on your examination of our Company and this Issue, including the risks and uncertainties involved.*

### **A. Risk Factors Relating to our Company**

#### **1. *We have a limited product portfolio and our business may be adversely affected if any of our products do not perform as expected or if competing products gain wider market acceptance.***

While we intend to diversify our product offerings, as on the date of this Prospectus, our product portfolio is limited to granting loans against securities, margin trade financing, ESOP financing and IPO financing and shall for the immediate future grant loans which are linked to securities. Our failure to retain or increase demand in such product may have a materially adverse effect on our operations.

The demand for our product may decrease due to *inter alia* the increase in competition, regulatory action and pricing pressures. Further, our competitors may adopt a different return strategy and risk management programme and offer loans to customers against securities which we do not grant loans against, require the maintenance of a lower margin and/or charge a lower rate of interest.

Our failure to effectively react to these situations or to successfully introduce new products could adversely affect our business, prospects, results of operations and financial condition.

#### **2. *Our Company extends loans against securities to our customers and any default by a client coupled with a downturn in the stock markets could result in substantial losses for our Company.***

The loans granted to our customers are currently secured against securities held by our customers. The securities, which secure the loan, are subject to change in market valuation. In the event of a volatile stock market or adverse movements in stock prices, the collateral which secures the loans may decrease significantly in value, which might result in losses which our Company may be unable to support. Customers could default on their obligations to our Company as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. As a result, it may be difficult to carry out a precise credit risk analysis on such clients.

Although our Company uses a technology-based risk management system and follows strict internal risk management guidelines on portfolio monitoring, which include limits on the amount of margin, assessing the quality of collateral provided by the client and pre-determined margin call thresholds, there can be no assurance that in the event the financial markets witness a significant adverse event or a

general downturn, our Company's financial condition, cash flows and results of operations would not be adversely affected.

**3. *A failure or inadequacy in our Company's information technology and telecommunication systems or its inability to adapt to rapid technological changes may adversely affect its business, results of operation, financial condition and cash flows.***

Our Company's ability to operate and remain competitive depends in part on its ability to maintain and upgrade its information technology systems and infrastructure on a timely and cost-effective basis, including its ability to process a large number of transactions on a daily basis. Our Company's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Our Company's financial, accounting or other data processing systems and management information systems or its corporate website may fail to operate adequately or become disabled as a result of events that may be beyond its control, including a disruption of electrical or communications services. Further, the information available to and received by our Company's management through its existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in its operations. If any of these systems are disabled or if there are other shortcomings or failures in our Company's internal processes or systems, it may disrupt our Company's business or impact its operational efficiencies and render it liable to regulatory intervention or damage to its reputation. The occurrence of any such events may adversely affect our Company's business, results of operations, financial condition and cash flows.

Our Company follows the Business Continuity Plan of the Edelweiss group and it is dependent upon the Edelweiss group to assist in the management of our operations in case of any technological disruption. Furthermore, we have recently upgraded part of our technology infrastructure and are in the process of setting up a disaster recovery mechanism. While we believe adequate care is being taken to ensure uninterrupted operations of our Company, in the event of the failure of any of our systems, including the disruption or disabling of electrical or communication or computer services, or if shortcomings or failures arise in our Company's internal processes or systems, our Company's business may be disrupted and/or our operational efficiency adversely impacted, thereby damaging our reputation and ability to provide services to our customers and/or rendering us liable to regulatory intervention. Accordingly, the occurrence of any such events may adversely affect our Company's business, results of operations, financial condition and cash flows.

Further, our Company is dependent on various external vendors who service the Edelweiss group for the implementation of certain elements of our operations, including implementing information technology infrastructure and hardware, industry standard commercial off-the-shelf products, networking and back-up support for disaster recovery. Our Company is, therefore, exposed to the risk that such vendors or service providers may be unable to fulfil their contractual obligations to the Edelweiss group (or will be subject to the risk of fraud or operational errors). Failure to perform any of these functions by such external vendors or service providers could materially and adversely affect our business, results of operations and cash flows.

In addition, the future success of our Company's business will depend in part on its ability to respond to technological advances and to emerging financing industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that our Company will successfully implement new technologies effectively or adapt its technology and systems to meet customer requirements or emerging industry standards. If our Company is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, its financial condition could be adversely affected. Any technical failures associated with its information technology systems or network infrastructure, including those caused by power failures and other unauthorised tampering, may cause interruptions or delays in our Company's ability to provide services to its customers on a timely basis or at all, and may also result in loss of reputation or regulatory action and added costs to address such system failures and/or security breaches, and for information retrieval and verification.

**4. *Our Company is dependent on the Edelweiss group's goodwill and brand name. Any change in control of our Company or any other factor affecting the business and reputation of the Edelweiss group may have a concurrent adverse effect on our Company's reputation, business and results of operations.***

As at the date of this Prospectus, our Promoter, a member of the Edelweiss group, holds 100%, of our paid up Equity Share capital. If the Edelweiss group ceases to exercise majority control over our Company as a result of any transfer of shares or otherwise, our Company's business and results of operations could be adversely affected. Any disassociation of our Company from the Edelweiss group and/or our Company's inability to have access to the infrastructure provided by other companies in the Edelweiss group could adversely affect our Company's ability to attract customers and to expand our Company's business, which in turn could adversely affect our Company's goodwill, operations and profitability.

Our Company is also dependent on the goodwill and brand name of the Edelweiss group. Our Company believes that this goodwill contributes significantly to its business. There can be no assurance that the "Edelweiss" brand, which our Company believes is a well-recognised brand in India, will not be adversely affected in the future by events or actions that are beyond our Company's control, including customer complaints, developments in other businesses that use this brand or adverse publicity from any other source. In the event Edelweiss group is unable to maintain the quality of its services or its goodwill deteriorates, our Company's business and results of operations may be adversely affected.

Our Company operates in a competitive environment and our Company believes that the Edelweiss group's brand recognition is a significant competitive advantage for it. The logo of our Company is not registered. Any failure to retain our Company's name may deprive our Company of the associated brand equity that it has developed which may have a material adverse effect on our Company's business and results of operations.

Any disassociation of our Company from the Edelweiss group and/or our inability to have access to the infrastructure provided by other companies in the Edelweiss group could adversely affect our ability to attract customers and to expand our business, which in turn could adversely affect our goodwill, operations and profitability. Any failure to retain our Company name may deprive us of the associated brand equity that we have developed which may have a material adverse effect on our business and results of operations.

**5. *Limited availability of market information of unlisted companies and AIFs may affect our ability to monitor the maintenance of security.***

We provide our customers with loans against specific securities, which may include equity shares of certain unlisted companies and units of AIFs. Since the loans granted by us are secured against securities held by our customers, it is imperative that we are able to monitor the valuation of the securities, to ensure that adequate security is maintained by the customer. However, while we are able to monitor the valuation of listed companies on a real-time basis, there is limited availability of market information of unlisted companies and AIFs. We may not be able to receive regular updates of the valuation of securities of unlisted companies and AIFs. Accordingly, we may not at all times have the necessary information to monitor the maintenance of security by our customers.

**6. *High levels of customer defaults and the resultant non-performing assets could adversely affect our Company's business, financial condition, cash flows, results of operations and future financial performance.***

Our Company's business involves lending money and accordingly, our Company is subject to risks of customer default which includes default or delays in repayment of principal and/or interest on the loans our Company provides to its customers. Customers may default on their obligations as a result of various factors, including certain external factors which may not be within our Company's control such as developments in the Indian economy, movements in global markets, changes in interest rates and changes in regulations. Any negative trends or financial difficulties affecting our Company's customers could increase the risk of their default. Customers could also be adversely affected by factors such as, bankruptcy, lack of liquidity, lack of business and operational failure. If customers fail to repay loans in a timely manner or at all, our Company's financial condition, cash flows and results of operations will be adversely impacted. To the extent our Company is not able to successfully manage the risks

associated with lending to these customers, it may become difficult for our Company to make recoveries on these loans. In addition, our Company may experience higher delinquency rates due to prolonged adverse economic conditions or a sharp increase in interest rates. An increase in delinquency rates could result in a reduction in our Company's total interest income (i.e., our Company's accrued interest income from loans, including any interest income from credit substitutes) and as a result, lower revenue from its operations, while increasing costs as a result of the increased expenses required to service and collect delinquent loans, and make loan loss provisions as per applicable law. Our Company may also be required to make additional provisions in respect of loans to such customers in accordance with applicable regulations and, in certain cases, may even be required to write-off such loans.

Moreover, as our Company's loan book matures, our Company may experience increased defaults in principal or interest repayments. Thus, if our Company is not able to control or reduce its level of NPAs, the overall quality of its gross loan book may deteriorate, and its results of operations may be adversely affected.

**7. *Our Company may be impacted by volatility in interest rates which could cause its Gross Spreads to decline, and consequently, affect its profitability.***

Our Company's results of operations are substantially dependent upon the level of its net interest margins. Our Company borrows and lends funds on both fixed and floating rates. Volatility and mismatch in generally prevailing interest rates can materially and adversely affect our Company's financial performance, especially if the changes are sudden or sharp.

While any reduction in interest rates at which our Company borrows may be passed on to its customers, our Company may not always have the same flexibility in passing on any increase in interest rates to its customers who have availed loans, including particularly loans with fixed interest rates. In a rising interest rate environment, if the yield on our Company's interest-earning assets does not increase simultaneously with or to the same extent as our Company's cost of funds, and conversely, in a declining interest rate environment, if our Company's cost of funds does not decline simultaneously or to the same extent as the yield on our Company's interest-earning assets, our Company's net interest income and net interest margin would be adversely impacted. Competition pressures may also require our Company to reduce the interest rates at which it lends to its customers without a proportionate reduction in interest rates at which it raises funds. Furthermore, certain of our Company's customers may prepay their loans to take advantage of a declining interest rate environment. Similarly, an increase in interest rates could result in our Company's customers, particularly those with variable interest rate loans, prepaying their loans if less expensive loans are available from other sources. In a declining interest rate environment, especially if the decline is sudden or sharp, our Company could be adversely affected by the decline in the market value of its fixed income securities and reduce its earnings from treasury operations.

Accordingly, our Company's operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive and volatility in interest rates could be a result of many factors, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions and inflation. An increase in inflation and consequent changes in bank rates, repo rates and reverse repo rates by the RBI in the past have led to an increase in interest rates on loans provided by banks and financial institutions and consequently, interest rates in India have been volatile in recent financial periods. There can be no assurance that our Company will be able to adequately manage its interest rate risk in the future, which could have an adverse effect on income and margins, which could in turn have a material adverse effect on our Company's business, financial condition, cash flows and results of operations.

**8. *Our inability to maintain relationship with our major customers or any default and non-payment in future by any major borrower(s), could materially and adversely affect our business, future financial performance and results of operations.***

Our business and results of operations would be adversely affected if we are unable to maintain or further develop relationships with our significant customers. Our business and results of operations would majorly depend upon the timely repayment of the interest and principal from these significant borrowers. We cannot assure you that we will not experience any delay in servicing of the loan or that we will be able to recover the interest and the principal amount of the loan. Any such delay or default will adversely affect our income from operation and thereby our profitability. In case we are unable to



recover the complete the loan disbursed or any part of thereof, and the collateral is also not sufficient to recover our loan, our financial conditions and cash flows may be adversely affected.

We are dedicated to earning and maintaining the trust and confidence of our customers, and we believe that the good reputation created thereby, and inherent in our brand name, is essential to our business. As such, any damage to our reputation could substantially impair our ability to maintain or grow our business. There can be no assurance that we will be able to maintain the same levels of business from these customers or that we will be able to replace these customers in case we lose any of them. The loss of any significant customer could have a material adverse effect on our results of operations and cash flows.

**9. *Our Company is subject to supervision and regulation by the RBI, as an NBFC-ND-SI, and other regulatory authorities and changes in the RBI's regulations and other regulations, and the regulation governing our Company or the industry in which our Company operates could adversely affect its business.***

Our Company is regulated principally by the RBI and is subject to the RBI's guidelines on the regulation of the NBFC-ND-SIs, which includes, among other things, matters related to capital adequacy, exposure, asset and liability norms and other prudential norms. It also has reporting obligations to the RBI. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs. The RBI's regulation of NBFC-ND-SIs may change or become more rigorous in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business, financial performance and cash flows. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SIs.

Our Company is also subject to corporate, taxation and other laws in force in India. These regulations are subject to frequent amendments and are dependent on government policy and there can be no assurance that any changes in the laws and regulations relating to the Indian financial services sector will not adversely impact our Company's business and results of operations. As a result of high costs of compliance, our Company's profitability may be affected. Further, if our Company is unable to comply with such regulatory requirements, its business and results of operations may be materially and adversely affected.

**10. *We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions.***

As an NBFC, we are subject to periodic inspection by the RBI under Section 45N of the Reserve Bank of India Act, 1934 (the "**RBI Act**"), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such investigations by such regulatory authorities could, similarly expose us to warnings, penalties and restrictions.

During the course of finalization of inspection, regulatory authorities share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities also seek certain clarifications and share their findings in the ordinary course of business. We have responded to observations made by such authorities and addressed them; however we cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise/ the authorities will not make similar or other observations in the future. For instance, pursuant to the inspection of our book of accounts for Fiscal 2017, the RBI highlighted, among others, that there were deficiencies in credit appraisals conducted by our Company, our Company did not have exclusive website for itself on a standalone basis and instead hosted all the important materials in its parent company's website, our Company needs to formulate a policy on loans taken over from other banks and financial institution, loans sanctioned in cases where the share were held as collateral/ corporate loans sanctioned to real estate developers were not captured for real estate lending. Our

Company subsequently filed a letter with the RBI, replying to the observations made in the inspection report, and has responded to follow-up observations issued by the RBI.

In the event we are unable to resolve such deficiencies to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition and reputation.

- 11. *Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals which are required to operate its existing or future businesses may have a material adverse effect on its business, financial condition, cash flows and results of operations.***

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, our Company is also required to comply with certain other regulatory requirements for its business imposed by the RBI. In the future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as an NBFC-ND-SI and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the time-frame anticipated by our Company, or at all. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition, cash flows and results of operation.

In addition, if we establish additional branches, such branches would have to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

- 12. *Our Company may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation.***

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our Company, in the course of its operations, runs the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers despite putting in place systems and controls customary in India to prevent the occurrence of these risks. Although our Company believes that it has adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, there can be no assurance that our Company will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties. Our Company, in certain of its activities and in pursuit of its business, runs the risk of inadvertently offering its financial products and services ignoring customer suitability and appropriateness despite having a KYC and Anti-Money Laundering measures and associated processes in place. Such incidents may adversely affect our Company's business and reputation.

- 13. *Our Company may not be able to recover the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans on a timely basis or at all and as a result, which could adversely affect its financial condition, cash flows and results of operations.***

The value of collateral we take against loans granted is dependent on various factors, including (i) the nature and current valuation of the securities to be pledged by the borrower; (ii) prevailing market conditions, (iii) the general economic and political conditions in India, (iv) growth of the stock markets and the areas in which our Company operates, and (v) any change in statutory and/or regulatory requirements.

The significant and sudden fall in the market price of the underlying securities, delay in recovery proceeds and delays in obtaining approvals for the enforcement of such collaterals may affect the valuation of the collateral. As a result, our Company may not be able to recover the full value of the collateral for the loans provided by it within the expected timeframe or at all. Further, legal proceedings may have to be initiated by our Company in order to recover overdue payments on loans and as a consequence, the money and time spent on initiating legal proceedings may adversely affect our Company's cash flow.

The value of the security provided by the borrowers to our Company may be subject to a reduction in value on account of various reasons. While our Company's customers may provide alternative security to cover the shortfall or our risk management team may liquidate the collateral to cover shortfall, the realisable value of the collateral for the loans provided by our Company in the event of a liquidation may be significantly lower than the combined amount of the outstanding principal amount, interest and other amounts recoverable from the customers.

Any default in the repayment of the outstanding credit obligations by our Company's customers may expose it to losses. A failure or delay to recover the loan value from sale of collateral security could expose our Company to potential losses. Any such losses could adversely affect our Company's financial condition, cash flows and results of operations. Furthermore, the process of litigation to enforce our Company's legal rights against defaulting customers in India is generally a slow and potentially expensive process. Accordingly, it may be difficult for our Company to recover amounts owed by defaulting customers in a timely manner or at all.

**14. *Our Company extends margin funding loans or loans against securities to our Company's clients and any default by a client coupled with a downturn in the stock markets could result in substantial losses for our Company.***

The loans granted by us are secured by securities at an appropriate or predetermined margin levels. In the event of a volatile stock market or adverse movements in stock prices, the collateral which secures the loans may decrease significantly in value, which might result in losses which our Company may be unable to support. Where debt securities are taken as collateral, in the event of a volatile debt market or adverse movements in interest rates the value of collateral may decrease significantly. Customers could default on their obligations to our Company as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. As a result, it may be difficult to carry out a precise credit risk analysis on such clients. Although our Company uses a technology-based risk management system and follows strict internal risk management guidelines on portfolio monitoring, which include limits on the amount of margin, assessing the quality of collateral provided by the client and pre-determined margin call thresholds, there can be no assurance that in the event the financial markets witness a significant adverse event or a general downturn, our Company's financial condition, cash flows and results of operations would not be adversely affected.

**15. *Any adverse development in the capital markets would adversely affect the Company's results of operations.***

We provide ESOP financing, IPO financing and margin trade financing facilities to our customers. These facilities are to be used for the purchase of securities. Accordingly, the demand for such products is dependent on the demand for and/or viability of purchasing the securities by our customers. Any adverse development in the capital markets may affect the demand for our product offerings, thereby affecting our results of operations.

**16. *We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law.***

We enter into outsourcing arrangements with third party vendors for a number of services required by us. These vendors provide services, which include, among others, software services and client sourcing. Though adequate due diligence is conducted before finalizing such outsourcing arrangements, we cannot guarantee that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligations. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition, cash flows and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, which may

result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition, cash flows and results of operations. We may also suffer from reputational and legal risks if our third-party service providers act unethically or unlawfully or misrepresent or mis-sell our products and services, which could materially and adversely affect our business, financial condition, cash flows and results of operations.

**17. *Our Company's business requires substantial capital and any disruption in the sources of its funding or an increase in its average cost of borrowings could have a material adverse effect on its liquidity, financial condition and cash flows.***

Our Company's liquidity and profitability as well as its ability to expand its operations are, to a large extent, dependent upon its timely access to, and the costs associated with, raising capital. Our Company's funding requirements have historically been met through a combination of borrowings such as issuance of commercial papers and non-convertible debentures (including market linked debentures) and availing CROMS and CBLO facilities as well as equity capital raised through private equity investment.

Our Company is also in the process of diversifying its sources of funding. Our Company's business growth, liquidity and profitability depends and will depend on its ability to access diversified, relatively stable and low-cost funding sources as well as our Company's financial performance, cash flows, capital adequacy levels, credit ratings and relationships with lenders. Any adverse developments or changes in applicable laws and regulations which limit our Company's ability to raise funds through private placements of non-convertible debentures can disrupt its sources of funding and as a consequence, could have a material adverse effect on our Company's liquidity, financial condition and cash flows.

Out of our Company's total borrowings of ₹ 2,755.84 million and ₹19,731.76 million as at January 10, 2020 and March 31, 2019 respectively, an amount of ₹1,957.65 million and ₹19,261.06 million respectively will mature during the next twelve months. In order to make these payments, our Company will either need to refinance this debt, which may prove to be difficult in the event of a volatility in the credit markets, or alternatively, raise equity capital or generate sufficient revenue to retire the debt. There can be no assurance that our Company's business will generate sufficient cash to enable it to service its existing debt or to fund its other liquidity needs.

Our Company's ability to borrow funds and refinance existing debt may also be affected by a variety of factors, including liquidity in the credit markets, the strength of the lenders from which our Company borrows, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our Company's financing agreements. An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions that constricts the availability of credit may increase our Company's cost of funds and make it difficult for our Company to access financing in a cost-effective manner. A disruption in sources of funds or increase in cost of funds as a result of any of these factors may have a material adverse effect on our Company's liquidity, financial condition and cash flows.

**18. *Our Company's significant indebtedness and the conditions and restrictions imposed by its financing arrangements could restrict its ability to conduct its business and operations in the manner our Company desires.***

As at January 10, 2020 and March 31, 2019, our Company had outstanding secured borrowings of ₹487.81 million and ₹14,163.59 million respectively. As at January 10, 2020 and March 31, 2019, our Company had outstanding unsecured borrowings of ₹ 2,268.03 million and ₹5,568.17 million respectively. Our Company will continue to incur additional indebtedness in the future.

Certain of our Company's financing agreements include certain conditions and covenants that require it to maintain certain financial ratios, maintain certain credit ratings and obtain consents from lenders prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or to obtain these consents could have significant consequences on our Company's business and operations. Under certain of our Company's financing agreements, our Company requires, but may be unable to obtain, consents from the relevant lenders for, among others, the following matters: to enter into any contractual obligation of a long term nature affecting the borrower financially to a

significant extent, undertake or permit any merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders unless the same is within the group companies, to create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons or to permit any transfer of the controlling interest or make any change in the management setup of the borrower. These covenants vary depending on the requirements of the lender extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that our Company may propose to take from time to time. For details relating to our Company's borrowings, please see "*Financial Indebtedness*" on page 132 of this Prospectus.

19. ***We have incurred loss after tax and a negative EPS in the last financial year. In the event we continue to record a loss after tax and negative EPS, it may adversely affect our business and financial condition.***

We incurred a loss after tax of ₹ 3.64 million and an EPS of (₹1.06) in Fiscal 2019 as per our 2019 Audited standalone Financial Statement. For further details, see "*Financial Information*", beginning on page 127 of this Prospectus. We cannot assure you that we will not incur losses or have negative EPS in the future, which may adversely affect our business and financial condition.

20. ***The financing industry is becoming increasingly competitive and our Company's growth will depend on its ability to compete effectively.***

The sector in which our Company operates in is highly competitive and our Company faces significant competition from public sector, private sector and foreign banks and other NBFCs. Many of its competitors are large institutions, which may have larger customer base, funding sources, branch networks and capital compared to our Company. Certain of our Company's competitors may be more flexible and better-positioned to take advantage of market opportunities. In particular, private banks in India and many of our Company's competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalising branches as well as the related operational costs. As a result of this increased competition, loans are becoming increasingly standardised and terms such as variable (or floating) rate interest options, lower processing fees and monthly reset periods are becoming increasingly common in the Indian financial sector. This competition is likely to intensify further as a result of regulatory changes and liberalisation. These competitive pressures affect the industry in which our Company operates in as a whole, and our Company's future success will depend, to a large extent, on its ability to respond in an effective and timely manner to these competitive pressures. There can be no assurance that our Company will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive financial sector.

21. ***We may not be able sell our financial assets to asset reconstruction companies on a bilateral basis.***

The RBI on December 6, 2019 issued a circular (the "**ARC Circular**"), restricting asset reconstruction companies ("**ARCs**") from acquiring financial assets on a bilateral basis from a bank or financial institution which is a sponsor of the ARC, a lender to the ARC or a subscriber to the fund, if any, raised by the ARC for its operations or from any entity in the group to which the ARC belongs. Provided that the ARC may acquire financial assets from such entities pursuant to an auction process (conducted in a transparent manner), on an arm's length basis and at a price determined by market forces.

We may in the future seek to sell some of our financial assets to generate funds immediately. We may not be able to identify an ARC to purchase our financial assets on terms which are acceptable to us or at all. Our failure to sell financial assets to an ARC where required, may adversely affect our cash flows.

22. ***We and certain of our Directors are involved in certain legal and other proceedings and there can be no assurance that we and our Directors will be successful in any of these legal actions. In the event we are unsuccessful in litigating any of the disputes, our business and results of operations may be adversely affected.***

We and certain of our Directors are involved in certain legal proceedings, including civil suits and tax disputes and criminal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, authorities and tribunals. Certain of our Directors have been named as parties to criminal proceedings, which are currently pending. For further details in relation to legal proceedings inter alia involving our Company, our Promoter and certain of our Directors, see “*Outstanding Litigation and Defaults*” on page 180 of this Prospectus.

**23. *Our Company may be exposed to fluctuations in the market values of its investment and other asset portfolio***

The financial markets’ turmoil have adversely affected economic activity globally including India. Continued deterioration of the credit and capital markets may result in volatility of our Company’s investment earnings and impairments to our Company’s investment and asset portfolio. Further, the value of our Company’s investments depends on several factors beyond its control, including the domestic and international economic and political scenario, inflationary expectations and the RBI’s monetary policies. Any decline in the value of the investments could negatively impact our Company’s financial condition and cash flows.

**24. *Our Company’s inability to implement its growth strategy effectively could adversely affect its business and financial results.***

There can be no assurance that our Company will be able to implement its growth plan successfully or that our Company will be able to expand further or diversify its portfolio of products. A principal component of our Company’s strategy is to continue diversifying the development of its new portfolio of products to suit customers’ needs. This growth strategy will place significant demands on our Company’s management, financial and other resources and will require our Company to continuously develop and improve its operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our Company’s culture, values and entrepreneurial environment as well as developing and improving our Company’s internal administrative infrastructure. Our Company also faces a number of operational risks in executing its growth strategy.

Our Company’s ability to implement its growth strategy also depends, to a large extent, upon its ability to recruit trained and efficient personnel, retain key managerial personnel, maintain effective risk management policies, continue to offer products which are relevant to its target base of clients, develop managerial experience to address emerging challenges and ensure a high standard of client service. Our Company will need to recruit new employees, who will have to be trained and integrated into our Company’s operations. Our Company will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our Company’s employees properly may result in an increase in employee attrition rate, a need to hire additional employees, an erosion in the quality of customer service, a diversion of the management’s resources, an increase in our Company’s exposure to high-risk credit and an increase in costs for our Company. If our Company grows its loan book too rapidly or fails to make proper assessments of credit risks associated with new customers, a higher percentage of our Company’s loans may become non-performing, which would have a negative impact on the quality of our Company’s assets, its financial condition and cash flows. Our Company’s inability to manage such growth could disrupt its business prospects, impact its financial condition and adversely affect its results of operations including its cash flows.

**25. *Our Company’s growth will depend on our Company’s continued ability to access funds at competitive rates which is dependent on a number of factors including our Company’s ability to maintain its credit ratings.***

As our Company is an NBFC-ND-SI in terms of applicable RBI regulations, its liquidity and ongoing profitability are primarily dependent upon its timely access to, and the costs associated with raising capital. Our Company’s business is significantly dependent on funding from the debt capital markets and commercial borrowings. The demand for such funds is competitive and our Company’s ability to obtain funds at competitive rates will depend on various factors including our Company’s ability to maintain positive credit ratings. Ratings reflect a rating agency’s opinion of our Company’s financial strength, operating performance, strategic position and ability to meet its obligations. Thus, any downgrade of our Company’s credit ratings would increase borrowing costs and constrain its access to

capital and debt markets. A reduction or withdrawal of the ratings may also adversely affect the market price and liquidity of the non-convertible debentures and our Company's ability to access the debt capital markets. As a result, this would negatively affect our Company's net interest margin and its business. In addition, any downgrade of our Company's credit ratings could increase the possibility of additional terms and conditions being imposed on any additional financing or refinancing arrangements in the future. Any downgrade of our Company's credit ratings could also accelerate the repayment of certain of our Company's borrowings in accordance with the applicable covenants of its borrowing arrangements. Any such adverse development could adversely affect our Company's business, financial condition, cash flows and results of operations.

As an NBFC, our Company also faces certain restrictions on its ability to raise money from international markets which may further constrain its ability to raise funds at attractive rates. While our Company's borrowing costs have been competitive in the past due to its ability to raise debt products and its credit rating, our Company may not be able to offer similar competitive interest rates for its loans if our Company is unable to access funds at an effective cost that is comparable to or lower than its competitors. This may adversely impact our Company's business and results of operations.

26. ***Our ability to borrow from banks in the future may be restricted on account of guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs which could have an impact on our business and could affect our growth, margins and business operations.***

The RBI vide its notification (No. RBI/2006-07/205/DBOD.No. FSD.BC.46 / 24.01.028 /2006-07) dated December 12, 2006 (the "Notification"), amended the regulatory framework governing banks to address concerns arising from divergent regulatory requirements for banks and NBFCs. This notification reduces the exposure (both lending and investment, including off balance sheet exposures) of a bank to NBFCs like us. Accordingly, banks' exposure limits on any NBFC are reduced from the 25% of the banks' capital funds to 10% of its capital funds. Furthermore, RBI has suggested that banks may consider fixing internal limits for their aggregate exposure to all NBFCs combined. This Notification limits a bank's exposure to NBFCs which consequently restricts our ability to borrow from banks.

While we intend to diversify our borrowings in the future, the Notification could affect our business and any similar notifications released by the RBI in the future, which has a similar impact on our business could affect our ability to raise funds and consequently our growth, margins and business operations.

27. ***Our Company may face asset-liability mismatches which could affect its liquidity and consequently may adversely affect our Company's operations and profitability.***

A significant portion of our Company's funding requirements is met through issuances of debentures (including market linked debentures) and commercial paper and CBLO and CROMS. Our Company may face potential liquidity risks due to varying periods over which our Company's assets and liabilities mature. Moreover, raising long-term borrowings in India has historically been challenging, more or so in the current environment after financial stress in a few large NBFCs. Our Company's inability to obtain additional credit facilities or renew its existing credit facilities in a timely and cost-effective manner to meet its maturing liabilities, or at all, may lead to gaps and mismatches between its assets and liabilities, which in turn may adversely affect our Company's liquidity position, and in turn, its operations, financial performance and cash flows.

We regularly monitor our funding levels to ensure we are able to satisfy the requirement for loan disbursements and maturity of our liabilities. As is typical for NBFCs, we maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by short and long-term general financing through the domestic debt markets and retained earnings and proceeds from equity issuances.

Our liquidity position may be adversely affected and we may be required to pay higher interest rates in order to meet our liquidity requirements in the future, which could have a material adverse effect on our business and financial results.

28. ***Our Company's inability to recover the amounts due from customers to whom it provides unsecured loans in a timely manner, or at all, could adversely affect our Company's operations and profitability.***

Certain loans to be granted by us, for instance IPO financing facilities, are unsecured at the initial stages. In the event of defaults by such customers prior to the creation of pledge over the securities purchased using the loans, our Company's ability to realise the amounts due to it from the loans would be restricted to initiating legal proceedings for recovery as our Company will not have the benefit of enforcing any security interest. There can be no guarantee as to the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favourable decision for our Company. A failure to recover such loans may adversely affect our Company's operations and profitability.

**29. *A decline in our Company's capital adequacy ratio could restrict its future business growth.***

Our Company's CRAR computed on the basis of the applicable RBI norms was 377.15%, 31.50%, 20.94% and 47.29%, as at September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, respectively, with Tier I Capital comprising 325.81%, 24.86%, 16.57% and 38.49%, as at September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, respectively. The Tier II Capital was 51.34%, 6.64%, 4.37% and 8.80% as at September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, respectively. If our Company continues to grow its loan book and asset base, it will be required to raise additional Tier I and Tier II Capital in order to continue to meet applicable capital adequacy ratios with respect to its business. There can be no assurance that our Company will be able to raise adequate additional capital in the future on terms favourable to our Company, in a timely manner, or at all and this may adversely affect the growth of our Company's business.

**30. *Our contingent liabilities could adversely affect our financial condition and cash flows.***

As per the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement of our Company, as on September 30, 2019 we had certain contingent liabilities not provided for as per Ind AS 37 issued by ICAI, amounting to ₹ 3.19 million. The contingent liability amounts disclosed in our Reformatted Standalone Financial Statements and our September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement, represent estimates and assumptions of our management based on advice received. If, for any reason, these contingent liabilities materialize, it may adversely affect our financial condition and cash flows. For further details, please refer to section titled "Statement of Contingent liability" in the chapter "Financial Information" beginning on page 127 of this Prospectus.

**31. *We intend to introduce new products for our customers and there is no assurance that our new products will be profitable in the future.***

We intend to introduce new products and services in our existing lines of business in future. We may incur costs to expand our range of products and services and cannot guarantee that such new products and services will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements or a failure to understand the regulatory and statutory requirements for such products or management focus on these new products. If we fail to develop and launch these products and services successfully, we may lose a part or all of the costs incurred in development and promotion or discontinue these products and services entirely, which could in turn adversely affect our business and results of operations.

**32. *The bankruptcy code in India may affect our rights to recover loans from borrowers.***

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution



professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 66% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured creditors. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

33. ***Our Company's success depends, to a large extent, upon its management team and key personnel and its ability to attract, train and retain such persons. Our Company's inability to attract and retain talented professionals or the loss of key management personnel may have an adverse impact on its business and future financial performance.***

Our Company's ability to sustain the rate of growth depends significantly on selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. Our Company faces a continuing challenge to recruit, adequately compensate and retain a sufficient number of suitably skilled personnel, knowledgeable in sectors to which it lends. There is significant competition in India for such personnel, which has increased in recent years as a significant number of banks and NBFCs have recently commenced operations. If our Company is unable to hire additional qualified personnel or to retain them, our Company's ability to expand its business may be impaired. Our Company will need to recruit new employees who will have to be trained and integrated within our Company's operations. In addition, our Company will have to train existing employees to adhere to internal controls and risk management procedures. Failure to train and motivate its employees properly may result in an increase in employee attrition rate, a requirement to hire additional employees, an erosion of the quality of customer service, a diversion in the management's resources, an increase in its exposure to high-risk credit and an increase in costs for our Company. Hiring and retaining qualified and skilled managers are critical to our Company's future as its business model depends on its credit-appraisal mechanism which is personnel-driven. Moreover, competition for experienced employees can be intense, and has intensified in the recent financial periods. While our Company has an incentive structure, our Company's inability to attract and retain talented professionals or the loss of key management personnel may have an adverse impact on our Company's business and future financial performance.

34. ***Our Company is exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, customers or third parties, which could harm our Company's results of operations and financial position.***

Our Company is exposed to many types of operational risks. Operational risks can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. Our Company attempts to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. Any failure to mitigate such risks may adversely affect our Company's business and results of operations.

In addition, some of our Company's transactions expose it to the risk of misappropriation or unauthorised transactions by its employees and fraud by its employees, agents, customers or third parties. Our Company's insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases which may adversely affect our Company's operations and profitability. Furthermore, our Company may be subject to regulatory or other proceedings in connection with any unauthorised transaction, fraud or misappropriation by its representatives and employees which could adversely affect its goodwill. In

addition, the value of some of the collaterals provided for the loans may significantly fall and this may expose our Company to a loss of value for the collateral. As a result, our Company may not be able to recover the full value of the collateral. Any loss of value of the collateral may have a material adverse effect on our Company's profitability and business operations.

35. ***Our Company's insurance coverage may not adequately protect our Company against losses which could adversely affect our Company's business, financial condition, cash flows and results of operations.***

We are covered under various types of insurance covers which are taken at a centralised level covering all the subsidiaries in the Edelweiss group. These include general insurance for burglary, electronic equipment, machinery breakdown, directors and officer's liability and comprehensive general liability insurance. Such insurance policies may not, however, provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage.

We cannot assure you that the terms of its insurance policies will be adequate to cover any damage or loss suffered by our Company or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Any successful assertion of one or more large claims against our Company that exceeds our Company's available insurance coverage or changes in our Company's insurance policies, including any increase in premium or any imposition of larger deductibles or co-insurance requirements could adversely affect our Company's business, financial condition, cash flows and results of operations.

36. ***Our Company's ability to assess, monitor and manage risks inherent in our Company's business differs from the standards of some of its counterparts.***

Our Company is exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our Company's risk management is limited by the quality and timeliness of available data. Our Company's risk management techniques may not be fully effective in mitigating its risks in all types of market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are derived from the observation of historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the indication based on historical measures. Other risk management methods depend on an evaluation of information regarding markets, customers or other matters. This information may not be accurate, complete, up-to-date or properly evaluated. The management of operational, legal or regulatory risk requires, among other things, proper policies and procedures to record and verify a number of transactions and events. Although our Company has established these policies and procedures, they may not be fully effective.

Our Company's future success will depend, in part, on our Company's ability to respond to new technological advances and emerging market standards and practices in a cost-effective and timely manner. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that our Company will be able to successfully implement new technologies or adapt its transaction processing systems in accordance with the requirements of customers or emerging market standards.

37. ***Our Company's business is dependent on relationships established through the Edelweiss group. Any events that harm these relationships may lead to a decline in our Company's revenue and profits. Further, our Company's results of operations could be adversely affected in the event of any disputes with its employees.***

Our Company's business is dependent on the key personnel and employees who directly manage client relationships. Our Company encourages dedicated personnel to service specific clients since our Company believes that this leads to long-term client relationships, a trust based business environment and over time, better cross-selling opportunities. While no key personnel or employees contribute a significant percentage of the business, the business may suffer materially if a substantial number of them either becomes ineffective or leaves the organisation. As a result, there may be an adverse effect on our Company's business and profits.

As at December 31, 2019, our Company employed 16 full-time employees. Currently, none of our Company's employees are members of any labour union. While our Company believes that our

Company maintains good relationships with its employees, there can be no assurance that our Company will not experience future disruptions to its operations due to disputes or other problems with its work force which may adversely affect our Company's business and results of operations.

38. ***Security provided for the Issue may not be enforceable if the security provided for the Issue is classified as 'Assets' under the IT Act and will be void as against any claim in respect of any tax or any other sum payable by our Company.***

We have certain proceedings pending under the IT Act before the appellate authorities. Under section 281 of the IT Act and circular bearing number 04/2011 dated July 19, 2011, our Company is required to obtain prior consent of the assessing officer to create the security provided for the Issue to the extent classified as assets under section 281 of the IT Act, during the pendency of such proceedings. We made an application to the relevant assessing officer seeking such prior consent on December 9, 2019 under section 281 of the IT Act. In the event that such approval is not received or revoked, the security provided for the Issue to the extent classified as 'Assets' under section 281 of the IT Act will be void as against any claim in respect of any tax or any other sum payable by our Company, including as a result of the completion of these proceedings.

39. ***Significant fraud, system failure or calamities could adversely impact our Company's business.***

Our Company seeks to protect its computer systems and network infrastructure from physical break-ins as well as fraud and system failures. Computer break-ins and power and communication disruptions could affect the security of information stored in and transmitted through our Company's computer systems and network infrastructure. Our Company employs security systems, including firewalls and password encryption, designed to minimise the risk of security breaches. Although our Company intends to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. A significant failure of security measures or operational procedures could have a material adverse effect on our Company's business and its future financial performance. Although our Company takes adequate measures to safeguard against system-related and other frauds, there can be no assurance that it would be able to prevent frauds. Furthermore, our Company is exposed to many types of operational risks, including the risk of fraud or other misconduct by its employees and unauthorised transactions by its employees. Our Company's reputation may be adversely affected by significant frauds committed by its employees, customers or outsiders.

40. ***Our Company's reliance on any misleading or misrepresented information provided by potential customers or counterparties or an inaccurate credit appraisal by our Company's employees may affect its credit judgments, as well as the assessment of the value of the collateral, which may adversely affect its reputation, business and results of operations.***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, our Company may rely on information furnished to it by or on behalf of customers and counterparties, including financial statements and other financial information. Our Company may also rely on certain representations in relation to the accuracy and completeness of that information as well as independent valuation reports with respect to the collateral. In addition, our Company may rely on reports of the independent auditors in relation to the financial statements. For example, in deciding whether to extend credit, our Company may assume that a customer's audited financial statements conform to GAAP and the financial condition, results of operations and cash flows of the customer are presented fairly in all material respects. Our Company's financial condition, cash flows and results of operations may be adversely affected by relying on financial statements that do not comply with GAAP or other information that may be materially misleading. Moreover, our Company has implemented Know Your Customer ("KYC") checklist and other measures to prevent money laundering. There can be no assurance that information furnished to our Company by potential customers and any analysis of such information or the independent checks and searches will return accurate results, and our Company's reliance on such information may affect its judgement of the potential customers' credit worthiness, as well as the value of the collateral, which may result in our Company having to bear the risk of loss associated with such misrepresentations. In the event of the ineffectiveness of these systems, our Company's reputation, business and results of operations may be adversely affected.

Our Company may also be affected by the failure of its employees to adhere to the internal procedures and an inaccurate appraisal of the credit or financial worth of its clients. Inaccurate appraisal of credit

may allow a loan sanction which may eventually result in a bad debt on our Company's books of accounts. In the event our Company is unable to mitigate the risks that arise out of such lapses, our Company's business and results of operations may be adversely affected.

**41. *Our Company may experience difficulties in expanding its business into new regions and markets in India and introducing its complete range of products in each of its branches.***

Our Company continues to evaluate attractive growth opportunities to expand its business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our Company's current markets and our Company's experience in its current markets may not be applicable to these new markets. In addition, as our Company enters new markets and geographical regions, our Company is likely to compete with other banks and NBFCs that already have a presence in those jurisdictions and markets. As these banks and NBFCs are more familiar with local regulations, business practices and customs, they may have developed stronger relationships with customers.

Our Company's business may be exposed to various additional challenges including obtaining the necessary governmental approvals, identifying and collaborating with local business and partners with whom our Company may have no previous working relationship, successfully gauging market conditions in the local markets in which our Company has no previous familiarity, attracting potential customers in a market in which our Company does not have significant experience or visibility, being susceptible to local taxation in additional geographical areas in India and adapting our Company's marketing strategy and operations to the different regions of India in which different languages are spoken. Our Company's inability to expand its current operations may adversely affect its business prospects, financial conditions, cash flows and results of operations.

**42. *Our Company has entered into related party transactions and may continue to enter into related party transactions which may involve conflict of interest.***

Our Company has entered into related party transactions, within the meaning of AS 18 as issued by the Companies (Accounting Standards) Rules, 2006 as amended from time to time and Ind AS 24 issued by the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. Such transactions may potentially give rise to conflicts of interest with respect to dealings between our Company and such related parties. While our Company believes that all related party transactions entered into are conducted on an arms' length basis and in the ordinary course of business, there can be no assurance that it could not have achieved more favourable terms if such transactions had not been entered into with related parties. Additionally, there can be no assurance that any dispute that may arise between our Company and related parties will be resolved in our Company's favour. For details, see "Related Party Transactions" on page 126 of this Prospectus.

**43. *Our Company's Promoter, Directors and related entities have interests in a number of entities which are in businesses similar to our Company's business and this may result in potential conflicts of interest with our Company.***

Certain decisions concerning our Company's operations or financial structure may present conflicts of interest among our Company's Promoter, other shareholders, Directors, executive officers and the holders of Equity Shares. Our Company's Promoter, Directors and related entities have interests in various entities that are engaged in businesses similar to our Company. Commercial transactions in the future between our Company and related parties may result in conflicting interests. A conflict of interest may occur directly or indirectly between our Company's business and the business of our Company's Promoter which could have an adverse effect on our Company's operations. Conflicts of interest may also arise out of common business objectives shared by our Company, our Company's Promoter, Directors and their related entities. Our Company's Promoter, Directors and their related entities may compete with our Company and have no obligation to direct any opportunities to our Company. Our Company cannot provide any assurance that these or other conflicts of interest will be resolved in an impartial manner.

**44. *Significant differences exist between Indian GAAP and Ind AS, used to prepare our Company's financial statements and other accounting principles, such as IFRS, with which investors may be more familiar.***

Our Company's Reformatted Standalone Financial Statements upto and for the year ended March 31, 2018 included in this Prospectus are derived from the financial statements prepared in conformity with Indian GAAP, while the 2019 Audited standalone Financial Statement for the year ended March 31, 2019 prepared in conformity with Ind AS are included in this Prospectus . The 2017 Audited Consolidated Financial Statement prepared in conformity with Indian GAAP are included in this Prospectus. The September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement for the six months ended September 30, 2019, have been prepared in conformity with Ind AS.

The degree to which the financial statements included in this Prospectus will provide meaningful information is entirely dependent on the investor's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. Prospective investors should review the accounting policies and "*Summary of Significant Differences between Indian GAAP and Ind AS*" and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. However, this summary may not contain all the differences between Indian GAAP and Ind AS applicable to our Company and reliance by prospective investors on this summary should be limited. Accordingly, our financial statements for the period commencing from April 1, 2018 will not be comparable to our historical financial statements.

**45. *Certain facts and statistics are derived from publications not independently verified by our Company, the Lead Managers or their respective advisors.***

The information in the section titled "*Industry Overview*" of this Prospectus has been derived from the report titled "*Assessment of Loan against securities industry in India -December 2019*" (the "**Report**") provided by CRISIL Research (a division of CRISIL Limited). While our Company has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by our Company, the Lead Managers or their respective advisors and, therefore, they make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics in this Prospectus may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

**46. *We do not own the premises where our branch office is located and in the event our rights over the property is not renewed or is revoked or is renewed on terms less favourable to us, our business activities may be disrupted.***

At present we have one branch office and we do not own the premises of such branch office. Our branch office is utilised by us on a leasehold basis. If the owners of this property do not renew the agreement under which we occupy the premises or only agrees to renew such agreements on terms and conditions that are unacceptable to us, or if the owners of such premises withdraw their consent to our occupancy, our operations may suffer a disruption. We may be unable to locate a suitable alternate location on favorable terms, or at all, and this may have a material adverse effect on our business, results of operations, financial condition and cash flows.

**47. *We may be required to bear additional tax liability for previous assessment years, which could adversely affect our financial condition and cash flows.***

According to extant guidelines from the RBI, an NBFC is not permitted to recognise income if the amount due in respect of a loan has not been paid by the borrower for 90 days or more and such amount is considered an NPA. However, under section 43D read with rule 6EB of the Income Tax Rules, the definition of an NPA under the Income Tax Act is different from that provided by extant guidelines of the RBI in force at present.

While we have been following the guidelines of the RBI on income recognition, if the interpretation of the income tax department is different to ours, we may be required to bear additional tax liabilities for previous assessment years, as well as an increased tax liability in the future as a result of our income

being recognized by the income tax department at a higher level than the income offered for taxation under the guidelines set out by the RBI.

- 48. *This Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited. Additionally, our Company may publish additional unaudited financial information during the Issue Period.***

This Prospectus includes the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement, in relation to our Company, as at and for six months period ended September 30, 2019, in respect of which the Auditors have issued their Review Report dated December 19, 2019. The September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement prepared by our Company have been subject only to a limited review and as described in Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information" Performed by the Independent Auditor of the Entity" issued by the ICAI, and not to an audit, any reliance by prospective investors on such information as at and for six months period ended September 30, 2019 should, accordingly, be limited. For further details in relation to September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement, see the chapter titled "*Financial Information*" beginning at page 130 of this Prospectus.

Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations, and should not place undue reliance on, or base their investment decision solely on the financial information included in this Prospectus.

- 49. *This Prospectus includes the 2017 Audited Consolidated Financial Statement separately and no reformatted consolidated financial statements has been prepared for the Issue.***

Our Company has had no subsidiary since Fiscal 2018 and it was not mandatory to prepare consolidated financial statements by our Company till Fiscal 2016. Meanwhile, our Company had one subsidiary at the end of the financial year ended March 31, 2017 and accordingly our Company prepared consolidated financial statement as at and for the year ended March 31, 2017. Consequently, this Prospectus does not contain reformatted consolidated financial statements as at and for the financial year ended March 31, 2017.

## **B. Risks pertaining to this Issue**

### **1. *Changes in interest rates may affect the price of our NCDs.***

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities tend to fall and when interest rates drop, the prices tend to increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

### **2. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.***

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, cash flows, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD holders on the assets adequate to ensure 100.00% asset cover for the NCDs, which shall be free from any encumbrances, the realisable value of the assets charged as security, when liquidated, may be

lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

**3. *There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchange in a timely manner, or at all.***

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the Stock Exchange. There could be a failure or delay in listing the NCDs on the Stock Exchange for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by the Stock Exchange, our Company will forthwith repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context and pursuant to this Prospectus.

There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchange in a timely manner, or at all.

**4. *Any downgrading in credit rating of our NCDs may affect the value of NCDs and thus our ability to raise further debts.***

The NCDs proposed to be issued under this Issue have been rated “CRISIL AA-/Stable” (pronounced as CRISIL double A minus rating with stable outlook) for an amount of ₹ 5,000 million, by CRISIL vide their letter dated December 13, 2019 and revalidated as “CRISIL AA-/Stable” (pronounced as CRISIL double A minus rating with stable outlook) by their revalidation letter dated January 6, 2020 and “CARE AA-;Stable” (pronounced as Double A Minus; Outlook Stable) for an amount of ₹ 5,000 million, by CARE vide their letter dated December 17, 2019 and revalidated as “CARE AA-;Stable” (pronounced as double A minus rating with stable outlook) by their revalidation letter dated January 15, 2020. Any downgrade of our credit ratings would increase borrowing costs and constraint our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our business, financial condition, cash flows and results of operations.

**5. *Securities on our NCDs may be exclusive and/or rank pari passu with any of our Company’s secured obligations.***

As at January 10, 2020, our Company’s secured borrowing was ₹ 487.81 million. The secured borrowings are secured against a property in Thane and government securities held by us.

The NCDs are to be secured specific present and/or future receivables/assets 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. Our Company may in the future avail secured borrowings and seek to grant pari passu charge over such receivables to such lenders.

**6. *Our Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders.***

Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the NCD holders will rank pari passu with other charge holders and to that extent, may reduce the amounts recoverable by the NCD holders upon our Company’s bankruptcy, winding-up or liquidation. In addition, the Company may create pari passu/ exclusive charge on certain assets after necessary consents.

**7. *Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.***

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per Section 326 of the Companies Act, 2013. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

**8. *You may be subject to taxes arising on the sale of the NCDs.***

Sale of NCDs by any holder may give rise to tax liability, as discussed in section entitled "*Statement of Tax Benefits*" on page 54 of this Prospectus.

**9. *There may be no active market for the non-convertible debentures on the WDM segment of the Stock Exchange. As a result, the liquidity and market prices of the non-convertible debentures may fail to develop and may accordingly be adversely affected.***

There can be no assurance that an active market for the NCDs will develop in India. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market for listed debt securities, (iii) general economic conditions, and, (iv) our financial performance, cash flows, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

**10. *The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.***

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our various financing activities including lending and investments, subject to applicable statutory and/or regulatory requirements, to repay our existing loans and our business operations including for our capital expenditure and working capital requirements. For further details, see the section titled "*Objects of the Issue*" on page 51 of this Prospectus. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

**11. *There may be a delay in making refund to Applicants.***

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (ii) withdrawal of the Issue, or (iii) failure to obtain the final approval from the BSE for listing of the NCDs, will be refunded to you in a timely manner. We shall however, refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

**C. *External Risks***

**1. *Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently service.***

Our Company is incorporated in India, and the majority of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic



conditions in India and scarcity of financing of our developments and expansions;

- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance.

**2. *Any adverse change in India's credit rating by an international rating agency could adversely affect our Company's business and profitability.***

In May 2013, Standard & Poor's, an international rating agency, reiterated its negative outlook on India's credit rating. It identified India's high fiscal deficit and heavy Government borrowing as the most significant constraints on its ratings and recommended the implementation of reforms and containment of deficits. In June 2013, Fitch, another international rating agency, returned India's sovereign outlook to "stable" from "negative" a year after its initial downgrade of the outlook, stating that the authorities had been successful in containing the upward pressure on the central Government budget deficit in the face of a weaker-than-expected economy and that the authorities had also begun to address structural factors that have weakened the investment climate and growth prospects. Similarly, Standard & Poor's upgraded its outlook on India's sovereign debt rating to "stable" in September 2014 and retained such rating in October 2015, while reaffirming the "BBB" long-term rating on bonds. Standard & Poor's stated that the revision reflects the view that India's improved political setting offers an environment which is conducive to reforms that could boost growth prospects and improve fiscal management. Further, Moody's raised the rating from the lowest investment grade of Baa3 to Baa2 and changed the outlook from stable to positive. Recently in the month of November 2019, the outlook on the Government of India's rating was further changed to negative from stable by Moody's. Going forward, the sovereign ratings outlook will remain dependent on whether the Government is able to transition the economy out of a low-growth and high inflation environment, as well as exercise adequate fiscal restraint. Any adverse change in India's credit ratings by international rating agencies may adversely impact our Company's business and limit its access to capital markets.

**3. *The instability of economic policies and the political situation in India could adversely affect the Indian financing industry.***

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalisation and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalisation could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change

in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic and international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued various economic liberalisation policies such as relaxing the restrictions in the private sector over the past few years.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. As a result, our Company's business may be affected by changes in the interest rates, government policy and taxation. Furthermore, our Company's business may be adversely affected by social and civil unrest or other negative political, economic or other developments in or affecting India.

**4. *Financial difficulties and other problems in certain financial institutions in India could cause our Company's business to suffer and adversely affect our Company's results of operations.***

Our Company is exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Our Company can also be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is commonly referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges which exposes our Company to the systemic risks faced by entities operating in the Indian financial system. For instance, certain Indian financial institutions have experienced difficulties in recent years, including with respect to write-offs of Gross Stage 3 loans made to certain large, corporate borrowers. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks and NBFCs merging with stronger entities. Any instability in or any difficulties faced by the Indian financial system could create an adverse market perception in relation to Indian financial institutions, banks and the NBFCs. This, in turn, could adversely affect our Company's business and future financial performance.

**5. *Any volatility in the exchange rate may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact our Company.***

Capital inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. While the current account deficit ("CAD") remained a main area of concern over fiscal year 2012 and fiscal year 2013, it has shrunk sharply in fiscal year 2015 and fiscal year 2016. A substantial decline in the imports bill, mainly on account of lower crude oil prices led to a significant narrowing in the trade deficit that in turn reduced the size of the CAD. However, the primary challenge for the Indian Rupee was the volatile swings in capital flows. The Indian Rupee recorded a high of ₹ 68.42 to U.S. dollar and a low of ₹ 72.23 to the U.S. dollar between April 1, 2019 to September 30, 2019 and has been volatile in the past few months. Although the Indian Rupee is less vulnerable given the improvements in the CAD, high forex reserves, no capital account convertibility and visible moderation in inflation rates, there remains a possibility of regulatory intervention in the foreign exchange market to control volatility of the exchange rate. The need to intervene at that point in time may result in a decline in India's foreign exchange reserves and subsequently reduce the amount of liquidity in the domestic financial system. This in turn could adversely impact domestic interest rates.

**6. *The introduction of GST effective July 1, 2017 has resulted in an increase in our tax expenses and future increases in our tax expenses may result in additional cost which may adversely affect our business, financial condition and results of operations.***

The introduction of the GST effective July 1, 2017 has resulted in increased administrative compliance for companies which is a consequence of increased registration and form filing requirements, as a result of the change to state-level tax compliance from centralized tax compliance pre-GST. The rate of GST on financial services, excluding interest revenue, is 18% compared to the 15% service tax rate that was payable before the implementation of GST. While certain companies are allowed 100% of the

input tax credit, NBFCs, such as our Company, and banks are required to reverse 50% of the input tax credit under GST, which was also the rule under the service tax regime. However, due to the increase in the tax rate, our input tax credit reversal has increased from 7.75% under service tax to 9.0% under GST for most of the services that we avail resulting in additional cost. Although this impact is partially offset due to the fact that we are entitled to avail input tax credit on the goods and services we purchase, the implementation of GST has resulted in an overall increase in our tax expenses. Also, as under GST, more than one adjudicating authority will be involved, each authority may hold a different opinion on the same underlying issue which will prolong the adjudication process and lead to increase in pending litigations.

**7. *The proposed new taxation system in India could adversely affect our Company's business, prospects, financial condition, cash flows and results of operations.***

The Government has proposed major reforms in Indian tax laws, namely provisions relating to the GAAR (General Anti Avoidance Rules). The provisions have been introduced in the Finance Act 2012 and will apply (as per the Finance Act 2015) in respect of an assessment year beginning on 1 April 2018 and thereafter. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (a) creates rights, or obligations, which are not normally created between persons dealing at arm's length; (b) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes. If GAAR provisions are invoked, the tax authorities would have wide powers, including denial of tax benefit or a benefit under a tax treaty.

As the taxation system is intended to undergo significant changes, the effect of such changes on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, prospects, financial condition and results of operations.

**8. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may result in a loss of business confidence and as a result, these events may negatively affect our Company's business and the global financial markets. In addition, any deterioration in relations between India and its neighbouring countries might result in concerns by investors in relation to the stability in the Indian region, which may adversely affect our Company's business.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on our Company. Such incidents may also result in general perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our Company's business.

**9. *Natural calamities could have a negative impact on the Indian economy and could adversely affect our Company's business.***

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy thereby, adversely affecting our Company's business.

## SECTION III- INTRODUCTION

### GENERAL INFORMATION

Our Company was incorporated in Mumbai, Maharashtra on October 27, 1994 as a private limited company under the provisions of the Companies Act, 1956 as Crossborder Investments Private Limited and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra. Pursuant to a special resolution passed by the shareholders of our Company at an extra-ordinary general meeting held on July 16, 2009, the name of our Company was changed from Crossborder Investments Private Limited to Edelweiss Finance & Investments Private Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 24, 2009 by the Registrar of Companies, Andhra Pradesh. Subsequently, pursuant to a special resolution passed by the shareholders of our Company at the extra ordinary general meeting held on July 16, 2009, our Company was converted into a public limited company and subsequently the name of our Company was changed to Edelweiss Finance & Investments Limited. The Registrar of Companies, Andhra Pradesh issued a fresh certificate of incorporation consequent upon change of name on conversion to public limited company on August 20, 2009 and our registered office was moved to Mumbai. For further details, please refer to “*History and certain other Corporate Matters*” beginning on page 107 of this Prospectus.

#### **NBFC Registration**

Our Company originally obtained a certificate of registration dated September 11, 2009 bearing registration number B-09.00421 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration. Consequent upon the change in situation of the registered office of our Company from the State of Telangana to the State of Maharashtra, the RBI has issued us the revised certificate of registration dated December 13, 2016 bearing registration no. B-13.02144 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration.

#### **Registered Office & Corporate Office:**

Edelweiss House  
Off. C.S.T Road  
Kalina, Mumbai  
Maharashtra – 400 098  
Maharashtra, India  
**Tel.:** +91 22 4009 4400  
**Fax:** +91 22 4086 3610  
**Website:** [efildebtipo@edelweissfin.com](mailto:efildebtipo@edelweissfin.com)

#### **Registration**

Corporate Identity Number issued by the RoC: U67120MH1994PLC286057 and registration number is 286057.  
Legal Entity Identifier: 33580049HCK5HPWLJV93.

#### **Chief Financial Officer:**

**Shivaraman Iyer**  
Edelweiss House, Off C.S.T. Road, Kalina,  
Mumbai – 400 098, Maharashtra, India  
**Tel.:** +91 22 4009 4400  
**Fax:** +91 22 4086 3610  
**Email:** [efildebtipo@edelweissfin.com](mailto:efildebtipo@edelweissfin.com)

#### **Company Secretary and Compliance Officer:**

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

**Pooja Jayesh Doshi**

Edelweiss House,  
Off. C.S.T Road,  
Kalina, Mumbai – 400 098,  
Maharashtra, India  
**Tel.:** +91 22 4009 4400  
**Fax:** +91 22 4086 3610  
**Email:** efildebtipo@edelweissfin.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs, etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the collection centre of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances arising out of Applications for the NCDs made through the Online Mechanism of the Stock Exchange or through Trading Members may be addressed directly to the Stock Exchange.

**Registrar of Companies, Maharashtra at Mumbai**

100, Everest House  
Marine Lines  
Mumbai 400 002  
Maharashtra, India

**Lead Managers to the Issue**

<p><b>IDBI Capital Markets &amp; Securities Limited</b> 6th Floor, IDBI Tower World Trade Centre, Cuffe Parade Mumbai 400 005 Maharashtra, India <b>Tel.:</b> +91 22 2217 1700 <b>Fax:</b> +91 22 2215 1787 <b>Email:</b> efil.ncd@idbicapital.com <b>Investor grievance email:</b> redressal@idbicapital.com <b>Website:</b> www.idbicapital.com <b>Contact Person:</b> Anusha Shetty / Sumit Singh <b>Compliance Officer:</b> Christina D'souza <b>SEBI Registration No.:</b> INM000010866 <b>CIN:</b> U65990MH1993GOI075578</p>	<p><b>Edelweiss Financial Services Limited*</b> Edelweiss House, Off. CST Road, Kalina, Mumbai 400 098, Maharashtra, India <b>Tel.:</b> +91 22 4086 3535 <b>Fax:</b> +91 22 4086 3610 <b>Email:</b> efil.ncd@edelweissfin.com <b>Investor grievance e-mail:</b> customerservice.mb@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>Contact Person:</b> Lokesh Singhi <b>Compliance Officer:</b> B Renganathan <b>SEBI Registration No.:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641</p>
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\* In compliance with the proviso to Regulation 21A (1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended ("**Merchant Bankers Regulations**"), Edelweiss Financial Services Limited ("**EFSL**") will be involved only in marketing of the Issue.

**Debenture Trustee****Beacon Trusteeship Limited**

4 C & D, Siddhivinayak Chambers,  
Gandhi Nagar, Opposite MIG Cricket Club  
Bandra (East), Mumbai 400 051  
**Tel:** +91 22 26558759  
**Email:** compliance@beacontrustee.co.in  
**Investor Grievance e-mail:** investorgrievances@beacontrustee.co.in

**Website:** www.beacontrustee.co.in  
**Contact Person:** Vitthal Nawandhar  
**SEBI Registration Number:** IND000000569  
**CIN:** U74999MH2015PLC271288

Beacon Trusteeship Limited has pursuant to Regulation 4(4) of SEBI Debt Regulations, by its letter dated December 16, 2019 given its consent for its appointment as the Debenture Trustee to the Issue and for their name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

All the rights and remedies of the Debenture Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Debenture Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the Debenture Holders.

For details on the terms of the Debenture Trust Deed see section titled, “*Issue Related Information*” beginning on page 136 of this Prospectus.

**Registrar to the Issue:**

**Link Intime India Private Limited**

C- 101, 1st Floor, 247 Park  
LBS Marg, Vikhroli (West)  
Mumbai 400083, Maharashtra, India  
**Tel:** +91 22 4918 6200  
**Fax:** +91 22 4918 6195  
**Email:** Efil.ncd@linkintime.com  
**Investor Grievance mail:** Efil.ncd@linkintime.co.in  
**Website:** www.linkintime.co.in  
**Contact Person:** Shanti Gopalkrishnan  
**SEBI Registration Number:** INR000004058  
**CIN:** U67190MH1999PTC118368

Link Intime India Private Limited has by its letter dated December 16, 2019 given its consent for its appointment as Registrar to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

Applicants or prospective investors may contact the Registrar to the Issue or the Company Secretary & Compliance Officer in case of any pre-Issue or post-Issue related problems, such as non-receipt of Allotment Advice, demat credit etc. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant (“**DP**”) and the collection centre of the relevant Designated Intermediary where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicant.

**Credit Rating Agencies:**

<b>CRISIL Limited</b> CRISIL House, Central Avenue Hiranandani Business Park Powai, Mumbai 400 076, Maharashtra, India <b>Tel:</b> +91 22 3342 3000 <b>Fax:</b> +91 22 3342 3050	<b>CARE Ratings Limited</b> 4 <sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road Off. Eastern Express Highway, Sion (East) Mumbai 400 022, Maharashtra, India <b>Tel:</b> +91 22 6754 3456 <b>Fax:</b> +91 22 6754 3457/67
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**Email:** crisilratingdesk@crisil.com  
**Website:** www.crisil.com  
**Contact Person:** Krishnan Sitaraman  
**SEBI Registration No.:** IN/CRA/001/1999

**Email:** ravi.kumar@careratings.com  
**Website:** www.careratings.com  
**Contact Person:** Ravi Kumar Dasari  
**SEBI Registration No.:** IN/CRA/004/1999

### **Disclaimer of CRISIL Research for Industry Report**

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Edelweiss Finance & Investments Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval

### **Legal Counsel to the Issue**

#### **Khaitan & Co**

10<sup>th</sup> and 13<sup>th</sup> Floors, Tower 1  
One Indiabulls Centre  
841 Senapati Bapat Marg, Elphinstone Road  
Mumbai – 400 013  
Maharashtra, India  
**Tel:** + 91 22 6636 5000  
**Fax:** + 91 22 6636 5050

### **Current Statutory Auditors of our Company**

#### **S.R. Batliboi & Co. LLP**

12<sup>th</sup> Floor, The Ruby  
29 Senapati Bapat Marg  
Dadar, Mumbai – 400 028  
Maharashtra India  
**Tel:** + 91 22 6819 8000  
**Email:** srbc@srb.in  
**Firm Registration Number:** 301003E/E300005

The Statutory Auditors were appointed for a period of five years pursuant to a resolution of our Shareholders at their annual general meeting dated July 20, 2018.

### **Public Issue Account Bank and Refund Bank to the Issue**

#### **ICIC Bank Limited**

Capital Market Division, 1<sup>st</sup> Floor  
122, Mistry Bhavan, Dinshaw Vachha Road  
Backbay Reclamation, Churchgate  
Mumbai-400 020, Maharashtra, India  
**Tel:** +91 22 66818 923/924/911  
**Fax:** +91 22 2261 1138  
**Email:** kmr.saurabh@icicibank.com  
**Website:** www.icicibank.com

**Contact person:** Saurabh Kumar  
**SEBI registration no.:** INBI00000004

**Lead Brokers to the Issue**

<p><b>Axis Capital Limited</b>  Axis House, Level 1  C-2 Wadia International Centre  P.B. Marg, Worli, Mumbai 400 025  Maharashtra, India  <b>Tel:</b> +91 22 4325 3110  <b>Fax:</b> +91 22 4325 3000  <b>Email:</b> Ajay.sheth@axiscap.in /  Vinayak.ketkar@axiscap.in  <b>Website:</b> www.axiscapital.co.in  <b>Contact Person:</b> Ajay Sheth / Vinayak Ketkar  <b>SEBI Registration no.:</b> INM000012029</p>	<p><b>Edelweiss Securities Limited</b>  Edelweiss House, Off. C.S.T Road  Kalina, Mumbai 400 098  Maharashtra, India  <b>Tel:</b> +91 22-4063 5411/ +91 22 4063 5569  <b>Email:</b> Amit.dalvi@edelweissfin.com,  Prakash.boricha@edelweissfin.com  <b>Website:</b> www.edelweissfin.com/ www.edelweiss.in  <b>Contact Person:</b> Amit Dalvi /Prakash Boricha  <b>SEBI Registration no.:</b> INZ000166136</p>
<p><b>HDFC Securities Limited</b>  I Think techno Campus Building-B,  'Alpha', 8<sup>th</sup> Floor, Opp. Crompton Greaves  Near Kanjurmarg Station, Kanjurmarg (East)  Mumbai 400 042, Maharashtra, India  <b>Tel:</b> +91 22 3075 3400  <b>Fax:</b> +91 22 3075 3435  <b>Email:</b> DipeshA.kale@hdfc.com/  Dattatray.anpat@hdfcsec.com  <b>Website:</b> www.hdfcsec.com  <b>Contact Person:</b> Dipesh Kale/ Dattatray Anpat  <b>SEBI Registration no.:</b> INZ000186937</p>	<p><b>ICICI Securities Limited</b>  ICICI Centre, H.T. Parekh Marg, Churchgate  Mumbai 400 020, Maharashtra, India  <b>Tel:</b> +91 22 2277 7626  <b>Email:</b> rajat.rawal@icicisecurities.com  <b>Website:</b> www.icicisecurities.com  <b>Contact Person:</b> Rajat Rawal  <b>SEBI Registration no.:</b> INZ000183631</p>
<p><b>IDBI Capital Markets &amp; Securities Limited</b>  6th Floor, IDBI Tower  World Trade Centre, Cuffe Parade  Mumbai 400 005  Maharashtra, India  <b>Tel.:</b> +91 22 2217 1700  <b>Fax:</b> +91 22 2215 1787  <b>Email:</b> efil.ncd@idbicapital.com  <b>SEBI Registration No.:</b> INM000010866</p>	<p><b>IIFL Securities Limited</b>  6<sup>th</sup> &amp; 7<sup>th</sup> Floor, Ackruti Centre Point  Central Road, MIDC, Andheri (E)  Mumbai 400 093, Maharashtra, India  <b>Tel:</b> +91 22 3929 4000/ +91 22 4103 5000  <b>Fax:</b> +91 22 2580 6654  <b>Email:</b> cs@iifl.com  <b>Website:</b> www.indianinfoline.com  <b>Contact Person:</b> Mr. Prasad Umarale  <b>National Stock Exchange of India Limited, BSE Limited and SEBI Registration No.:</b>  INZ000164132</p>
<p><b>Integrated Enterprises (India) Private Limited</b>  A-123, 12th Floor, Mittal Tower  Nariman Point, Mumbai 400021  Maharashtra, India  <b>Tel:</b> +91 22 4066 1800  <b>Email:</b> krishnan@integratedindia.in  <b>Website:</b> www.integratedindia.in  <b>Contact Person:</b> V Krishnan  <b>SEBI Registration no.:</b> INZ000095737</p>	<p><b>JM Financial Services Limited</b>  2, 3 &amp; 4 Kamanwala Chambers, Ground Floor  Sir PM Road, Fort, Mumbai 400 001  Maharashtra, India  <b>Tel:</b> 022-61363400  <b>Email:</b> Surajit.misra@jmfl.com/  deepak.vaidya@jmfl.com/ tn.kumar@jmfl.com/  sona.verghese@jmfl.com  <b>Website:</b> www.jmfinancialservices.in  <b>Contact Person:</b> Surajit Misra/ Deepak Vaidya/ T N  Kumar/ Sona Verghese  <b>SEBI Registration no. :</b> INZ 000195834</p>
<p><b>Kotak Securities Limited</b>  4th Floor, 12 BKC, G Block  Bandra Kurla Complex, Bandra (East)  Mumbai-400 051, Maharashtra, India  <b>Tel:</b> +91 22 6218 5470  <b>Email:</b> umesh.gupta@kotak.com  <b>Website:</b> www.kotak.com</p>	<p><b>SMC Global Securities Limited</b>  17, Netaji Subhash Marg  Daryaganj, Delhi 110 002  <b>Tel:</b> +91 11 6662 3300, +91 9818620470, +91  9810059041  <b>Fax:</b> +91 11 3012 6061  <b>Email:</b> mkg@smcindiaonline.com,</p>



<b>Contact person:</b> Umesh Gupta <b>SEBI Registration no.:</b> INZ000200137	neerajkhanna@smcindiaonline.com <b>Website:</b> www.smctradeonline.com <b>Contact person:</b> Mahesh Gupta and Neeraj Khanna <b>SEBI Registration no.:</b> INZ000199438
<b>Trust Securities Services Private Limited</b> 1101, Naman Centre, 'G' Block, C-31, Bandra Kurla Complex, Bandra (East) Mumbai – 400051, Maharashtra, India <b>Tel:</b> +91 22 4084 5000 <b>Fax:</b> +91 22 4084 5066 <b>Email:</b> pranav.inamdar@trustgroup.in, mbd.trust@trustgroup.in <b>Website:</b> www.trustgroup.in <b>Contact Person:</b> Pranav Inamdar <b>SEBI Registration no.:</b> INZ000158031	

### Bankers to our Company

#### ICICI Bank Limited

ICICI Bank Tower  
Bandra Kurla Complex  
Bandra (East), Mumbai 400 051  
Maharashtra, India  
**Tel:** +91 22 6681 8906  
**Fax:** +91 22 6681 8844  
**Email:**pritesh.shah@icicibank.com  
**Contact Person:** Pritesh Shah  
**Website:** www.icicibank.com

#### Citibank N.A.

FIFC, 11<sup>th</sup> Floor, Plot no. C54 & C55  
G Block, Bandra Kurla Complex  
Bandra (East), Mumbai 400 098  
Maharashtra, India  
**Tel:** +91 22 6175 6921  
**Fax:** +91 22 2653 5872  
**Email:** Anurag.gauba@citi.com  
**Contact Person:** Anurag Gauba  
**Website:** www.online.citibank.co.in

### Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link.

In relation to Bids submitted under the ASBA process to a Member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the Members of the Syndicate is available on the website of SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Members of the Syndicate at Specified Locations, see the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

### Syndicate SCSB Branches

In relation to ASBA Applications submitted to the Members of the Syndicates or the Trading Members of the Stock Exchange only in the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Cities named by the respective SCSBs to receive deposits of ASBA Applications from such Members of the Syndicate or the Trading Members of the Stock Exchange is provided on <https://www.sebi.gov.in/> or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting ASBA Applications from Members of the Syndicate or the Trading Members of the Stock Exchange only in the Specified Cities, see the above-mentioned web-link.

### Broker Centres/ Designated CDP Locations/ Designated CRTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the ASBA Circular, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations

or the CRTAs at the Designated CRTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchange at [www.bseindia.com](http://www.bseindia.com). The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

### **CRTAs / CDPs**

The list of the CRTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the website of the BSE for RTAs and CDPs, as updated from time to time.

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013”*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 1 million or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 5 million or with both.

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size (i.e. ₹ 937.50 million). If our Company does not receive the minimum subscription of 75% of Base Issue Size (i.e. ₹ 937.50 million), as specified in Companies Act, 2013 and rules made thereunder, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 15 (fifteen) working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular bearing no. HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018

## Underwriting

The Issue is not underwritten.

## Arrangers to the Issue

There are no arrangers to the Issue.

## Credit Rating

The NCDs proposed to be issued under this Issue have been rated “CRISIL AA-/stable ” (pronounced as CRISIL double A minus with stable outlook) for an amount of ₹5,000 million, by CRISIL vide their letter dated December 13, 2019 and revalidated as “CRISIL AA-/Stable” (pronounced as CRISIL double A minus rating with stable outlook) by their revalidation letter dated January 6, 2020 and “CARE AA-;Stable” for an amount of ₹5,000 million, by CARE vide their letter dated December 17, 2019 and revalidated as “CARE AA-;Stable” (pronounced as double A minus rating with stable outlook) by their revalidation letter dated January 15, 2020. Such instruments carry high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. For the rationale for these ratings, see Annexure A and B to this Prospectus. These ratings are not recommendations to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

For the rationale for these ratings, see Annexure A and B of this Prospectus.

## Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please refer to the chapter titled “*Objects of the Issue*” on page 51 of this Prospectus.

## Issue Programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	Thursday, January 23, 2020
ISSUE CLOSES ON	Friday, January 31, 2020

\* *The Issue shall remain open for subscription on Working Days from 10 A.M. to 5 P.M. (Indian Standard Time) during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or the Debentures Committee, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisements in a leading national daily newspaper with wide circulation on or before such earlier date of Issue Closure or initial date of Issue closure, as the case may be. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

*Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, “IST”) (“Bidding Period”) during the Issue Period as mentioned above by the (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange Platform would be rejected.*

*Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing*

*Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.*

*Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.*

## CAPITAL STRUCTURE

### Details of share capital

The share capital of our Company as at December 31, 2019 is set forth below:

Share Capital	In ₹
<b>Authorised Share Capital</b>	
41,620,000 Equity Shares of face value of ₹10 each	416,200,000
31,380,000 Preference Shares of face value of ₹10 each	313,800,000
<b>Total Authorised Share Capital</b>	730,000,000
<b>Issued, Subscribed and Paid-up share capital</b>	
3,435,332 Equity Shares of face value of ₹ 10 each fully paid up	34,353,320
20,692,000 Preference Shares of face value of ₹10 each full paid up	206,920,000
<b>Securities Premium Account</b>	
Securities Premium	711,806,171

**Changes in the authorised share capital of our Company in the last five years preceding December 31, 2019:**

Date of EGM	Authorised Share Capital (in ₹)	Particulars
August 1, 2017	730,000,000	Reclassification of 38,620,000 Preference Shares of ₹10 each into 38,620,000 Equity Shares of ₹10 each.

**Changes in the Equity Share capital of our Company in the five years preceding December 31, 2019:**

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹ in million)	Cumulative Equity Share Premium (in ₹ in million)
August 4, 2017	585,000	10	512	Cash	Allotment to the Holding Company*	3,240,020	32.40	2,271.47
February 28, 2018	195,312	10	512	Cash	Allotment to the Holding Company*	3,435,332	34.35	2,369.52

\* Allotment to Edelweiss Financial Services Limited by way of a rights issue.

**Changes in the Preference Share capital of our Company in the five years preceding December 31, 2019:**

Date of redemption	No. of Preference Shares	Face Value (in ₹)	Redemption Price (in ₹)	Consideration	Nature of Allotment	Cumulative No. of Preference Shares outstanding after redemption	Cumulative Preference Share Capital outstanding after redemption (in ₹)	Cumulative Preference Share Premium after redemption (in ₹)
June 14, 2019	(10,688,000)*	10	15	Cash	N.A.	20,692,000	206,920,000	103,460,000

\*Redemption of preference shares.

### Issue of Equity Shares or Preference Shares for consideration other than cash

Our Company has not issued any Equity Shares or Preference Shares in the two years prior to the date of this Prospectus for consideration other than cash.

Shareholding pattern of our Company as at quarter ended December 31, 2019:

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form**
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: Equity Shares	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII)As a % of (A+B+C 2)	(IX)				(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	7*	3,435,332	-	-	3,435,332	100	3,435,332	-	3,435,332	100	-	-	NA	NA	NA	NA	600,000
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares Held by Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	7	3,435,332	-	-	3,435,332	100	3,435,332	-	3,435,332	100	-	-	-	-	-	-	600,000

\*6 individuals hold collectively hold 6 Equity Shares as nominees of Edelweiss Financial Services Limited.

\*\* Subsequently, all Equity Shares have been dematerialised.

None of the shares of our Company, held by the Promoter, are pledged or otherwise encumbered.

**Shareholding of Directors in our subsidiaries, joint ventures and associates**

Not Applicable

**Statement of the aggregate number of securities of our Company purchased or sold by our Promoter, the Promoter Group, directors of our Promoter, our Directors and/or their relatives within six months immediately preceding the date of filing of this Prospectus**

Not Applicable

**Details of holding of Equity Shares or Preference Shares by our Directors as on the date of this Prospectus**

Not applicable

**List of top ten holders of Equity Shares of our Company on December 31, 2019 is:**

Name of shareholders	Total number of Equity Shares held	No of shares in demat form**	Total shareholding as % of total no of Equity Shares
Edelweiss Financial Services Limited*	3,435,332	600,000	100

\*Ashish Bansal, Amit Pandey, Dipakkumar K Shah, Vinit Agarwal, Tarun Khurana and Bashyam Renganathan each hold 1 Equity Share as nominees on behalf of Edelweiss Financial Services Limited.

\*\* Subsequently, all Equity Shares have been dematerialised.

**List of top ten holders of Preference Shares of our Company as on December 31, 2019 is:**

Name of shareholders	Total number of Preference Shares held	No of Preference Shares in demat form	Total shareholding as % of total no of Preference Shares
Aman Mehta	670,000	670,000	3.24
Ashwani Talwar	670,000	670,000	3.24
Naresh Chander Oberoi	660,000	660,000	3.19
Jasmine Jehangir Jehangir	660,000	660,000	3.19
Ashok Kirtanlal Shah	660,000	660,000	3.19
Devika Dhanesh Raheja	600,000	600,000	2.90
Sunrise Industrial Traders Limited	530,000	530,000	2.56
Kolsite Corporation LLP	400,000	400,000	1.93
Siddharth Kirit Parekh	400,000	400,000	1.93
Mudit Vijaykumar Jatia	400,000	400,000	1.93

**Debt - equity ratio:**

The debt-equity ratio of our Company, prior to this Issue is based on a total borrowing of ₹12,389.67 million and shareholder Net worth amounting to ₹ 1,983.04 million as on September 30, 2019.

(in ₹ million)

Particulars	Pre-Issue (as on September 30, 2019)	Post Issue# (as on September 30, 2019)
<b>Part A</b>		
Debt securities	108.60	2,608.60
Borrowings (other than debt securities)	11,955.65	11,955.65
Subordinated Liabilities	325.42	325.42
<b>Total debts/borrowings</b>	<b>12,389.67</b>	<b>14,889.67</b>
Equity		

Particulars	Pre-Issue (as on September 30, 2019)	Post Issue# (as on September 30, 2019)
- Equity share capital	34.35	34.35
- Other Equity	1,984.36	1,984.36
Less: Deferred tax assets (net)	(35.67)	(35.67)
<b>Net worth</b>	<b>1,983.04</b>	<b>1,983.04</b>
<b>Part B</b>		
<b>Total Debt to equity ratio<sup>(2)</sup> (number of times)</b>	<b>6.25</b>	<b>7.51</b>

**Notes:**

1. Debt securities under "Post issue" column is computed on the basis that there is an inflow of ₹2,500 million from the proposed issue of secured redeemable non-convertible debentures.

2. Total debt to equity ratio = Total debts or borrowings/ Net Worth

3. Net worth = Equity Share Capital + Other Equity Less Deferred tax asset (net)

# Assuming the Issue is fully subscribed.

For details on the total borrowings of our Company, please refer to the chapter titled "Financial Indebtedness" beginning on page 132 of this Prospectus.

**Details of any Acquisition or Amalgamation in the last one year**

Our Company has not made any acquisition or amalgamation in the last one year prior to filing of this Prospectus.

**Details of any Reorganization or Reconstruction in the last one year**

Our Company has not undergone any reorganisation or reconstruction in the last one year prior to filing of this Prospectus.

**Details of Promoter's shareholding in our Company's subsidiaries**

Not Applicable

There are no outstanding borrowings taken/debt securities issued where taken/issued by our Company (i) for consideration other than cash, whether in whole or in part, or (ii) in pursuance of an option as on the date of this Prospectus. Further, other than the Preference Shares which have been issued at a premium of ₹5 per Preference Shares, no outstanding borrowings taken/debt securities issued have been taken/issued at a premium or discount.

As on December 31, 2019, our Company has issued no outstanding debt securities other than as disclosed in the "Financial Indebtedness" beginning on page 132 of this Prospectus.

For details of the top ten holders of debentures issued by our Company see "Financial Indebtedness" beginning on page 132 of this Prospectus.

**Employee stock option scheme:**

Our Company does not have any employee stock option scheme.



## OBJECTS OF THE ISSUE

Our Company has filed this Prospectus for public issue of secured redeemable non-convertible debentures of face value of ₹1,000 each (“NCDs”) aggregating upto ₹ 1,250 million with an option to retain oversubscription upto ₹ 1,250 million, aggregating upto ₹2,500 million (“Issue”).

Our Company is in the business of financing, and as part of our business operations, we raise/avail funds for onward lending and for repayment of existing loans.

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“Net Proceeds”), towards funding the following objects (collectively, referred to herein as the “Objects”):

1. For the purpose of onward lending and the repayment of interest and principal of existing borrowings of our Company; and
2. For general corporate purposes.

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The details of the proceeds of the Issue are set forth in the following table:

<i>(in ₹ million)</i>		
Sr. No.	Description	Amount
1.	Gross proceeds of the Issue	2,500.00
2.	(less) Issue related expenses*	(76.56)
3.	Net Proceeds	<b>2,423.44</b>

*\*The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of allottees, market conditions and other relevant factors.*

### Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

Sr. No.	Objects of the Fresh Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending and for repayment of interest and principal of existing borrowings of our Company	At least 75%
2.	General corporate purposes*	up to 25%
<b>Total</b>		<b>100%</b>

*\*The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the Debt Regulations.*

### Issue Related Expenses

The expenses of this Issue include, among others, fees for the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees.

The estimated breakdown of the total expenses for the Issue is as follows\*:

Particulars	Amount (₹ in million)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Fee Payable to intermediaries including Registrar to the Issue and Debenture Trustee	20.50	0.82%	26.78%
Lead Managers fee, selling and brokerage	46.06	1.84%	60.16%

<b>Particulars</b>	<b>Amount (₹ in million)</b>	<b>As percentage of Issue proceeds (in %)</b>	<b>As percentage of total expenses of the Issue (in %)</b>
commission and SCSBs processing fee			
Advertising and marketing, printing and stationery costs	5.00	0.20%	6.53%
Other miscellaneous expenses	5.00	0.20%	6.53%
<b>Total</b>	<b>76.56</b>	<b>3.06%</b>	<b>100.00%</b>

*\*Assuming the Issue is fully subscribed. The expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.*

Our Company shall pay processing fees to the SCSBs for ASBA forms procured by Lead Managers/ Consortium Members/ Sub-Consortium Members/ Lead Brokers / Sub brokers/Trading Members and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹10 per Application Form procured (plus service tax and other applicable taxes). However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee. Further, RTAs and CDPs shall be paid ₹ 10 per each valid Application Form procured.

#### **Funding plan**

Not applicable

#### **Summary of the project appraisal report**

Not applicable

#### **Schedule of implementation of the project**

Not applicable

#### **Interim use of Issue proceeds**

Our management will have the flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

#### **Monitoring of utilization of funds**

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Audit Committee shall monitor the utilization of the proceeds of the Issue in accordance with its terms of reference. For the relevant Financial Years commencing from Fiscal 2020, our Company will disclose in our financial statements, the utilization of the Net Proceeds of the Issue under a separate head along with details, if any, in relation to all such Net Proceeds that have not been utilized thereby also indicating investments, if any, of such unutilized Net Proceeds. Our Company shall utilize the Net Proceeds only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange.

#### **Variation in terms of contract or objects in Prospectus**

Our Company shall not, in terms of Section 27 of the Companies Act 2013, at any time, vary the terms of a contract referred to in this Prospectus or objects for which this Prospectus is issued, except subject to the approval of, or except subject to an authority given by the shareholders in general meeting by way of special resolution and after abiding by all the formalities prescribed in Section 27 of the Companies Act, 2013.

#### **Other Confirmations**

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue. In accordance with the Debt Regulations, our Company will not utilize the proceeds of the Issue for providing

loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property. The Issue proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

The Issue proceeds from NCDs allotted to Banks will not be utilized for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoter, our Directors, key managerial personnel, or companies promoted by our Promoter, except payments to be made by way of fees and commission to various Edelweiss group companies that participate in the Issue as SEBI registered intermediaries. Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, directly or indirectly in the acquisition of any immovable property or acquisition of securities of any other body corporate.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, cash flows, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

#### **Utilisation of Issue proceeds**

- (a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- (b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance Sheet indicating the purpose for which such monies had been utilised;
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance Sheet indicating the form in which such unutilized monies have been invested;
- (d) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property;

Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

## STATEMENT OF TAX BENEFITS

To  
The Board of Directors  
Edelweiss Finance & Investments Limited  
Edelweiss House, Off CST Road, Kalina,  
Mumbai – 400 098.

Dear Sirs,

Sub: Proposed public issue of Secured Redeemable Non-convertible Debentures ('NCDs') by Edelweiss Finance & Investments Limited (the "Issue").

The following note discusses the material tax provisions applicable to the Clients investing in the NCDs of Edelweiss Finance & Investments Limited (the "Company") under the Income-tax Act, 1961 (the "IT Act").

We have performed the following procedures:

- (i) Read the statement of tax benefits as given in Annexure I, and
- (ii) Evaluated with reference to the provisions of the IT Act to confirm that statements made are correct in all material respect.

Because the above procedures do not constitute either an audit or review made in accordance with the Standard on Related Services (SRS) 4400, "Engagements to perform Agreed-upon procedures regarding Financial information", issued by the Institute of Chartered Accountants of India, we do not express any assurance on the Statement of Tax Benefits, as set out in Annexure I.

We confirm that the Statement of Tax Benefits as set out in Annexure I materially covers all the provisions of the IT Act as amended with respect to Debenture Holders. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws.

The benefits discussed in the enclosed Annexure I are not exhaustive. The statement is only intended to provide general information and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation.

The contents of the enclosed Annexure I are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

We hereby consent to inclusion of the extracts of this certificate in the draft prospectus, prospectus and any other document in relation to the Issue.

This certificate has been issued at the request of Edelweiss Finance & Investments Limited for use in connection with the Issue and may accordingly be furnished as required to the BSE Limited or any other regulatory

authorities, as required, and shared with and relied on as necessary by the Company's advisors and intermediaries duly appointed in this regard.

**For S. R. Batliboi & Co. LLP**

**Chartered Accountants**

**ICAI Firm registration number: 301003E/E300005**

**UDIN: 19102102AAABFA8297**

**per Shrawan Jalan**

**Partner**

**Membership No. 102102**

**December 19, 2019**

**Mumbai**

## ANNEXURE I

### **STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)**

The note is based on the provisions of the IT Act, as on date, taking into account the amendments made by the Finance (No. 2) Act, 2019 (FA 2019) and the Taxation Laws (Amendment) Act, 2019<sup>1</sup>.

This note intends to provide general information on the applicable provisions of the IT Act. However, in view of the nature of the implications, the investors are best advised to consult their respective tax advisors/consultants for appropriate counsel with respect to the specific tax and other implications arising out of their participation in the Portfolio as indicated herein.

#### **Taxability under the IT Act**

##### ***1. Taxability under various heads of Income***

The returns received by the investors from NCD in the form of interest and the gains on the sale/ transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the IT Act:

- Profits and gains from business;
- Income from capital gains; and
- Income from other sources.

The returns from the investment in the form of interest would generally be subject to tax under the head “income from other sources”. Under certain circumstances depending upon the facts and circumstances of the taxpayer, the interest income may be subject to tax under the head “Profits and gains from business”.

The gains from the sale of the instrument or security may be characterised either as “Profits and gains from business” or as “Capital Gains”. This is discussed in the following paragraph.

##### **(i) “Profit and gains from business” versus “Capital gains”**

Gains from the transfer of securities/instruments of the investee companies may be characterised as “Capital Gains” or as “Profits and gains from business” in the hands of an investor, depending upon whether the investments in NCD are held as ‘investments’ or as ‘stock in trade’. This can vary based on the facts of each investor’s case (taking into account factors such as the magnitude of purchases and sales, ratio between purchases and sales, the period of holding, whether the intention to earn a profit from sale or to earn interest etc.)

*The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.*

##### ***2. Taxation of interest, profits from business and capital gains***

#### ***Taxation of Interest***

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<sup>1</sup> The Taxation Laws (Amendment) Bill, 2019 was passed by the Lok Sabha on 2 December 2019 and by the Rajya Sabha on 5 December 2019 and it has received the assent of the President of India on 11 December 2019.

Income by way of interest received on debentures, bonds, and other debt instruments held as investments will be charged to tax as under the head “Income from Other Sources” at the rates applicable to the investor after deduction of expenses, if any, allowable under section 57 of the IT Act. These are essentially, expenses (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of earning the interest income.

In case of debentures, bonds or other debt instruments held as stock in trade and sold before their maturity, the interest accrued thereon till the date of sale and included in the sale price, may also be charged to tax as “business income” (treatment separately discussed below).

Further, in case of certain specific fixed income securities and certain debt instruments, purchased and held as investments and transferred prior to maturity, the gain from the transfer may also possibly be characterised as “capital gains” (treatment separately discussed below).

*The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.*

### ***Taxation of Profits and gains from business***

As discussed above, depending on the particular facts of each case, the investments may, in certain cases, be regarded to be in the nature of stock in trade and, hence, the gains from the transfer/ sale of such investments would be considered to be in the nature of “Profits and gains from business”.

In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a ‘net’ basis (that is, net of allowable deductions for expenses/allowances under Chapter IV-D of the IT Act).

The “Profits and gains from business” so computed, as reduced on account of set-off of losses and unabsorbed allowances, if any, would go to form part of the gross total income of the investor.

The gross total income would be reduced by deductions if any available under Chapter VI-A of the IT Act and the resultant total income would be subject to tax at the tax rates as applicable to the investor (Refer Note 1 and Note 2).

Based on section 145 of the IT Act, the timing of charging any income to tax would depend on the method of accounting followed by the taxpayer consistently (i.e. cash or mercantile).

*Investors should obtain specific advice from their tax advisors regarding the manner of computing business income, the deductions available therefrom and the tax to be paid thereon.*

### ***Taxation of Capital Gains***

As discussed above, based on the particular facts of each case, the investments may, in certain cases, be regarded to be in the nature of capital assets and hence the gains from the transfer/ sale of such investments would be considered to be in the nature of “capital gains”.

As per section 2(14) of the IT Act, the term ‘capital asset’ had been defined to inter alia mean any securities held by a foreign institutional investor which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992.

- ***Period of holding – long-term & short-term capital assets***

A security (other than a unit) listed on a recognised stock exchange in India or zero-coupon bond (as defined) held for a period of more than 12 months are considered long-term capital assets.

In case of share of an unlisted company and immovable property, they will be considered as a long-term capital

asset where they are held for a period of more than 24 months.

Any assets (other than as described above), are considered long-term capital assets where they are held for a period of more than 36 months.

The above assets, where held for a period of not more than 12 months/ 24 months/ 36 months, as the case may be, will be treated as short-term capital assets.

The gains arising from the transfer of long-term capital assets are termed as long-term capital gains.

The gains arising from the transfer of short-term capital assets are termed as short-term capital gains.

- **Computation of capital gains**

*Capital gains are computed after reducing from the consideration received from the transfer of the capital asset, the cost of acquisition of such asset and the expenses incurred wholly and exclusively in connection with the transfer.*

- **Nature of transactions and resultant capital gain treatment**

The capital gains tax treatment of transactions is given in Note 4.

The following transactions would attract the “regular” capital gains tax provisions:

- Transactions of sale of debentures, bonds, listed or otherwise; and
- Transactions in structured debentures.

- **Set off of capital losses**

Long-term capital loss of a year can be set off only against long-term capital gains arising in that year and cannot be set off against short-term capital gains arising in that year. On the other hand, short-term capital loss in a year can be set off against both short-term and long-term capital gains of the same year.

*Unabsorbed short-term and long-term capital loss of prior years can be separately carried forward for not more than eight assessment years immediately succeeding the assessment year for which the first loss was computed. Unabsorbed short-term capital loss shall be eligible for set off against short-term capital gains as well as long-term capital gains. However, unabsorbed long-term capital loss shall be eligible to be set off only against long-term capital gains.*

- **Certain deductions available under Chapter VI-A of the IT Act**

*Individuals and Hindu Undivided Families would be allowed a deduction in computing total income, inter alia, under section 80C of the IT Act for an amount not exceeding INR 150,000 with respect to sums paid or deposited in the previous year in certain specified schemes.*

- **Alternate Minimum Tax (“AMT”)**

The IT Act provides for the levy of AMT to tax investors (other than companies) at the rate of 18.5 per cent (plus applicable surcharge and health and education cess) on the adjusted total income. In a situation where the income-tax computed as per the normal provisions of the IT Act is less than the AMT on “adjusted total income”, the investor shall be liable to pay tax as per AMT. “Adjusted total income” for this purpose is the total income before giving effect to the deductions claimed under section C of chapter VI-A (other than section 80P) and deduction claimed, if any, under section 10AA and deduction claimed, if any, under section 35AD as



reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction under section 35AD was allowed in respect of the assets on which the deduction under that section is claimed. AMT will not apply to an Individual, HUF, AOP, BOI or an Artificial Juridical Person if the adjusted total income of such person does not exceed INR 20 lakhs. Further, the credit of AMT can be further carried forward to fifteen subsequent years and set off in the year(s) where regular income tax exceeds the AMT.

The provisions of AMT also provide that the Foreign Tax Credit (FTC) claimed against AMT liability which exceeds the FTC that would have been allowable while computing income under normal provisions, would be ignored while computing tax credit under AMT.

- ***Minimum Alternative Tax (“MAT”)***

The IT Act provides that where the tax liability of a company (under the regular provisions of the IT Act) is less than 15 per cent of its 'book profit', then the book profit is deemed to be its total income and tax at the rate of 15 per cent (plus applicable surcharge and health and education cess – Refer Note 2) is the MAT payable by the company.

Tax credit is allowed to be carried forward for fifteen years immediately succeeding the assessment year in which tax credit becomes allowable. The tax credit can be set-off in a year when the tax becomes payable on the total income is in accordance with the regular provisions of the IT Act and not under MAT.

The CBDT vide its Circular no. 29 of 2019 dated 2 October 2019 has clarified that MAT credit is not available to a domestic company exercising option under for section 115BAA of the Act. The circular further clarifies that there is no time limit within which the option under section 115BAA of the Act can be exercised and accordingly, a domestic company having accumulated MAT credit may, if it so desires, exercise the option of section 115BAA of the Act at a future date, after utilizing the MAT credit against tax payable as per the regime existing prior to the Taxation Laws (Amendment) Act, 2019.

As per the provisions of section 115JB of the IT Act, the amount of income accruing or arising to a foreign company from capital gains arising on transactions in securities or interest, royalty, or fees for technical services chargeable to tax at the rates specified in Chapter XII of the IT Act, shall be excluded from the purview of MAT, if such income is credited to the Profit and Loss Account and the tax payable on such income under the normal provisions is less than the MAT rate of 15 per cent. Consequently, corresponding expenses shall also be excluded while computing MAT.

Further, Explanation 4 to section 115JB of the IT Act clarifies that provisions of MAT will not apply to a foreign company if:

- (a) It is a resident of a country with which India has a DTAA and the company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or
- (b) it is a resident of a country with which India does not have a DTAA and the foreign company is not required to register under any law applicable to companies.

Further, it is provided that the FTC claimed against MAT liability which exceeds the FTC that would have been allowable while computing income under normal provisions, would be ignored while computing tax credit under MAT.

Also, sub-section 5A to section 115JB, inserted vide the Taxation Laws (Amendment) Act, 2019 provides that the provisions of section 115JB shall not apply to a person who has exercised the option referred under section 115BAA or section 115BAB of the IT Act.

- ***Taxability of non-resident investors under the tax treaty***

In case of non-resident investor who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (“DTAA” or “tax treaty”) (which is in force) income tax is payable at the rates provided in the IT Act, as discussed below, or the rates provided in such tax treaty, if any, whichever is more beneficial to such non-resident investor.

For non-residents claiming such tax treaty benefits, the IT Act mandates the obtaining of a Tax Residency Certificate (“TRC”) from the home country tax authority of.

Section 90(5) of the IT Act provides that an assessee to whom a DTAA applies shall provide such other documents and information, as may be prescribed. Further, a notification substituting Rule 21AB of the Income-tax Rules, 1962 (“Rules”) has been issued prescribing the format of information to be provided under section 90(5) of the IT Act, i.e. in Form No 10F. Where the required information<sup>2</sup> is not explicitly mentioned in the TRC, the assessee shall be required to furnish a self-declaration in Form No 10F and keep and maintain such documents as are necessary to substantiate the information mentioned in Form 10F.

- **General Anti Avoidance Rules (“GAAR”)**

The General Anti Avoidance Rule (“GAAR”) was introduced in the IT Act by the Finance Act, 2012. The FA, 2015 made the provisions of GAAR applicable prospectively from 1 April 2017. Further, income accruing, arising, deemed to accrue or arise or received or deemed to be received by any person from transfer of investments made up to 31 March 2017 would be protected from the applicability of GAAR.

- **Widening of taxability of Capital Gains**

In the context of taxation of capital gains, the definitions of “capital asset” and “transfer” are widened with retro-effect from 1 April 1961 specifically with a view to tax, in the hands of non-residents, gains from direct or indirect transfer of assets situated in India.

- **Withholding provisions**

Sr. No	Scenarios	Provisions
1	Withholding tax rate on interest on NCD issued to Indian residents	<ul style="list-style-type: none"> <li>▪ Interest paid to residents other than insurance companies will be subject to withholding tax as per section 193 of the IT Act at the rate of 10 per cent.</li> <li>▪ Further, no tax is required to be deducted on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder</li> </ul>
2	Withholding tax rate on interest on NCD issued to Foreign Portfolio Investor (FPI)	<ul style="list-style-type: none"> <li>▪ Interest on NCD issued to FPI may be eligible for concessional withholding tax rate of 5 per cent under section 194LD of the IT Act.</li> <li>▪ Interest on NCD issued to FPI may alternatively be eligible for concessional tax rate of 5 per cent under section 194LC(2)(ia) of the IT Act provided specific approval is obtained from Central Government for interest rate.</li> </ul> <p>If both sections i.e. 194LC and 194LD of the IT Act are not applicable, then</p>

<sup>2</sup> - Status (individual, company, firm etc) of the taxpayer;

- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);

- Taxpayer's tax identification number in the country or specified territory of residence (In case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the taxpayer claims to be a resident);

- Period for which the residential status, as mentioned in the certificate of residence is applicable; and

- Address of the taxpayer in the country or specified territory outside India, during the period for which the certificate is applicable.

Sr. No	Scenarios	Provisions
		<p>tax deduction should be made as per sections 196D read with section 115AD of the IT Act i.e. at 20 per cent subject to relief under the relevant DTAA</p> <ul style="list-style-type: none"> <li>Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge as applicable.</li> </ul>
3	Withholding tax rate on interest on NCD issued to non-residents other than FPIs	<ul style="list-style-type: none"> <li>Interest payable to non-resident (other than FPI) would be subject to withholding tax at the rate of 30 per cent/40 per cent as per the provisions of section 195 of the IT Act depending upon the status of the non-resident.</li> </ul> <p>Alternatively, benefits of concessional rates of 5 per cent under section 194LC of the IT Act could be availed provided specific approval is obtained from the Central Government with respect to the rate of interest.</p> <ul style="list-style-type: none"> <li>Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge, as applicable.</li> </ul>

**Notes:**

**Note 1: Tax rates**

**Resident Individuals and Hindu Undivided Families**

The individuals and HUFs are taxed in respect of their total income at the following rates:

Slab	Tax rate *
Total income up to Rs 250,000 <sup>#</sup>	Nil
More than Rs 250,000 <sup>#</sup> but up to Rs 500,000 <sup>@</sup>	5 per cent of excess over Rs 250,000
More than Rs 500,000 but up to Rs 1,000,000	20 per cent of excess over Rs 500,000 + Rs 12,500 <sup>§</sup>
Exceeding Rs 1,000,000	30 per cent of excess over Rs 1,000,000 + Rs 112,500 <sup>§</sup>

@A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.”

\* plus surcharge, as applicable (refer **Note 2**) and health and education cess at the rate of 4 per cent.

<sup>#</sup> for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 250,000 has to be read as Rs 300,000 and for resident senior citizens of eighty years of age and above (“super senior citizen) Rs 250,000’ has to be read as Rs 500,000.

<sup>§</sup>Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 12,500 has to be read as Rs 10,000 and Rs 112,500 has to be read as Rs 110,000. And for super senior citizen Rs 12,500 has to be read as Nil and Rs 112,500 has to be read as Rs 100,000.

## Partnership Firms & LLP's

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

## Domestic Companies

Type of Domestic company	Base normal tax rate on income (other than income chargeable at special rates)	Base MAT rate
Domestic companies having turnover of less than Rs 400 Cr in FY 2017-18	25 per cent	15 per cent
Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 per cent	15 per cent
Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA)	22 per cent	Not applicable
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing upto 31 March 2023, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 per cent	Not applicable
Domestic companies not falling under any of the above category	30 per cent	15 per cent

### Note 2: Surcharge (as applicable to the tax charged on income)

#### Non-corporate assesseees other than firms and co-operative societies (other than FPIs)

Particulars	Rate of Surcharge
Where total income (including income under the provisions of section 111A and section 112A of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding income under the provisions of section 111A and section 112A of the Act) does not exceed Rs 2 crore but total income (including income under the provisions of section 111A and section 112A of the Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	25 per cent on tax on income excluding income under the provisions of section 111A and, section 112A of the IT Act 15 per cent on tax on income under the provisions of section 111A and, section 112A of the IT Act
Where total income (excluding income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 5 crore	37 per cent on tax on income excluding income under the provisions of section 111A and, section 112A of the IT Act 15 per cent on tax on income under the provisions of section 111A and, section 112A of the IT Act

### FPIs (Non –corporate)

Particulars	Rate of Surcharge
Where total income (including income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding income of the nature referred to in section 115AD(1)(b) of the Act) does not exceed Rs 2 crore but total income (including income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	25 per cent on tax on income excluding income of the nature referred to in section 115AD(1)(b) of the IT Act 15 per cent on tax on income of the nature referred to in section 115AD(1)(b) of the IT Act
Where total income (excluding income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 5 crore	37 per cent on tax on income excluding income of the nature referred to in section 115AD(1)(b) of the IT Act 15 per cent on tax on income of the nature referred to in section 115AD(1)(b) of the IT Act

### For assessee other than those covered above

Particulars	Rate of surcharge applicable
Non-corporate taxpayers being firms and co-operative societies	Nil where taxable income does not exceed Rs 1 crore
	12 per cent where income exceeds Rs 1 crore
Domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the IT Act)	Nil where taxable income does not exceed Rs 1 crore
	7 per cent where taxable income does not exceed Rs 1 crore but does not exceed Rs 10 crore
	12 per cent where taxable income exceeds Rs 10 crore
Domestic companies availing benefit under section 115BAA and section 115BAB of the IT Act	10 per cent (irrespective of taxable income)
Foreign Companies (including corporate FPIs)	Nil where taxable income does not exceed is equal to or less than Rs 1 crore
	2 per cent where taxable income exceeds Rs 1 crore but does not exceed Rs 10 crore
	5 per cent where taxable income exceeds Rs 10 crore

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

### Note 3: Taxability of interest income

*For all Residents (including Indian Corporates)*

In case of residents, where interest income is taxable as ‘income from other sources’ or ‘income from business or profession’ should be chargeable to tax as per the rates given in Note 1 and Note 2 above.

*For Non-residents (other than FPI entities)*

In case of non-residents, under the IT Act the interest income should be chargeable to tax at the rate of 30/ 40 per cent depending on the status of the non-resident (plus applicable surcharge and health and education cess).

However, the above is subject to any relief available under DTAA and any Covered Tax Agreement (CTA) entered into by the Government of India.

*For FPI entities*

In case of FPI, interest on NCD may be eligible for concessional tax rate of 5 per cent (plus applicable surcharge and health and education cess) under section 194LD or 194LC of the IT Act. Further, in case where section 194LD or 194LC is not applicable, the interest income earned by FPI should be chargeable tax at the rate of 20 per cent under section 115AD of the IT Act.

However, the above is subject to any relief available under DTAA and any CTA entered into by the Government of India.

**Note 4: Regular capital gains tax rates**

**1. Tax on Long-term Gains**

*1.1 For all Residents (including Indian Corporates)*

Long-term Capital Gains (other than long-term capital gains chargeable under section 112A of the IT Act) will be chargeable to tax under Section 112 of the IT Act, at a rate of 20 per cent (plus applicable surcharge and health and education cess respectively – Refer Note 2) with indexation.

Alternatively, the tax rate may be reduced to 10 per cent without indexation (plus applicable surcharge and health and education cess– Refer Note 2) in respect of listed securities (other than a unit) or zero-coupon bonds (as defined).

However, as per the fourth proviso to section 48 of the IT Act, benefit of indexation of cost of acquisition under second proviso to section 48 of the IT Act, is not available in case of bonds, debentures, except capital indexed bonds. Accordingly, long term capital gains on listed bonds arising to the bond holders, should be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

*1.2 For Resident Individuals and HUFs only*

Where the taxable income as reduced by long-term capital gains is below the exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be charged at a rate of 20 per cent with indexation (plus applicable surcharge and health and education cess – Refer Note 2).

Alternatively, the tax rate may be reduced to 10 per cent without indexation (plus applicable surcharge and health and education cess – Refer Note 2) in respect of listed securities (other than a unit) or zero-coupon bonds as defined.

However, as per the fourth proviso to section 48 of the IT Act, benefit of indexation of cost of acquisition under second proviso to section 48 of the IT Act, is not available in case of bonds, debentures, except capital indexed bonds. Accordingly, long term capital gains arising to the bond holders, should be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

### 1.3 *For Non-Resident Individuals*

Long-term capital gains (other than long-term capital gains chargeable under section 112A of the IT Act) in case of listed securities will be chargeable under Section 112 of the IT Act at a rate of 20 per cent (plus applicable surcharge and health and education cess – Refer Note 2) with applicable foreign exchange fluctuation benefit or indexation, as the case may be. The tax payable (for other than a listed unit) could alternatively be determined at 10 per cent (plus applicable surcharge and health and education cess – Refer Note 2) without indexation.

The above-mentioned rates would be subject to applicable treaty relief.

### 1.4 *For FPI entities*

As per section 115AD of the IT Act, long term capital gains on transfer of NCD by FPI are taxable at 10 per cent (plus applicable surcharge and cess).

The above-mentioned rates would be subject to applicable treaty relief.

## **2. Tax on Short-term Capital Gains**

Short-term capital gains are chargeable to tax as per the applicable general tax rates (discussed in Note 1 and Note 2 above).

In case of FPI, as per section 115AD of the IT Act, short term capital gains on transfer or sale of NCDs are taxable at the rate of 30 per cent (plus applicable surcharge and cess).

### **Note 5: Relevant definitions under the IT Act**

“*Securities*” shall have the same meaning as assigned in section 2(h) of the Securities and Contracts (Regulation) Act, 1956, which, *inter alia*, includes:

- shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- derivative;
- units or any other such instrument issued to the investors under any mutual fund scheme; and
- rights or interest in securities;

For the purpose of section 112 of the IT Act:

- “*Listed securities*” means the securities which are listed on any recognised stock exchange in India.
- “*Unlisted securities*” means securities other than listed securities.

“Zero coupon bond” means a bond-

- issued by any infrastructure capital company or infrastructure capital fund or public sector company [or scheduled bank] on or after 1 June 2005;
- in respect of which no payment and benefit is received or receivable before maturity or redemption from infrastructure capital company or infrastructure capital fund or public sector company [or scheduled bank]; and
- which the Central Government may, by notification in the Official Gazette, specify in this behalf.

**Note 6: Amendments in the withholding tax provisions**

Section 139A(5A) requires every person from whose income tax has been deducted under the provisions of chapter XVIIIB of the IT Act, to furnish his PAN to the person responsible for deduction of tax at source.

As per provisions of section 206AA of the IT Act, the payer would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the payer. The penal rate of TDS is 20 per cent or any higher rate of TDS, as may be applicable, plus applicable surcharge and health and education cess.

Section 206AA of the IT Act provides that the provisions shall not apply to non-residents in respect of payment of interest on long-term bonds as referred to in section 194LC and any other payment subject to such conditions as may be prescribed.

Further, the CBDT, vide its notification dated 24 June 2016, has clarified that the provisions of section 206AA shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services and payment on transfer of capital assets provided the non-residents provide the following information to the payer of such income:

- Name, email-id, contact number;
- Address in the country or specified territory outside India of which the deductee is a resident;
- A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
- Tax Identification Number of the deductee in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.



## SECTION IV - ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Lead Managers, or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded-off for presentation in this Prospectus.

This section contains copies of certain tables and charts from the CRISIL Research – ‘*Assessment of Loan against securities industry in India- December 2019*’. The use of the letter “E” after a number means it is an estimated number and the use of the letter “P” after a number means it is a projected number.

#### **Overview of the NBFC landscape in India**

##### *Systemic credit scenario in India*

#### **Assessment of overall credit and retail credit in India**

#### **Retail versus non-retail credit in total systemic credit in India**

Corporate credit determines growth in overall credit as it accounts for nearly two-third of the overall systemic credit. Corporate (industry + services) credit of banks grew just approximately 3% on-year as at March 2019, as demand dropped sharply and alternate capital market channels opened up. Overall systemic corporate credit saw a growth of approximately 9% in FY 2019. However, its contribution to overall loans decreased as players aggressively focused on the retail segment. The systemic retail credit has witnessed a slowdown with a growth of 15% in FY 2019 as compared to growth of 19% in FY 2018 due to slowdown in consumer demand.

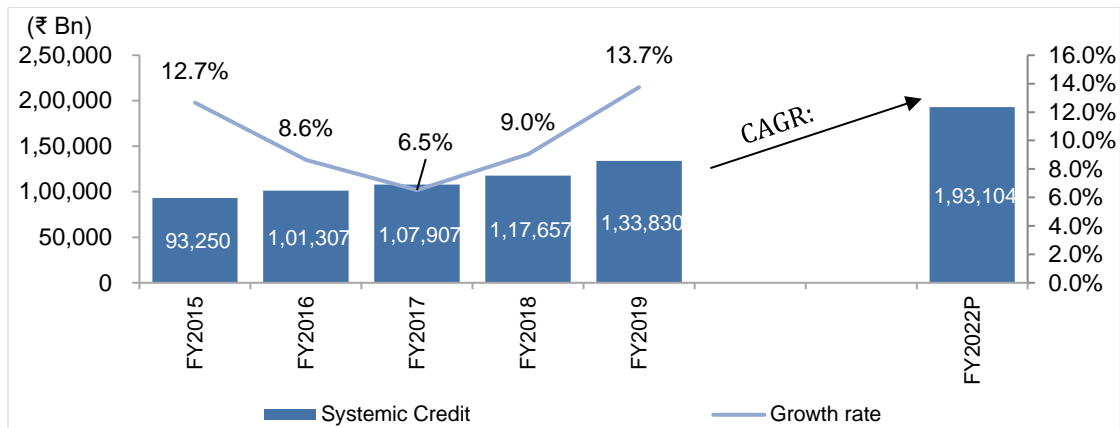
#### **Retail segment key growth driver in systemic credit; NBFCs' share in retail credit to increase**

The total systemic credit has grown at a CAGR of 9% to reach Rs. 133 trillion in FY 2019 from Rs. 93 trillion in FY 2015. During the same period, the banking credit grew at a CAGR of 8% while the NBFC credit grew at a CAGR of 16%. As at FY 2019, the retail segment accounted for one-fourth of the overall systemic credit. With slow growth in the corporate loan portfolio, banks have shifted their focus to retail, where, growth and risk-reward opportunities are more favourable in the current leg of the cycle. High impairment in the corporate loan portfolio and relatively lower risk in retail is leading to high growth in the retail portfolio. With NBFCs contributing strongly in overall retail credit, systemic retail credit reached Rs. 35.2 trillion as at March 2019, after growing at a four-year CAGR of 17% from FY 2015 to FY 2019. The share of systemic retail credit in total systemic credit also improved to 26% by the end of March 2019 from 20% in FY 2015.

The market is expected to pick up in FY 2020 supported by capital infusion of Rs. 700 billion which will help the remaining PSBs to come out of PCA framework. It will also provide growth capital for weak PSBs and allow them to grow at 4-6% in FY 2020.

CRISIL expects systemic credit to grow at a CAGR of ~13% over the next 3 years. The bank credit is expected to grow at a rate of approximately 12% over the next 3 years whereas NBFC credit is expected to grow at a rate of approximately 15% during the same period.

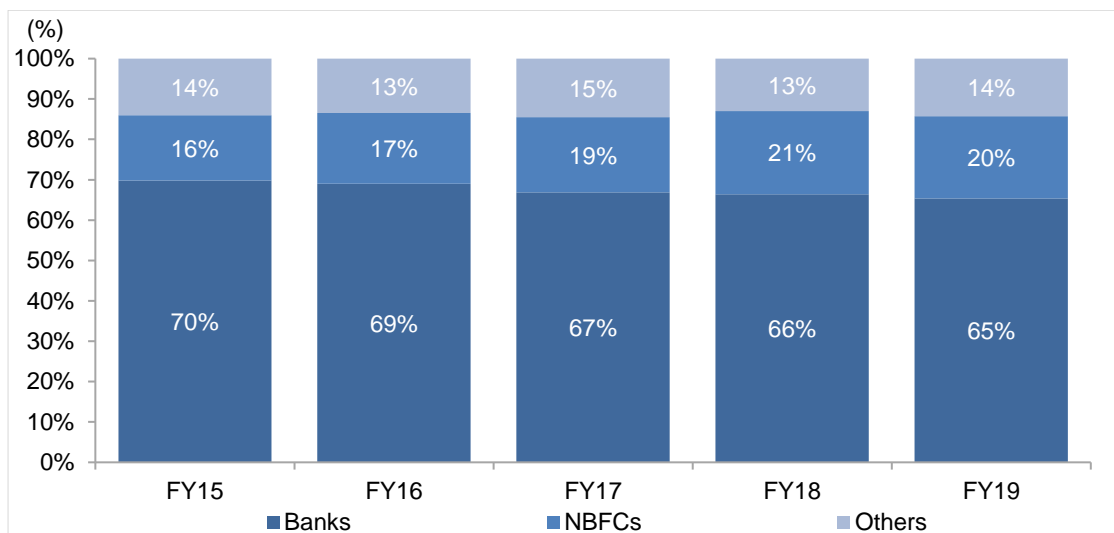
### Systemic growth rebounded to double digit again



Note: P: Projected; Systemic credit includes domestic banking credit, NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by Banks and NBFCs

Source: Reserve bank of India (RBI), Company Reports, CRISIL Research

### NBFCs share in total systemic credit has improved over the years

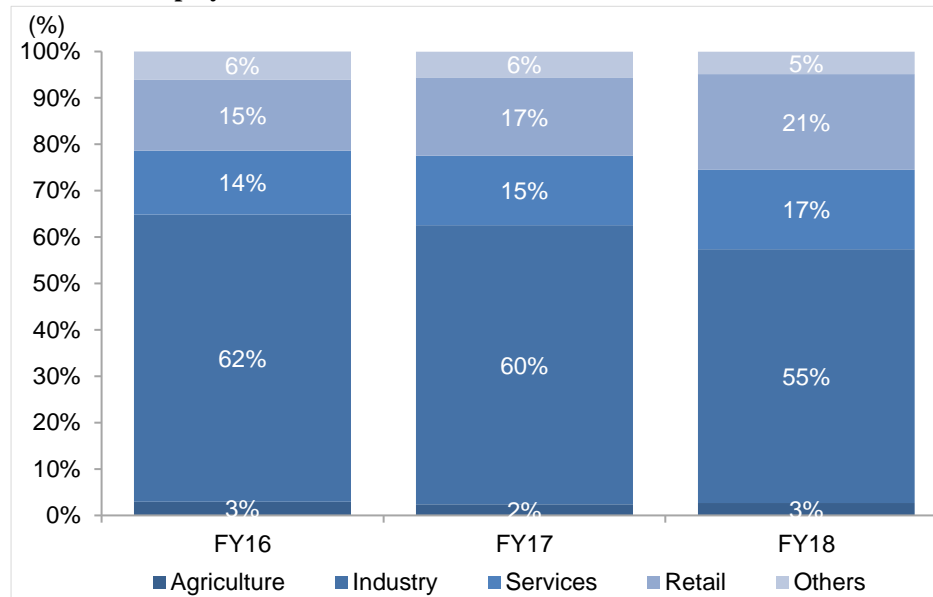


Note: P: Projected; others include Corporate bonds, Commercial paper and external debt excluding banks and NBFCs

Source: Company Reports, CRISIL Research

Prior to FY 2015, the NBFCs credit growth was led due to credit to sectors like infrastructure and industry. This was followed by a strong retail book loan growth between the period FY 2015 and FY 2018. However, in FY 2019, the NBFCs witnessed a moderation in credit growth due to liquidity concerns in the system.

### Sector-wise deployment of NBFC credit

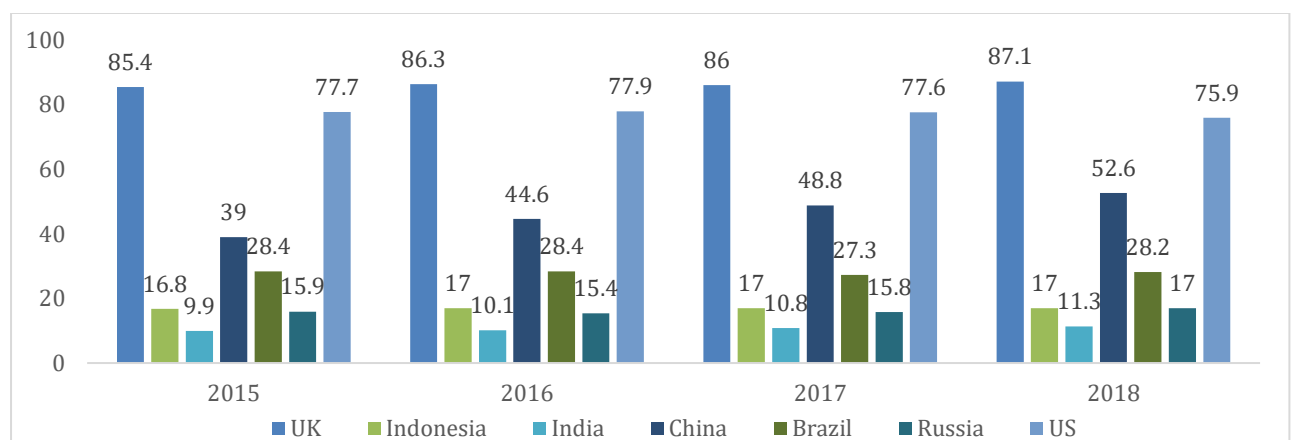


Source: RBI, CRISIL Research

While systemic credit in India grew at a tepid rate of 9% annually between FY 2015 and FY 2019, retail credit grew at a much faster rate of 17% CAGR during the same period. The growth in retail credit is expected to sustain over the next 3 years. This growth will be propelled by an increase in private consumption with steady rise in GDP growth, a shift in attitude with consumers who are much more open to taking on debt, continuing trend of urbanisation and nuclearisation, increased availability of data from credit bureaus as well as non-traditional data and financiers leveraging technology and data analytics to serve their target markets in a much more efficient manner.

Indian economy is consumption led and this has kept the economy going through a multi-year investment slowdown. This has led to an increase in money borrowed by the individual and the rising level of household debt. For example: The retail loan (includes consumer durable, housing loans, vehicle loans and other personal loans) given by banks has increased at 18% CAGR from Rs. 11.6 trillion in FY 2015 to Rs. 22.2 trillion in FY 2019. Despite the fast growth, India's household debt in relation to its GDP still remains low at 11.3% as compared to BRICS countries – 17% in Russia, 28% in Brazil and 52% in China. CRISIL Research expects the retail credit growth to continue with banks and NBFCs focus towards this segment.

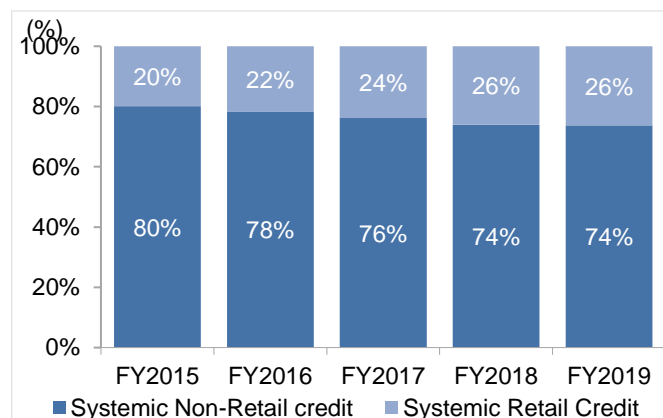
### Credit to household (as a % of GDP)



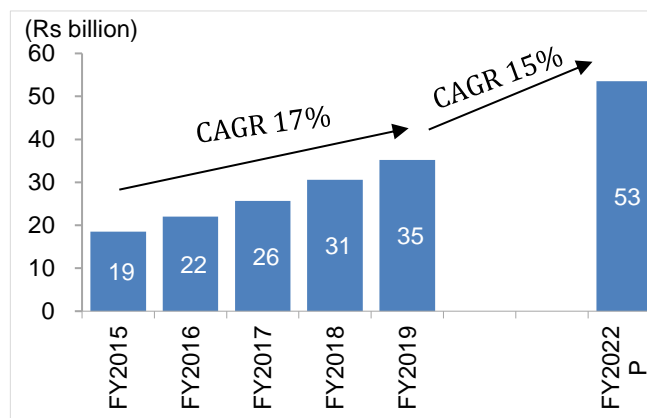
Source: Bank of International Settlements, CRISIL Research

Systemic credit growth is on an increasing trend in the last two fiscal years, driven by higher credit penetration especially in the retail segment. NBFCs (non-banking financial institutions) are playing a major role as their share is increasing in overall credit, however the share of NBFCs in overall systemic credit declined from 21% in FY 2018 to 20% in FY 2019 due to liquidity squeeze.

**Retail segment accounted for over one-third of overall systemic credit**



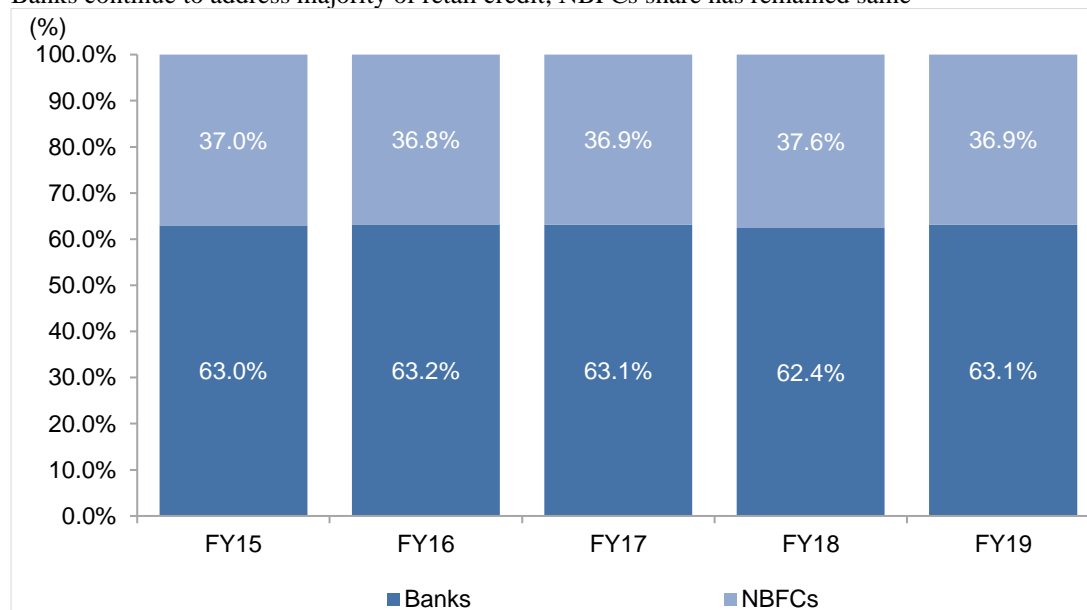
**Retail credit growth to continue on a strong footing**



Note: P: Projected

Source: RBI, CRISIL Research

**Banks continue to address majority of retail credit; NBFCs share has remained same**



Note: Banks includes data for Private Banks, Public Banks, SFBs, RRBs and other cooperative banks, NBFCs include HFCs

Source: RBI, CRISIL Research

Within retail credit, banks continue to retain significant market share and, in the near-term, will continue to be benefited in current environment of liquidity concerns due to wider access to deposits. However, non-banks have consistently gained market share. The segments which have propelled growth of non-banks and areas where they have gained market share are housing finance, microfinance, auto loans and education loans. Non-banks have been able to compete with banks mainly on account of their strong origination skills, extensive reach, better customer service, faster processing, lower documentation requirements, customized product

offerings, local knowledge, and differentiated credit appraisal methodology. However post IL&FS<sup>3</sup> crisis, the NBFCs are struggling to grow which presents a strong opportunity for private banks, strong NBFCs to grow their market shares.

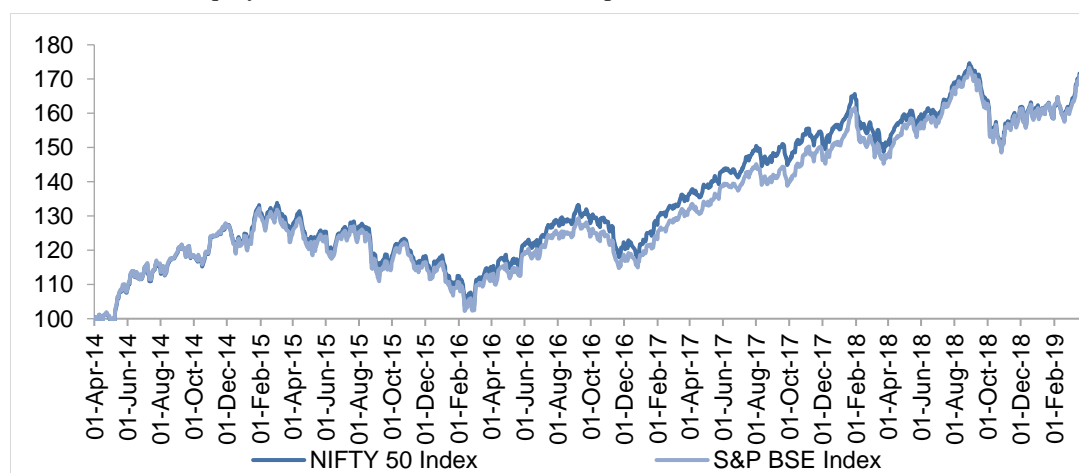
## Capital Market in India

### Overview

The performance of entities in the capital markets business is primarily influenced by two factors: the performance of the primary and secondary equity markets, and fund-raising through equity (initial public offer, rights issue, qualified institutions placement) or debt markets.

Capital market-related entities have had an exciting 2-3 fiscals as equity markets have given investors healthy returns. Corporates too have tapped the capital markets for equity and debt issuances. However since September 2018, the market has been volatile.

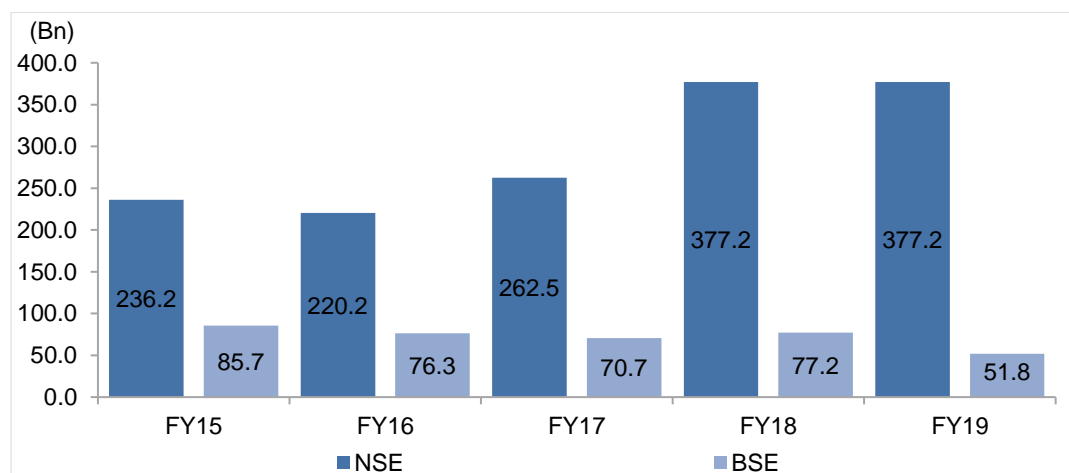
Growth in Indian equity markets indexed to 100 as on April 1, 2014



Source: BSE, NSE, CRISIL Research

Over the last three to five years, there has been an increasing number of investors, particularly from tier 2 and tier 3 cities which has been contributing to India's growth story. This reflects the booming interest in equities. In FY 2017 and FY 2018, the trading volumes increased by 12% and 26% respectively as the market sentiment were positive. However due to increasing uncertainty in the market post IL&FS crisis, the investors have turned risk averse, which has led to reduction in trading volumes.

Growth in equity market and trading volumes



<sup>3</sup> Infrastructure Leasing and Financial Services

Source: NSE, BSE, CRISIL Research

## Growth Drivers

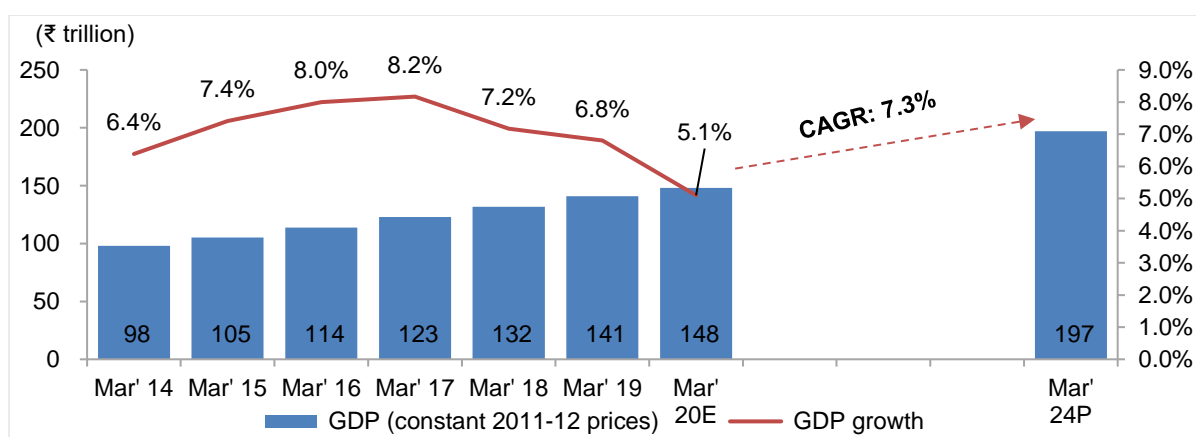
### GDP growth

Private consumption and investment drove real gross domestic product (GDP) growth in India from fiscal 2014 until fiscal 2019. Low inflation, benign interest rates and revisions in salaries of government employees bolstered growth in private consumption. Investments saw a gradual increase over the last 2-3 years, led by government spending through budgetary resources and additional capital expenditures by public sector enterprises.

Private sector investments decelerated as low capacity utilisation in the manufacturing sector and high leverage in the infrastructure sector deterred corporates from making additional investments. Exports picked up in 2017 and the first half of 2018 in line with higher global growth but have lost momentum since the second half of 2018 as rising United States (US)-China trade tensions have slowed global growth.

A sharp slowdown in fixed investment, private consumption and export growth weighed on growth in the fourth quarter of fiscal 2019. However, higher government consumption and slow import growth provided support. Overall GDP growth was higher in the first half of fiscal 2019 as the second half saw slower growth in agriculture (1.4% versus 5% in the first half), manufacturing (4.7% versus 9.4%), services (6.4% versus 7.4%), construction (8.4% versus 9.1%) and electricity and other utilities (6.3% versus 7.7%). On the demand side, growth in investments (7.6% versus 12.5%) and private consumption (7.7% versus 8.5%) decelerated. As a result, real GDP growth declined by 130 basis points (bps) from 7.5% in the first half to 6.2% in the second half, resulting in an overall growth rate of 6.8% for fiscal 2019.

Decelerating global economic growth driven by falling trade intensity on the back of rising US-China trade tensions, is hurting India too. India's financial sector, which is experiencing significant corrections in credit quality following the recent Infrastructure Leasing & Financial Services (IL&FS) and non-banking financial institution (NBFC) crises, caused a domino effect on the Indian economy as liquidity squeeze led to consumption slow down and decline in GDP growth. In the second half of this fiscal, we expect growth to recover mildly to 5.5% from 4.8% in the first half. We also expect, agriculture, a mild pickup in government spending, and a weak-base effect leading to 5.1% GDP growth in fiscal 2020.

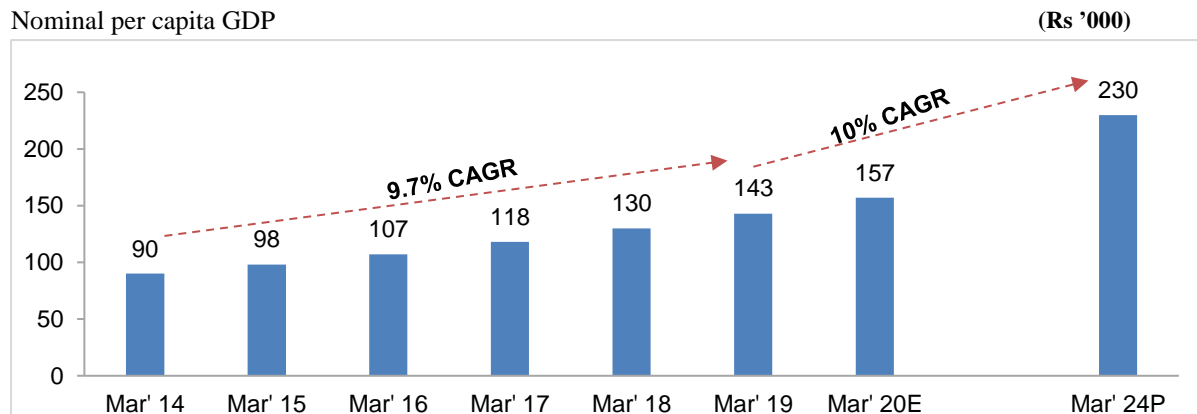


Note: E - Provisional estimates, P - Projected

Source: Central Statistics Office (CSO), IMF, CRISIL Research

Nominal GDP per capita of Rs 142,719 in fiscal 2019 is expected to grow at a compound annual growth rate (CAGR) of 10% over the next five years to Rs 230,000 in fiscal 2024.

## Nominal per capita GDP

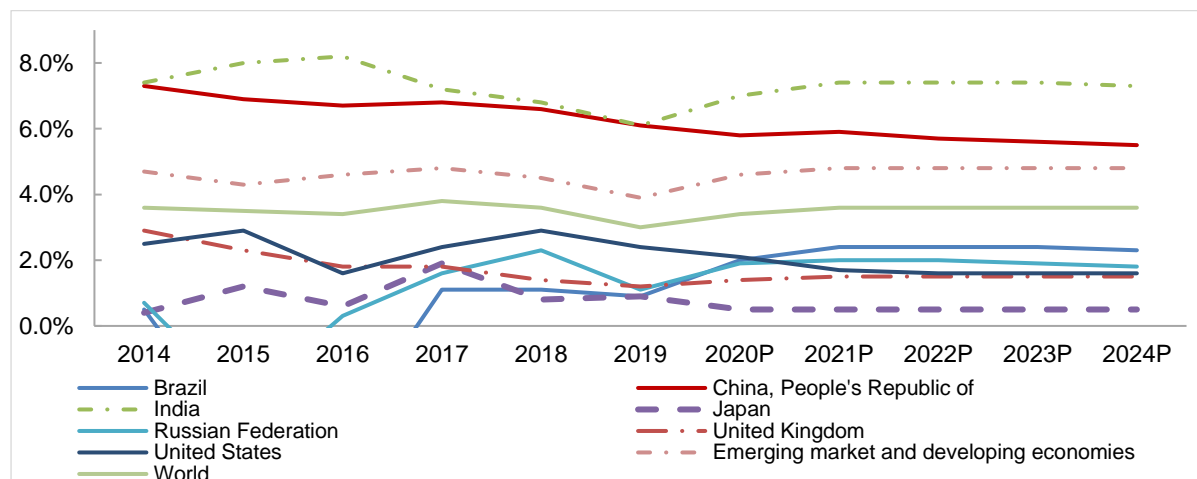


Source: IMF, CRISIL Research

Note: E - Provisional estimates, P – Projected

As of July 2019, the International Monetary Fund (IMF) expected India's GDP to grow at 7.3% CAGR over the next five years, faster than many emerging economies such as Brazil, Russia, and China, as well as the developed economies like Japan, US and UK, driven by the following factors:

- Benign inflation supporting purchasing power of consumers
- Rising consumer aspirations and needs, growing middle class with continuous increases in per capita income
- Gradual increases in investment post demand recovery and optimised capacity utilisation
- Urbanisation leading to a pickup in both investment demand and consumption demand
- Improving competitiveness in the economy due to structural reforms such as the implementation of Goods and Services Tax (GST), Insolvency and Bankruptcy Code (IBC), Real Estate (Regulation and Development) Act and steep cuts to corporate income tax rates
- Reform measures aimed at enhancing financial inclusion, broadening the base of the banking ecosystem and leading to higher lending and investment
- Increasing digitalisation improving the efficiency in the economy and leading to faster growth



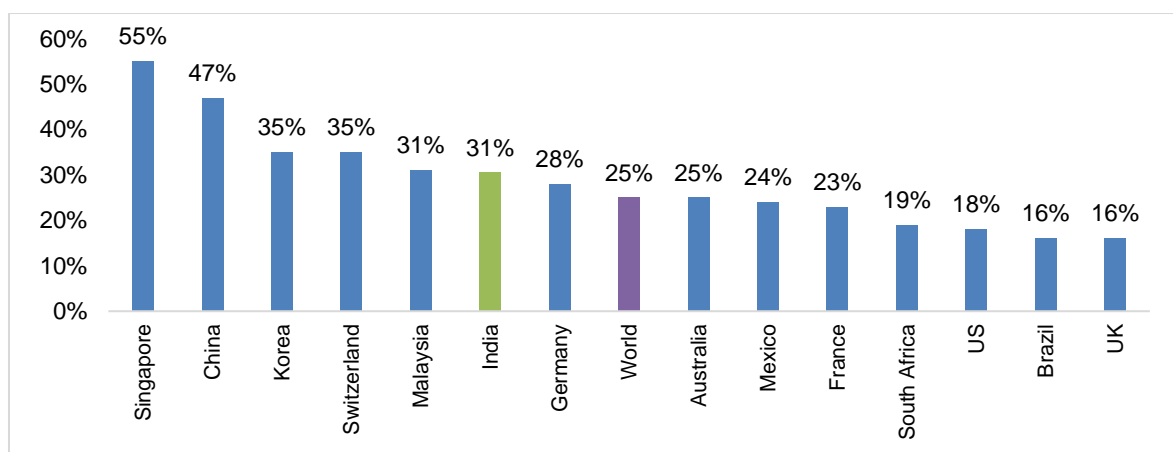
Note: GDP growth is based on constant prices. The above figure includes IMF estimates and forecast as of July 2019. P: Projected

Source: IMF (World Economic Outlook - April 2019), CSO, CRISIL Research

## Household savings

### Gross domestic savings rate

India has historically been, and is expected to continue to be, a high savings economy. High savings can be used to finance investments, which can further ease supply-side constraints in the economy and drive long-term economic growth. India also has a high savings rate compared with other large economies.



Note: GDS are calculated as GDP less final consumption expenditure (total consumption); Data for China, US States and world include data for 2017

Source: World Bank, Handbook of Statistics on Indian Economy 2018-19, RBI, Ministry of Statistics and Programme Implementation (MOSPI), CRISIL Research

While India's gross domestic savings (GDS) rate has declined from 33.9% of GDP in fiscal 2013 to 30.5% in fiscal 2018, this was primarily the result of a sharp decline in public savings as the central government resorted to fiscal stimulus to address the external shocks from the Global Financial Crisis of the past decade. Household savings as a percentage of GDP remained more stable and have seen modest declines from 22.5% in fiscal 2013 to 17.2% in fiscal 2018, largely due to higher consumption, low job creation and an increase in financial liabilities to meet short-term consumption needs, while the proportion of financial savings in household savings increased over the period. As of fiscal 2018, the quantum of gross household financial savings was Rs 18.7 trillion. With rising income levels and better control over inflation, we expect the household savings rate to have increased in fiscal 2019.

Parameters (Rs. billion)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
GDS	33,692	36,082	40,200	42,829	46,484	52,160
Percentage of GDP	33.9	32.1	32.2	31.1	30.3	30.5
Household sector savings (net financial savings, savings in physical assets and in the form of gold and silver ornaments)	22,353	22,853	24,391	24,749	26,229	29,382
Percentage of GDP	22.5	20.3	19.6	18.0	17.1	17.2
Gross financial savings	10,640	11,908	12,572	14,962	14,384	18,696
Financial liabilities	3,304	3,587	3,768	3,854	4,686	7,406
Savings in physical assets	14,650	14,164	15,131	13,176	16,069	17,679
Savings in the form of gold and silver ornaments	367	368	456	465	463	413

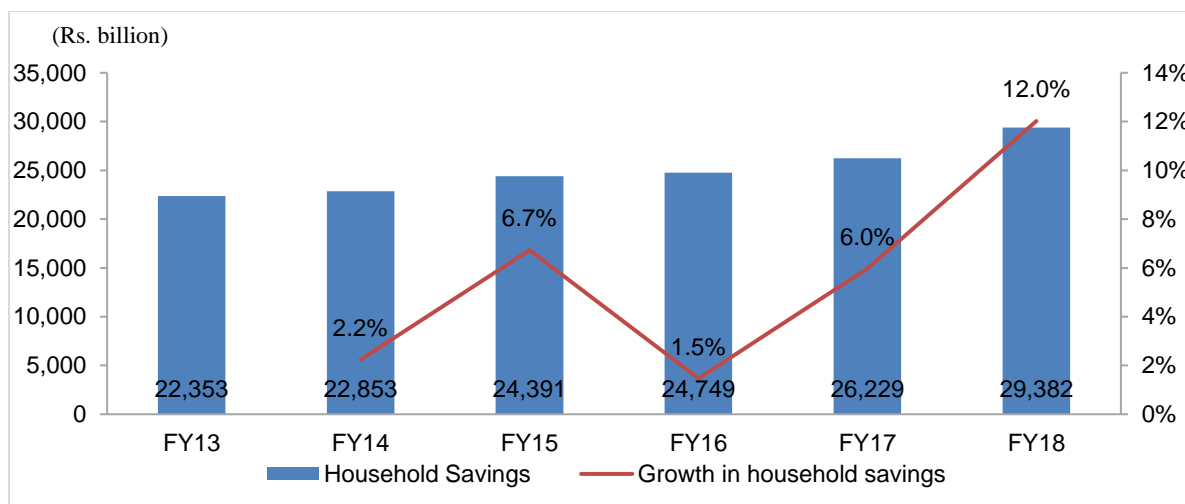
Note: The data is for financial year ending March; Physical assets means the ones held in physical form like real estate etc.

Source: Handbook of Statistics on Indian Economy 2018-19, RBI, MOSPI, CRISIL Research

### Household savings growth

Going forward, with stable inflation, rising disposable income levels and ongoing robust GDP growth, we expect the growth in household savings of the past few years to continue.





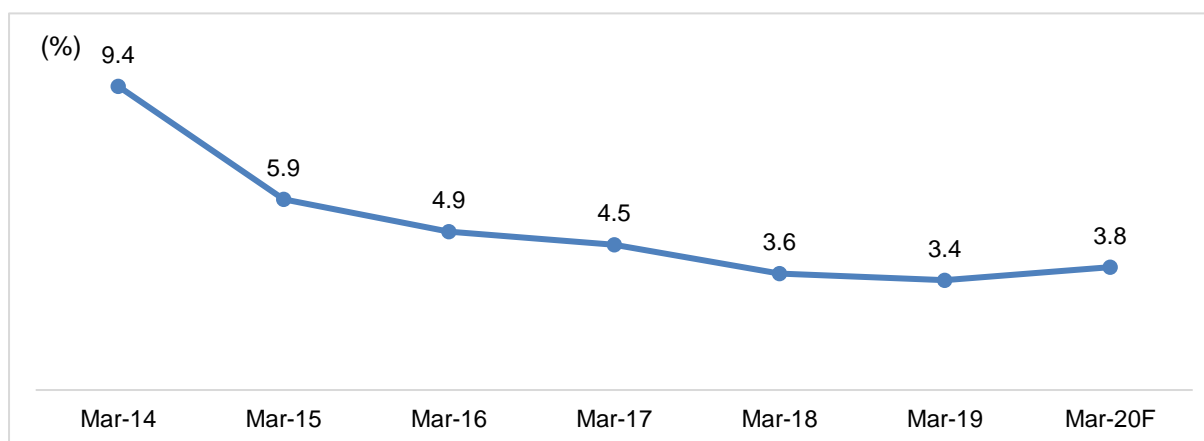
Note: The data is for financial year ending March

Source: Handbook of Statistics on Indian Economy 2018-19, RBI, MOSPI, CRISIL Research

#### Share of savings in physical assets

Indian's have always preferred savings in form of saving instrument instead of financial instrument. Physical savings include net addition in physical assets of household, comprising investment in construction, machinery, equipment and change in stock. However, we have seen that the share of saving in physical assets has seen a decline from 66% in FY 2013 to 60% in FY 2018. Similarly, the share of investment in gold and silver also saw a marginal decline between FY 2013 and FY 2018.

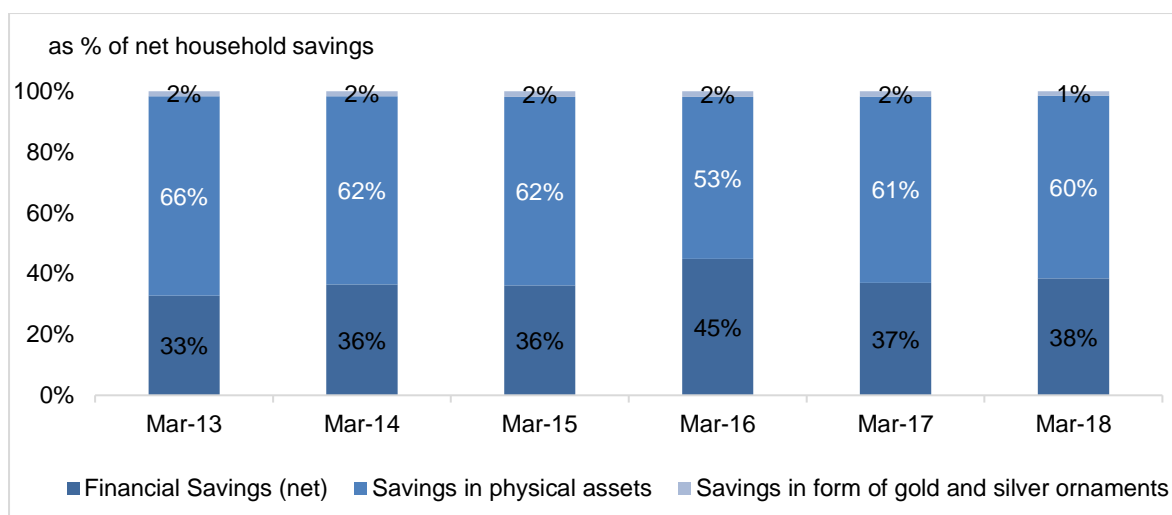
Over the past five years, Consumer price index (CPI) inflation has continued to decline from a high of 9.4% in fiscal 2014 to 3.4% in fiscal 2019. In July 2019, CPI inflation slowed down to 3.15%, which was well below the RBI's medium-term target of 4.00%. The RBI has stated that it is committed to keeping inflation low and range bound over the long term, which we expect to provide further impetus for higher savings rates. CRISIL Research expects CPI inflation to average 3.8% in fiscal 2020, up from 3.4% in fiscal 2019 as food prices are continuously rising.



Note: The data is for financial year ending March

Source: CSO, CRISIL Research

We expect lower inflation to decrease the relative attractiveness of gold and real estate (Indian households' favourite physical assets) as investment options. Coupled with an increase in financial literacy, the relative outperformance of financial assets over recent years, and the government's efforts to fight shadow economy activity, we expect the share of financial assets as a proportion of net household savings to increase over the next five years.



Note: The data is for financial year ending March

Source: Handbook of Statistics on Indian Economy 2018-19, RBI, MOSPI, CRISIL Research

#### Role of shares and debentures

The share of savings in shares and debentures in overall household savings has increased steadily since fiscal 2013 and stood at 3.3% in fiscal 2018. With the financial sector being particularly sensitive to improved economic conditions and given the expected changes in saving patterns, we expect an increase in the share of financial assets – direct and through shares and insurance – in total financial savings.

(Rs. billion)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Gross financial household savings	<b>10,640</b>	<b>11,908</b>	<b>12,572</b>	<b>14,962</b>	<b>14,384</b>	<b>18,696</b>
Currency	1,115	995	1,333	2,005	-3,165	4,708
Deposits	6,062	6,670	6,124	6,445	9,680	5,353
Shares and debentures	170	189	204	284	443	<b>630</b>
Insurance funds	1,799	2,045	2,993	2,642	3,543	3,504
Provident and pension funds	1,565	1,778	1,909	2,907	3,252	3,679
Others	-71	231	10	679	631	822

Note: Others include claims on government and provident and pension funds; the data is for financial year ending March

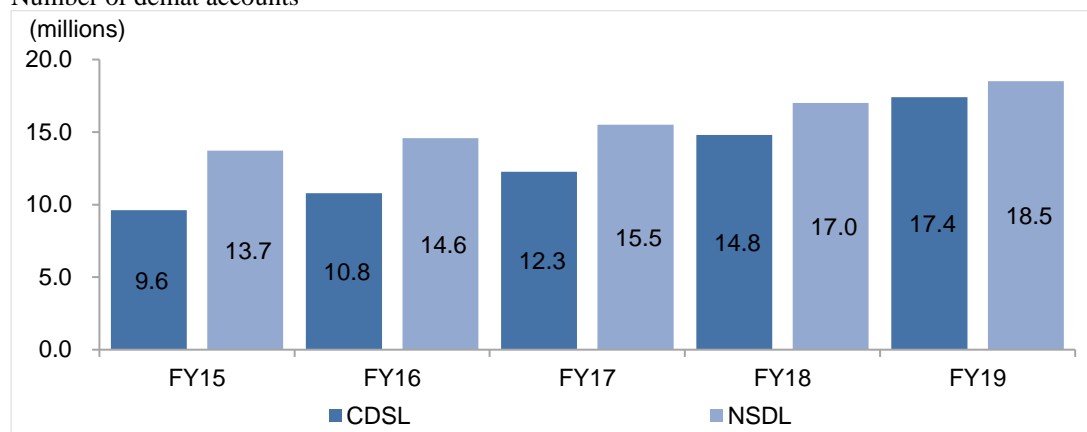
Source: National Account Statistics 2019, MOSPI, RBI, CRISIL Research

#### Rise in demat accounts and companies trading in demat format

The number of companies available for trading in the demat format has increased sharply since the launch of the Central Depository Services Limited (CDSL) in February 1999. Due to the sizeable benefits of dematerialisation and the presence of a dual depository system in India, many companies accessed the capital markets through depositories.

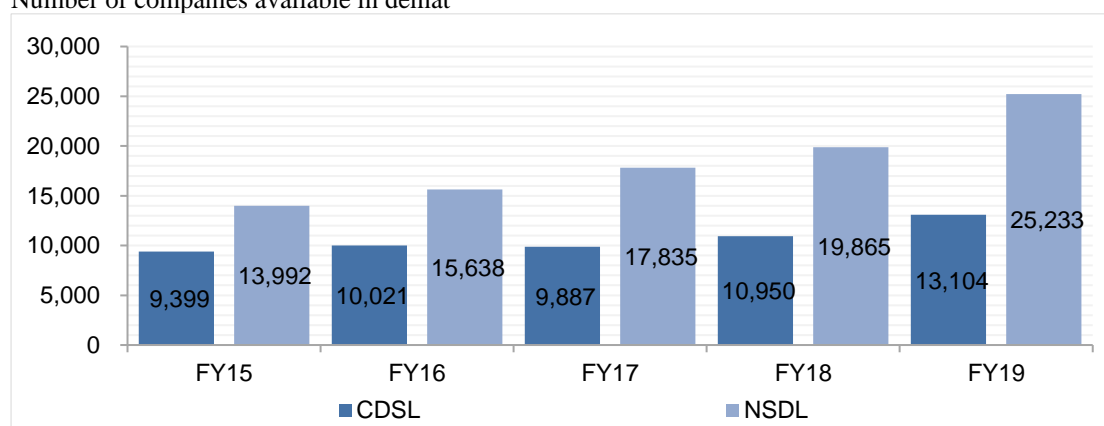
As of March 31, 2019, there were 17.4 million and 18.5 million demat accounts at the CDSL and the National Securities Depository Limited (NSDL), respectively. The number of demat accounts with CDSL and NSDL rose at 16% and 8% CAGR, respectively, between fiscals 2015 and 2019, which again indicates the rising popularity of direct equity investments. A total of 13,104 and 25,233 companies had signed up for dematerialisation at the CDSL and the NSDL, respectively, as of March 31, 2019.

### Number of demat accounts



Source: SEBI, CDSL, NSDL, CRISIL Research

### Number of companies available in demat



Source: SEBI, CDSL, NSDL, CRISIL Research

### Earnings growth to drive markets in future

As of March 31, 2019, S&P BSE Sensex and NIFTY 50 P/E ratios were 28 and 29 respectively as compared to 22.7 and 24.7 respectively on March 31, 2018. This indicates that the stocks were overvalued and were trading at a higher multiple and hence the investor turned cautious in FY 2019. Going forward, the investors are bullish on the market as they expect regulatory changes to settle in and generate higher earnings growth rates in the future.

### Price to Earnings ratio (FY 2019)

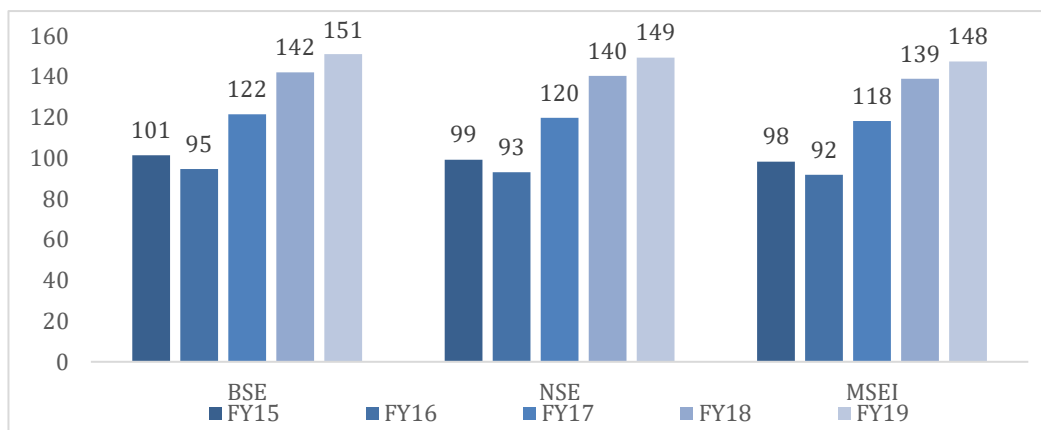
Index	FY18	FY19
S&P BSE Sensex	22.7	28
NIFTY 50	24.7	29

Source: SEBI, CRISIL Research

### Growth in market capitalization (in Rs. Trillion)

In FY 2016, market capitalization of BSE, NSE and MSEI Index was Rs. 101 trillion, Rs 99 trillion and Rs 98 trillion respectively. It increased by 28-29% and 17% in FY 2017 and FY 2018, on account of favourable economic conditions and positive market sentiments, taking the market capitalization to Rs. 151 trillion, Rs 149 trillion and Rs 148 trillion respectively. The growth was relatively slower in FY 2019 as it increased only by 6% due to lack of broad-based participation in the markets.

### Market Capitalization at BSE, NSE and MSEI (in Rs. Trillion)

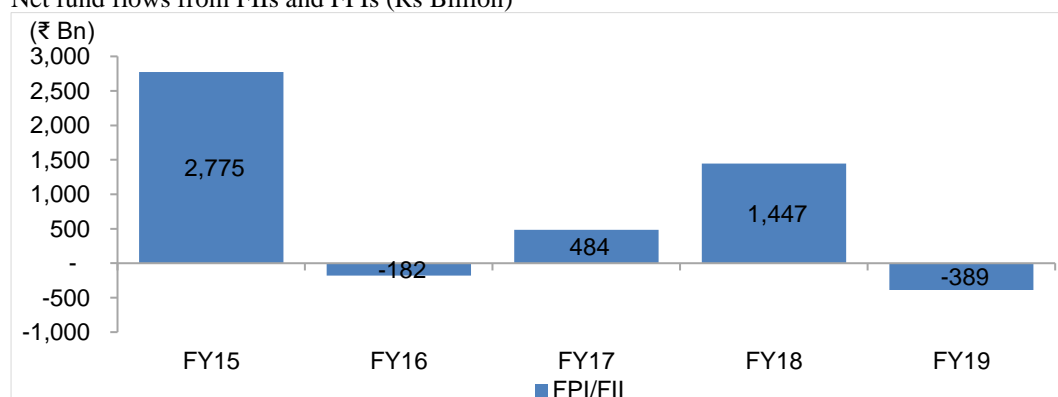


Source: SEBI, CRISIL Research

Macroeconomic headwinds weighed on investor sentiment, market sees foreign funds outflow

After two years of good foreign fund inflows, Indian market saw a trend reversal in fiscal 2019. The domestic financial market suffered a foreign flow outflow on account of investor sentiments throughout the year. Hike in federal rates, depreciating rupee, concerns about current account and fiscal deficit and trade tiff between China and India dampened the mood in the emerging markets.

### Net fund flows from FIIs and FPIs (Rs Billion)

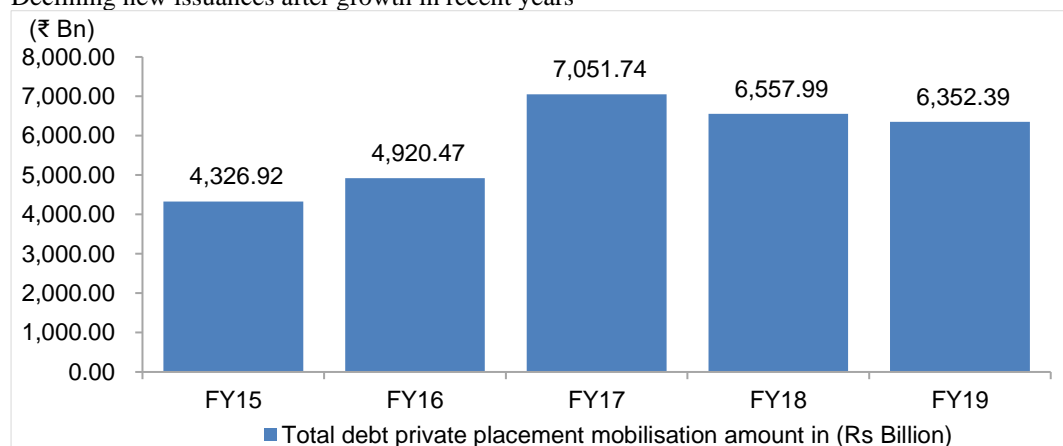


Source: NSDL, CRISIL Research

### Bond market

In the corporate bond market, primary market issuances have risen at a 14% CAGR during FY10-FY19; the financial services sector continues to dominate accounting for 68% of total issuances in the last 4 years. Nonetheless, issuances by the private non-financial sector have also grown at an impressive 16% CAGR during FY10-FY19. The quantum of primary issuances are expected to grow with the steady rise in entities accessing the bond market to raise funds.

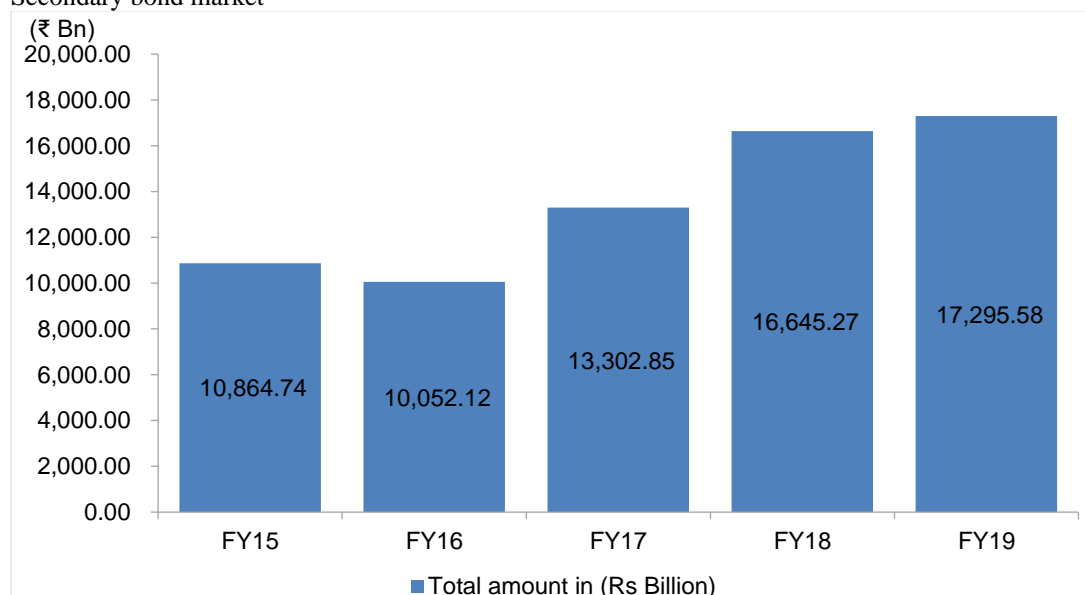
#### Declining new issuances after growth in recent years



Source: BSE, NSE, CRISIL Research

Fundraising from secondary market has also seen a rise but the investor's interest is largely confined to investing in AAA category as they turned risk averse due to weak economic condition and uncertain global scenarios. The investors also preferred short term bonds over long term bonds in the secondary market.

#### Secondary bond market



Source: BSE, NSE, CRISIL Research

#### Growth drivers

The key growth drivers for primary bond issuances is expected to come from:

1. Capex funding, primarily for infrastructure: The top 5 sectors – road, power, railways, irrigation and urban infrastructure which accounts for ~ 90% of the total spend is significant for economic growth and is expected to witness higher government focus. CRISIL Research expects an uptick in infrastructure projects and execution of stalled projects, which would lead to increase in fundraising from bond market.
2. Enhanced investor confidence: Bankruptcy norms have led to material growth in corporate bond markets in many countries. Insolvency and Bankruptcy Code (IBC) in India is speeding up bad loans process and has reduced the average resolution time. Further, effective implementation of IBC is expected to bring back investor confidence and free up capital for the financial institutions which will enhance the macroeconomic situation in the country.

3. Other factors like regulatory push for incremental funding of large corporates, NBFC and HFCs will also aid the bond market.

### **Loan against Shares (LAS)**

#### *Background*

Under LAS, a loan is disbursed against the security of listed equity shares, debentures, bonds or mutual funds to individuals, stock and share brokers and market makers. Loans are extended against only those securities that are a part of the approved list maintained by the company. In addition to the banks, LAS can be granted by NBFC-ND-SI and NBFC-ND.

LAS offers an opportunity to leverage on investments in shares for loans to meet unforeseen expenses. LAS can be availed for any personal and/or business purposes and this has to be declared at the time of origination. However, unlike LAP (loan against property) disbursements, the end-use of LAS is restricted. It cannot be sanctioned for:

- Inter-corporate investments or
- Acquiring controlling interest in company / companies.
- Advances to the bank's directors against its equity shares.
- Advances to bank employees/employee trusts set up by them for the purpose of purchasing their (banks') own shares under employee stock ownership plan (ESOP)/ initial public offering (IPO) or from the secondary market. This prohibition will apply irrespective of whether the advances are unsecured or secured.
- Share and stock brokers not registered with SEBI and who do not comply with capital adequacy norms prescribed by SEBI / stock exchanges.
- The above-mentioned restrictions are as per RBI guidelines applicable only to banks.

#### RBI guidelines on exposure norms for banks

As per RBI guidelines, loans against security of shares, convertible bonds, convertible debentures and units of equity oriented mutual funds should not exceed the limit of Rs 10 lakh if the securities are held in physical form and Rs 20 lakh per individual if the securities are held in demat form. For subscribing to IPOs, loans given to individuals will not exceed Rs 10 lakh. Banks may extend finance to employees for purchasing shares of their own companies under ESOP to the extent of 90 per cent of the purchase price of the shares or Rs 20 lakh, whichever is lower.

#### RBI clamped restrictions on lending against securities for NBFCs

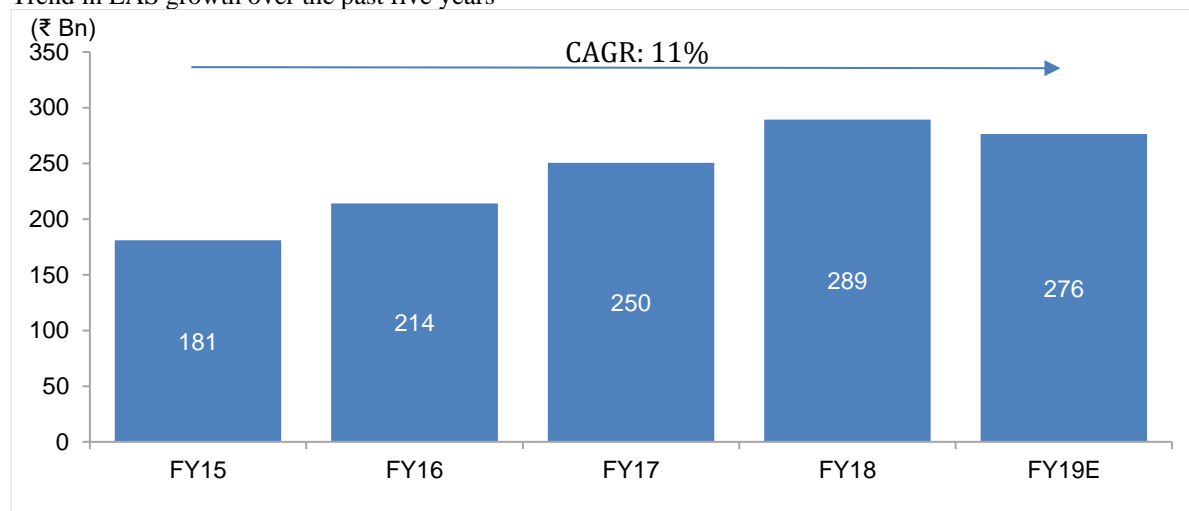
In August 2014, to curb potential volatility on stock markets due to bad loans, RBI put limits on the amount that NBFCs can lend against shares pledged as collateral. Now NBFCs will be required to maintain a loan-to-value ratio of 50%. Any shortfall in maintenance of the 50% LTV occurring due to movement in the share prices shall be made good in seven working days. Prior to the regulation, there was no cap on LTVs on NBFCs unlike banks. Also, now NBFCs can only accept Group 1 shares as collateral for loans amounting to Rs. 5 lakh and above. Group 1 shares are those that were bought and sold on at least 80% of the trading days in the previous 18 months on the stock exchanges, and the average cost incurred due to a price decline is less than 1%.

#### LAS market is driven by bullish market sentiments

During the period FY 2011 to FY 2018, the LAS segment has grown by a CAGR of around 18 per cent riding on back of the bullish market sentiments. However, in FY 2019, India's market sentiments has been volatile as it faces challenges both on domestic and global fronts.

The macro-economic situation continues to remain weak, clean-up of financial system is prolonged and there still exists apprehensions about US-China trade tension. In addition, the cost of loan against shares has increased as the market remains volatile. The lenders are also demanding more cover along with higher interest rate as they turn risk averse due to plunging stock prices. This surge in interest rate and demand for a higher cover has led to a small decline in market for loan against shares.

Trend in LAS growth over the past five years



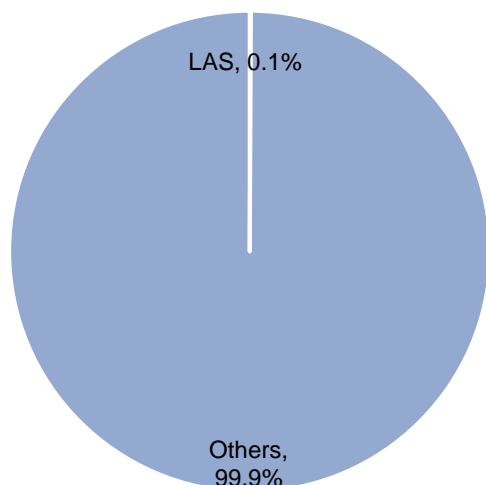
Note: E: Estimated

Source: Company Reports, CRISIL Research

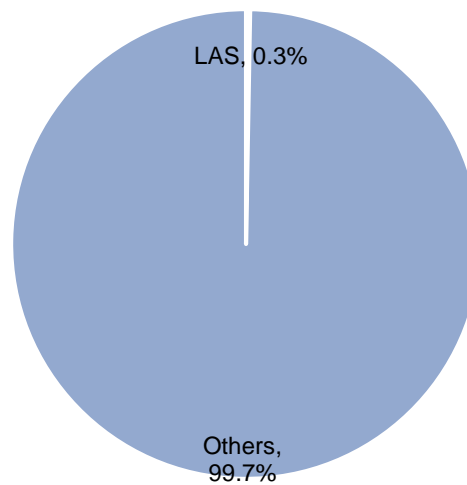
LAS constitutes a minute proportion of the total outstanding bank credit

As of March 2019, LAS segment was around 0.1 per cent as a proportion of overall banking credit and 0.3 per cent of banking retail credit.

Share of LAS in bank credit (FY 2019)



Share of LAS in retail bank credit (FY 2019)



Source: RBI, CRISIL Research

### Growth Outlook

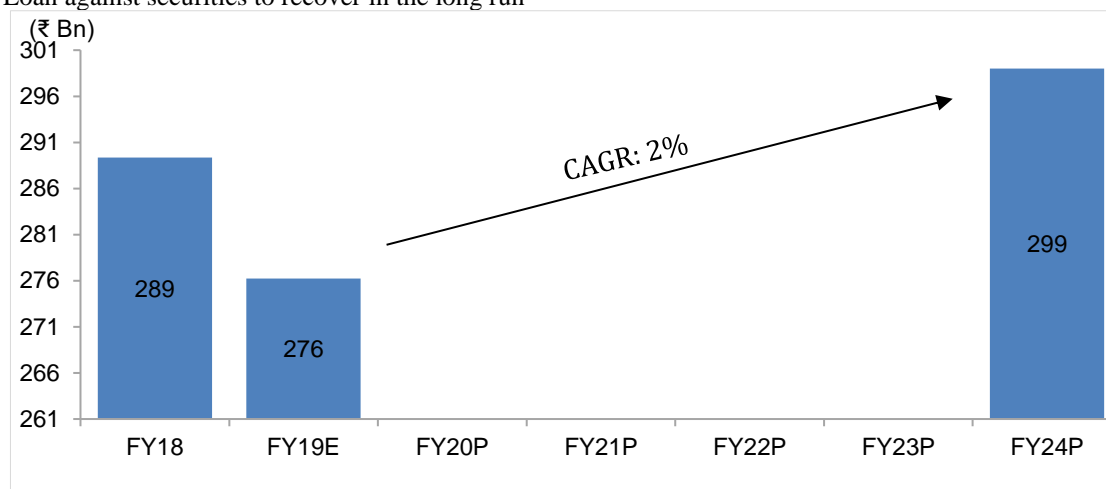
LAS market to shrink as regulators and lenders tighten norms and process

Mutual funds and NBFCs have been the biggest lenders of loan against shares in the last few years, however regulators are now tightening pledging norms due to concerns of rising risky exposure in the industry. Earlier, there was no rules on the equity cover that the mutual funds should take as collateral, but SEBI's new rule to seek cover of four times has made it difficult for promoters to raise funds and has clearly shrunk the market.

Recently, SEBI banned Karvy stock broking for pledging client's share and transferring nearly Rs. 1100 crore worth of client's securities to its group company without their consent. This caused a stir in the industry, as lenders are now relooking at all the pledges to see if the securities pledged with them are client's securities or their own. CRISIL Research expects that with Karvy stock broking crisis coming into limelight and given SEBI's new norms for handling of client securities, the size and the demand for LAS in the industry will come

down with both investors and lenders turning cautious. However, in the long run, the market is expected to stabilize and recover as macroeconomic and regulatory scenario is expected to improve.

#### Loan against securities to recover in the long run



Note: P: Projected

Source: Company Reports, CRISIL Research

Potential Drivers for growth

#### Performance of the equity markets

An expected, improvement in the macroeconomic scenario combined with likely clean-up of financial sector, resolution of IBC cases and earnings growth (gradual recovery across key sectors) would drive a rebound in the equity markets, which in turn would drive the growth in the LAS segment. The effect of increased risk perception after IL&FS default could also be expected to wither out which will lead to decrease in interest rate for the product.

#### Instant liquidity and easy to borrow

Loans against shares, debentures or bonds are usually taken by individuals to meet contingencies or urgent personal needs and the loan processing in this segment is typically simple and quick. This also provides the customer with instant liquidity without selling the securities or without losing on any of the benefits on the securities. The securities are pledged in favour of the bank, but dividends, bonuses, or any other benefit on the pledged shares shall accrue only to the customer and not the bank.

#### Interest accrues only on outstanding amount

The bank creates a current account in the customer's name with the loan amount as the limit. The customer can withdraw money from the account as and when needed and he will be charged only on the amount utilised and for the period that it is utilised.

#### Exhaustive list of approved securities

Every bank has an extensive list of shares and mutual funds that can be kept as collateral. Hence, the customer is offered a loan against an exhaustive list of securities.

#### Liquid nature of collateral and high collateral cover

The collateral in this segment is highly liquid in nature and it is usually based on banks/NBFCs approved list of shares. Also, the minimum margin stipulation of 50 per cent and lower NPA makes it more attractive for the banks and NBFCs to lend to this segment.

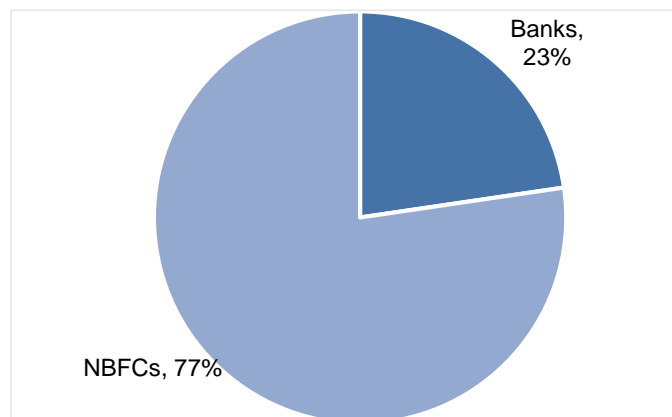
#### Competitive Scenario

NBFCs continue to dominate LAS market as borrowers continue to pledge shares



The borrowers are increasingly becoming dependent on pledging shares to raise capital if they find it difficult to arrange for any other credit lines. However, with bank turning risk-averse and having a ceiling on lending to individuals followed by liquidity squeeze in the market, stronger NBFCs are using this opportunity to tighten its grip in loan against securities market as the overall risk appetite of banks go down due to its own challenges.

NBFCs continue to lead lending against securities market



Source: RBI, CRISIL Research

Credit assessment for loan against securities

Credit assessment is largely the same for both banks and NBFCs, and it largely depends on the risk profile of the stock that is being kept as collateral and the credit ability of the customer.

Banks/NBFCs avail the facility of pledging of dematerialised shares/debentures, whereby the securities pledged by the borrower get blocked in favour of the lending bank. The loan limit depends on the valuation of the security, applicable margin and ability to service and repay the loan. The loan is normally given in the form of overdraft facility against the pledge of the securities. A declaration is obtained from the borrower indicating the details of the loans / advances availed against shares and other securities, from any other bank, in order to ensure compliance with the ceilings prescribed for the purpose.

In case of a situation when the collateral value goes below a pre-determined limit, the bank or the NBFC solicits for additional collateral or cash. In case the customer cannot do the same within the specified time limit, the bank/NBFC can sell the collateral to recover the loan amount.

Since the collateral is highly liquid in nature and has good cover due to high margin stipulation, the credit quality of this segment is superior and NPAs stays in check for both banks and NBFCs.

#### ESOP Funding

An employee stock ownership plan (ESOP) is an employee benefit plan that gives workers ownership interest in the company. Before an employee could exercise his option, he/she needs to go through a vesting period i.e. the employee has to work for the organization until a part or entire stock option is exercised. It is usually available to few employees and is formed to allow employees the opportunity to buy stock in a closely held company to facilitate succession planning and encourage employees to do best for the shareholders, since they themselves are shareholders. In addition, ESOP gives the company, the shareholder and the participants various tax benefits.

Currently, lot of players are offering products that enable their clients to avail a loan and exercise stock options while facilitating the process of demat, bank paperwork and share transfer. In case, the employee falls short of funds to exercise their ESOP, he/she can avail finance facility and hold equity in their company and benefit from appreciation in value of shares.

## IPO Market in India

### IPO Financing

IPO financing is a loan facility offered to help investors make a profit in a short amount of time by investing in IPO and follow-on public offering (FPO). It requires customer to pay a margin amount upfront to avail the loan. The margin differs based on the expected over-subscription.

In FY 2019, commercial papers in the range of Rs. 2.2 – 2.7 trillion was issued for the purpose of IPO financing. In FY 2020, the market for IPO financing was subdued in Q1 as financial institutions have been very selective about commercial borrowings and typically opt for this route when there is certainty that the money is required for a stipulated period and will return back in that time frame.

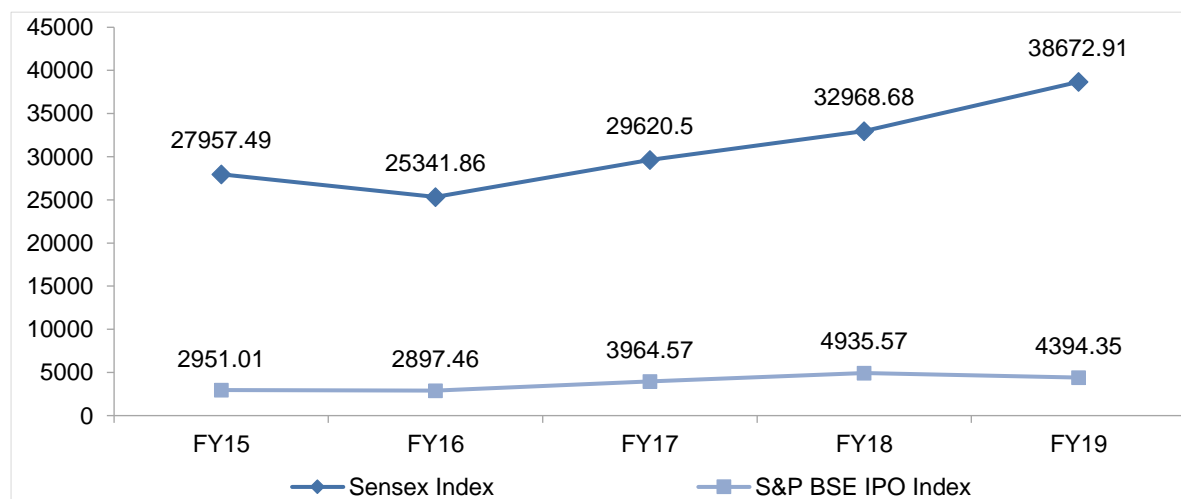
However, in the middle of Q2, an uptrend started with domestic institutions starting to raise money for IPOs like Indian Railway Catering and Tourism Corporation limited (IRCTC), Catholic Syrian Bank (CSB) and Ujjivan Small Finance Bank. CRISIL Research expects that with improve macroeconomic situation and increased in number of IPO listings will continue to increase issuances for IPO financing.

IPO Index gained more than Sensex in fiscal 2017 and 2018, declined in fiscal 2019

In the last five years, FY 2017 and FY 2018 have been the best years for Indian Initial Public Offering market (IPO). Out of the 85 companies that had their IPO in the last three years, 26 IPOs were launched in FY17, 41 in FY18 and 18 in FY19.

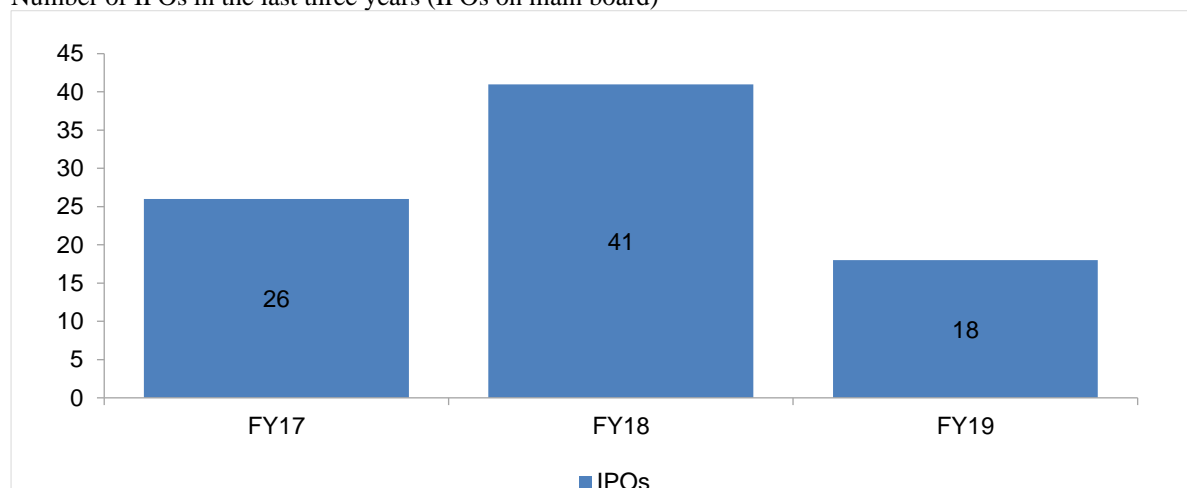
During this period, BSE IPO Index showed a similar trend, growing by 37% and 25% in FY2017 and FY2018 outpacing Sensex Index which grew by 17% and 11% in FY2017 and FY2018 respectively. BSE IPO Index tracks the growth in investor's wealth within a period of two years after listing of a company subsequent to successful completion of IPO. However, in fiscal 2019, the BSE IPO Index declined by 11% whereas Sensex grew by 17%. This decline in IPO listings could be attributed to continuing volatility in global and domestic factors.

IPOs dried In FY 2019 due to weak market sentiment and continued volatility



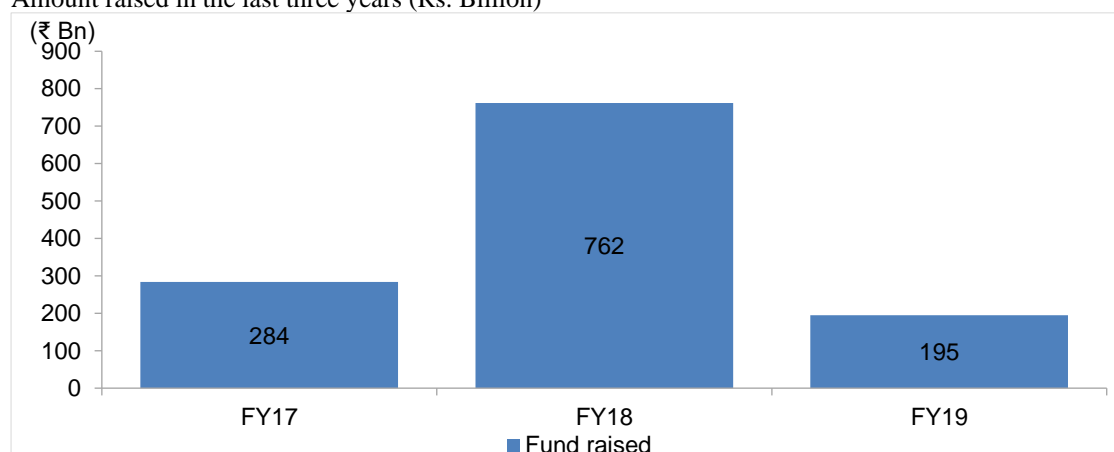
Source: NSE, BSE, CRISIL Research

Number of IPOs in the last three years (IPOs on main board)



Source: NSE, BSE, CRISIL Research

Amount raised in the last three years (Rs. Billion)



Source: NSE, BSE, CRISIL Research

Companies which raised funds and their subscription status by investor segment in FY2019

Sl. No.	Company Name	Subscription Detail					
		QIB	NII	Retail	Employee	Others	Total
1	Sandhar Technologies Limited	14.5x	6.39x	1.31x	-	-	6.14x
2	Karda Construction Ltd	1.55x	3.44x	2.01x	-	-	2.53x
3	ICICI Securities Ltd	1.04x	0.36x	0.89x	-	0.34x	0.78x
4	Mishra Dhatu Nigam Limited	1.96x	0.13x	0.72x	0.26x	-	1.21x
5	Lemon Tree Hotels Limited	3.88x	0.12x	0.12x	-	-	1.19x
6	IndoStar Capital Finance Limited	16.08x	6.91x	1.17x	-	-	6.65x
7	RITES Limited	71.71x	194.56x	14.24x	0.96x	-	66.74x
8	Fine Organic Industries Limited	12.85x	21x	1.19x	-	-	8.77x
9	Varroc Engineering Limited	9.15x	2.45x	0.84x	0.63x	-	3.54x
10	TCNS Clothing Co. Limited	13.47x	5.08x	0.57x	-	-	5.22x
11	HDFC Asset Management Company Limited	192.26x	195.15x	6.57x	1.51x	2.65x	82.99x

Sl. No.	Company Name	Subscription Detail					
		QIB	NII	Retail	Employee	Others	Total
12	CreditAccess Grameen Limited	5.52x	0.98x	0.87x	-	-	2.22x
13	IRCON International Limited	12.29x	4.92x	9.66x	0.36x	-	9.77x
14	Aavas Financiers Limited	2.77x	0.26x	0.25x	-	-	0.97x
15	Garden Reach Shipbuilders & Engineers Limited	1.81x	0.31x	0.24x	0.14x	-	1.02x
16	Xelpmoc Design and Tech Limited	1.24x	7.69x	2.64x	-	-	3.25x
17	Chalet Hotels Limited	4.66x	1.1x	0.03x	-	-	1.57x
18	MSTC Limited	1.13x	2.15x	2.95x	1.54x	-	1.46x

Note: The subscription numbers indicates the number of times the quota for the categories was subscribed

Source: NSE, BSE, CRISIL Research

### *Key market trends*

IPO activities dropped in India in FY 2019 on account of market corrections in the stock markets in midcap and small cap stocks. In addition, the amount of volatility increased due to uncertainty around global growth compounded by US/China trade war. Further domestic factors, liquidity crisis among NBFCs and currency volatilities added to the woes. In Q2FY20 and Q3FY20, the scenario has slightly improved due to recent fiscal reforms aimed at improving the liquidity in the country. Corporate earnings improved owing to demand in the festive season and the conditions are expected to get better.

The companies have adopted a “wait and watch” policy, they continue to file DRHPs with the regulator, with an intention that when timing is right, they would launch their IPO with minimal time and effort. CRISIL Research expects that the increasing back-log of IPOs will stop as macro-economic situations improve and more companies will resort to capital market to raise funds through IPO.

### *Guidelines on IPO Financing*

Banks’ aggregate exposure to the capital market covering direct investment in equity shares, convertible bonds and debentures, units of equity oriented mutual funds; and all exposures to Venture Capital Funds (VCFs), advances against shares to individuals for investment in equity shares (including IPOs / ESOPs ), bonds and debentures, units of equity-oriented mutual funds etc. and secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; should not exceed 5 percent of their total outstanding advances (including Commercial Paper) as on March 31 of the previous year.

This ceiling of 5 percent prescribed for investment in shares would apply to total exposure including both fund based and non-fund based exposure to capital market in all forms. Within this overall ceiling, banks’ investment in shares, convertible bonds and debentures, units of equity-oriented mutual funds and all exposures to Venture Capital Funds (VCFs) should not exceed 20 percent of their net worth. The banks are required to adhere to this ceiling on an ongoing basis.

Banks can extend loans up to Rs. 10 lakh to individuals for subscribing to IPO. Finance extended by a bank for IPOs will be reckoned as an exposure to capital market and included within the ceiling.

### *Usage of UPI in IPO subscriptions*

Earlier, the investor used to invest in a public issue through application supported through blocked amount (ASBA) facility, which used to take six days to process the IPO application. Recently, SEBI mandated all retail investors to make payment through UPI route. The UPI system allows instant transfer of funds between the two banks and cuts the time of IPO process from six to three days.

Under the new payment system, the investor will have to enter his/her UPI Id on the application form. When the IPO application gets processed by the concerned bank and the registered agent, an investor receives a notification on the UPI application. After providing the pin, the amount is blocked.

### *Key risks in IPO financing and LAS*

By design, IPO financing mitigates most of the risk that it carries. IPO financing is a short-term credit provided by the NBFC, wherein the investor pays an upfront payment of margin amount to avail a loan against the IPO issue. This product is usually made available to high net worth individuals. The NBFCs typically raise required quantum of funds through issue of short term debt instrument and charge an interest rate in the range of 10-12% to the borrower for the loan that is extended for the period between close of IPO and date of listing.

As NBFCs charges an upfront fee and have also got a lien on the shares allotted in the IPO, they have got their loan amount covered. If the listing of the shares is good, the lender can liquidate its positions and meet their short term debt obligations. However, if the stock fetches a price which is way below the offer price, NBFCs could run into the risk of making a default.

### *Asset quality in LAS and IPO financing*

In case of loan against shares, the collateral is highly liquid in nature and it is usually based on banks/NBFCs approved list of shares which are reliable and are less volatile. This keeps the lenders covered against the potential loss. Similarly, in IPO financing, the NBFC already receives an upfront fee and has a lien on the allotted share which keeps their exposure at check. The NPAs in this product has been relatively less as lenders liquidate the pledged shares to recover their dues in case of an unforeseen scenario.

### *Disclaimer*

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## OUR BUSINESS

*In this section, any reference to “we”, “us” or “our” refers to Edelweiss Finance & Investments Limited.*

*Unless otherwise stated or unless the context requires otherwise, the financial information used in this section is derived from and should be read in conjunction with the Reformatted Standalone Financial Statements, the 2017 Audited Consolidated Financial Statement, the 2019 Audited standalone Financial Statement and the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement of our Company.*

*Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risk and uncertainties. You should read “Forward Looking Statements” on page 13 for a discussion of the risks and uncertainties related to such statements, “Risk Factors” on page 15 for a discussion of certain factors that may affect our business, financial condition, cash flows or results of operations. Our actual results may differ materially from those expressed in or implied by these forward looking statements. The following information should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in the chapter titled “Industry Overview” beginning on page 67 of this Prospectus.*

### Overview

We are part of the Edelweiss group, which is one of India’s diversified financial service conglomerate offering credit, wealth, asset management, asset reconstruction and capital market advisory services and life and general insurance. 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. The Edelweiss group’s advisory business presently includes wealth management, asset management, asset reconstruction and capital markets.

Our Company’s product portfolio currently comprises of granting loans against securities, margin trade financing and IPO financing. We provide loans to our customers against the pledge of certain specified securities held by such customers. The product is offered to customers who require liquidity against their investments in certain specific marketable securities including equity shares, units of mutual funds, bonds, debentures and structured products. The tenure of such loans may be up to 30 months.

Our Company originally obtained a certificate of registration dated September 11, 2009 bearing registration number B-09.00421 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration. Consequent upon the change in situation of the registered office of our Company from the State of Telangana to the State of Maharashtra, the RBI has issued us the revised certificate of registration dated December 13, 2016 bearing registration no. B-13.02144 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration.

We are part of the Edelweiss group which is one of India’s prominent diversified financial services organization having businesses organized around three broad lines – credit including retail finance; advisory businesses including wealth management, asset management, capital markets and asset reconstruction, and insurance business. The product/ services portfolio of the Edelweiss group caters to the diverse investment and strategic requirements of corporate, institutional, high net worth individuals and retail clients. Edelweiss group has a pan India presence with a global footprint extending across geographies with offices in New York, Mauritius, Dubai, Singapore, Hong Kong and UK. EFSL is listed on BSE and NSE. EFSL through its subsidiaries, offers to its customers a diversified financial services platform that provides various secured corporate loan products, retail loan products and services, SME financing, agri value chain services including agri credit, wealth advisory services, asset management, asset reconstruction, insurance, investment banking, institutional and retail broking.

Our total revenue for the six months ended September 30, 2019 and the Fiscal ended March 31, 2019 was ₹1,176.71 million and ₹1,424.59 million respectively. Meanwhile, our profit after tax for the six months ended September 30, 2019 was ₹170.95 million and our loss after tax for the Fiscal ended March 31, 2019 was ₹3.64 million respectively.

Further, as on September 30, 2019 and March 31, 2019, our net worth was ₹ 1,983.04 million and ₹ 1,773.68 million respectively, while our percentage of capital funds to risk weighted assets/ exposure (capital adequacy

ratio), as of September 30, 2019 and March 31, 2019 computed on the basis of applicable RBI requirements was 377.15% and 31.50%, compared to the RBI stipulated minimum requirement of 15% as per the Master Directions of RBI. Our Loan Book as per Ind AS as on January 10, 2020 was ₹ 2,278.82 million.

### Key Operational and Financial Parameters

A summary of our key operational and financial parameters as at and for the six months ended September 30, 2019 and the year ended March 31, 2019 are as follows:

(₹ in million)

Parameters	As at September 30, 2019	As at March 31, 2019
Equity (Note 1)	2,018.69	1,847.71
Total Borrowings of which	12,389.67	19,731.75
- Debt securities	108.60	-
- Borrowings (other than debt securities)	11,955.65	19,215.16
- Subordinated Liabilities	325.42	516.59
Property, Plant and Equipment and Other Intangible assets (Note 2)	14.44	15.83
Financial assets (Note 3)	14,545.85	20,534.88
Non-financial assets (Note 4)	415.97	374.53
Cash and cash equivalents	48.90	1,050.24
Bank balances other than cash and cash equivalents	3.31	53.33
Financial liabilities (Note 5)	440.15	342.31
Non-financial liabilities (Note 6)	179.96	107.04
Loans (Note 7)	Nil	Nil
Interest Income	998.73	1,410.66
Finance Costs	817.58	1,204.46
Impairment on financial instruments	-	-
Total Comprehensive Income	171.00	(3.54)
Stage 3 Assets	Nil	Nil
Stage 3 assets as % of Loan Book as per Ind AS	Nil	Nil
CRAR - Tier I Capital Ratio (%)	325.81%	24.86%
CRAR - Tier II Capital Ratio (%)	51.34%	6.64%

**Notes:** The below notes are applicable to the key operational and financial parameters for the half year ended September 30, 2019 and the Fiscal ended March 31, 2019 are as follows:

1. "Equity" refers to the aggregate of Equity share capital and Other equity.
2. "Property, Plant and Equipment and Other Intangible assets" refers to the aggregate of Property, Plant and Equipment and Other intangible assets.
3. "Financial assets" refers to the aggregate of Derivative financial instruments, Securities held for trading, Receivables, Other Receivables and Other financial assets.

4. "Non-financial assets" referred to the aggregate of Current tax assets (net), Deferred tax assets (net) and Other non- financial assets.
5. "Financial liabilities" refers to the aggregate of Derivative financial instruments, Trade payables and Other financial liabilities
6. "Non-financial liabilities" refers to the aggregate of Current tax liabilities (net), Provisions and Other non-financial liabilities.
7. "Loan" refers to Loan Book as per Ind AS less of Stage 1 Provision, Stage 2 Provision and Stage 3 Provision.

A summary of our key operational and financial parameters as at and for the years ended March 31, 2018 and 2017 (on a standalone basis), as derived from the Reformatted Standalone Financial Statements, are as follows:

(₹ in million)

Parameters	As at March 31, 2018	As at March 31, 2017*
Shareholders' Funds (Note 1)	2,308.42	3,681.66
Total Borrowings (Note 9)	17,569.70	18,172.54
- Long term Borrowings	-	1,761.61
- Short term borrowings	17,542.79	11,877.28
- Current maturities of long term debt	-	3,762.80
- Interest accrued but not due on borrowings	26.91	770.84
- Interest accrued and due on borrowings	-	0.01
Fixed assets (Note 2)	14.49	206.13
Non-Current Assets (Note 3)	492.84	1,363.07
Current Assets (Note 4)	24,697.56	16,648.09
Cash and Bank Balances	202.96	795.03
Non-Current liabilities (Note 5)	43.94	318.59
Current liabilities (Note 6)	5,485.78	809.61
Loans (Note 7)	Nil	3,970.08
Interest Income	1,595.08	2,614.83
Finance Costs	1,298.30	1,133.59
Provisioning and write offs (Note 8)	-	199.73
Profit for the year	212.26	793.11
Gross NPA (%)	Nil	Nil
Net NPA (%)	Nil	Nil

\*The Company had one subsidiary at the end of the financial year ended March 31, 2017 and accordingly prepared consolidated financial statement for the year ended March 31, 2017.

Notes: The below notes are applicable to the key operational and financial parameters as at and for the years ended March 31, 2018 and March 31, 2017, are as follows:

1. "Shareholders Funds" refers to the aggregate of Share capital and Reserves and Surplus.
2. "Fixed Assets" refers to the aggregate of Property, Plant and Equipment and Intangible assets.



3. “Non-Current Assets” refers to the aggregate of Non-Current Investments, Deferred Tax Assets, Long terms loans and advances and other non-current assets and excludes long term secured and unsecured Receivable from financing business and interest accrued on loans given.
4. “Current assets” refers to the aggregate of Current Investments, Stock in trade (excluding credit substitutes), Trade receivables, Short term loans and advances and other current assets (net) and short term excludes secured and unsecured Receivable from financing business and interest accrued on loans given.
5. “Non-Current Liabilities” refers to the aggregate of Other long term liabilities (excluding interest accrued but not due on borrowings and Interest accrued and due on borrowings) and Long term provisions.
6. “Current Liabilities” refers to the aggregate of Trade payables, Other current liabilities (excluding current maturities of long term debt, interest accrued but not due on borrowings and Interest accrued and due on borrowings) and Short term provisions.
7. “Loan” refers to Loan Book as per Indian GAAP including interest accrued on loans given. Provision for non-performing assets and provision for standard assets are included under Provisions under the liabilities.
8. Provisioning & Write-offs” refers to the aggregate of Diminution in value of Investments, Provision for standard assets / (written back), Provision for doubtful debts / (written back)
9. “Total Borrowings” refers to the aggregate of long-term borrowings, short-term borrowings, current maturities of long term debt, interest accrued but not due on borrowings and interest accrued and due on borrowings.

A summary of our key operational and financial parameters as at and for the year ended March 31, 2017 (on a consolidated basis), as derived from the 2017 Audited Consolidated Financial Statement, are as follows:

(₹ in million)

Parameters	As at March 31, 2017*
Shareholders’ Funds (Note 1)	6,082.68
Total Borrowings (Note 8)	20,339.22
- Long term Borrowings	1,761.61
- Short term borrowings	13,777.15
- Current liabilities of long term debt	3,762.80
- Interest accrued but not due on borrowings	1,037.65
- Interest accrued and due on borrowings	0.01
Fixed assets (Note 2)	206.13
Other Non-Current Assets (Note 3)	2,307.64
Other Current Assets (Note 4)	17,864.71
Cash and Bank Balances	834.73
Other Non-Current liabilities (Note 5)	56.27
Other Current liabilities (Note 6)	935.91
Loans (Note 7)	6,200.87
Interest Income	2,834.67
Finance Costs	1,241.14
Profit after Tax	1,442.23
Gross NPA (%)	Nil
Net NPA (%)	Nil

\*The Company had one subsidiary at the end of the financial year ended March 31, 2017 and accordingly prepared consolidated financial statement for the year ended March 31, 2017.

Notes: The below notes are applicable to the key operational and financial parameters for the consolidated financial statement as at and for the year ended March 31, 2017, are as follows:

1. "Shareholders Funds" refers to the aggregate of Share capital and Reserves and Surplus.
2. "Fixed Assets" refers to the aggregate of Property, Plant and Equipment and Intangible assets.
3. "Other Non -Current Assets" refers to the aggregate of Non-Current Investments, Deferred Tax Assets, Long terms loans and advances and other non-current assets and excludes long term secured and unsecured Receivable from financing business and interest accrued on loans given.
4. "Other current assets" refers to the aggregate of Current Investments, Stock in trade (excluding credit substitutes), Trade receivables, Short term loans and advances and other current assets (net) and short term excludes secured and unsecured Receivable from financing business and interest accrued on loans given.
5. "Other Non-Current Liabilities" refers to the aggregate of Other long term liabilities (excluding interest accrued but not due on borrowings and Interest accrued and due on borrowings) and Long term provisions.
6. "Other Current Liabilities" refers to the aggregate of Trade payables, Other current liabilities (excluding current maturities of long term debt, interest accrued but not due on borrowings and Interest accrued and due on borrowings) and Short term provisions.
7. "Loan" refers to Loan Book as per Indian GAAP including interest accrued on loans given. Provision for non-performing assets and provision for standard assets are included under Provisions under the liabilities.
8. "Total Borrowings" refers to the aggregate of long-term borrowings, short-term borrowings, current maturities of long term debt, interest accrued but not due on borrowings and interest accrued and due on borrowings.

#### Select Financial Information:

Certain select financial information of our Company is as below:

- Interest income to Total revenue from operations

(₹ in million)

Particulars	Six months ended September 30, 2019	Fiscal 2019
Interest income	998.73	1,410.66
Interest income as a percentage to total revenue from operations	84.87%	99.90%
Revenue from operations	1,176.71	1,412.10
Total Revenue*	1,176.71	1,424.59
Interest income as % of Total revenue	84.87%	99.02%

\*Total revenue refers to the aggregate of the revenue from operations and other income.

(₹ in million)

Particulars	Fiscal 2018
Interest Income	1,595.08
Total Revenue	1,542.50
Interest Income as % of Total Revenue	103.41%

- Sources of Funding

Particulars	September 30, 2019		March 31, 2019	
	Amount (₹ in million)	% of total borrowings	Amount (₹ in million)	% of total borrowings
Clearcorp Repo Order Matching System	7,257.75	58.58%	14,163.59	71.78%
Non-convertible debentures	108.60	0.88%	-	-
Loans from related parties*	4,697.90	37.92%	5,051.58	25.60%
Subordinated liabilities	325.42	2.63%	516.59	2.62%
<b>Total borrowings</b>	<b>12,389.67</b>	<b>100.00%</b>	<b>19,731.76</b>	<b>100.00%</b>

\*As per Ind AS 24.

- Net worth

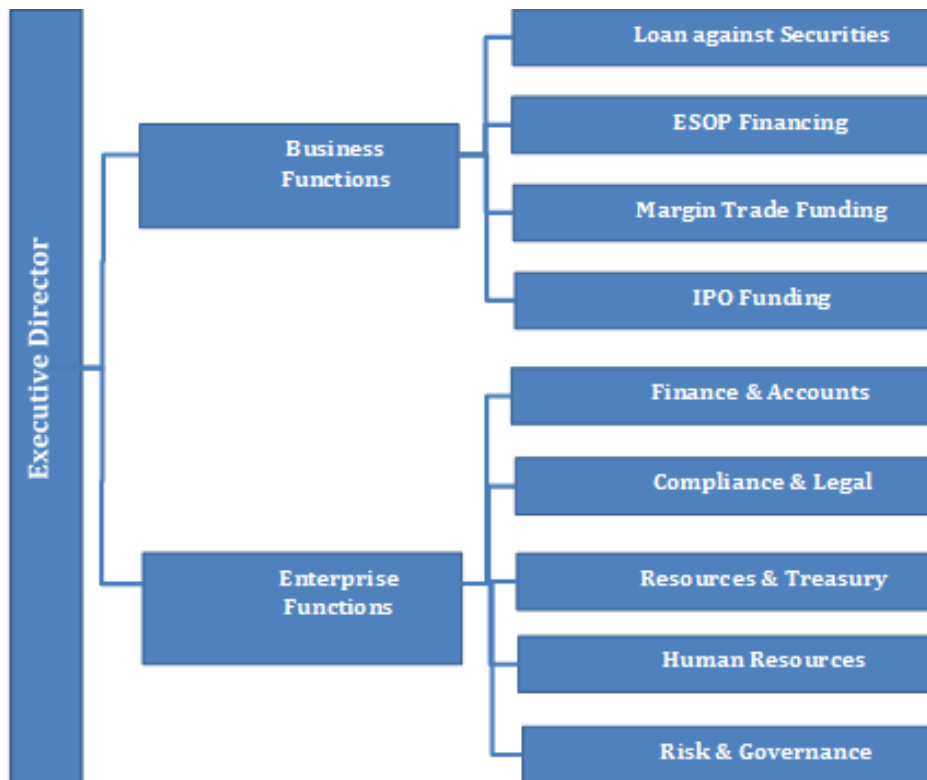
(₹ in million)

Particulars	As at September 30, 2019	As at March 31, 2019
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Particulars	As at September 30, 2019	As at March 31, 2019
Equity Capital	34.35	34.35
Other Equity (Reserves & surplus)	1,984.36	1,813.36
Less: Deferred tax asset	(35.67)	(74.03)
<b>Net worth</b>	<b>1,983.04</b>	<b>1,773.68</b>

### Corporate Structure

Our Company's corporate structure is to be as set out below:



### COMPETITIVE STRENGTHS

Set out below are the key strengths which our Company believes enables it to be competitive in its business.

#### *Established brand and parentage of the Edelweiss group*

Our Company is a part of the Edelweiss group, which is one of India's diversified financial services conglomerates.

Edelweiss group enjoys a large client base of over 1,250,000 clients across its various businesses, as at September 30, 2019. The Edelweiss group had 467 offices being 459 offices across approximately 180 cities in India and eight offices outside India in six cities as at September 30, 2019. Our Company believes that its relationship with the Edelweiss group provides brand recall and it will continue to derive significant marketing and operational benefits as a result of its association with the Edelweiss group. We believe that the relationship that the Edelweiss group has developed, provides us instant brand recognition. Furthermore, we derive certain business synergies from the Edelweiss group which helps us in sourcing customers, expanding our operational network and increasing market penetration.

We draw upon a range of resources from the Edelweiss group such as information technology and infrastructure besides sharing the value system, guiding principles and culture. We leverage the Edelweiss group's experience in the various facets of the financial services sector which allows us to understand market trends and mechanics

and helps us in designing our products to suit the requirements of our target customer base as well as to address opportunities that arise out of changes in market trends. Our Company intends to leverage the client-base of the Edelweiss group, including its wealth and asset management business.

### ***Liquid balance sheet***

We believe that we benefit from a liquid balance sheet with a high net worth, a reasonable leverage and a comfortable capital to risk weighted assets ratio (“**CRAR**”). While managing our balance sheet, our Company’s focus is on risk management and capital preservation which enables us to maintain sufficient liquidity to ensure smooth operations of our business. Given our Company’s liquid balance sheet, we believe our Company will be able to deploy capital for starting new businesses and expanding existing businesses which are integral to its core strategy of risk-mitigation through diversification. Our Company is also able to obtain easier access to market borrowings through its strong credit rating. A liquid balance sheet simultaneously permits our Company to redeploy capital towards business opportunities that are presented at short notice.

### ***Adequately capitalised for growth***

Our Company is subject to capital adequacy ratio (“**CAR**”) requirements which are prescribed by the RBI. Our Company is currently required to maintain a minimum 15 per cent. as prescribed under the prudential norms of the RBI based on its total capital to risk weighted assets as part of its governance policy. Our Company generally maintains capital adequacy higher than the statutorily prescribed CAR. As at September 30, 2019 and March 31, 2019, our Company’s percentage of capital funds to risk weighted assets/ exposure (capital adequacy ratio), computed on the basis of the applicable RBI requirements, was 377.15% and 31.50% respectively.

The following table sets out our Company’s capital adequacy ratio as at the dates indicated below based on Ind AS:

<b>Particulars</b>	<b>September 30, 2019</b>	<b>March 31, 2019</b>
CAR prescribed by RBI	15%	15%
Percentage of capital funds to risk weighted assets/ exposure (capital adequacy ratio)	377.15%	31.50%
Tier I Capital	325.81%	24.86%
Tier II Capital	51.34%	6.64%

### ***Diversified funding profile and access to range of cost effective funding sources***

Our fund requirements are currently predominantly sourced through the issue of redeemable non-convertible debentures (including market linked debentures) on a private placement basis, CROMS, CBLO, issuance of commercial paper and money market borrowings.

We believe that we have established a track record of the timely servicing of its debts.

We believe that we have been able to achieve a relatively stable cost of funds primarily due to effective treasury management and diversified fund raising programs. We have in the past availed in the future and intend to continue to avail borrowings through market linked debentures. We are undertaking this Issue to further diversify the sources of borrowings of our Company. To achieve our growth strategies and meet requirements in the future, we intend to diversify our fund raising programs, after factoring in the availability of fund raising options and the cost of borrowing.

**Set out below is certain information regarding the portion that our different funding sources constitute of our total funding:**

<b>Source of funding</b>	<b>As at September 30, 2019</b>	<b>As at March 31, 2019</b>
Non-convertible debentures (%)	0.88%	-
Subordinated liabilities (%)	2.63%	2.62%

Source of funding	As at September 30, 2019	As at March 31, 2019
Clearcorp Repo Order Matching System (%)	58.58%	71.78%
Loan from Related Party* (%)	37.92%	25.60%
<b>Total</b>	<b>100%</b>	<b>100%</b>

\*As per Ind AS 24.

### ***Robust risk management systems and independent processes which are well defined***

Our Company believes its business processes ensure complete independence of functions and a segregation of responsibilities. We believe our credit appraisal and credit control processes, as well as our risk management processes and policies allow layers of multiple checks and verifications. These legal and technical verifications includes document verification, fraud and KYC verifications, personal meetings with clients and audit before the disbursement of loans is typically conducted by the relevant Edelweiss group company from where the client is obtained. Furthermore, our Company’s processes have been standardised with the objective of providing high quality of service and ensuring efficiency. This is achieved by facilitating the integration of our Company’s workforce, processes and technology.

Our loan approval and administration procedures, collection and enforcement procedures are designed to minimise delinquencies and maximise recovery. We believe that our procedures have ensured that there has been no write off (aggregate of bad-debts and advances written off and loss on sale of non-performing assets) of loans due to non-recovery in the six months ended September 30, 2019 and the Fiscals ended March 31, 2019, 2018 and 2017.

Our Company believes that it has the necessary internal controls and risk management systems in our Company to assess and monitor risks across our business . The risk management systems function through an independent department with a dedicated centralised risk management team. Our Company seeks to monitor and control risk exposure through a variety of separate but complementary financial, credit and operational reporting systems.

For further details, see “- Processes” on page 97 of this Prospectus.

### ***Equipped with advanced technology***

We use a software solution which offers a comprehensive loan management system, which caters to end to end services for funding products like loan against securities and ESOP financing. The software is equipped to handle collateral management, accounting of loans and client communications, while also providing 360 degree client loan view and quick disbursement and real time drawing power information. The application provides a seamless flow of the deal through its various stages of processing and maintains all records and audit trails and generates various reports.

We believe that the elevation of technology will help us create a compelling offering for our clients – be it in terms of variety of service, cost efficiencies, safety and security, turnaround time, customisation and specialisation, among others. Our Company intends to provide our customers a seamless and pleasant experience through the use of technology in our products and services.

During the onboarding process, our Company, uses a system named “CAPS”, which in real time intelligently, validates customer information and borrower’s ratings at credit bureau, rendering the process nearly paperless.

Once the customer is onboarded, the core transaction system, which includes loan management system, supported by a robust core back office system “FinSmart” manages the borrower’s entire loan book, books of accounts and is linked to “Imanage”, which is a self-service portal for the customer. Over the years, we believe our use of technology has improved work-place engagement and governance, while also increasing the accessibility of our products to customers and will enable us to scale up our operations in a secure and efficient manner.

We understand the power of cloud infra (private cloud) and we are migrating our software solutions on cloud to have high availability of application with required security and the necessary agility to scale up for maximizing the cost benefit in future.

## **STRATEGIES**

### ***Minimise concentration risk by diversifying the portfolio of products and expanding our customer base***

We intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers as well as expand our customer base. We expect that our diverse revenue stream will reduce our dependence on any particular product or customer base, which will enable us to spread and mitigate our risk exposure to any particular industry, business, geography or customer segment. Further, offering a wide range of products helps us to attract more customers and to increase our scale of operations.

### ***Leveraging the client relationships of the Edelweiss group and the technology of the Edelweiss group to increase retention of clients***

While, we intend to expand our customer base beyond the customers of the Edelweiss group, we intend to leverage the existing client relationships of the Edelweiss group to develop and retain the existing customers. We believe that the Edelweiss brand helps increase increases our ability to attract and retain customers, due to the reputation and diversified product and service offerings of the Edelweiss group.

Additionally, since the Edelweiss group has diversified product and service offerings, proprietary technology has been developed and as well tested and utilised for various specific purposes. We intend to tap the availability of such technology for use in our business, as our product offerings and portfolio expand.

### ***Optimising return while developing and maintaining the quality of our Company's loan book***

While, we seek to expand our product offerings and our loan portfolio, we are focused on developing a high quality loan book. We believe that the credit and risk management systems and requirements we have implemented will adequately enable us to optimise our product mix in our loan book. With this strategy, we believe that we are able to maintain our margins in the event the interest rate becomes volatile and keep our credit costs to the minimum in the event of downturn in the economy.

### ***Ensure effective asset-liability management, diversify borrowing sources and strengthen our credit profile***

The Company has in place Risk Management Committee and Asset Liability Management Committee (ALCO), consisting of Directors and senior officials. They regularly meet and review the policies, systems, controls, and positions of the financing business. Our Company is a non-deposit taking NBFC with the lending portfolio resulting into maturities of loans in different time buckets, efforts are made to match the maturity of liabilities with those of the assets and minimize the asset liability mismatch. We monitor liquidity risk through our ALCO Committee with the help of fortnightly and monthly liquidity and Asset Liability mismatch reviews. This involves the categorisation of all assets and liabilities in different maturity buckets, and evaluating them for any mismatches in any particular maturity bucket, especially in the short-term. We secure funding from a variety of sources to meet our capital requirements. We believe that we have been able to access cost-effective debt financing and reduced our average cost of borrowings over the years due to several factors, including our financial performance and improving credit ratings. We will continue to focus on developing a diversified funding model to achieve an optimum cost of funds while balancing liquidity and concentration risks. We believe we will continue to improve our credit ratings and thereby access a greater pool of diversified funding sources.

### ***Achieve operational excellence by further strengthening our Company's operating processes, technology infrastructure and risk management systems***

We focus on building a process driven organisation with an audit and compliance based culture. Improvement and competitiveness in our operations and risk management forms an integral part of our business. The objective of our risk management systems is to measure and monitor the various risks that we are subject to and to implement policies and procedures to address such risks. We intend to continually improve our operating

processes and risk management systems that will enhance our ability to manage any inherent risks to our business.

Risk management forms an integral part of our business as it is exposed to various risks. The objective of our risk management system is to measure and monitor the various risks that we are subject to and to implement policies and procedures to address such risks. Furthermore, we intend to continue to train existing and new employees in appraisal skills, customer relations, communication skills to improve customer centricity and risk management procedures to enable replication of talent and facilitate smooth transition on employee attrition, and, update our employees with the latest developments to mitigate risks in relation to frauds and cheating.

While, we use proprietary technology for our operations, we intend to further strengthen our technology infrastructure to optimise the monitoring of our loan book and the securities and to cater to our new product offerings. We intend to implement a new customer relationship management solution, which would use robotic process automation and artificial intelligence, thereby helping us handle more customers at the same time while also improving our efficiency.

## **Products**

Currently, we offer our customers with loans against securities, margin trade financing and IPO financing. Our Loan Book as per Ind AS as on January 10, 2020 aggregates to ₹ 2,278.82 million.

Set forth below are the details of our product offerings:

### ***Loan against securities***

We grant loans against securities to persons against specific marketable securities which is offered to customers, who require liquidity against their investments in specific marketable securities including equity shares, units of mutual funds, fixed income instruments (such as government securities, corporate bonds with a long term rating of AA- and above) and others (including units of AIFs and market linked debentures). The maximum tenor of such loans is up to 30 months.

### ***ESOP financing***

We provide loans to employees of corporates, empaneled with the Edelweiss group, to fund acquisition of shares, on the exercise of options granted to them. The loans granted are secured by pledge of the shares issued to such employees on the exercise of the options granted to them. The tenor of such loans is typically for a period of 30 months. The loans can only be used for purchasing the shares on exercise of the ESOPs.

### **Margin trade financing**

We provide customers who meet our specific credit criteria with margin trade financing. Such customers are required to maintain a margin in the form of securities with us. We would provide the customers with short term financing for the purchase of securities and holding positions against such margin. The tenor of such financing facility is typically thirty months. The facility can only be utilised for investing in capital markets.

### **IPO financing:**

We provide customers, desiring to subscribe to initial public offerings of companies as well as other fund raisings by listed companies, with short-term loans, against margins maintained by such customers with us. Post allotment of the securities to our customers, such shares are to be pledged in our favour as security against the loan availed. The tenor of such loans would be generally seven days. The loan can only be used by the borrower for the purchase of the securities.

## **Office Network**

As on September 30, 2019, the Edelweiss group had 467 offices. Our Company has one rented office (other than our Registered and Corporate Office) in New Delhi.

## **MARKETING**

We source our potential customers through the experienced and well trained sourcing teams of the Edelweiss group companies. Furthermore, there is also cross selling of loan products to the clients who have an existing relationship with other lines of business in the Edelweiss group. In addition, the Edelweiss group also advertises through television, print and road shows to increase the visibility of our brand.

## **PROCESSES**

### ***Our credit policy***

All loans are sanctioned under the credit and risk policy (the “**Credit Policy**”) which has been adopted by our Company. The Credit Policy is applicable to all our product offerings. We place emphasis on demonstrated past and future assessment of income, repayment capacity and credit history prior to approving any loan.

### ***Sourcing of clients***

We source our clients through well trained internal house teams of the Edelweiss group including relationship managers. We leverage the relationships of the Edelweiss group’s global investment advisory business for our customers.

### ***Sanction process***

Loans are provided only against those scripts which meet the pre-defined criteria established in the policies of our Company. The securities are monitored and the list is periodically updated based on the prices of the securities on the stock exchanges. The margin for the security is determined based on *inter alia* the collateral quality and tenure of the loan. For instance, a relatively poor collateral will have require a higher margin (lower LTV) as against a portfolio with a relatively good collateral.

We have an internal and external credit appraisal system prior to loan sanction. Our sanction process involves laid down pre-defined checks on the borrowers including evaluation of CIBIL or equivalent credit score, other regulatory checks and receipt of all the required documents. All the loan approvals requires approvals as per a defined approval matrix. All standard sanctions for loans are generally of 30 months duration unless a tenor lower than 30 months is specifically required.

For the margin trade financing (“MTF”) and IPO financing facilities, the credit criteria includes repayment track record with Edelweiss group and clean credit bureau records.

Two levels of checks are performed on loan applications received, while Finance- Operations team verifies the KYC documents the credit risk team verifies the credit information report and other relevant documentation and carries out necessary regulatory checks. The Credit Team will also seek approval from Credit Committee and Investment Committee as applicable and approve the loan request in loan origination system.

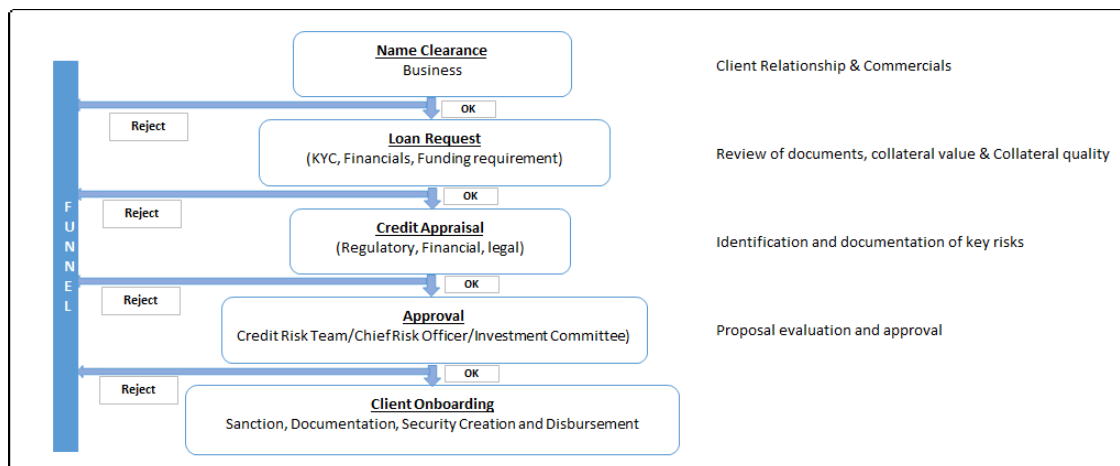
After approval is granted for the sanction of the loan, the relationship manager from the Edelweiss group will get the documentation in relation to the loan and security executed. Margin money and other charges are collected prior to any loan disbursements. The disbursing officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation.

Prior to the loan disbursement, our officer from the business/client servicing team ensures that a KYC checklist is completed by the applicant. The officer verifies the information that has been provided and includes the records in the loans file. The officer also ensures that the contents of the loan documents are explained in detail to the customer either in English or in the local language of the customer and a statement to such effect is included as part of the loan documentation. The customer is provided with a copy of the loan documents which the customer then executes.

### ***Credit Appraisal***

The below flow chart depicts our Company’s basic credit appraisal process:





### ***Disbursement Process***

Post completion of the sanction and post-sanction formalities, including the relevant documentation and legal vetting, our onboarding team creates the client master in our loan management system.

With respect to loan against securities and MTF products, would create a pledge on the securities provided as security for the loans. Our operations-collateral team would thereafter confirm the creation of the pledge. Upon confirmation of the pledge, our customer would check their drawing power and initiate a disbursement request with our Company. Disbursement requests are received in core system (FinSmart) from the client or relationship manager. It goes to our risk management team through workflow and based on available drawing power these requests are approved and pushed to our accounts team. Disbursements are made to client's account (verified in the core system) through STP. In case of MTF, disbursements are processed in clients' bank account (under NBFC POA) and from clients' bank account payment is made to the broker.

Since ESOP financing involves the creation of the security after the issuance of the shares to the employees of the body corporates empanelled with us, the security would be created after the disbursement of the loan, in line with the timelines agreed with the empanelled body corporate. The signed copy of the pledge agreement and other necessary documentation for creation of the pledge would be collected from the borrower prior to the disbursement of the loan. The body corporate would intimate our Company of the issuance of shares to the borrower, post which the pledge is created over such shares.

With respect to IPO financing, based on the credit and risk appraisal and confirmation of receipt of margin money, our Company would transfer funds for the bidding to the client's bank account under a power of attorney and a pledge agreement is to be entered into for the securities to be purchased. If the client is allotted the shares, the shares are pledged in our favour post allotment.

### ***Loan Management Technology Platform***

We use a software solution which offers a comprehensive loan management system us in offering an end to end solution to our clients. The software offers a comprehensive loan management system, which caters to end to end services for funding products like loan against securities and ESOP financing. The software is equipped to handle collateral management, accounting of loans and client communications, while also providing 360 degree client loan view and quick disbursement and real time drawing power information. The application provides a seamless flow of the deal through its various stages of processing and maintains all records and audit trails.

### ***Loan Administration and Monitoring***

The customer (and guarantor, if any) execute(s) the documents for the creation of security and the loan agreement which sets out the terms of the loan. The loans against securities and margin trade funding facilities are revolving facilities, which can be availed and repaid up to the specified limit till the sanction period expires. The ESOP financing and IPO financing facilities are to be repayable on our demand.

Loans disbursed are recovered from the customer in accordance with the terms and conditions of the loan. This data is analysed based on the loans disbursed and location of the customer. We manage all recovery of amounts

due on loans internally. Our officers ensure that all stages of the collections process are implemented and executed.

We monitor the completeness of documentation and the creation of security. Given the nature of the security provided for our loans (certain marketable securities), it is imperative that we monitor the valuation of the security of our Company on a real-time basis. We deploy proprietary technology, which monitors the valuation of the securities and tracks whether the valuation of the security is that such level, that the required margin is maintained. If the valuation of the marketable securities changes, such that the margin required as part of the terms of the loan is not maintained, the intra-day report sent to the customer would intimate the customer of the shortfall and our customer would be required to provide additional security within typically seven days of the shortfall.

Financials of borrowers with outstanding more than ₹100 million are usually reviewed on yearly basis while collateral for all loans is reviewed on weekly basis or more frequently wherever warranted. We believe that our close monitoring of debt servicing enables us to maintain high recovery ratios and maintain satisfactory asset quality.

### ***Portfolio Management, Collection and Recovery Processes***

We manage the portfolio management and collection processes in-house. A daily report is sent to the customer automatically informing the customer of the loan balance available and the margin maintained based on the valuation of the security at the time.

Our risk management team will regularly monitor the available drawing power, loan utilisation and collateral quality of customers. In case of any shortfall or deterioration in collateral quality, our risk management team will intimate the relationship manager to either collect extra margin or seek repayment to the extent of shortfall, in case shortfall is not regularised as per agreed timeline, the risk team may liquidate the collateral to regularise the loan facility within acceptable norms.

A loan granted may be recalled in case any of the events of defaults are triggered in the loan agreements, including by way of payment default, failure to maintain adequate security, material misrepresentation of facts.

Dues from customers are either collected from the customers or in the case of default by enforcement of the pledge, which may involve the sale of the securities.

Interest on the loans availed is charged as per agreed frequency as per the terms of the loan. Even if after giving sufficient reminders interest is not received, our risk management team has rights to liquidate the available collateral to recover the overdue interest. Post loan repayment, collateral is released only after collection of entire loan outstanding along with interest and other charges if any.

### **Working capital**

We expect to meet our working capital needs and liquidity requirements for the next 12 months primarily from the cash flows from our business operations and borrowings, as determined by our management. In addition, we expect that we will be able to access domestic debt and equity capital markets without any material constraints in order to meet our liquidity requirements.

### **Asset Quality**

We maintain our asset quality by adhering to credit evaluation standards, limiting exposure and interacting with customers directly and regularly and monitoring the collateral through our proprietary technological platform. We ensure that prudent LTV ratios are adhered to while lending. We ensure prompt collection and proper storage of post-disbursement documents.

We believe we follow the necessary risk management policies to ensure that the asset quality of our credit book remains comfortable. We had no NPAs on September 30, 2019, March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.

### **OUR PROVISIONING POLICY**

## **For the six months ended September 30, 2019 and the financial year ended March 31, 2019**

Our policy is to recognise provisions based on expected credit loss model (“ECL”) on all loans, other debt financial assets measured at amortised cost together with undrawn loan commitment and financial guarantee contracts, in this section all referred to as “Financial instrument”. Equity instruments are not subject to impairment.

ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate. Because ECL consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Company categorises its financial assets as follows:

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 expected credit losses (resulting from default events possible within 12 months from reporting date) are recognised (“**Stage 1 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 2 Assets**”).

Stage 3 For Assets considered credit-impaired our Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%. (“**Stage 3 Assets**”).

The ongoing assessment of whether a significant increase in credit risk has occurred for working capital facilities is similar to other lending products. The interest rate used to discount the ECLs for working capital facilities is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. The expected credit losses on the loan commitment have been recognised together with the loss allowance for the financial asset.

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

## **For the Financial Years 2018, 2017, 2016 and 2015**

Provision for non-performing assets is based on the management’s assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI. Provisions against standard assets are made on the basis of prudential norms prescribed by RBI.

## **FUNDING SOURCES**

We raise funds from diversified sources and through a wide range of instruments in order to reduce our funding cost. This assists us to raise resources at competitive rates, protect interest margins and maintain a diversified funding portfolio that enable us to achieve funding stability and liquidity. Our sources of funding include credit facilities from redeemable non-convertible debentures (include market linked debentures) and money market borrowings, CBLO and CROMS. For details in relation to the debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding, please refer to the chapter titled “*Financial Indebtedness*” on page 132 of this Prospectus.

## **BORROWINGS**

Please refer to the section titled “*Financial Indebtedness*” on page 132 of this Prospectus.

## **CREDIT RATING**

The details of the credit ratings currently received by our Company in respect of its indebtedness (including ratings for its market linked debentures, commercial papers and NCDs) are set out below:

Sr. No.	Rating agency	Amount (in ₹ million)	Purpose	Rating	With effect from
1	BWR	5,000	Principal protected market linked debentures (long-term)	BWR PP-MLD AA (outlook: negative)	November 22, 2019
2		4,500	Secured NCDs (long-term)	BWR AA (outlook: negative)	
3		500	NCDs (long-term)	BWR AA (outlook: negative)	
4	CARE	5,000	Principal protected market linked debentures	CARE PP-MLD AA- (outlook: stable)	September 11, 2019
5		10,000	Commercial paper	CARE A1+	September 11, 2019
6		25,000	Commercial paper (IPO financing)	CARE A1+	November 22, 2019
7		5,000	Non-convertible debentures (public issue)	CARE AA-; Stable	December 17, 2019
8	CRISIL	715	Principal protected market linked debentures (short-term)	CRISIL PP- MLD A1+r	November 5, 2019
9		1,050	Preference shares	CRISIL AA-/stable	October 7, 2019
10		5,100	Non-convertible debentures	CRISIL AA-/stable	November 5, 2019
11		5,000	Principal protected market linked debentures (long-term)	CRISIL PP-MLD AA-r/stable	November 11, 2019
12		10,000	Commercial paper	CRISIL A1+	November 21, 2019
13		30,000	Commercial paper (IPO financing)	CRISIL A1+	November 5, 2019
14		5,000	Bank loan facility (long-term)	CRISIL AA-/stable	October 7, 2019
15		5,000	NCDs (public issue)	CRISIL AA-/stable	December 13, 2019
16	ICRA	4,000	Principal protected market linked debentures (short-term)	PP-MLD [ICRA]A1+	June 25, 2019
17		5,000	Line of credit	[ICRA] AA-(negative)	June 25, 2019
18		7,000	Principal protected equity linked debentures (long-term)	PP-MLD [ICRA]AA-(negative)	June 25, 2019
19		350	Subordinated debt (long-term)	[ICRA] AA-(negative)	June 25, 2019
20		11,000	NCDs (long-term)	[ICRA] AA-(negative)	June 25, 2019

### Treasury Operations

Our treasury operations are mainly focused on meeting our funding requirements and managing short term surpluses. Our sources of funding comprise of credit facilities from redeemable non-convertible debentures and money market borrowings, CROMS and CBLO. We believe that through our treasury operations we are able to maintain our ability to repay borrowings as they mature and obtain new financing facilities at competitive rates. Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI requirements of asset liability management. The objective is to ensure smooth functioning of all our operations and at the same time avoid the holding of excessive cash. Our treasury maintains a balance between interest earning liquid assets and cash to optimise earnings. We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities we also invest our temporary surplus funds with liquid debt based mutual funds and government

securities. Our investments are made in accordance with the investment policy approved by our Board.

## CAPITAL ADEQUACY

Our Company is subject to the capital adequacy ratio (“CAR”) requirements as prescribed by the RBI. Our Company is currently required to maintain a minimum of 15.00 per cent. as prescribed under the Prudential Norms of the RBI based on its total capital to risk weighted assets. As part of our Company’s governance policy, it maintains capital adequacy higher than the statutorily prescribed CAR.

The table below sets out our Company’s CAR, which is computed on the basis of the applicable RBI requirements, as at the dates indicated.

Particulars	As at September 30, 2019	As at March 31, 2019
CAR prescribed by RBI	15%	15%
Percentage of capital funds to risk weighted assets/ exposure (capital adequacy ratio)	377.15%	31.50%
Out of which:		
Tier I Capital	325.81%	24.86%
Tier II Capital	51.34%	6.64%

## RISK MANAGEMENT

The business activities of our Company are exposed to various risks that are either inherent to the business or have their genesis in changes to external environment.

Risk management is integral part of business at Edelweiss group. The good risk management practices of the Edelweiss group have facilitated navigating through environmentally turbulent times and we share the same. While we have been managing various risks, a need for holistic approach to risk management led us to embrace yet another long journey towards Enterprise Risk Management (ERM) at the Group level. This we believe would strategically benchmark our practices to the best in class levels in ensuing years. Recognising the importance of embedding risk management at organisation level, the Edelweiss group has focused on making this every individual’s agenda by creating first level of defence at individual level thus defining DNA of the organisation.

Financial services industry has been impacted in recent past with events relating to risks and governance. Taking clue from this, we have strengthened oversight on Risk focusing on all vectors of risk at entity level. To augment the Board Risk Committee at the Group level, the Enterprise Risk Management Council comprising of senior management personnel has also been constituted. ERM council is creating framework to Assess, Avoid, and Manage and Mitigate risks across business verticals on a continuous basis. Our in-house “Eleven-risk framework” coupled with risk governance structure that includes business level risk team, Global Risk Group at the Corporate Centre, Global Risk Committee, ERM Council and the Board Risk Committee protects Edelweiss group companies and ensures that there are enough defences available to control all types of risk events.

### *Credit and risk policy*

Our Company has a well-defined risk management policy framework for risk identification, assessment and control to effectively manage risks associated with the various business activities. Our Company’s credit and risk policy ensures that the margin requirements are conservative to be able to withstand market volatility and scenarios of sharply declining prices. As a result, our Company follows conservative lending norms.

We require the maintenance of a margin of the collateral (haircut). Standard margins are applied on various categories of securities for shortfall computation to provide sufficient cushion in case of price fall. Such margins are reviewed periodically. Margins on mutual fund units are decided on the basis of the type of fund and scheme. Lower margins (higher LTV) could be provided on certain securities based on the quality of the collateral. We typically require our customers to maintain an LTV lower than applicable regulatory requirements.

### *Approved list of securities*

The selection of the collateral and the associated margin required to be maintained are primarily divided into four categories i.e. equity, mutual funds, fixed income instruments (such as government securities, corporate bonds with a long term rating of AA- and above) and others (including AIFs and market linked debentures).

An approved list of securities (including mutual fund units) is maintained basis parameters specified in the credit and risk policy, which are updated on a periodical basis. A new list is applicable for each trading day. In case of significant negative news on a particular security, such stock can be removed from the approved list of securities with immediate effect and a shortfall notification would be send to customers who have provided such securities as collateral for the loan taken. Clients are provided with a seven day period to regularise shortfall in security cover on account of changes in the approved list, if any.

#### *Technology Infrastructure:*

Our Company shares the technology infrastructure of the Edelweiss group and benefits immensely from the technology upgradation efforts of the Group. The Edelweiss group has continued its digital transformation journey across businesses and has taken the platform approach which enables it to leverage a flexible, structured, and scalable foundation, while speeding development time, leveraging investments and incorporating "long tail" processes.

The platform approach has helped the Edelweiss group create seamless process, data and information flows across customers, partners, front office, back office and middle office. The Edelweiss group has implemented new age technologies to further secure our organisation, client data and networks in order to ensure all round better protection. At the Edelweiss group, strengthening IT governance to continuously improve IT risk management, IT resource management and performance management framework is a continuous process.

#### *Risk and security monitoring*

Risk monitoring is done at portfolio level basis the overall quality of portfolio. Client portfolio is evaluated basis parameters such as the quality of collateral, portfolio liquidity and concentration of single collateral in the overall portfolio of security. Such Portfolio evaluation helps the risk team in identifying the portfolio which requires special monitoring. Portfolios identified as low quality are kept under constant watch and are monitored strictly for margin regularization.

A portfolio of a customer is considered concentrated if the top scrip's weight is more than a specified percentage of overall portfolio or if the top three scrips holding weight is greater than a specified percentage of overall portfolio. Portfolio quality is determined basis the quantum of quality stocks in the portfolio along with collateral cover. Overall portfolio quality is assessed basis outcome of the above factors.

As most of the crucial functions like client sourcing, approvals, documentation, onboarding, monitoring etc are carried out by in-house teams only, we are not exposed to any risks arising out of the conduct of any external parties or channel partners.

The credit and risk policy also identifies other risks such as counterparty and liquidity risks in light of security-based lending. Our Company has a policy of funding against approved scrips with adequate coverage. Furthermore, our Company keeps its sectoral exposure within prescribed limits as stipulated by the RBI, by avoiding a concentration in any particular sector.

We have had no non-performing assets in the preceding 3 Fiscals and the six months ended September 30, 2019.

### **ASSET AND LIABILITY MANAGEMENT**

We require a sizeable working capital. As a result, our day-to-day liquidity management is a critical function. As our loan book scales up, the asset side duration lengthens which requires greater attention to the management of liabilities. Our treasury and the Asset Liability Management Committee ("ALCO") manages our liquidity and the balance sheet as well as ensures that maturing liabilities are repaid smoothly. The ALCO also manages key components of balance sheet, monitors interest rate sensitivity in our portfolio and takes pre-emptive steps to mitigate any potential liquidity risks and interest rate risks.

We formed the ALCO on June 5, 2007. The Asset Liability Management (the "ALM") statement of our Company is prepared on a quarterly basis to track the inflows and outflows of our Company. The ALM

statement is placed before the ALCO periodically and is also submitted to the RBI. Since we have a mixed lending portfolio comprising short term and long term loans, we make efforts to match the maturity of liabilities with the maturity of assets.

We structure the treasury assets to maintain sufficient liquidity, address the capital needs of the business and manage interest rate risks. We focus on enterprise-wide risk management which ensures optimum returns while preserving our capital. In addition to the Treasury, the ALM committee actively reviews any asset liability mismatch effectively by plugging possible mismatches.

## **CORPORATE SOCIAL RESPONSIBILITY**

Our corporate social responsibilities are carried out through the EdelGive Foundation which is the philanthropic arm of the Edelweiss group. The EdelGive Foundation undertakes CSR activities centrally through the Edelweiss group. The EdelGive Foundation's mission is to leverage its resources with a view to empowering social entrepreneurs and organisations towards achieving systemic change. Through the EdelGive Foundation, we and the Edelweiss group financially support worthy non-profits and social entrepreneurs, plan, review and manage our portfolio of non-profits and social entrepreneurs.

## **TECHNOLOGY**

We believe in leveraging technology to provide us with a strategic competitive advantage, to improve productivity and performance, to enable new ways of managing and organising, to develop new businesses and to provide customers with a better experience. Over the years, the Edelweiss group has constantly invested in building and upgrading its technological infrastructure. The Edelweiss group has a 100-member technology team with the relevant BFSI domain expertise to provide contemporary and flexible technology solutions. We believe that we have leveraged technology effectively to enable growth, build risk management and provide enhanced customer experience for our credit business. The technology enterprise function is managed centrally for the Edelweiss group and all the group companies, including us, share the services.

We use a software solution which offers a comprehensive loan management system us in offering an end to end solution to our clients. The software offers a comprehensive loan management system, which caters to end to end services for funding products like LAS and ESOP financing. The software is equipped to handle collateral management, accounting of loans and client communications, while also providing 360 degree client loan view and quick disbursement and real time drawing power information. The application provides a seamless flow of the deal through its various stages of processing and maintains all records and audit trails and generates various reports.

## **COMPETITION**

The key businesses that we are currently operating in are subject to highly competitive markets. Our competitors include public sector banks, private sector banks, foreign banks and NBFCs.

## **INSURANCE COVERAGE**

We are covered under various types of insurance covers which are taken at a centralised level covering all the subsidiaries in the Edelweiss group. We believe that these insurance covers are appropriate and adequate for our operations. These include general insurance against fire and allied perils, burglary and housebreaking, money insurance, all risk-portable equipment, electronic equipment insurance, machinery breakdown insurance and management liability insurance.

## **REAL ESTATE**

Our registered office and corporate office is located at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400 098, Maharashtra, India. We have one branch office located in New Delhi. We do not own any of these premises. Our Registered and Corporate Office and our branch office are used by us on the basis of memorandum of understandings with group companies owning and leasing the premises underlying our Registered and Corporate Office and branch office respectively. We additionally own a premises in Ambernath, Thane, Maharashtra.

## **INTELLECTUAL PROPERTY**

We are permitted to use certain trademarks of the Edelweiss group, in terms of the trademarks license agreement dated January 17, 2018 entered into by us with our Promoter.

## **EMPLOYEES**

As at December 31, 2019, our Company employed 16 full-time employees.

Our Company believes that its human capital is one of its most important strengths and is the driver of growth, efficiency and productivity. As a result, our Company invests in developing its talent and leadership through various initiatives. Our Company has participated in several initiatives of the Edelweiss group aimed at strengthening the ability of its managers to bring together people, strategies, and execution to drive business results. The Edelweiss group also has a leadership programme with the objective of multiplying leadership capability, developing internal leaders and ensuring seamless execution of its growth targets in the future. Approximately 6.00 per cent. of the Edelweiss group's employees are in the four-tiered Edelweiss leadership pool. They comprise of management committee members, senior leaders, business leaders and emerging leaders, each of whom undergo a structured engagement, communication and development programme during their membership period in the Edelweiss leadership pool. Our Company is an integral part of this leadership programme of the Edelweiss group. A few of our Company's employees form a part of these groups.



## **HISTORY AND CERTAIN OTHER CORPORATE MATTERS**

### **Corporate Profile**

Our Company was incorporated in Mumbai, Maharashtra on October 27, 1994 as a private limited company under the provisions of the Companies Act, 1956 as Crossborder Investments Private Limited and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra. Pursuant to a special resolution passed by the shareholders of our Company at an extra-ordinary general meeting held on July 16, 2009, the name of our Company was changed from Crossborder Investments Private Limited to Edelweiss Finance & Investments Private Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 24, 2009 by the Registrar of Companies, Andhra Pradesh. Subsequently, pursuant to a special resolution passed by the shareholders of our Company at the extra ordinary general meeting held on July 16, 2009, our Company was converted into a public limited company and subsequently the name of our Company was changed to Edelweiss Finance & Investments Limited. The Registrar of Companies, Andhra Pradesh issued a fresh certificate of incorporation consequent upon change of name on conversion to public limited company on August 20, 2009.

Our Company originally obtained a certificate of registration dated September 11, 2009 bearing registration number B-09.00421 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration. Consequent upon the change in situation of the registered office of our Company from the State of Telangana to the State of Maharashtra, the RBI has issued us the revised certificate of registration dated December 13, 2016 bearing registration no. B-13.02144 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the certificate of registration.

The registered office of our Company is situated at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai – 400 098, Maharashtra, India. The original signatories to the Memorandum of Association were Satish Kumar Padmanabhan and Vijaylaxmi Padmanabhan, who were allotted 10 equity shares each at the time of incorporation of our Company. The liability of the members of our Company is limited. The Corporate Identification Number of our Company is U67120MH1994PLC286057.

### **Change in registered office of our Company**

Pursuant to a resolution of our Board on July 5, 2006 and special resolution passed by the shareholders of our Company on July 28, 2006, the registered office of our Company was shifted from 14<sup>th</sup> Floor, Express Towers, Nariman Point, Mumbai- 400 020, Maharashtra to Office No 303, 3<sup>rd</sup> Floor, Mayank Plaza, Opposite Green Park, Ameerpet, Hyderabad, Andhra Pradesh 500 016 with effect from December 29, 2006, which was confirmed by an order of the Company Law Board, Mumbai dated January 2, 2007. A certificate of registration for change of state was issued by the Registrar of Companies, Andhra Pradesh on January 17, 2007.

Thereafter, pursuant to a resolution of our Board dated October 23, 2008, our registered office shifted from Office No 303, 3<sup>rd</sup> Floor, Mayank Plaza, Opposite Green Park, Ameerpet, Hyderabad, Andhra Pradesh 500 016 to 2<sup>nd</sup> Floor, MB Towers, Plot No. 5, Road No 2, Banjara Hills, Hyderabad, Andhra Pradesh with effect from December 1, 2008.

Further, the registered office of our Company again shifted from 2<sup>nd</sup> Floor, MB Towers, Plot No. 5, Road No. 2, Banjara Hills, Hyderabad - 500 034, Telangana to Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400 098, Maharashtra with effect from September 12, 2016 pursuant to special resolution passed by the shareholders of our Company on July 29, 2011, which was confirmed by an order of the Regional Director dated June 30, 2016. A certificate of registration of Regional Director order for change of state dated September 20, 2016 was issued by the Registrar of Companies, Maharashtra.

### **Main objects of our Company**

The main objects of our Company as contained in our Memorandum of Association are:

1. To carry on the business of investment company and to invest in, acquire, subscribe for, mortgage or hold shares, bonds, stocks, debentures, government securities, euro- convertibles and bonds and all other

securities issued or guaranteed by any company, Government or Public body constituted in India or elsewhere.

2. To carry on in India or abroad the business of financing, money landing, bill discounting, factoring, Corporate lending to advance money with or without securities; to provide finance to industrial enterprises on short term, medium term and long term basis; to provide finance on the securities of shares, stocks, bonds, debentures or other similar instruments; to participate in consortium finance with other institution or body Corporates but the Company shall not do banking business as defined in Banking Regulation Act, 1949; to take acceptances and obligations; to provide guarantees and counter guarantees; and provide all types of financial services. To carry on the business to provide all kinds of loans including secured, unsecured, long term, on demand, on call, term loans to any persons, firm, institutions, companies, organizations either on security of movable or immovable properties or personal securities under any scheme.
3. To undertake and carry on the business and activities of and provide services of a Depository Participant, to provide Custodial services to the financial markets, to conceive, design and markets products such as depository services and margin funding, to obtain registration and empanelment with various exchanges, depositories current and future recognised and operating under various Statutes and Regulations.
- 3A. To buy, acquire, sell, deal, dispose off, exchange, convert, underwrite, subscribe, participate, invest in and hold whether on its own account or on behalf of any person, shares, stocks, debentures, debenture-stocks, units, promissory notes, bills of exchange, bonds, warrants, commercial paper, treasury bills, certificate of deposits, Interest Rate Derivatives, Security Receipts issued by Securitization Companies/ Reconstruction, Asset Backed Securities, Mortgage Backed Securities, special certificates or participation units, other money market or capital market instruments, including Repos arrangements, lending in Call/Notice/Term/CBLO market, put and call option and forward contracts in any of the securities and other instruments obligations and securities issued or guaranteed by any Government, or any local body or company, whether incorporated or not or by any person or association and to act as dealers/ primary dealers of any of the securities aforesaid and other instruments, and to act as foreign exchange dealer and to buy, sell or otherwise deal in all kinds of foreign currencies, foreign currency options, forward covers, swaps of all kinds and to transact the same for itself or on behalf of any person and also discounting and re-discounting of bills and to carry on the business as lenders, borrowers, brokers, broking houses, arrangers, primary dealers.

### **Subsidiaries of our Company**

As on the date of this Prospectus our Company does not have any subsidiary.

### **Associate of our Company**

As on the date of this Prospectus our Company does not have any associate.

### **Key terms of the Material Agreements**

Our Company has not entered into any material agreement in the preceding two years since the date of this Prospectus.

## OUR MANAGEMENT

### Board of Directors

The Articles of Association of our Company require us to have not less than three and not more than 15 Directors (unless otherwise determined by the Company in General Meeting). As on the date of this Prospectus, the Company has one Executive Director, two Non-Executive Directors and two Independent Directors. The general superintendence, direction and management of our affairs and business are vested in the Board of Directors. The composition of the Board is in conformity with the Companies Act, 2013 and the rules prescribed thereunder, as amended. Currently, we have four Directors on the Board of Directors.

### Details relating to Directors

Name, Designation, DIN, Nationality, Occupation and Address	Age	Other Directorships
<p><b>Subramanian Ranganathan</b></p> <p><b>Designation:</b> Executive Director</p> <p><b>DIN:</b> 00125493</p> <p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Service</p> <p><b>Director of our Company since:</b> January 24, 2013</p> <p><b>Term:</b> Up to February 7, 2023*</p> <p><b>Address:</b> A-407/408, 4<sup>th</sup> Floor, Golf Scaape, Sion Trombay, Chembur, Mumbai 400071</p>	56 years	<ol style="list-style-type: none"> <li>1. Edel Finance Company Limited; and</li> <li>2. Edelweiss General Insurance Company Limited</li> </ol>
<p><b>Venkatchalam Arakoni Ramaswamy</b></p> <p><b>Designation:</b> Non-Executive Director</p> <p><b>DIN:</b> 00008509</p> <p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Service</p> <p><b>Director of our Company since:</b> November 1, 2013</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>Address:</b> 142, Beach Towers, P. Balu Road, Prabhadevi, Mumbai 400 025</p>	52 years	<ol style="list-style-type: none"> <li>1. Edelweiss Financial Services Limited;</li> <li>2. ECL Finance Limited;</li> <li>3. Edelweiss Asset Reconstruction Company Limited;</li> <li>4. Edelweiss Capital (Singapore) Pte. Ltd.;</li> <li>5. Edelweiss Alternate Asset Advisors Pte. Ltd.; and</li> <li>6. Edelweiss Investment Advisors Private Limited</li> </ol>
<p><b>Shabnam Panjwani</b></p> <p><b>Designation:</b> Non-Executive Director</p> <p><b>DIN:</b> 02057371</p> <p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Service</p> <p><b>Director of our Company since:</b> March 20, 2015</p>	54 years	<ol style="list-style-type: none"> <li>1. Island Investments Private Limited</li> </ol>

Name, Designation, DIN, Nationality, Occupation and Address	Age	Other Directorships
<b>Term:</b> Liable to retire by rotation  <b>Address:</b> 26 <sup>th</sup> Hemprabha Building, 7 <sup>th</sup> Floor, Marine Drive, Mumbai 400 020		
<b>Pudugramam Narayanaswamy Venkatachalam</b>  <b>Designation:</b> Independent Director <b>DIN:</b> 00499442  <b>Nationality:</b> Indian <b>Occupation:</b> Professional  <b>Director of our Company since:</b> July 14, 2008  <b>Term:</b> 5 years from July 20, 2017  <b>Address:</b> Flat No. 3C, Settlor Manor No.2, Sivaswamy Street, (Behind UTI Bank), Off Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004	74 years	1. Edelweiss Financial Services Limited; 2. Edelweiss Housing Finance Limited; 3. Sundaram Finance Limited; 4. Sundaram Home Finance Limited; 5. ECL Finance Limited; 6. Edelweiss Tokio Life Insurance Company Limited; and 7. Edelweiss Asset Reconstruction Company Limited
<b>Kunnasagaran Chinniah</b>  <b>Designation:</b> Independent Director** <b>DIN:</b> 01590108  <b>Nationality:</b> Singaporean <b>Occupation:</b> Professional  <b>Director of our Company since:</b> December 13, 2019  <b>Term:</b> Till the conclusion of the annual general meeting of our Company to be held in 2024**  <b>Address:</b> 12, Countryside Grove, Singapore 789 967	62 years	1. Edelweiss Financial Services Limited; 2. Nirlon Limited; 3. Edelweiss Rural & Corporate Services Limited; 4. Edelweiss Capital (Singapore) Pte. Ltd.; 5. Changi Airport International Pte. Ltd.; 6. Keppel Infrastructure Fund Management Pte. Ltd.; 7. Azalea Asset Management Pte. Ltd.; 8. Astrea III Pte. Ltd.; 9. Azalea Investment Management Pte. Ltd.; 10. Hindu Endowments Board; 11. Greenko Energy Holdings; 12. Edelweiss Securities Limited; 13. ECL Finance Limited; and 14. Edelweiss Tokio Life Insurance Company Limited

*\*Subject to equity shareholders' approval; \*\* Kunnasagaran Chinniah has been appointed by as an Additional Director by our Board on December 13, 2019 subject to approval of our equity shareholders.*

### Profile of Directors

**Subramanian Ranganathan**, is the Executive Director of our Company. He holds a bachelor's degree in commerce from the University of Bombay. He is an associate member of the Institute of Cost Accountants of India, the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He is also currently the chief financial officer of Edelweiss Financial Services Limited and is on the board of directors of Edel Finance Company Limited and Edelweiss General Insurance Company Limited.

**Venkatchalam Arakoni Ramaswamy**, is the Non-Executive Director of our Company. He is the Promoter and Co-founder of Edelweiss Financial Services Limited has over two and half decades of experience in the financial markets. Widely recognised as one of India's finest deal-makers, he co-heads the Global Wealth and Asset Management business, while continuing to play a mentorship role with Edelweiss Investment Banking. He has been instrumental in crafting a client-need focused solutions approach for the Distressed Asset Resolution as well as the ARC business. Today, Edelweiss ARC is the leading ARC in the country. Using his skills at building and maintaining large institutional relationships including International Pension Funds and Insurance companies, the Edelweiss Global Asset Management team, today is one of the fastest growing multi-

category Alternative Asset Management businesses in India. An MBA from the University of Pittsburgh, United States of America, he also holds a bachelor's degree in Electronics Engineering. Using his skills at building and maintaining large institutional relationships including International Pension Funds and Insurance companies, the Edelweiss Global Asset Management team, today is one of the fastest growing multicategory Alternative Asset Management businesses in India. An MBA from the University of Pittsburgh, United States of America, he also holds a bachelor's degree in Electronics Engineering.

**Shabnam Panjwani**, is an Non-Executive Director on our Board. She holds a bachelor's degree in arts from the St. Xavier's College, Mumbai and has a diploma in advertising and marketing from Xavier's Institute of Communication, Mumbai. She has over 25 years of marketing and communications experience, starting her career with daCunha Advertising followed by a long stint with Everest DY&R. She joined the Edelweiss group in 2006 and has led various initiatives to establish the Edelweiss brand in the financial services space.

**Pudugramam Narayanaswamy Venkatachalam**, is an Independent Director on our Board. He has over four decades of experience in the banking sector in India and abroad and has also worked in the software industry in banking and finance verticals. He joined State Bank of India in 1967 and retired in 2004 as its managing director. He was a member of the Interim Pension Fund Regulatory Authority of India. He holds a master's degree in Economics and is a Certified Associate from the Indian Institute of Bankers.

**Kunnasagaran Chinniah** is an Independent Director on our Board. He has more than three decades of experience in the financial sector. He is presently a director of Edelweiss Financial Services Limited and Edelweiss Tokio Life Insurance Company Limited, Changi Airport International, Keppel Infrastructure Trust, Azalea Asset Management, Hindu Endowments Board, Singapore and several other companies. Earlier, he retired as the Managing Director/Global Head of Portfolio, Strategy and Risk Group with GIC Special Investments (GICSI), the Private Equity arm of the Government of Singapore Investment Corporation (GIC). He joined GIC in 1989 and has held various positions with the Special Investments Department of GIC in their North American, European and Asian regions. He is a Chartered Financial Analyst and his other academic qualifications include a bachelor's degree in Electrical Engineering from the National University of Singapore and an MBA from the University of California, Berkeley.

### **Confirmations**

None of our Directors nor our Promoter are restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

None of our Directors are Wilful Defaulters. None of our Directors features in any list of defaulter by ECGC or any government/regulatory authority.

### **Relationship between Directors**

None of our Directors are related to each other.

### **Remuneration of the Directors**

The Board of Directors of our Company at their meeting held on July 14, 2008 have approved payment of sitting fees to the Independent Director of our Company for attending every meeting of the Board of Directors and Committees, in accordance with the applicable provisions of the Companies Act.

### **Terms of appointment and remuneration of Directors**

#### ***Executive Director***

Subramanian Ranganathan was originally appointed as a Non-executive Director on our Board pursuant to the resolution of our board dated January 24, 2013 and a resolution of our members dated August 26, 2013. Thereafter, Subramanian Ranganathan was appointed as an Executive Director pursuant to a resolution of our Board dated February 8, 2017 and members resolution dated March 28, 2017. Subramanian Ranganathan was appointed for a period up to February 7, 2023, as the Executive Director of our Company by a resolution of the Board of Directors dated November 11, 2019 subjected to approval of the shareholders of our Company. The current remuneration payable is as follows:

Particulars	Details
Salary	Not exceeding ₹12.50 million per annum
Bonus	Not exceeding ₹12.50 million per annum
Perquisites	Not exceeding ₹12.50 million per annum

### **Independent Director**

Our Board has at their meeting held on July 14, 2008, approved the payment of ₹20,000 to independent directors, as sitting fees for attending meetings of the board or committees of the board.

**Details of remuneration paid/payable to our Directors during the financial year ended March 31, 2019 by our Company are as follows:**

(in ₹million)

Sl. No.	Name of the Director	By the Company	
		Remuneration /Sitting Fees (₹)	Nature
1.	Subramanian Ranganathan	Nil	-
2.	Venkatchalam Arakoni Ramaswamy	9.40	Remuneration
3.	Shabnam Panjwani	N.A	-
4.	Pudugramam Narayanaswamy Venkatachalam	0.32	Sitting fee
5.	Kunnasagaran Chinniah	Not applicable	-
6.	Vinod Juneja*	0.14	Sitting fee

\*Ceased to be a director of our Company on July 20, 2018.; Note: 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.

### **Borrowing Powers of the Board**

Pursuant to a resolution passed by the shareholders at their AGM held September 9, 2014, in accordance with Section 180(1)(c) and all other applicable provisions of the Companies Act and Articles of Association, our Board has been authorised to borrow monies from time to time, and, if they think fit, mortgaging or charging the Company's undertaking and any property or any part thereof to secure such borrowings up to a continuous limit for the time being remaining outstanding and not exceeding ₹ 75,000 million (apart from temporary loans obtained from the Company's bankers in the ordinary course of business ) even though the money to be borrowed together with the monies already borrowed by the Company may exceed the aggregate of the paid-up share capital of the Company and its free reserves.

### **Interest of the Directors**

All the Directors of our Company, including our Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. Further, none of the Directors of our Company have any interest in the promotion of our Company or any immovable property acquired by our Company in the two years preceding the date of this Prospectus or any immovable property proposed to be acquired by it. No benefit/interest will accrue to our Promoter/Directors out of the objects of the issue. All the Directors of our Company, including the Independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Prospectus in "History and Certain other Corporate Matters" on page 107 of this Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements and which may be entered into with them. None of our Directors' relatives have

been appointed to an office or place of profit.

There are no loans outstanding to our Directors.

#### **Changes in the Directors of our Company during the last three years:**

The changes in the Board of Directors of our Company in the three years preceding the date of this Prospectus are as follows:

<b>Name of Director</b>	<b>Date of Change</b>	<b>Director of the Company since</b>	<b>DIN</b>	<b>Reason</b>	<b>Designation</b>
Kunnasagaran Chinniah	December 13, 2019	December 13, 2019	01590108	Appointment	Independent Director*
Venkatchalam Arakoni Ramaswamy	August 12, 2019	November 1, 2013	00008509	Change in designation	Executive Director to Non-Executive Director
Ajay Manglunia	April 11, 2019	July 5, 2017	02861202	Resignation	Non-Executive Director
Vinod Juneja	July 20, 2018	January 21, 2010	00044311	Resignation	Independent Director
Raviprakash Ramautar Bubna	July 14, 2017	July 26, 2010	00090160	Resignation	Non-Executive Director

\* Kunnasagaran Chinniah has been appointed by as an Additional Director by our Board on December 13, 2019 subject to approval of our equity shareholders.

#### **Shareholding of Directors, including details of qualification shares held by Directors:**

Our Company's Articles of Association do not require our Directors to hold any qualification shares in our Company. None of the Directors of our Company, hold any Equity Shares in our Company, as on the date of this Prospectus.

#### **Key Managerial Personnel**

Our Company's Key Managerial Personnel are as follows:

1. **Pooja Jayesh Doshi**, aged 31 years, is the Company Secretary of our Company. She holds a bachelor's degree in commerce from the University of Mumbai and she is also an Associate Member of the Institute of Company Secretaries of India. She has over seven years of experience in secretarial matters and was appointed as the Company Secretary of our Company on September 1, 2019.
2. **Shivaraman Iyer**, aged 44, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from the University of Mumbai and is an associate member of the Institute of Chartered Accountants of India. He was appointed as the Chief Financial Officer of our Company on May 13, 2019.

#### **Details of various committees**

Our Company has *inter alia* constituted the following committees:

##### **1. Audit Committee**

The Audit Committee was last reconstituted on December 13, 2019. The members of the Audit Committee as on date of this Prospectus are:

1. P.N. Venkatachalam;
2. Shabnam Panjwani; and
3. Kunnasagaran Chinniah

The terms of reference of the Audit Committee are as follows:

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters, and
- (ix) to oversee the vigil mechanism.

## **2. Risk Management Committee**

The Risk Management Committee was last reconstituted on May 13, 2019.

The members of the Risk Management Committee as on date of this Prospectus are:

1. S. Ranganathan;
2. Shivaraman Iyer; and
3. Amit Kothari

The terms of reference of the Risk Management Committee are as follows:

- (i) Ensuring that all the risk associated with the functioning of our Company are identified, controlled and mitigated;
- (ii) laying down procedures regarding managing and mitigating the risk through Integrated Risk Management Systems, Strategies and Mechanisms;
- (iii) Dealing with issues relating to credit policies and procedure and manage the credit risk, operational risk, management of policies and process;
- (iv) identifying, measuring and monitoring the various risk faced by our Company;
- (v) assisting in developing the policies and verifying the models that are used for risk measurement from time to time;
- (vi) ensuring that all the risk and other policies including Anti Money Laundering and KYC (Know your Customer) Policies are properly implemented and followed;
- (vii) Promoting an enterprise risk management competence throughout the organisation, including facilitating development of IT-related enterprise risk management expertise; and
- (viii) Establishing a common risk management language that includes measures around likelihood and impact and risk categories.



### **3. Asset Liability Management Committee**

The Asset Liability Management Committee was last reconstituted on August 13, 2019.

The members of the Asset Liability Management Committee as on date of this Prospectus are:

1. S. Ranganathan;
2. Shivaraman Iyer;
3. Amit Kothari; and
4. Vineet Mahajan

The terms of reference of the Asset Liability Management Committee, *inter alia*, include:

- (i) monitoring the asset liability gap;
- (ii) strategizing action to mitigate risk associated with the asset liability gap;
- (iii) Developing risk policies and procedures and verifying adherence to various risk parameters and prudential limits;
- (iv) reviewing the risk monitoring system; and
- (v) ensure that credit exposure to any one group does not exceed the internally set limits as well as statutory limits set by RBI.

### **4. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was last reconstituted on December 13, 2019.

The members of the Nomination and Remuneration Committee as on date of this Prospectus are:

1. P.N. Venkatachalam;
2. Shabnam Panjwani; and
3. Kunnasagaran Chinniah

The terms of reference of the Nomination and Remuneration Committee, are as follows:

- (i) identify the persons who can become directors;
- (ii) to ensure 'fit and proper' status and credentials of proposed/existing directors;
- (iii) formulate the criteria for determining the qualifications, positive attributes etc. and independence of a director; and
- (iv) recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel, for the approval of the Board.

### **5. Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee of our Company was last reconstituted on May 16, 2014

The members of the Corporate Social Responsibility Committee as on date of this Prospectus are:

- 1 Venkat Ramaswamy;
- 2 S. Ranganathan; and
- 3 P.N. Venkatachalam

The terms of reference of the Corporate Social Responsibility Committee, *inter alia*, are as follows:

- (i) formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the company for CSR as specified in Schedule VII of the Companies Act, 2013;
- (ii) recommend the amount of expenditure to be incurred on the CSR activities; and
- (iii) monitor the Policy of the company from time to time.

## 6. Debentures Committee

The Debentures Committee was last reconstituted on September 1, 2019.

The members of the Debentures Committee as on date of this Prospectus are:

1. S. Ranganathan;
2. Shivaraman Iyer; and
3. Pooja Jayesh Doshi

The terms of reference of the Debentures Committee, inter alia, are as follows:

- (i) to decide all the terms and conditions of the secured, redeemable, non-convertible debentures (the debentures) including the security, rate of interest, tenure and such other terms and conditions and to accept any amendments, modifications, variations or alterations thereto, to make the allotment of the debentures and the redemption of the debentures on maturity or early redemption or conditional redemption, if any;
- (ii) to decide the property or other assets of the Company to be charged for securing the issue of the debentures, make purchase of the property for the purpose of offering the same as security for the debentures and to do all acts, deeds, matters and things, as may be necessary for securing the debentures including but not limited to sign and execute the necessary deeds, purchase agreements, other agreements and other papers and documents;
- (iii) to appoint and enter into arrangements with the one or more debenture trustees, Credit Rating Agency(ies), Brokers, Registrar and Transfer Agents, if any, and other agencies or persons or intermediaries required for the issue of the debentures and to negotiate and finalise the terms of their appointment, including but not limited to changing and/or substituting any one or more of the above agencies, execution of the Mandate Letters, negotiation, finalisation and execution of the debenture trust deed, Memorandum of Understanding with various intermediaries;
- (iv) admission of the debentures in dematerialise mode with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and to sign agreements and/or such other documents, as may be required with NSDL, CDSL and such other agencies, authorities or bodies, as may be required in this connection;
- (v) to make applications to BSE Limited and / or National Stock Exchange of India Limited and / or any stock exchange for listing of the debentures, accepting any alterations/modifications in the said applications and to execute and to deliver or arrange the delivery of necessary documentation to the concerned Stock Exchange(s);
- (vi) to authorise any Director, the Company Secretary and others to sign and execute the above documents, debenture trust deed, agreements, deeds, documents and other necessary papers to be executed with aforesaid intermediaries, agencies, parties, etc, for and on behalf of the Company together with the authority to vary, amend or modify the same as such authorised person may consider necessary, desirable or expedient in the interest of the Company and for the aforesaid purpose, to give such declarations, affidavits, certificates, etc as such authorised person deem fit and to do all acts, deeds, matters and things, as may be necessary;
- (vii) to remunerate aforesaid agencies including the payment of commissions, brokerage, fees, or the likes;
- (viii) to approve the preliminary as well as the final Shelf Information Memorandum / Offer Document / Term Sheet / Supplementary Information Memorandum / other agreements / deeds and documents, as may be required or desirable for the proposed issue of debentures;
- (ix) to open and operate bank accounts, as may be required in connection with the issue of the debentures;
- (x) to issue debenture certificate(s), credit the debentures to the beneficiary accounts;

- (xi) to settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit; and
- (xii) Any other matter as may be specified by the Board from time to time.

## OUR PROMOTER

### Profile of our Promoter

Our Promoter is Edelweiss Financial Services Limited (CIN: L99999MH1995PLC094641). Our Promoter was incorporated on November 21, 1995 as a public limited company under the provisions of the Companies Act, 1956 as Edelweiss Capital Limited. Our Promoter received the certificate of commencement of business on January 16, 1996. Subsequently, the name of our Promoter was changed to Edelweiss Financial Services Limited pursuant to fresh certificate of Incorporation dated August 1, 2011 issued by the Registrar of Companies, Maharashtra at Mumbai. The registered office of our Promoter is situated at Edelweiss House, Off C.S.T Road, Kalina, Mumbai - 400 098.

Our Promoter has obtained a certificate of permanent registration dated October 11, 2012 bearing registration no INM0000010650 issued by the Securities and Exchange Board of India to carry on the activities as a Category I Merchant Banker.

Pursuant to the internal restructuring of the Edelweiss group, our Company *vide* their letter dated July 24, 2019 has made an application to the Department of Non-Banking Supervision, Reserve Bank of India (RBI) for the transfer of Equity Shares held by our Promoter in our Company to its another subsidiary, Edelweiss Securities Limited. The approval of RBI is awaited. Post completion of such transfer, our Company will continue to be a subsidiary of EFSL.

### Interest of our Promoter in our Company

Except as stated under the chapter titled “*Capital Structure*” on page 47 of this Prospectus, the related party transactions entered into between our Company and our Promoter, as disclosed in the chapter titled “*Related Party Transactions*” on page 126 of this Prospectus and to the extent of their shareholding in our Company, our Promoter does not have any other interest in our Company’s business. Further, our Promoter has no interest in any property acquired by our Company in the last two years from the date of this Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

### Other Confirmations

Our Promoter is neither a Wilful Defaulters nor is it in default of payment of interest or repayment of principal amount in respect of debt securities issued by it, if any, for a period of more than six months.

Our Promoter is not restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchanges in India or abroad.

### Promoter shareholding in our Company as on date as at quarter ended December 31, 2019:

Sr. No.	Name of Promoter	Total number of Equity Shares	Number of shares held in dematerialized Form**	Total shareholding as a % of total number of Equity Shares	Shares pledged or otherwise encumbered	% of Equity Shares pledged with respect to Equity Shares owned
1.	Edelweiss Financial Services Limited*	3,435,332	600,000	100	Nil	Nil
	<b>Total</b>	3,435,332	600,000	100	Nil	Nil

\*6 individuals collectively hold 6 Equity Shares as nominees of Edelweiss Financial Services Limited

\*\* Subsequently, all Equity Shares have been dematerialised.

**Details of allotment made to Promoter during last three financial years are as follows:**

<b>Sr. No.</b>	<b>Name of Promoter</b>	<b>Number of Shares Allotted</b>	<b>Date of Allotment</b>
1	Edelweiss Financial Services Limited	585,00	August 4, 2017
2	Edelweiss Financial Services Limited	195,312	February 28, 2018

**Shareholding Pattern of our Promoter as on December 31, 2019**

**Table I - Summary Statement holding of specified securities**

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: Equity Shares	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	12	30,72,84,490	-	-	30,72,84,490	32.8918%	30,72,84,490	-	30,72,84,490	32.8918%	-	32.8918%	-	-	4,91,08,000	15.9813%	30,72,84,490
(B)	Public	1,58,915	58,20,47,132	-	-	58,20,47,132	62.3024%	58,20,47,132	-	58,20,47,132	62.3024%	-	62.3024%	-	-	-	-	58,13,88,022
(C)	Non Promoter - Non Public	2	4,48,96,780	-	-	4,48,96,780	4.8058%	4,48,96,780	-	4,48,96,780	4.8058%	-	4.8058%	-	-	-	-	4,48,96,780
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares Held By Employee Trust	2	4,48,96,780	-	-	4,48,96,780	4.8058%	4,48,96,780	-	4,48,96,780	4.8058%	-	4.8058%	-	-	-	-	4,48,96,780
	<b>Total</b>	1,58,929	93,42,28,402	-	-	93,42,28,402	100.0000%	93,42,28,402	-	93,42,28,402	100.0000%	-	100.0000%	-	-	4,91,08,000	5.2565%	93,35,69,292

**Table II - Statement showing shareholding pattern of the Promoter and Promoter Group**

Category	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of Total Voting rights	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
									Class eg: Equity Shares	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)		(XIV)			
<b>1</b>	<b>Indian</b>																		
(a)	<b>Individuals / Hindu Undivided Family</b>		9	26,43,84,490	-	-	26,43,84,490	28.2998%	26,43,84,490	-	26,43,84,490	28.2998%	-	28.2998%	-	-	4,91,08,000	18.5745	26,43,84,490
	Rashesh Chandrakant Shah	AAGPS5933G	-	14,53,01,730	-	-	14,53,01,730	15.5531%	14,53,01,730	-	14,53,01,730	15.5531%	-	15.5531%	-	-	2,30,00,000	15.8291	14,53,01,730
	Venkatchalam A Ramaswamy	AADPR1740H	-	5,80,26,560	-	-	5,80,26,560	6.2112%	5,80,26,560	-	5,80,26,560	6.2112%	-	6.2112%	-	-	1,75,00,000	30.1586	5,80,26,560
	Vidya Rashesh Shah	AMEPS3037M	-	3,30,31,200	-	-	3,30,31,200	3.5357%	3,30,31,200	-	3,30,31,200	3.5357%	-	3.5357%	-	-	61,08,000	18.4916	3,30,31,200
	Aparna T Chandrashekar	AEUPC2507C	-	1,22,10,000	-	-	1,22,10,000	1.3070%	1,22,10,000	-	1,22,10,000	1.3070%	-	1.3070%	-	-	25,00,000	20.4750	1,22,10,000
	Kaavya Arakoni Venkat	AOJPA3266M	-	1,17,90,000	-	-	1,17,90,000	1.2620%	1,17,90,000	-	1,17,90,000	1.2620%	-	1.2620%	-	-	-	-	1,17,90,000
	Avanti Rashesh Shah	BMCPS7421L	-	20,00,000	-	-	20,00,000	0.2141%	20,00,000	-	20,00,000	0.2141%	-	0.2141%	-	-	-	-	20,00,000
	Sneha Sripad Desai	AJEPD1297P	-	10,25,000	-	-	10,25,000	0.1097%	10,25,000	-	10,25,000	0.1097%	-	0.1097%	-	-	-	-	10,25,000
	Shilpa Urvish Mody	AAHPM5200B	-	9,50,000	-	-	9,50,000	0.1017%	9,50,000	-	9,50,000	0.1017%	-	0.1017%	-	-	-	-	9,50,000
	Arakoni Venkatachalam Ramaswamy	AALPR4970P	-	50,000	-	-	50,000	0.0054%	50,000	-	50,000	0.0054%	-	0.0054%	-	-	-	-	50,000
(b)	<b>Central Government / State Government(s)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	<b>Financial Institutions / Banks</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	<b>Any Other (Specify)</b>		2	4,19,50,000	-	-	4,19,50,000	4.4903%	4,19,50,000	-	4,19,50,000	4.4903%	-	4.4903%	-	-	-	-	4,19,50,000
	<b>Bodies Corporate/Trust</b>		2	4,19,50,000	-	-	4,19,50,000	4.4903%	4,19,50,000	-	4,19,50,000	4.4903%	-	4.4903%	-	-	-	-	4,19,50,000
	Maabella Trustee Services Private Limited (on behalf of M/s. Shah Family)	AASTS6413P	-	3,87,50,000	-	-	3,87,50,000	4.1478%	3,87,50,000	-	3,87,50,000	4.1478%	-	4.1478%	-	-	-	-	3,87,50,000

Category	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: Equity Shares	Class eg: y	Total								
	Discretionary Trust)																		
	Spire Investment Advisors Llp	ABWFS7286H	-	32,00,000	-	-	32,00,000	0.3425%	32,00,000	-	32,00,000	0.3425%	-	0.3425%	-	-	-	-	32,00,000
	<b>Sub Total (A)(1)</b>		11	30,63,34,490	-	-	30,63,34,490	32.7901%	30,63,34,490	-	30,63,34,490	32.7901%	-	32.7901%	-	-	4,91,08,000	16.0308	30,63,34,490
<b>2</b>	<b>Foreign</b>																		
<b>(a)</b>	<b>Individuals (Non-Resident Individuals / Foreign Individuals)</b>		1	9,50,000	-	-	9,50,000	0.1017%	9,50,000	-	9,50,000	0.1017%	-	0.1017%	-	-	-	-	9,50,000
	Sejal Premal Parekh	AOJPP3528H		9,50,000	-	-	9,50,000	0.1017%	9,50,000	-	9,50,000	0.1017%	-	0.1017%	-	-	-	-	9,50,000
<b>(b)</b>	<b>Government</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>(c)</b>	<b>Institutions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>(d)</b>	<b>Foreign Portfolio Investor</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>(e)</b>	<b>Any Other (Specify)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A)(2)</b>		1	9,50,000	-	-	9,50,000	0.1017%	9,50,000	-	9,50,000	0.1017%	-	0.1017%	-	-	-	-	9,50,000
	<b>Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)</b>		12	30,72,84,490	-	-	30,72,84,490	32.8918%	30,72,84,490	-	30,72,84,490	32.8918%	-	32.8918%	-	-	4,91,08,000	15.9813	30,72,84,490

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note:

1 PAN would not be displayed on website of Stock Exchange(s)

2 The term 'Encumbrance' has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.



**Table III - Statement showing shareholding pattern of the Public shareholder**

Category	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: Equity Shares	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
<b>1</b>	<b>Institutions</b>																		
(a)	Mutual Fund		6	2,20,03,304	-	-	2,20,03,304	2.3552%	2,20,03,304	-	2,20,03,304	2.3552%	-	2.3552%	-	-	-	-	2,20,03,304
	Hdfc Trustee Company Ltd - A/C Hdfc Mid – Cap opportunities Fund	AAATH1809A	-	1,73,26,200	-	-	1,73,26,200	1.8546%	1,73,26,200	-	1,73,26,200	1.8546%	-	1.8546%	-	-	-	-	1,73,26,200
(b)	Venture Capital Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds		4	8,69,319	-	-	8,69,319	0.0931%	8,69,319	-	8,69,319	0.0931%	-	0.0931%	-	-	-	-	8,69,319
(d)	Foreign Venture Capital Investors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor/Foreign Institutional Investors		207	28,41,35,929	-	-	28,41,35,929	30.4140%	28,41,35,929	-	28,41,35,929	30.4140%	-	30.4140%	-	-	-	-	28,41,35,929
	BIH SA	AADCB9345B	-	2,90,55,107	-	-	2,90,55,107	3.1101%	2,90,55,107	-	2,90,55,107	3.1101%	-	3.1101%	-	-	-	-	2,90,55,107
	Baron Emerging Markets Fund	AAECB4051F	-	1,45,43,317	-	-	1,45,43,317	1.5567%	1,45,43,317	-	1,45,43,317	1.5567%	-	1.5567%	-	-	-	-	1,45,43,317
	Tiaa-Cref Funds - Tiaa-Cref Emerging Markets Equity Fund	AACAT2160P	-	1,43,85,900	-	-	1,43,85,900	1.5399%	1,43,85,900	-	1,43,85,900	1.5399%	-	1.5399%	-	-	-	-	1,43,85,900
	Cdpq Private Equity Asia II Pte. Ltd.	AAGCC6510Q	-	1,40,00,000	-	-	1,40,00,000	1.4986%	1,40,00,000	-	1,40,00,000	1.4986%	-	1.4986%	-	-	-	-	1,40,00,000
	The Pabrai Investment Fund Iv, Lp	AAIFT9163B	-	1,04,30,793	-	-	1,04,30,793	1.1165%	1,04,30,793	-	1,04,30,793	1.1165%	-	1.1165%	-	-	-	-	1,04,30,793
(f)	Financial Institutions / Banks		5	2,06,97,535	-	-	2,06,97,535	2.2155%	2,06,97,535	-	2,06,97,535	2.2155%	-	2.2155%	-	-	-	-	2,06,97,535
	Life Insurance Corporation Of India	AAACL0582H	-	1,96,44,681	-	-	1,96,44,681	2.1028%	1,96,44,681	-	1,96,44,681	2.1028%	-	2.1028%	-	-	-	-	1,96,44,681
(g)	Insurance Companies		1	5,40,801	-	-	5,40,801	0.0579%	5,40,801	-	5,40,801	0.0579%	-	0.0579%	-	-	-	-	5,40,801
(h)	Provident Funds/ Pension Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub Total (B)(1)</b>		<b>223</b>	<b>32,82,46,888</b>	<b>-</b>	<b>-</b>	<b>32,82,46,888</b>	<b>35.1356%</b>	<b>32,82,46,888</b>	<b>-</b>	<b>32,82,46,888</b>	<b>35.1356%</b>	<b>-</b>	<b>35.1356%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,82,46,888</b>
<b>2</b>	<b>Central Government/ State Government(s)/ President of India</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Sub Total (B)(2)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3</b>	<b>Non-Institutions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(a)	Individuals		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		1,49,447	7,04,47,636	-	-	7,04,47,636	7.5407%	7,04,47,636	-	7,04,47,636	7.5407%	-	7.5407%	-	-	-	-	7,04,21,526

Category	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
									Class eg: Equity Shares	Class eg: y	Total								
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		93	10,67,68,761	-	-	10,67,68,761	11.4286%	10,67,68,761	-	10,67,68,761	11.4286%	-	-	-	-	-	10,67,68,761	
	Deepak Mittal	AHRPM1419R	-	1,19,11,300	-	-	1,19,11,300	1.2750%	1,19,11,300	-	1,19,11,300	1.2750%	-	-	-	-	-	1,19,11,300	
	Vikas Vijaykumar Khemani	ADTPK8739J	-	1,06,76,889	-	-	1,06,76,889	1.1429%	1,06,76,889	-	1,06,76,889	1.1429%	-	-	-	-	-	1,06,76,889	
	Priya C Khubchandani	AKXPK6448F	-	1,04,18,310	-	-	1,04,18,310	1.1152%	1,04,18,310	-	1,04,18,310	1.1152%	-	-	-	-	-	1,04,18,310	
	Jhunjhunwala Rakesh Radheshyam	ACPPI9449M	-	96,90,000	-	-	96,90,000	1.0372%	96,90,000	-	96,90,000	1.0372%	-	-	-	-	-	96,90,000	
(b)	NBFCs registered with RBI		8	1,15,316	-	-	1,15,316	0.0123%	1,15,316	-	1,15,316	0.0123%	-	-	-	-	-	1,15,316	
(c)	Employee Trusts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(d)	Overseas Depositories(holding DRs) (balancing figure)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(e)	Any Other (Specify)		9,144	7,64,68,531	-	-	7,64,68,531	8.1852%	7,64,68,531	-	7,64,68,531	8.1852%	-	-	-	-	-	7,58,35,531	
	IEPF		1	46,081	-	-	46,081	0.0049%	46,081	-	46,081	0.0049%	-	-	-	-	-	46,081	
	Trusts		16	3,79,007	-	-	3,79,007	0.0406%	3,79,007	-	3,79,007	0.0406%	-	-	-	-	-	3,79,007	
	Foreign Nationals		5	4,374	-	-	4,374	0.0005%	4,374	-	4,374	0.0005%	-	-	-	-	-	4,374	
	Hindu Undivided Family		5,630	34,28,096	-	-	34,28,096	0.3669%	34,28,096	-	34,28,096	0.3669%	-	-	-	-	-	34,28,096	
	Foreign Companies		2	1,41,21,180	-	-	1,41,21,180	1.5115%	1,41,21,180	-	1,41,21,180	1.5115%	-	-	-	-	-	1,40,43,180	
	BIH SA	AADCB9345B		1,40,43,180	-	-	1,40,43,180	1.5032%	1,40,43,180	-	1,40,43,180	1.5032%	-	-	-	-	-	1,40,43,180	
	Non Resident Indians (Non Repat)		863	18,00,602	-	-	18,00,602	0.1927%	18,00,602	-	18,00,602	0.1927%	-	-	-	-	-	18,00,602	
	Non Resident Indians (Repat)		1,603	61,09,647	-	-	61,09,647	0.6540%	61,09,647	-	61,09,647	0.6540%	-	-	-	-	-	55,54,647	
	Foreign Portfolio Investor (Individual)		2	80,407	-	-	80,407	0.0086%	80,407	-	80,407	0.0086%	-	-	-	-	-	80,407	
	Clearing Member		163	7,56,495	-	-	7,56,495	0.0810%	7,56,495	-	7,56,495	0.0810%	-	-	-	-	-	7,56,495	
	Bodies Corporate		855	2,45,44,582	-	-	2,45,44,582	2.6273%	2,45,44,582	-	2,45,44,582	2.6273%	-	-	-	-	-	2,45,44,582	
	Directors		4	2,51,98,060	-	-	2,51,98,060	2.6972%	2,51,98,060	-	2,51,98,060	2.6972%	-	-	-	-	-	2,51,98,060	
	Rujan Harchand Panjwani	AAYP4060H		1,29,66,380	-	-	1,29,66,380	1.3879%	1,29,66,380	-	1,29,66,380	1.3879%	-	-	-	-	-	1,29,66,380	
	Sub Total (B)(3)		1,58,692	25,38,00,244	-	-	25,38,00,244	27.1668%	25,38,00,244	-	25,38,00,244	27.1668%	-	-	-	-	-	25,31,41,134	
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		1,58,915	58,20,47,132	-	-	58,20,47,132	62.3024%	58,20,47,132	-	58,20,47,132	62.3024%	-	-	-	-	-	58,13,88,022	

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note:

- PAN would not be displayed on website of Stock Exchange(s).
- The above format needs to be disclosed along with the name of following persons: Institutions/Non Institutions holding more than 1% of total number of shares
- W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available and the balance to be disclosed as held by custodian.

**Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder**

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class eg: Equity Shares	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C 2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
1	Custodian/DR Holder		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		2	44,896,780	-	-	44,896,780	4.8058%	44,896,780	-	44,896,780	4.8058%	-	4.8058%	-	-	-	-	44,896,780
	EDELWEISS EMPLOYEES WELFARE TRUST	AAATE 1688G		37,595,270	-	-	37,595,270	4.0242%	37,595,270	-	37,595,270	4.0242%	-	4.0242%	-	-	-	-	37,595,270
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)		2	44,896,780	-	-	44,896,780	4.8058%	44,896,780	-	44,896,780	4.8058%	-	4.8058%	-	-	-	-	44,896,780

Note:

- 1 PAN would not be displayed on website of Stock Exchange(s).
- 2 The above format needs to disclose name of all holders holding more than 1% of total number of shares
- 3 W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions, on a standalone basis, for the financial years 2018, 2017, 2016 and 2015 in accordance with the requirements under Accounting Standard 18 “Related Party Disclosures”, see “*Financial Information*” on page 127 of this Prospectus. For details of the related party transactions, on a consolidated basis, for the financial year 2017 in accordance with the requirements under Accounting Standard 18 “Related Party Disclosures”, see “*Financial Information*” on page 127 of this Prospectus. For details of the related party transactions for the financial year 2019 and the related party transactions as at and for six months period ended September 30, 2019 in accordance with the requirements under Ind AS 24 “Related Party Disclosures” notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see “*Financial Information*” on page 127 of this Prospectus.

**SECTION V FINANCIAL INFORMATION**

**FINANCIAL INFORMATION**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1.	Reformatted Standalone Financial Statements	F 1 to F 80
2.	2017 Audited Consolidated Financial Statement	F 81 to F 123
3.	2019 Audited standalone Financial Statement	F 124 to F 210
4.	September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement	F211-F229

**Auditors' Report on the reformatted standalone statement of assets and liabilities as at March 31, 2018, 2017, 2016 and 2015 and reformatted standalone statements of profit and loss and cash flows for the each of the years ended March 31, 2018, 2017, 2016 and 2015 of Edelweiss Finance & Investments Limited (collectively, the "Reformatted Standalone Financial Statements")**

The Board of Directors  
Edelweiss Finance & Investments Limited  
Edelweiss House, Off. C.S.T. Road,  
Kalina, Mumbai – 400 098

Dear Sirs / Madams,

1. We have examined the attached Reformatted Standalone Financial Statements of Edelweiss Finance & Investments Limited (the "Company") as at March 31, 2018, 2017, 2016 and 2015 and for each of the years ended March 31, 2018, 2017, 2016 and 2015, annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed issue of Redeemable Non-Convertible Debentures of face value of Rs. 1,000 each ("Issue of NCD"). The Reformatted Standalone Financial Statements, which have been approved by the Debenture Committee of the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:
  - a) Section 26 of Chapter III of The Companies Act, 2013, as amended (the "Act"); and
  - b) relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("the Regulations") issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act").

**Management's Responsibility for the Reformatted Standalone Financial Statements**

2. The preparation of Reformatted Standalone Financial Statements, which are to be included in the Draft Prospectus and the Prospectus, is the responsibility of the Management of the Company for the purpose set out in paragraph 14 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Reformatted Standalone Financial Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act and the Regulations.

**Auditors' Responsibilities**

3. We have examined such Reformatted Standalone Financial Statements taking into consideration:
  - a) the terms of reference and our engagement agreed with you vide our engagement letter dated December 19, 2019, requesting us to carry out work on such Reformatted Standalone Financial Statements in connection with the Company's Issue of NCDs;
  - b) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and
  - c) the requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the Issue of NCD.
4. The Company proposes to make an offer which comprises an Issue of NCD, as may be decided by the Board of Directors of the Company.

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**Reformatted Standalone Financial Statements**

5. The Reformatted Standalone Financial Statements have been compiled by the management from:
  - a) the audited standalone financial statement of the Company as at and for the year ended March 31, 2018 which have been approved by the Board of Directors at their meeting held on May 02, 2018; and
  - b) the audited standalone financial statements of the Company as at and for each of the years ended March 31, 2017, 2016 and 2015, which have been approved by the Board of Directors at their meetings held on May 16, 2017, May 12, 2016 and May 14, 2015, respectively.
6. For the purpose of our examination, we have relied on:
  - a) Auditors' Report issued by Price Waterhouse Chartered Accountant LLP dated May 02, 2018 on the standalone financial statement of the Company as at and for the year ended March 31, 2018, respectively, as referred in Para 5 (a) above;
  - b) Auditors' Report issued by B S R & Associates LLP dated May 16, 2017, May 12, 2016, May 14, 2015 on the standalone financial statements of the Company as at and for each of the years ended March 31, 2017, 2016 and 2015, respectively, as referred in Para 5 (b) above; and
  - c) Examination report submitted by Price Waterhouse Chartered Accountant LLP dated December 19, 2019 on the Reformatted Standalone Financial Statement of the Company as at and for the year ended March 31, 2018 and the report submitted by B S R & Associates LLP dated December 19, 2019 on the Reformatted Standalone Financial Statements of the Company as at and for each of the years ended March 31, 2017, 2016 and 2015. The examination report included for the said years is based solely on these reports submitted by Price Waterhouse Chartered Accountant LLP and B S R & Associates LLP (together referred as "Previous Auditors").
7. Taking into consideration the requirements of Section 26 of Part I of Chapter III of the Act, the Regulations and the terms of our engagement agreed with you, we further report that:
  - a) the reformatted standalone statement of assets and liabilities and notes forming part thereof, the reformatted standalone statement of profit and loss and notes forming part thereof, the reformatted standalone statement of cash flows ("Reformatted Standalone Financial Statements") of the Company as at and for the years ended March 31, 2018, 2017, 2016, and 2015 have been examined by us, as set out in Annexure I to Annexure V to this report. These Reformatted Standalone Financial Statements have been prepared after regrouping as in management's opinion were appropriate and more fully described in significant accounting policies and notes (Refer Annexure IV & V).
  - b) based on our examination as above:
    - i) the Reformatted Standalone Financial Statements have to be read in conjunction with the notes given in Annexure V; and
    - ii) the figures of earlier periods have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform to the classification adopted for the Reformatted Standalone Financial Statements as at and for the year ended March 31, 2018.
8. In the preparation and presentation of Reformatted Standalone Financial Statements based on audited standalone financial statements as referred to in paragraph 6 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 6 above.
9. The standalone financial statement of the Company as at and for the year ended March 31, 2018 were audited by Price Waterhouse Chartered Accountant LLP and the standalone financial statements of the Company as at and for

the years ended March 31, 2017, 2016 and 2015 were audited by B S R & Associates LLP, whose audit reports have been relied upon by us and we have not carried out any additional procedures.

#### **Other Financial Information**

10. At the Company's request, we have also examined the following standalone financial information proposed to be included in the Draft Prospectus and the Prospectus prepared by the Management and approved by the Board of Directors of the Company and annexed to this report relating to the Company, as at and for each of the years ended March 31, 2018, 2017, 2016 and 2015 and have placed reliance on the examination reports issued by Price Waterhouse Chartered Accountant LLP for the year ended March 31, 2018 and B S R & Associates LLP for the year ended March 31, 2017, 2016 and 2015, respectively :
  - Statement of dividend paid, enclosed as Annexure VI
11. In our opinion and as per the reliance placed on the examination reports for the years ended March 31, 2018, 2017, 2016 and 2015 submitted by the Previous Auditors, the Reformatted Standalone Financial Statements and the other information referred to in paragraph 10 above, as disclosed in the Annexures to this report, read with respective significant accounting policies disclosed in Annexure IV, and after making adjustments and regroupings as considered appropriate and disclosed has been prepared by the Company by taking into consideration the requirement of Section 26 of Part I of Chapter III of the Act and the Regulations.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
14. This report is intended solely for use of the management for inclusion in the Draft Prospectus and the Prospectus to be filed with Registrar of Companies, Mumbai, Maharashtra, SEBI, and BSE Limited in connection with the proposed Issue of NCD of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

**For S. R. Batliboi & Co. LLP**  
**Chartered Accountants**

ICAI Firm registration number: 301003E/E300005  
UDIN: 19102102AAABFC4208

**per Shrawan Jalan**  
Partner  
Membership No. 102102

Mumbai  
December 19, 2019



## Reformatted Standalone Statement of Assets and Liabilities

(Currency : Indian rupees in millions)

	Note	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	2	348.15	340.35	340.35	340.35
Reserves and surplus	3	1,960.27	3,341.31	3,274.49	3,470.24
		2,308.42	3,681.66	3,614.84	3,810.59
<b>Non-current liabilities</b>					
Long-term borrowings	4	-	1,761.61	5,874.52	3,508.85
Other long term liabilities	5	-	262.32	164.06	3.51
Long-term provisions	6	43.94	56.27	59.34	45.33
<b>Current liabilities</b>					
Short-term borrowings	7	17,542.79	11,877.28	26,785.76	28,709.42
Trade payables	8				
i) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-
ii) Total outstanding dues other than micro enterprises and small enterprises		5,106.85	273.92	55.46	230.49
Other current liabilities	9	84.92	4,700.79	1,628.60	1,494.91
Short-term provisions	10	320.92	368.55	369.95	256.04
<b>TOTAL</b>		<b>25,407.84</b>	<b>22,982.40</b>	<b>38,552.53</b>	<b>38,059.14</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets	11				
Property, Plant and Equipment/Tangible assets		9.78	204.64	221.01	233.20
Intangible assets		4.71	1.49	1.52	0.96
Non-current investments	12	-	999.08	1,440.81	1,398.80
Deferred tax assets (Net)	13	44.59	171.51	136.00	46.94
Long-term loans and advances	14	437.77	1,036.49	2,227.56	3,198.80
Other non-current assets	15	10.48	422.33	258.57	88.73
		507.33	2,835.54	4,285.47	4,967.43
<b>Current assets</b>					
Current investments	16	-	17.28	291.77	295.06
Stock in trade	17	14,512.70	17,350.78	27,312.04	29,345.33
Trade receivables	18	9,710.65	606.78	32.73	90.95
Cash and bank balances	19	202.96	795.03	1,653.17	327.70
Short-term loans and advances	20	134.91	542.65	3,783.99	2,002.05
Other current assets	21	339.29	834.34	1,193.36	1,030.62
		24,900.51	20,146.86	34,267.06	33,091.71
<b>TOTAL</b>		<b>25,407.84</b>	<b>22,982.40</b>	<b>38,552.53</b>	<b>38,059.14</b>

Significant accounting policies and notes to the reformatted financial information

Annexure IV/1  
and Annexure  
V/2-78

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

**Shabnam Panjwani**

Non-Executive Director

DIN: 02057371

**S Ranganathan**

Executive Director

DIN: 00125493

**Shivaraman Iyer**

Chief Financial Officer

Mumbai

19 December, 2019

**Pooja Doshi**

Company Secretary

Mumbai

19 December, 2019

**Edelweiss Finance & Investments Limited**

**Annexure II**

**Reformatted Standalone Statement of Profit and Loss**

(Currency : Indian rupees in millions)

Note	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue from operations</b>				
Fee and commission income	22	-	144.91	85.46
Income from treasury operations and investments	23	(52.58)	258.38	(239.75)
Interest income	24	1,595.08	2,614.83	3,360.95
<b>Other income</b>	25	-	35.93	39.34
<b>Total Revenue</b>	<u>1,542.50</u>	<u>3,054.05</u>	<u>3,246.00</u>	<u>3,950.51</u>
<b>Expenses</b>				
Employee benefits expenses	26	127.59	392.51	134.88
Finance costs	27	1,298.30	1,133.59	2,119.50
Depreciation and amortisation expense	11	4.80	18.07	20.42
Other expenses	28	79.12	327.97	203.15
<b>Total Expenses</b>	<u>1509.81</u>	<u>1872.14</u>	<u>2477.95</u>	<u>3,189.09</u>
<b>Profit before tax</b>		32.69	1,181.91	768.05
<b>Profit before tax from continuing operation</b>		32.69	816.44	768.05
Tax expense:				
(1) Current tax ((includes short / (excess) provision) for earlier years 2017-18: 165.16 million, 2016-17: 56.74 million, 2015-16: 11.40 million & 2014-15: 4.17 million)		(158.69)	293.10	334.55
(2) MAT credit entitlement		(6.46)	-	-
(3) Deferred tax (net)		(14.42)	2.31	(89.05)
<b>Profit after tax from continuing operation</b>		<u>212.26</u>	<u>521.03</u>	<u>522.55</u>
Profit before tax from discontinuing operation		-	365.47	-
Tax expense:				
(1) Current tax		-	131.21	-
(2) Deferred tax (Net)		-	(37.82)	-
Profit/ (Loss) from discontinuing operations (after tax)		-	272.08	-
<b>Profit/ (Loss) for the year</b>		<u>212.26</u>	<u>793.11</u>	<u>522.55</u>
<b>Earnings per equity share (Face value Rs. 10 each)</b>				
Basic and diluted (Refer note 30)		51.37	277.92	176.01

Significant accounting policies and notes to the reformatted financial information

Annexure IV/1  
and Annexure  
V/2-78

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

**Shabnam Panjwani**

*Non-Executive Director*

DIN: 02057371

**S Ranganathan**

*Executive Director*

DIN: 00125493

**Shivaraman Iyer**

*Chief Financial Officer*

Mumbai

19 December, 2019

**Pooja Doshi**

*Company Secretary*

Mumbai

19 December, 2019

## Reformatted Standalone Statement of Cash Flows

(Currency : Indian rupees in millions)

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A Cash flow from operating activities</b>				
Profit before tax	32.69	1,181.91	768.05	761.42
<b>Adjustments for</b>				
Depreciation and amortisation	4.80	18.07	20.42	20.47
Provision for compensated absences	(0.29)	(0.37)	0.58	0.12
Provision for standard assets	-	(11.55)	9.03	10.52
Diminution in value of non-current investments	-	212.71	20.00	-
Provision for non performing assets / (written back)	-	-	-	(59.59)
Provision for doubtful debts / (written back)	-	(1.43)	35.18	(3.34)
Bad- debts and advances written off	-	-	5.99	59.59
Profit on sale of non current investments (net)	(25.60)	(6.35)	(71.55)	(108.60)
Dividend on investments (***)	(0.00)	(54.33)	(64.90)	(3.30)
Profit / (loss) on sale of current investments (net)	-	(33.24)	29.70	(0.00)
(Profit)/ loss on sale of fixed assets	-	(0.20)	2.26	0.00
Interest on security receipts	-	(17.60)	(0.38)	(10.55)
<b>Operating cash flow before working capital changes</b>	<b>11.60</b>	<b>1,287.62</b>	<b>754.38</b>	<b>666.74</b>
<i>Add / (Less): Adjustments for working capital changes</i>				
(Increase) / decrease in trade receivables	(9,103.87)	(572.63)	23.04	(57.41)
(Increase)/ decrease in stock in trade	638.08	9,961.27	2,033.28	(10,656.82)
Increase/(decrease) in receivables from financing business (net) (*)	3,558.86	4,450.32	(830.56)	(3,321.58)
(Increase)/ decrease in other loans and advances	(76.32)	(18.91)	61.14	155.77
(Increase)/ decrease in other assets	893.70	195.27	(332.48)	(646.94)
Increase/(decrease) in liabilities and provisions	3,658.94	913.72	(255.18)	827.43
<b>Cash generated from / (used in) operations</b>	<b>(419.01)</b>	<b>16,216.66</b>	<b>1,453.62</b>	<b>(13,032.81)</b>
Income taxes paid	(98.79)	(451.28)	(304.84)	(218.92)
<b>Net cash generated from / (used in) operating activities - A</b>	<b>(517.80)</b>	<b>15,765.38</b>	<b>1,148.78</b>	<b>(13,251.73)</b>
<b>B Cash flow from investing activities</b>				
Purchase of fixed assets	(8.77)	(2.50)	(12.65)	(14.39)
Sale of fixed assets	195.62	1.03	1.60	0.01
Purchase of non-current investments	0.00	(36.23)	(83.17)	(181.61)
Sale of non-current investments	1,041.96	271.60	92.71	309.20
Purchase of current investments	-	(0.01)	(293.52)	-
Sale of current investments	-	307.74	267.10	1.57
Interest on security receipts	-	17.60	0.38	10.55
Dividend on investments	0.00	54.33	64.90	3.30
<b>Net cash generated from investing activities - B</b>	<b>1,228.81</b>	<b>613.56</b>	<b>37.35</b>	<b>128.63</b>

**Reformatted Standalone Statement of Cash Flows (continued)**

(Currency : Indian rupees in millions)

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>C Cash flow from financing activities</b>				
Proceeds from issue of equity share capital including premium	399.52	-	-	-
Net assets on demerger (refer note 58)	(1,788.47)	-	-	-
(Repayment) / Proceeds from issue of long term secured debentures (*)	(5,524.41)	(2,089.41)	2,182.48	5,281.35
Increase/(Decrease) in short term borrowing	5,665.52	(14,420.98)	(1,126.16)	8,156.04
Dividend and Dividend Distribution Tax paid	(55.24)	(726.69)	(916.87)	(77.47)
<b>Net cash generated from / (used in) financing activities - C</b>	<b>(1,303.08)</b>	<b>(17,237.08)</b>	<b>139.45</b>	<b>13,359.92</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(592.07)</b>	<b>(858.14)</b>	<b>1,325.58</b>	<b>236.82</b>
Cash and cash equivalent as at the beginning of the year	745.03	1,603.17	277.59	40.77
Cash and cash equivalent as at the end of the year (Refer note 19)	152.96	745.03	1,603.17	277.59

Notes:

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

\*\* The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements" specified under Section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014.

\*\*\* Represents amount less than 0.01 million.

Significant accounting policies and notes to the reformatted financial information

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

**Shabnam Panjwani**

Non-Executive Director

DIN: 02057371

**S Ranganathan**

Executive Director

DIN: 00125493

Mumbai

19 December, 2019

**Shivaraman Iyer**

Chief Financial Officer

Mumbai

19 December, 2019

**Pooja Doshi**

Company Secretary

### 1. *Significant accounting policies*

#### 1.1 *Background*

Edelweiss Finance & Investments Limited ('the Company') is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non Deposit Accepting Non Banking Financial Company (non-deposit accepting). The Company was incorporated on October 27, 1994, and is a subsidiary of Edelweiss Financial Services Limited.

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

#### 1.2 *Basis of preparation of reformatted financial information (Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

The Reformatted Standalone Statement of Assets and Liabilities of the Company as at March 31, 2018, March 31 2017, March 31 2016 and March 31 2015 and the Reformatted Standalone Statement of Profit and Loss and the Reformatted Standalone Statement of Cash flows for the year ended March 31, 2018, March 31 2017, March 31 2016 and March 31 2015 (together referred as 'Reformatted Standalone Financial Information') have been extracted by the Management from the Standalone Audited Financial Statements of the Company for the year ended March 31, 2018, March 31 2017, March 31 2016 and March 31 2015 ("Audited Financial Statements").

The audited financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act and circulars and guidelines issued by the Reserve Bank of India ('RBI'). The financial statements are presented in Indian rupees rounded off to millions, unless otherwise stated.

The Company being a NBFC registered with RBI, follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

The Reformatted Standalone Financial Information have been prepared by the management in connection with the proposed listing of non-convertible debentures of the Company with BSE Limited and National Stock Exchange of India Limited (together referred as 'the stock exchanges'), in accordance with the requirements of:

a) Section 26 of the Companies Act, 2013; and

b) The SEBI (Issue and Listing of Debt Securities) Regulations, 2008 issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time read along with the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013 (together referred to as the "SEBI Regulations").

# Edelweiss Finance & Investments Limited

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

### 1.3 *Use of estimates*

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

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

### 1.4 *Current-non-current classification*

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

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

#### **Assets**

An Asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within 12 months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current Assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### **Liabilities**

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

- a. It is expected to be settled in the company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within 12 months after the reporting date; or

The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

### 1.5 *Revenue recognition*

- a) Fee income including advisory fees, syndication fees, processing fees and other fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty. *(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

# Edelweiss Finance & Investments Limited

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

- b) Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on equity, commodity and interest rate derivative instruments. (*Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015*)
- i) Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold and recognised on trade date.
  - ii) Realised profit/ loss on closed positions of all derivative instruments is recognised on final settlement on squaring-up of the contracts. All outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation models use observable market data as input parameters in order to ensure reliability of the fair value measure.
  - iii) In respect of interest rate derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on interest rate derivatives' in the statement of profit and loss and the realised profit/loss on settlement during contract period is recognised as 'Interest on interest rate derivatives' in statement of profit and loss.
  - iv) In respect of currency derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on trading in currency derivatives' in the statement of profit and loss and the realised profit/loss on settlement during contract period is recognised as 'Interest income on currency derivatives' in statement of profit and loss. (*financial year 2014-2015*)
- c) Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non- performing assets, wherein it is accounted on realisation as per RBI guidelines. In case of commercial papers, deep discount bonds and certificate of deposits, the difference between the acquisition cost and redemption value is amortised on time basis and recognised as interest income. (*Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015*)
- d) Dividend income is recognised when the right to receive payment is established. (*Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015*)
- e) Income from training centre is recognised on accrual basis. (*Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015*)
- f) Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold. (*Financial Year 2015-2016*)

### **1.6 Cost of Benchmark linked debentures**

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

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.

# Edelweiss Finance & Investments Limited

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

### 1.7 *Provisioning on receivables from financing business*

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI.

Provisions against standard assets are made on the basis of prudential norms prescribed by RBI.

### 1.8 *Fixed Assets and depreciation/ amortisation*

*Property, Plant and Equipment and Capital work in progress:*

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

Property, Plant and Equipment (Fixed assets) are stated at cost less accumulated depreciation. The cost of fixed assets comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on a written down value basis from the date the asset is ready to 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 for calculating the depreciation. The useful lives of the fixed assets are as follows:

<b>Nature of assets</b>	<b>Useful Life</b>
Building (other than Factory Building)	60 years
Plant and Machinery ( <i>financial year 2016-2017, 2017-2018</i> )	15 years
Furniture and fittings	10 years
Motor Vehicles	8 years
Vessel	13 years
Office Equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years

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

### **Intangible fixed assets**

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

Intangible fixed 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.



# Edelweiss Finance & Investments Limited

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

### **1.9 Impairment of assets**

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

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

### **1.10 Stock-in-trade**

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

- a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- b) The securities held as stock-in-trade are valued at lower of weighted average cost and market value. In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- c) Debt instruments are valued at lower of cost and fair value. In case of debt instruments for which direct quotes are not available, they are valued at the lowest of the quotes as on valuation date as provided by market intermediaries.
- d) Commercial papers, certificate of deposits and treasury bills are valued at carrying cost.
- e) Inventories held in the form of commodities are valued at lower of cost and net realisable value. *(Financial Year 2015-2016)*

### **1.11 Investments**

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

### **1.12 Employee benefits**

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

*Provident fund and National pension scheme*

*(Financial Year 2017-2018, 2016-2017 and 2015-2016)*

# Edelweiss Finance & Investments Limited

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

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.

### *Provident fund*

*(Financial year 2014-2015)*

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

### *Gratuity*

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

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 actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Benefits in respect of gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

### *Compensated absences*

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

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 to the Statement of Profit & Loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The costs of providing annual leave benefits are determined using the projected unit credit method.

### *Deferred Bonus:*

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

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. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

## **1.13 Taxation**

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961 referred as IT Act), deferred tax charge or

# Edelweiss Finance & Investments Limited

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

benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

### *Current tax*

Provision for income tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

### *Deferred tax*

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised when there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is a virtual certainty of realisation of the assets with convincing evidence. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

### **1.14 Operating leases**

*(Financial Year 2017-2018, 2016-2017 and 2014-2015)*

Lease payment for asset taken on operating lease are recognised as an expense in the statement of profit and loss on a straight- line basis over the lease term.

### **1.15 Earnings per share**

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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 during 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 earning per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares

# Edelweiss Finance & Investments Limited

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

### **1.16 Borrowing Costs**

*(Financial Year 2017-2018)*

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

### **1.17 Cash and cash equivalents**

*(Financial Year 2017-2018)*

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

### **1.18 Derivatives**

*(Financial Year 2017-2018)*

- 1 (a) Outstanding derivative contracts are measured at fair value as at each Balance Sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases, the valuation techniques used as input parameters are observable market data in order to ensure reliability of the fair value measure.
- 1 (b) In accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India effective from 1 April 2016, the Company recognises all mark to market gains or losses on derivative contracts in the statement of profit and loss.
- 2 (a) "Margin – Equity Derivative Instrument" representing the initial margin paid and /or additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock futures and equity index/ stock options, which are released on final settlement / squaring – up of the underlying contracts, are disclosed under other current assets. "Margin Deposits – Equity Derivative Instrument" representing the deposit paid in respect of mark to market margin is disclosed under other current assets.
- 2 (b) "Equity Index/ Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.

### **1.19 Foreign currency transactions**

*(Financial year 2014-2015)*

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

Non monetary assets and liabilities are carried at historical cost using exchange rate on the date of the transaction.

# Edelweiss Finance & Investments Limited

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

### **1.20 Provisions and contingencies**

*(Financial Year 2017-2018, 2016-2017, 2015-2016 and 2014-2015)*

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

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

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

Edelweiss Finance & Investments Limited

Annexure V

Notes forming part of Reformatted Standalone Statement of Assets and Liabilities  
(Currency : Indian rupees in millions)

	As at March 31, 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>2 Share capital</b>				
<b>Authorised :</b>				
4,16,20,000 (Previous year: 3,000,000) Equity Shares of Rs. 10 each	416.20	30.00	30.00	30.00
3,13,80,000 (Previous year: 70,000,000) Preference shares of Rs 10 each	313.80	700.00	700.00	700.00
	<b>730.00</b>	<b>730.00</b>	<b>730.00</b>	<b>730.00</b>
<b>Issued, Subscribed and Paid up:</b>				
3,435,332 (Previous year: 2,655,020) Equity Shares of Rs. 10 each, fully paid up	34.35	26.55	26.55	26.55
31,380,000 - 14.625% Cumulative Redeemable Preference Shares (Previous year :31,380,000) of Rs 10 each,fully paid up	313.80	313.80	313.80	313.80
	<b>348.15</b>	<b>340.35</b>	<b>340.35</b>	<b>340.35</b>
<b>a. Movement in share capital :</b>				
	March 31, 2018 No of shares	31 March 2017 No. of Shares	31 March 2016 No. of Shares	31 March 2015 No. of Shares
<b>Equity Share Capital of Rs.10 each fully paid up</b>				
Outstanding at the beginning of the year	2,655,020	2,655,020	2,655,020	2,655,020
Shares issued during the year:	780,312	-	-	-
Outstanding at the end of the year	<b>3,435,332</b>	<b>2,655,020</b>	<b>2,655,020</b>	<b>2,655,020</b>
	March 31, 2018 Amount	31 March 2017 Amount	31 March 2016 Amount	31 March 2015 Amount
Outstanding at the beginning of the year	26.55	26.55	26.55	26.55
Shares issued during the year:	7.80	-	-	-
Outstanding at the end of the year	<b>34.35</b>	<b>26.55</b>	<b>26.55</b>	<b>26.55</b>
	March 31, 2018 No of shares	31 March 2017 No. of Shares	31 March 2016 No. of Shares	31 March 2015 No. of Shares
<b>14.625% cumulative redemable preference share capital of Rs 10 each fully paid up</b>				
Outstanding at the beginning of the year	31,380,000	31,380,000	31,380,000	31,380,000
Shares issued during the year:	-	-	-	-
Outstanding at the end of the year	<b>31,380,000</b>	<b>31,380,000</b>	<b>31,380,000</b>	<b>31,380,000</b>
	March 31, 2018 Amount	31 March 2017 Amount	31 March 2016 Amount	31 March 2015 Amount
Outstanding at the beginning of the year	313.80	313.80	313.80	313.80
Shares issued during the year:	-	-	-	-
Outstanding at the end of the year	<b>313.80</b>	<b>313.80</b>	<b>313.80</b>	<b>313.80</b>

Notes forming part of Reformatted Standalone Statement of Assets and Liabilities  
(Currency : Indian rupees in millions)

b. *Rights, preferences and restriction attached to equity shares:*

The equity shares of the Company have a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year, the Company has declared and paid interim dividend of Rs. Nil per equity share (FY 2016-17 : Rs. 210 per share, FY 2015-16 : Rs. 207.50 per share and FY 2014-15 : Rs. 75 per share).

*Rights, preferences and restriction attached to cumulative redeemable preference shares:*

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.

c. **Equity share held by holding/ ultimate holding Company and/ or their subsidiaries/ associates**

	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2015
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
<b>Holding company</b>								
Edelweiss Financial Services Limited *	3,435,332	100.00%	2,655,020	100.00%	2,655,020	100.00%	2,655,020	100.00%
	<u>3,435,332</u>	<u>100.00%</u>	<u>2,655,020</u>	<u>100.00%</u>	<u>2,655,020</u>	<u>100.00%</u>	<u>2,655,020</u>	<u>100.00%</u>

d. **Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2015
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Edelweiss Financial Services Limited *	3,435,332	100.00%	2,655,020	100.00%	2,655,020	100.00%	2,655,020	100.00%
	<u>3,435,332</u>	<u>100.00%</u>	<u>2,655,020</u>	<u>100.00%</u>	<u>2,655,020</u>	<u>100.00%</u>	<u>2,655,020</u>	<u>100.00%</u>

\* including 6 shares held by Nominees of Edelweiss Financial Services Limited

**Details of Cumulative Redeemable Preference Shares held by Preference Shareholders holding more than 5% of the aggregate Cumulative Redeemable Preference Shares in the Company**

Particulars	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2015
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Motilal Oswal Securities Limited	-	-	3,264,500	10.40%	4,190,000	13.35%	4,190,000	13.35%
	<u>-</u>	<u>-</u>	<u>3,264,500</u>	<u>10.40%</u>	<u>4,190,000</u>	<u>13.35%</u>	<u>4,190,000</u>	<u>13.35%</u>

Edelweiss Finance & Investments Limited

Annexure V

Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)  
(Currency : Indian rupees in millions)

	As at March 31, 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>3 Reserves and surplus</b>				
General Reserve	90.26	90.26	90.26	90.26
Add : Additions during the year	-	-	-	-
	<u>90.26</u>	<u>90.26</u>	<u>90.26</u>	<u>90.26</u>
Securities Premium Account	2,134.70	2,134.70	2,134.70	2,134.70
Add : Additions during the year on issue of Equity Shares	391.72	-	-	-
Less : Reduction on account of Demerger	1,657.71	-	-	-
	<u>868.71</u>	<u>2,134.70</u>	<u>2,134.70</u>	<u>2,134.70</u>
Special Reserve under Section 45-1C of the Reserve Bank of India Act, 1934 *	878.58	719.96	615.45	513.94
Add : Additions during the year	42.46	158.62	104.51	101.51
	<u>921.04</u>	<u>878.58</u>	<u>719.96</u>	<u>615.45</u>
Capital Redemption Reserve	9.71	9.71	9.71	9.71
Add : Additions during the year	-	-	-	-
	<u>9.71</u>	<u>9.71</u>	<u>9.71</u>	<u>9.71</u>
Surplus in statement of profit and loss				
Opening Balance	228.06	319.86	620.12	508.22
Less: Profit after tax for FY 2016-17 transferred on demerger (refer note 58 )	272.09	-	-	-
Less: Adjustment on account of accumulated depreciation (net of tax)	-	-	-	0.13
Add: Profit for the year	212.26	793.11	522.56	507.55
<b>Amount available for appropriation</b>	<u>168.23</u>	<u>1,112.97</u>	<u>1,142.68</u>	<u>1,015.64</u>
Appropriations:				
Interim dividend on equity shares	-	557.55	550.92	199.13
Proposed dividend on preference shares	45.89	45.89	45.89	45.89
Dividend distribution tax	9.34	122.85	121.50	48.99
Transfer to Special Reserve under Section 45-1C of the Reserve Bank of India Act, 1934	42.45	158.62	104.51	101.51
	<u>70.55</u>	<u>228.06</u>	<u>319.86</u>	<u>620.12</u>
	<u>1,960.27</u>	<u>3,341.31</u>	<u>3,274.49</u>	<u>3,470.24</u>

\* Represents reserve created @ 20% of the profit after tax for the year as per the provisions of section 45-1C of the Reserve Bank of India Act, 1934.



## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

	As at 31 March , 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>4 Long-term borrowings</b>				
<u>Secured</u>				
Non-convertible redeemable debentures (refer note 35) (Secured by charge on immovable property and floating charge on loans and advances, stock-in-trade and corporate guarantee from holding company)	-	1,611.61	5,724.52	3,508.85
	-	1,611.61	5,724.52	3,508.85
				-
<u>Unsecured</u>				
Non-convertible redeemable debentures (refer note 33)	-	150.00	150.00	-
	-	150.00	150.00	-
	-	1,761.61	5,874.52	3,508.85
<b>5 Other long term liabilities</b>				
Interest accrued but not due on borrowings	-	262.32	164.06	3.51
	-	262.32	164.06	3.51
<b>6 Long-term provisions</b>				
Provision for employee benefits				
Compensated leave absences	0.92	1.14	1.45	0.97
Deferred bonus	34.01	43.12	42.74	27.70
Provision for standard assets	-	2.99	6.14	7.65
Provision - Others	9.01	9.02	9.01	9.01
	43.94	56.27	59.34	45.33

Edelweiss Finance & Investments Limited

Annexure V

Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

	As at 31 March , 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>7 Short-term borrowings</b>				
<u>Secured</u>				
Collateralised borrowing and lending obligation and Clearcorp repo order matching system (Secured by pledge of investments in government securities)	17,373.62	11,439.99	23,845.02	25,900.00
Non-convertible redeemable debentures [Secured by charge on immovable property and floating charge on loans and advances, stock in trade and corporate guarantee from holding company] (Refer note 35)	-	-	487.50	1,285.00
	<u>17,373.62</u>	<u>11,439.99</u>	<u>24,332.52</u>	<u>27,185.00</u>
<u>Unsecured</u>				
(Due within one year, unless otherwise stated)				
Loans from related parties (repayable on demand, at variable rate of interest)	169.17	433.39	134.32	37.10
Inter-corporate deposit	-	3.90	3.90	3.90
Commercial paper	-	-	2,350.00	1,500.00
Less: Unamortised discount on commercial paper	-	-	34.98	16.58
	<u>-</u>	<u>-</u>	<u>2,315.02</u>	<u>1,483.42</u>
	<u>169.17</u>	<u>437.29</u>	<u>2,453.24</u>	<u>1,524.42</u>
	<u>17,542.79</u>	<u>11,877.28</u>	<u>26,785.76</u>	<u>28,709.42</u>

**Edelweiss Finance & Investments Limited**
**Annexure V**
**Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)**

(Currency : Indian rupees in millions)

	As at 31 March, 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>8 Trade payables</b>				
Payable to:				
Related party	28.47	-	-	-
Micro, small and medium enterprises	-	-	-	-
Others	5,078.38	273.92	55.46	230.49
(includes sundry creditors, provision for expenses and customer payables)				
	<u>5,106.85</u>	<u>273.92</u>	<u>55.46</u>	<u>230.49</u>
<b>9 Other current liabilities</b>				
Current maturities of long term debt :				
Non-convertible debentures (Refer note 35)	-	3,762.80	1,251.80	637.50
Interest accrued but not due on borrowings	26.91	770.84	133.52	194.13
Interest accrued and due on borrowings	-	0.01	3.74	7.90
Unclaimed dividends	0.39	0.39	-	199.13
Advances from customers	-	0.76	1.66	2.66
Premium received on outstanding exchange traded options (Including MTM)	-	2.44	0.04	5.82
Other Payables :				
Accrued salaries and benefits	39.07	98.49	21.75	97.00
Withholding taxes, service tax and other taxes payable	14.92	24.46	21.58	53.29
Book overdraft	-	1.48	-	38.56
Retention money payable	-	5.26	5.32	5.88
Provision for capital expenditure	0.04	15.24	15.54	15.79
Mark to Market on interest rate swaps	-	15.02	169.81	234.26
Others	3.59	3.60	3.84	2.99
	<u>84.92</u>	<u>4,700.79</u>	<u>1,628.60</u>	<u>1,494.91</u>
<b>10 Short-term provisions</b>				
Provision for employee benefits				
Compensated absences	0.18	0.25	0.31	0.21
Deferred bonus	71.51	108.53	73.10	47.38
Others :				
Proposed dividend on preference shares	45.89	45.89	46.29	45.89
Provision for dividend distribution tax	9.34	9.34	9.34	9.18
Provision for standard assets	-	9.46	17.87	7.31
Provision for tax (net of advance tax for FY 2017-18 - Rs. 778.16 million, FY 2016-17 - Rs. 620.13 million, FY 2015-16 - Rs.852.95 million and FY 2014-15 - Rs.313.89 million.)	194.00	195.08	223.04	146.07
	<u>320.92</u>	<u>368.55</u>	<u>369.95</u>	<u>256.04</u>

(Currency : Indian rupees in millions)

## 11 Fixed assets

Particulars	Property, Plant and Equipment								Total Property, Plant and Equipment	Intangible Assets		Total Fixed Assets
	Land	Building	Furniture and fixtures	Vehicles	Office equipment	Vessel (Boat)	Computers	Plant and equipments		Computer software	Brands/trade marks	
<b>Gross Block</b>												
<b>As at 31 March 2014</b>	41.05	196.99	30.48	7.30	0.67	6.96	3.13	29.01	315.59	1.34	0.19	317.12
Addition	-	-	-	11.90	0.18	-	1.12	0.85	14.05	0.36	-	14.41
Disposals	-	-	-	-	0.01	-	-	-	0.01	-	-	0.01
<b>As at 31 March 2015</b>	41.05	196.99	30.48	19.20	0.84	6.96	4.25	29.86	329.63	1.70	0.19	331.52
Addition	-	-	-	5.00	0.05	-	1.75	4.69	11.49	1.18	-	12.67
Disposals	-	-	-	1.60	0.01	-	0.83	6.86	9.30	-	-	9.30
<b>As at 31 March 2016</b>	41.05	196.99	30.48	22.60	0.88	6.96	5.17	27.69	331.82	2.88	0.19	334.89
Addition	-	-	-	-	0.08	-	1.18	0.51	1.77	0.72	-	2.49
Disposals	-	-	-	1.29	0.01	-	0.74	-	2.04	-	-	2.04
<b>As at 31 March 2017</b>	41.05	196.99	30.48	21.31	0.95	6.96	5.61	28.20	331.55	3.60	0.19	335.34
Addition	-	-	-	1.63	0.16	-	2.83	-	4.62	4.16	-	8.78
Disposals	-	-	-	4.62	0.71	-	0.39	0.03	5.75	-	-	5.75
Cost transferred on account of demerger	41.05	195.51	30.48	-	-	6.96	1.58	28.17	303.75	0.35	0.19	304.29
<b>As at 31 March 2018</b>	-	1.48	-	18.32	0.40	-	6.47	-	26.67	7.41	-	34.08

Particulars	Property, Plant and Equipment								Total Property, Plant and Equipment	Intangible Assets		Total Fixed Assets
	Land	Building	Furniture and fixtures	Vehicles	Office equipment	Vessel (Boat)	Computers	Plant and equipments		Computer software	Brands/trade marks	
<b>Depreciation</b>												
<b>As at 31 March 2014</b>	-	35.59	17.09	3.28	0.25	4.81	2.29	12.89	76.20	0.55	-	76.75
Adjustment on account of accumulated Depreciation	-	-	-	-	0.00	-	0.13	-	0.13	-	-	0.13
Charge for the year	-	8.07	4.28	2.85	0.34	0.45	0.74	3.37	20.10	0.38	-	20.48
Disposals	-	-	-	-	0.00	-	-	-	0.00	-	-	0.00
<b>As at 31 March 2015</b>	-	43.66	21.37	6.13	0.59	5.26	3.16	16.26	96.43	0.93	-	97.36
Charge for the year	-	7.69	2.92	5.02	0.15	0.36	1.13	2.54	19.81	0.62	-	20.43
Disposals	-	-	-	0.87	0.01	-	0.77	3.78	5.43	-	-	5.43
<b>As at 31 March 2016</b>	-	51.35	24.29	10.28	0.73	5.62	3.52	15.02	110.81	1.55	-	112.36
Charge for the year	-	7.28	1.97	3.78	0.08	0.28	1.44	2.49	17.32	0.75	-	18.07
Disposals	-	-	-	0.55	0.01	-	0.66	-	1.22	-	-	1.22
<b>As at 31 March 2017</b>	-	58.63	26.26	13.51	0.80	5.90	4.30	17.51	126.91	2.30	-	129.21
Charge for the year	-	0.06	-	2.65	0.11	-	1.23	-	4.05	0.75	-	4.80
Deductions during the year	-	-	-	3.41	0.69	-	0.36	-	4.46	-	-	4.46
Amount transferred on account of demerger	-	58.41	26.26	-	-	5.90	1.53	17.51	109.61	0.35	-	109.96
<b>As at 31 March 2018</b>	-	0.28	-	12.75	0.22	-	3.64	-	16.89	2.70	-	19.59

Particulars	Property, Plant and Equipment								Total Property, Plant and Equipment	Intangible Assets		Total Fixed Assets
	Land	Building	Furniture and fixtures	Vehicles	Office equipment	Vessel (Boat)	Computers	Plant and equipments		Computer software	Brands/trade marks	
<b>Net Block</b>												
<b>As at 31 March 2015</b>	41.05	153.33	9.11	13.07	0.25	1.70	1.09	13.60	233.20	0.77	0.19	234.16
<b>As at 31 March 2016</b>	41.05	145.64	6.19	12.32	0.15	1.34	1.65	12.67	221.01	1.33	0.19	222.53
<b>As at 31 March 2017</b>	41.05	138.36	4.22	7.80	0.15	1.06	1.31	10.69	204.64	1.30	0.19	206.13
<b>As at 31 March 2018</b>	-	1.20	-	5.57	0.18	-	2.83	-	9.78	4.71	-	14.49

## Note:

- 1) There is no revaluation of assets during the year.
- 2) There are no adjustments on account of borrowing Cost

(Currency : Indian rupees in million)

	As at March 31, 2018		
	Face Value	Quantity	Amount
<b>12 Non-current investments (at cost)</b>			
<b>Others Investments (unquoted)</b>			
<i>Investments in equity shares of companies (fully paid up)</i>			
Argus Cosmetics Limited \$\$	10	100,000	-
BL Industries Limited \$\$	10	127,100	-
Shri Karthik Papers Limited \$\$	10	20,600	-
Maxworth Limited \$\$	10	1,600	-
			-
			-
			-
\$\$ Represents shares held by the Company which have been written off in the earlier years.			
Aggregate of unquoted investment			-
- At carrying value			-
- Aggregate Provision for diminution in value of investments			-

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

Annexure V

(Currency : Indian rupees in million)

	Face Value	As at 31 March 17 Quantity	Amount
<b>12 Non-current investments (at cost)</b>			
<b>Trade (quoted)</b>			
<i>Investments in equity shares of companies (fully paid up)</i>			
BSE Limited (Formerly known as Bombay Stock Exchange Limited)	1	298,000	109.28
<i>Others (unquoted)</i>			
EC Global Limited	USD 1	25,000	0.44
			<u>0.44</u>
<i>Investments in equity shares of other companies (fully paid up)</i>			
Tamilnad Mercantile Bank Limited	10	36,072	1.74
The Catholic Syrian Bank Limited	10	1,913,452	431.60
Vini Cosmetics Private Limited	10	51,969	21.21
Argus Cosmetics Limited \$\$	10	100,000	-
BL Industries Limited \$\$	10	127,100	-
Shri Karthik Papers Limited \$\$	10	20,600	-
Maxworth Limited \$\$	10	1,600	-
			<u>454.55</u>
Less : Diminution in value of investments			<u>(232.71)</u>
			221.84
<i>Investments in preference shares of companies (fully paid up)</i>			
0.01% Compulsorily Convertible Non-Cumulative Preference Shares of Arum Investment Private Limited	10	466,300	116.58
11% Non Cumulative Optionally convertible Preference shares of Edelweiss Broking Limited	10	374,000	374.00
Zero coupon Series D non-cumulative compulsorily convertible preference shares of Bright Lifecare Private Limited	7,664	5,219	40.00
			<u>530.58</u>
<i>Investments in warrants:</i>			
<i>Bharti Shipyard Limited (Rs 5.5 paid up)</i>	10	2,647,313	14.56
<i>Taurus Telepower Private Limited (Rs 5 paid up)</i>	10	4,000,000	-
<i>AT Invofin India Private Limited (Rs 2.50 paid up)</i>	10	320,000	20.00
Less : Provision for diminution in value of investments			<u>(20.00)</u>
			14.56
<i>Investments in securitisation trust securities</i>			
EARCL Trust SC 3	1,000	218,500	0.22
Edelweiss ARF-I Trust Scheme-1	1,000	56,728	46.99
Edelweiss ARF-I Trust Scheme-2	1,000	31,324	9.13
Edelweiss ARF-I Trust Scheme-3	1,000	43,899	0.04
Edelweiss ARF-I Trust Scheme-4	1,000	32,679	0.03
Edelweiss ARF-I Trust Scheme-5	1,000	35,370	0.04
EARC SAF -3 Trust - Series I	1,000	19,000	17.60
			<u>74.05</u>
<i>Investments in Units of Venture Fund</i>			
KAE Capital Fund (India)	100,000	50	5.00
KAE Capital Fund II (India)	100,000	433.33	43.33
			<u>48.33</u>
			<u>999.08</u>
\$\$ Represents shares held by the Company which have been written off in the earlier years.			
Aggregate of Unquoted investments			
- At carrying value			889.80
Aggregate of Quoted investments			
- At carrying value			109.28
- At Market value			291.34
Aggregate provision for diminution in value of investments			252.71

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

Annexure V

(Currency : Indian rupees in millions)

	As at 31 March 2016		
	Face Value	Quantity	Amount
<b>12 Non-current investments (at cost)</b>			
<b>Others (unquoted)</b>			
<i>Investments in equity shares of companies (fully paid up)</i>			
Tamilnad Mercantile Bank Limited	10	72	1.74
The Catholic Syrian Bank Limited	10	1,913,452	431.60
Bombay Stock Exchange Limited	1	298,000	109.28
Vini Cosmetics Private Limited	10	51,969	21.21
CL Educate Limited	10	119,904	50.00
Argus Cosmetics Limited \$\$	10	100,000	-
BL Industries Limited \$\$	10	127,100	-
Shri Karthik Papers Limited \$\$	10	20,600	-
Maxworth Limited \$\$	10	1,600	-
			613.83
<i>Investments in equity shares of subsidiaries</i>			
Olive Business Centre Limited	10	18,160,500	181.61
EC Global Limited	USD 1	25,000	0.44
			182.05
<i>Investments in preference shares of companies (fully paid up)</i>			
0.01% Compulsorily Convertible Non-Cumulative Preference Shares of Arum Investment Private Limited	10	466,300	116.58
11% Non Cumulative Optionally convertible Preference shares of Edelweiss Broking Limited	10	374,000	374.00
Zero coupon Series D non-cumulative compulsorily convertible preference shares of Bright Lifecare Private Limited	7,664	5,219	40.00
			530.58
<i>Investments in warrant</i>			
Taurus Telepower Private Limited (Rs 5 paid up)	10	4,000,000	20.00
AT Invofin India Private Limited (Rs 2.50 paid up)	10	320,000	20.00
Less : Provision for diminution in value of investments			(40.00)
			-
<i>Investments in securitisation trust securities</i>			
EARCL Trust SC 3	1,000	218,500	0.22
Edelweiss ARF-I Trust Scheme-1	1,000	56,728	46.99
Edelweiss ARF-I Trust Scheme-2	1,000	31,324	9.13
Edelweiss ARF-I Trust Scheme-3	1,000	43,899	0.04
Edelweiss ARF-I Trust Scheme-4	1,000	32,679	0.03
Edelweiss ARF-I Trust Scheme-5	1,000	35,370	12.27
EARC SAF -3 Trust - Series I	1,000	19,000	19.00
			87.68
<i>Investments in Units of Venture Fund</i>			
KAE Capital Fund (India)	100,000	50	5.00
KAE Capital Fund II (India)	100,000	217	21.67
			26.67
			1,440.81
\$\$ Represents shares held by the Company which have been written off in the earlier years.			
<b>Aggregate of unquoted investment</b>			
- At carrying value			1,440.81
<b>Aggregate provision for diminution in value of investments</b>			40.00

(Currency : Indian rupees in millions)

	As at 31 March 2015		
	Face Value	Quantity	Amount
<b>12 Non-current investments (at cost)</b>			
<b>Others (unquoted)</b>			
<i>Investments in equity shares of companies (fully paid up)</i>			
Tamilnad Mercantile Bank Limited	10	72	1.74
The Catholic Syrian Bank Limited	10	1,913,452	431.60
Bombay Stock Exchange Limited	1	298,000	109.28
Vini Cosmetics Private Limited	10	51,969	21.21
CL Educate Limited	10	119,904	50.00
Argus Cosmetics Limited \$\$	10	100,000	-
BL Industries Limited \$\$	10	127,100	-
Shri Karthik Papers Limited \$\$	10	20,600	-
Maxworth Limited \$\$	10	1,600	-
			613.83
<i>Investments in equity shares of subsidiaries</i>			
Olive Business Centre Limited	10	18,160,500	181.61
EC Global Limited	USD 1	25,000	0.44
			182.05
<i>Investments in preference shares of companies (fully paid up)</i>			
0.01% Compulsorily Convertible Non-Cumulative Preference Shares of Arum Investment Private Limited	10	466,300	116.58
11% Non Cumulative Optionally convertible Preference shares of Edelweiss Broking Limited	10	374,000	374.00
			490.58
<i>Investments in warrants:</i>			
Taurus Telepower Private Limited (Rs 5 paid up)	10	4,000,000	20.00
AT Invofin India Private Limited (Rs 2.50 paid up)	10	320,000	20.00
Less : Provision for diminution in value of investments			(20.00)
			20.00
<i>Investments in securitisation trust securities</i>			
EARCL Trust SC 3	1,000	218,500	0.22
Edelweiss ARF-I Trust Scheme-1	1,000	56,728	46.99
Edelweiss ARF-I Trust Scheme-2	1,000	31,324	17.80
Edelweiss ARF-I Trust Scheme-3	1,000	43,899	0.04
Edelweiss ARF-I Trust Scheme-4	1,000	32,679	11.81
Edelweiss ARF-I Trust Scheme-5	1,000	35,370	12.98
			89.84
<i>Investments in Units of Venture Fund</i>			
KAE Capital Fund (India)	100,000	25	2.50
			2.50
			1,398.80
\$\$ Represents shares held by the Company which have been written off in the earlier years.			
<b>Aggregate of unquoted investment</b>			
- At carrying value			1,398.80
<b>Aggregate provision for diminution in value of investments</b>			20.00



## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

	As at March 31, 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>13 Deferred tax</b>				
<b>Deferred tax assets</b>				
Provision for standard assets	-	4.31	8.31	5.18
Provision for doubtful debts	-	19.87	20.36	8.18
Provision for compensated absences	0.38	0.48	0.61	0.42
Difference between book and tax depreciation	2.38	-	-	-
Provision for deferred bonus	36.87	52.48	40.09	25.98
Provision for Diminution in Investment	-	87.46	13.84	-
Unrealised loss on Derivatives	4.96	7.05	44.13	1.81
Disallowances under section 43B of the Income Tax Act, 1961	-	10.79	10.79	8.04
	<u>44.59</u>	<u>182.44</u>	<u>138.13</u>	<u>49.61</u>
<b>Deferred tax liabilities</b>				
Difference between book and tax depreciation	-	10.93	2.13	2.67
	<u>-</u>	<u>10.93</u>	<u>2.13</u>	<u>2.67</u>
<b>Deferred tax assets (Net)</b>	<u>44.59</u>	<u>171.51</u>	<u>136.00</u>	<u>46.94</u>

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

	As at March 31, 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>14 Long-term loans and advances</b>				
<u>Secured</u>				
Receivables from financing business				
- considered good	-	780.50	2,045.20	2,663.70
- considered non performing assets	-	-	-	-
	-	780.50	2,045.20	2,663.70
Loans and advances to related parties (Refer note 34)	-	-	-	400.00
<u>Unsecured</u>				
Receivables from financing business				
- considered good	-	74.62	-	-
- considered non performing assets	-	-	-	-
	-	74.62	-	-
Other loans and advances :				
Advance income taxes (Net of provision for tax FY 2017-18: Rs. 534.38 million, FY 2016-17: Rs. 1,310.06 million, FY 2015-16: Rs. 641.53 million and FY 2014-15: Rs. 1,079.71 million)	437.77	181.37	182.36	135.10
	437.77	181.37	182.36	135.10
	<b>437.77</b>	<b>1,036.49</b>	<b>2,227.56</b>	<b>3,198.80</b>
<b>15 Other non-current assets</b>				
<i>(Unsecured considered good, unless stated otherwise)</i>				
Long term deposits with banks (Refer note 32)	-	0.05	0.05	0.07
Accrued interest on loans given	-	411.22	249.49	79.64
Contribution to gratuity fund(net)	1.47	2.03	0.01	-
Accrued interest on fixed deposits *	-	0.00	-	0.01
Other Assets	9.01	9.03	9.02	9.01
	10.48	422.33	258.57	88.73

\* amount is less than 0.01 million

**Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)**

(Currency : Indian rupees in million)

	As at March 31, 2018		
	Face Value	Quantity	Amount
<b>16 Current investments</b>	-	-	-
Aggregate of unquoted investment			-
- At carrying value			-
- At net asset value			-

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in million)

	As at 31 March 17		
	Face Value	Quantity	Amount
<b>16 Current investments</b>			
<i>Investments in mutual funds (unquoted)</i>			
Birla Sun Life Saving Fund	100.00	22,571	2.28
Edelweiss Government Securities Fund-(Growth Option) (Regular Plan) [formerly JP Morgan India Government Securities Fund-(Growth Option) (Regular Plan)]	10.00	425,315	5.00
Birla Sun Life Government Securities Fund - Long Term Plan (Growth Option) (Regular Plan)	10.00	120,041	5.00
IDFC Government Securities Fund - Investment Plan (Growth Option) (Regular Plan)	10.00	300,243	5.00
			<u>17.28</u>
<b>Total</b>			<u><u>17.28</u></u>
Aggregate of unquoted investment			
- At carrying value			17.28
- At net asset value			19.93

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2016		
	Face Value	Quantity	Amount
<b>16 Current investments</b>			
<i>Investments in mutual funds (unquoted)</i>			
Birla Sun Life Saving Fund	100	39,616	3.98
JPMorgan India Government Securities Fund (Growth Option) (Regular Plan)	10	1,071,793	12.60
Birla Sun Life Government Securities Fund - Long Term Plan (Growth Option) (Regular Plan)	10	302,502	12.60
IDFC Government Securities Fund - Investment Plan (Growth Option) (Regular Plan)	10	756,611	12.60
Kotak Income Opportunities Fund(Growth Option) (Regular Plan)	10	5,474,496	83.33
ICICI Prudential Regular Income Fund(Growth Option) (Regular Plan)	10	5,944,271	83.33
Reliance Regular Savings Fund- Debt Option (Growth Option) (Regular Plan)	10	4,303,407	83.33
			291.77
			291.77
Aggregate of unquoted investment			
- At carrying value			291.77
- At net asset value			313.55

**Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)**

(Currency : Indian rupees in millions)

	As at 31 March 2015		
	Face Value	Quantity	Amount
<b>16 Current investments</b>			
<b>Investments in equity instruments ( Unquoted)</b>			
Rediff.Com India Limited	5	1,523,000	292.77
			<u>292.77</u>
<b>Investments in mutual funds (Unquoted)</b>			
Birla Sun Life Saving Fund	100	22,896	2.29
			<u>2.29</u>
			<u><u>295.06</u></u>
Aggregate of quoted investment			
- At carrying value			292.77
Aggregate of unquoted investment			
- At carrying value			2.29
- At net asset value			2.30

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in million)

17 Stock in trade	As at March 31, 2018		
	Face Value	Quantity	Amount
<b>Preference shares (quoted)</b>			
7.50 % Redeemable Preference Shares - Vedanta Limited	10	419,512	4.44
6.00% Zee Entertainment Enterprises Limited 05.03.2022 Preference Shares Sr-I	8	3,000,000	24.32
			28.76
<b>Debentures and bonds (quoted)</b>			
<b>Group Company</b>			
12.00% ECL Finance Limited 26.04.2020 NCD - Mth Cum	1,000	7	0.00
12.00% Ecl Finance Limited 26.04.2020 NCD - Yrly	1,000	90	0.09
10.60% Ecl Finance Limited 11.03.2020 NCD - Yrly Cum	1,000	25	0.03
10.00% Edelweiss Housing Finance Limited 19.07.2026 NCD	1,000	529	0.55
11.85% ECL Finance Limited 28.01.2019 NCD (Monthly Cumulative)	1,000	7	0.00
11.25% Ecl Finance Limited 05.05.2025 NCD - Yrly	1,000,000	4	4.33
9.75% Edelweiss Retail Finance Limited Perpetual Bonds	1,000,000	1	1.00
8.75% Edelweiss Retail Finance Limited 22.03.2021 Bonds	1,000	1,000	0.99
			6.99
<b>Other Companies (quoted)</b>			
8.49% National Thermal Power Corporation Limited 25.03.2025 NCD	13	20,481	0.26
7.11% Power Finance Corporation Limited 17.10.2025 Bonds	1,000	1,000	1.05
7.34% Indian Railway Finance Corporation Limited 19.02.2028 Bonds	1,000	173	0.19
9.30% Dewan Housing Finance Corporation Limited 16.08.2026 Bonds	1,000	46,351	47.43
9.55% Canara Bank Perpetual Bonds	1,000,000	1	1.02
8.92% Power Finance Corporation Limited 16.11.2033 Bonds	1,000	3,566	4.43
9.37% Il&Fs Transportation Networks Limited 29.10.2027 Bonds	1,000,000	1	0.99
9.14% Kudgi Transmission Limited 25.04.2031 Ncd	1,000,000	20	20.40
9.15% Dewan Housing Finance Corporation Limited 20.09.2019 Ncd	1,000,000	8	8.12
9.70% Mahindra & Mahindra Financial Services Limited 24.04.2023 Ncd	1,000,000	2	2.10
8.63% Rural Electrification Corporation Limited 24.03.2029 Ncd	1,000	1,000	1.19
11.40% The Tata Power Company Limited Perpetual 02.06.2099 Ncd	1,000,000	13	13.99
8.80% Steel Authority Of India Limited 22.06.2019 Bonds	1,000,000	4	4.04
9.80%% Larsen And Toubro Infrastructure Finance Company Limited 16.01.2019 Ncd	2,500,000	1	2.55
7.60% Power Finance Corporation Limited 17.10.2035 Ncd	1,000	70	0.08
10.70% Dewan Housing Finance Limited 10.06.2021 Bonds	1,000,000	2	2.10
9.85% Dewan Housing Finance Corporation Limited Perpetual Bonds	1,000,000	50	50.00
8.71% Rural Electrification Corporation Limited 24.09.2028 Bonds	1,000	3,000	3.51
8.45% Indiabulls Commercial Credit Limited 05.01.2028 Bonds	100,000	465	44.84
9.25% Dewan Housing Finance Corporation Limited 09.09.2023 NCD	1,000	11,325	11.48
8.20% Housing Development Finance Corporation Bank Limited 29.07.2021 Bonds	10,000,000	5	50.46
9.10% Dewan Housing Finance Corporation Limited 16.08.2019 NCD	1,000	476	0.48
8.01% Tata Sons Limited 02.09.2021 Bonds	1,000,000	100	101.65
			372.36

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in million)

17 Stock in trade	As at March 31, 2018		
	Face Value	Quantity	Amount
<i>Government bonds (quoted)</i>			
7.28% Government Stock 03.06.2019 Bonds	100	250,000	25.20
8.12% Government Stock 10.12.2020 Bonds	100	4,500,000	461.67
8.35% Government Stock 14.05.2022 Bonds	100	12,500,000	1,295.41
7.80% Government Stock 03.05.2020 Bonds	100	5,500,000	559.94
8.27% Government Stock 09.06.2020 Bonds	100	18,100,000	1,861.28
6.84% Government Stock 19.12.2022 Bonds	100	10,000,000	979.29
7.17% Government Stock 08.01.2028 Bonds	100	1,500,000	147.63
8.79% Government Stock 08.11.2021 Bonds	100	3,000,000	314.13
8.15% Bihar State Development Loan Government Stock 27.03.2028 Bonds	100	3,400	0.34
7.75% Rajasthan State Uday Government Stock 23.06.2018 Bonds	100	2,000,000	200.52
8.16% Karnataka State Development Loan Government Stock 26.11.2025 Bonds	100	12,000	1.22
8.28% Government Stock 21.09.2027 Bonds	100	428,000	43.71
8.08% Government Stock 02.08.2022 Bonds	100	3,500,000	358.77
8.54% Madhya Pradesh Government Stock 10.03.2020 Bonds	100	5,000,000	511.85
6.97% Government Stock 06.09.2026 Bonds	100	1,500,000	142.27
6.79% Government Stock 15.05.2027 Bonds	100	4,500,000	427.61
6.35% Government Stock 02.01.2020 Bonds	100	5,000,000	495.77
8.20% Government Stock 15.02.2022 Bonds	100	26,500,000	2,726.91
8.15% Government Stock 11.06.2022 Bonds	100	12,500,000	1,281.39
8.11% Andhra Pradesh State Government Stock 23.10.2018 Bonds	100	3,200,000	322.79
8.60% West Bengal State Government Stock 23.04.2018 Bonds	100	450,000	45.05
8.24% Government Stock 22.04.2018 Bonds	100	4,000,000	400.42
8.39% Rajasthan Government Stock Special 15.03.2019 Bonds	100	10,000,000	1,010.33
6.17% Government Stock 12.06.2023 Bonds	100	2,500,000	235.57
8.48% Andhra Pradesh State Development Loans 24.02.2020 Bonds	100	2,500,000	255.52
	(D)		14,104.59
<b>Total</b>	(A+B+C+D)		14,512.70
Aggregate of stock-in-trade in quoted Preference shares	- At carrying value		28.76
	- At market value		28.76
Aggregate of stock-in-trade in quoted debentures, Government bonds & T-Bills	- At carrying value		14,483.94
	- At market value		14,511.28



## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in million)

17	Stock in trade	As at 31 March 17		
		Face Value	Quantity	Amount
	<i>Equity shares (quoted)</i>			
	Hindustan Zinc Limited	289	1,353,600	390.92
	Power Finance Corporation Limited	145	1,218,000	176.54
				567.46
	<i>Credit Substitute(quoted)</i>			
	14.00% Parinee Realty Private Limited 15.01.2021 NCD	500,000	200	100.00
	<i>Debentures and bonds (quoted)</i>			
	<b>Group Company</b>			
	10.60% ECL Finance Limited 11.03.2020 NCD (Yearly Cumulative)	1,000	7,471	7.52
	10.00% ECL Finance Limited 11.03.2018 NCD (Monthly)	1,000	289	0.29
	10.45% ECL Finance Limited 11.03.2018 NCD (Yearly)	1,000	8,052	8.14
	10.45% ECL Finance Limited 11.03.2018 NCD (Yearly Cumulative)	1,000	2,085	2.12
	10.00% Edelweiss Housing Finance Limited 19.07.2026 NCD	1,000	5,458	5.58
	11.85% ECL Finance Limited 28.01.2019 NCD (Monthly Cumulative)	1,000	54,016	56.34
	10.60% ECL Finance Limited 11.03.2020 NCD (Yearly)	1,000	315	0.31
				80.30
	<i>Other Company(quoted)</i>			
	8.49% National Thermal Power Corporation Limited 25.03.2025 NCD	13	454,876	6.03
	7.64% National Bank For Agriculture And Rural Development 23.03.2031 Bonds	1,000	5,967	6.56
	8.00% Industrial Finance Corporation Limited 31.01.2021 Bonds	5,000	166	0.87
	9.75% Srei Equipment Finance Limited 17.01.2022 Bonds	1,000	266	0.26
	8.93% National Housing Bank 24.03.2029 Bonds	5,000	717	4.31
	0% Srei Equipment Finance Limited 21.02.2018 NCD	1,000	1,000	1.00
	7.85% The Industrial Finance Corporation Limited 15.09.2020 NCD	5,000	29	0.16
	8.20% National Highways Authority Of India 25.01.2022 Bonds	1,000	10,102	10.87
	7.60% National Highway Authority Of India 11.01.2031 Bonds	1,000	6,001	6.67
	9.00% Mahindra And Mahindra Financial Services Limited 06.06.2026 Bonds	1,000	10,552	10.81
	9.25% Dewan Housing Finance Corporation Limited 09.09.2023 NCD	1,000	13,538	13.48
	8.20% Housing Development Finance Corporation Bank Limited 29.07.2021 Bonds	10,000,000	5	50.58
	9.10% Dewan Housing Finance Corporation Limited 16.08.2019 NCD	1,000	1,047	1.05
	7.80% Housing Development Finance Corporation Limited 11.11.2019 Bonds	10,000,000	5	50.41
	8.75% National Highways Authority Of India 05.02.2029 Bonds	1,000	4,402	5.22
	7.65% Bajaj Finance Limited 21.10.2021 NCD	1,000,000	50	49.94
	8.01% Tata Sons Limited 02.09.2021 Bonds	1,000,000	100	101.65
	8.62% Rural Electrification Corporation Limited 09.09.2033 Bonds	1,000	300	0.37
	9.40% Reliance Home Finance Limited 03.01.2032 Bonds	1,000	400	0.40
	8.90% Aditya Birla Finance Limited 20.11.2026	1,000,000	1	1.01
	8.75% Muthoot Finance Limited 30.01.2019 Bonds	1,000	340	0.33
	9.00% Muthoot Finance Limited 30.01.2020 Bonds	1,000	1,986	1.98
	11.50% Tata Steel Limited Perpetual 11.05.2021 NCD	1,000,000	2	2.17
				326.13

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in million)

17	Stock in trade	As at 31 March 17		
		Face Value	Quantity	Amount
	<b>Government bonds (quoted)</b>			
	7.80% Government Stock 11.04.2021 Bonds	100	34,000,000	3,519.90
	7.28% Government Stock 03.06.2019 Bonds	100	250,000	25.18
	8.12% Government Stock 10.12.2020 Bonds	100	500,000	51.77
	8.35% Government Stock 14.05.2022 Bonds	100	3,500,000	372.34
	8.27% Government Stock 09.06.2020 Bonds	100	13,000,000	1,361.10
	8.40% Government Stock 28.07.2024 Bonds	100	15,000,000	1,612.53
	7.68% Government Stock 15.12.2023 Bonds	100	24,000,000	2,475.81
	8.13% Government Sock 22.06.2045 Bonds	100	5,000,000	539.75
	8.15% Government Stock 24.11.2026 Bonds	100	5,000,000	533.26
	8.08% Government Stock 02.08.2022 Bonds	100	500,000	52.75
	7.72% Government Stock 25.05.2025 Bonds	100	16,000,000	1,664.25
	8.24% Tamilnadu Government Stock Uday 22.03.2028 Bonds	100	3,697,800	371.95
	8.04% Tamilnadu Government Stock Uday 22.03.2029 Bonds	100	3,150,000	315.22
	8.01% Tamilnadu Government Stock Uday 22.03.2030 Bonds	100	2,280,000	228.84
	7.06% Government Stock 10.10.2046 Bonds	100	2,000,000	193.80
	8.05% Tamilnadu Government Stock Uday 22.03.2031 Bonds	100	4,000,000	400.28
	7.92% Tamilnadu Government Stock Uday 22.03.2032 Bonds	100	3,920,000	392.28
	6.57% Government Stock 05.12.2033 Bonds	100	700,000	65.88
				14,176.89
	<b>Credit Substitute(unquoted)</b>			
	6.25% Avantha Holdings Limited 28.07.2018 Ncd	10,000,000	40	400.00
	9.00% Gonibedu Coffee Estate Private Limited 14.05.2017 NCD	10,000,000	43	430.00
	12.25% Sprit Textiles Private Limited 21.09.2018 NCD	10,000,000	42	420.00
	18.50% Manyata Developers Private Limited 30.06.2020 NCD	1,000,000	450	450.00
	5.00% New Media Broadcasting Private Limited 18.02.2021 NCD	1,000,000	400	400.00
				2,100.00
	<b>Total</b>	(A+B+C+D+E+F)		17,350.78
	Aggregate of stock-in-trade in quoted Equity shares	- At carrying value		567.46
		- At market value		568.63
	Aggregate of stock-in-trade in quoted debentures and bonds	- At carrying value		16,783.32
		- At market value		16,841.97

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in million)

17	Stock in trade	As at 31 March 16		
		Face Value	Quantity	Amount
	<b>Preference shares (quoted)</b>			
	6.00% Cumulative Redeemable Non-Convertible Preference Shares - Zee Entertainment Enterprises Limited*	1	625,744	0.56
	16.46% Infrastructure Leasing & Financial Services Limited 15.10.2022 Preference Shares	15,000	19	0.29
				0.85
	<b>Government bonds (quoted)</b>			
	7.80% Government Stock 11.04.2021 Bonds	100	36,000,000	3,596.31
	8.24% Government Stock 22.04.2018 Bonds	100	1,500,000	151.06
	7.28% Government Stock 03.06.2019 Bonds	100	250,000	24.14
	8.12% Government Stock 10.12.2020 Bonds	100	8,000,000	807.88
	8.35% Government Stock 14.05.2022 Bonds	100	14,500,000	1,475.68
	7.80% Government Stock 03.05.2020 Bonds	100	37,000,000	3,692.35
	10.03% Government Stock 09.08.2019 Bonds	100	2,000,000	211.29
	8.27% Government Stock 09.06.2020 Bonds	100	62,500,000	6,373.11
	8.40% Government Stock 28.07.2024 Bonds	100	52,000,000	5,342.29
	6.90% Government Stock 13.07.2019 Bonds	100	2,000,000	194.77
	10.03% Rajasthan State Development Loans Special 18.10.2028 Bonds	100	10,000	1.12
	9.16% Rajasthan State Development Loan Government Stock Special 18.10.2028 Bonds	100	27,000	2.86
	9.99% Rajasthan State Development Loan Special 18.10.2028 Bonds	100	30,000	3.36
	9.35% Bengal State Development Loans 09.10.2023 Bonds	100	80,000	8.32
	7.68% Government Stock 15.12.2023 Bonds	100	4,500,000	445.46
	8.13% Government Sock 22.06.2045 Bonds	100	3,000,000	301.76
	8.15% Government Stock 24.11.2026 Bonds	100	500,000	50.50
	6.35% Government Stock 02.01.2020 Bonds	100	12,500,000	1,182.52
	8.20% Government Stock 15.02.2022 Bonds	100	500,000	49.66
	7.94% Government Stock 24.05.2021 Bonds	100	500,000	48.95
	7.59% Government Stock 11.01.2026 Bonds	100	4,000,000	400.57
	8.08% Government Stock 02.08.2022 Bonds	100	500,000	50.02
	<b>Debentures and bonds (quoted)</b>			
	<b>Group Company</b>			
	11.60% ECL Finance Limited Cumulative 28.01.2017 NCD	1,000	1,666	1.66
	10.45% ECL Finance Limited 11.03.2018 NCD (Yearly)	1,000	467	0.47
	10.45% ECL Finance Limited 11.03.2018 NCD ( Cumulative)	1,000	185	0.18
	10.15% ECL Finance Limited 11.03.2020 NCD (Monthly)	1,000	536	0.53
	11.85% ECL Finance Limited 28.01.2019 NCD (Monthly Cumulative)	1,000	50,445	51.71
	10.60% ECL Finance Limited 11.03.2020 NCD (Yearly)	1,000	19,000	19.29
	0.00% Edelweiss Financial Services Limited 20.06.2018 NCD	1,000,000	130	140.80
	<b>Other Company(quoted)</b>			
	8.49% National Thermal Power Corporation Limited 25.03.2025 NCD	13	3,096,248	38.57
	7.39% Housing And Urban Development Corporation Limited 15.03.2031 Bonds	1,000	349	0.35
	9.75% Rural Electrification Corporation Limited 11.11.2021 Bonds	1,000,000	1	1.04
	7.38% Rural Electrification Corporation Limited 19.12.2027 Bonds	1,000	2,300	2.30
	7.64% Indian Railway Finance Corporation 22.03.2031 NCD	1,000	2,690	2.68
	8.48% India Infrastructure Finance Company Limited 05.09.2028 Bonds	1,000,000	5	5.46
	7.35% Indian Railway Finance Corporation 22.03.2031 NCD	1,000	5,984	6.01
	10.25% LIC Housing Finance Limited 14.05.2017 Bonds	1,000,000	6	6.05
	8.58% Housing And Urban Development Corporation Limited 13.01.2029 NCD	1,000	15,000	16.68
	7.18% Rural Electrification Corporation Limited 05.11.2035 Bonds	1,000	314	0.31
	7.69% National Highways Authority Of India 09.03.2031 NCD	1,000	22,823	22.82
	7.39% Housing And Urban Development Corporation Limited 15.03.2031 Bonds	1,000	31,068	31.07
	7.43% Rural Electrification Corporation Limited 05.11.2035 Bonds*	1,000	2	0.00
	7.28% National Thermal Power Corporation Limited 05.10.2030 NCD	1,000	31,229	31.59
	7.28% National Highways Authority Of India 18.09.2030 NCD	1,000,000	50	50.75
	7.64% National Bank For Agriculture And Rural Development 23.03.2031 Bonds	1,000	74,524	74.15
	8.12% Rural Electrification Corporation Limited 27.03.2027 Bonds	1,000	486	0.51

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in million)

17 Stock in trade	As at 31 March 16		
	Face Value	Quantity	Amount
7.35% National Highway Authority Of India 11.01.2031 Bonds	1,000	2,688	2.71
8.20% Housing And Urban Development Corporation Limited 05.03.2027 Bonds	1,000	10,500	10.97
7.74 % Indian Renewable Energy Development Agency Limited 21.01.2031 Bonds	1,000	50,000	51.50
7.11% Power Finance Corporation Limited 17.10.2025 Bonds	1,000	392	0.39
7.85% The Industrial Finance Corporation Limited 15.09.2020 NCD	5,000	267	1.18
8.00% Industrial Finance Corporation Limited 31.01.2021 Bonds	5,000	240	1.11
9.25% Muthoot Finance Limited 14.10.2018 NCD	1,000	26,545	26.58
7.60% Power Finance Corporation Limited 17.10.2035 NCD	1,000	3,959	4.01
7.35% Power Finance Corporation Limited 17.10.2035 NCD	1,000	13,762	13.93
11.50% Lakshmi Vilas Bank Limited 30.09.2025 NCD	500,000	51	25.90
7.18% Indian Railway Finance Corporation Limited 19.02.2023 Bonds	1,000	1,079	1.08
8.50% India Infrastructure Finance Company Limited 12.11.2033 Bonds	1,000	15,380	17.46
9.45% State Bank Of India 16.03.2026 Bonds	10,000	2,700	28.05
8.35% Indian Railway Finance Corporation 21.11.2023 Bonds	1,000,000	40	42.41
12.25% Muthoot Finance Limited 14.09.2016 NCD	1,000	1,000	1.00
8.00% Indian Railway Finance Corporation Limited 23.02.2022 Bonds	1,000	5,203	5.40
7.28% Indian Railway Finance Corporation Limited 21.12.2030 Bonds	1,000	15,851	15.81
0.00% National Bank For Agriculture And Rural Development 01.02.2019 NCD	20,000	152	2.41
5.00% New Media Broadcasting Private Limited 18.02.2021 NCD	1,000,000	400	400.00
8.46% India Infrastructure Finance Company Limited 30.08.2028 NCD	1,000,000	18	19.35
11.80% Tata Steel Limited 18.03.2021 Perpetual NCD	1,000,000	1	1.08
7.64% The Housing And Urban Development Corporation Limited 08.02.2031 Bonds	1,000	3,499	3.50
8.40% Indian Railway Finance Corporation Limited 18.02.2029 Bonds	1,000	5,000	5.45
8.38% India Infrastructure Finance Company Limited 12.11.2028 Bonds	1,000	10,000	10.95
18.50% Manyata Developers Private Limited 30.12.2020 NCD	1,000,000	450	450.00
6.25% Avantha Holdings Limited NCD	10,000,000	40	400.00
9.00% Gonibedu Coffee Estate Private Limited 14.05.2017 NCD	10,000,000	43	430.00
12.25% Sprit Textiles Private Limited 21.09.2018 NCD	10,000,000	42	420.00
	(B)		27,311.18
<b>Total</b>	(A+B)		27,312.04
Aggregate of stock-in-trade in quoted preference shares	- At carrying value		0.85
	- At market value		0.85
Aggregate of stock-in-trade in quoted debentures and Government bonds & T-Bills	- At carrying value		27,311.19
	- At market value		27,326.38

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in million)

17	Stock in trade	As at 31 March 15		
		Face Value	Quantity	Amount
	<i>Preference shares (quoted)</i>			
	6.00% Cumulative Redeemable Non-Convertible Preference Shares - Zee Entertainment Enterprises Limited*	1	2,643	0.00
		(A)		
	<i>Debentures and bonds (quoted)</i>			
	<b>Group Company</b>			
	8.76% Government Stock Floating Rate Bond 21.12.2020	100	500,000	47.23
	7.80% Government Stock 11.04.2021 Bonds	100	1,000,000	96.04
	7.83% Government Stock 11.04.2018 Bonds	100	15,500,000	1,529.66
	8.24% Government Stock 22.04.2018 Bonds	100	10,000,000	1,007.04
	8.07% Government Stock 15.01.2017 Bonds	100	5,000,000	495.14
	7.28% Government Stock 03.06.2019 Bonds	100	24,750,000	2,363.78
	7.94% Government Stock 24.05.2021 Bond	100	500,000	47.76
	8.20% Government Stock 15.02.2022 Bond	100	500,000	48.85
	8.12% Government Stock 10.12.2020 Bonds	100	6,500,200	642.60
	6.35% Government Stock 02.01.2020 Bond	100	21,500,000	1,966.81
	5.64% Government Stock 02.01.2019 Bonds	100	8,000,000	717.73
	8.35% Government Stock 14.05.2022 Bonds	100	19,500,000	1,921.02
	7.80% Government Stock 03.05.2020 Bonds	100	35,000,000	3,389.72
	10.03% Government Stock 09.08.2019 Bonds	100	2,000,000	211.29
	6.05% Government Stock 02.02.2019 Bonds	100	1,500,000	136.64
	8.60% Government Stock 02.06.2028 Bonds	100	9,000,000	958.94
	8.27% Government Stock 09.06.2020 Bonds	100	25,500,000	2,590.58
	8.40% Government Stock 28.07.2024 Bonds	100	41,500,000	4,329.28
	6.25% Government Stock 02.01.2018 Bonds	100	7,500,000	706.93
	5.69% Government Stock 25.09.2018 Bonds	100	2,500,000	228.10
	8.19% Government Stock 16.01.2020 Bonds	100	7,500,000	746.89
	9.20% Government Stock 30.09.2030 Bonds	100	500,000	55.88
	6.90% Government Stock 13.07.2019 Bonds	100	13,500,000	1,307.48
	8.24% Government Stock 10.11.2033 Bonds	100	7,000,000	731.71
	8.33% Government Stock 07.06.2036 Bonds	100	1,000,000	104.90
	8.30% Government Stock 02.07.2040 Bonds	100	3,000,000	315.12
	8.07% Government Stock 03.07.2017 Bonds	100	5,500,000	546.53
	6.05% Government Stock 12.06.2019 Bonds	100	250,000	23.51
	7.16% Government Stock 20.05.2023 Bonds	100	500,000	47.98
	11.60% ECL Finance Limited 28.01.2017 NCD	1,000	927	0.92
	12.00% ECL Finance Limited 26.04.2020 NCD (Annually)	1,000	45,000	46.35
	10.45% ECL Finance Limited 11.03.2018 NCD (Yearly)	1,000	135,000	132.64
	11.85% ECL Finance Limited Cumulative 28.01.2019 NCD	1,000	201	0.20
	9.30% Blue Dart Express Limited 20.11.2017 NCD	10	1,403,146	13.67
	9.40% Blue Dart Express Limited 20.11.2018 NCD*	10	254	0.00
	9.50% Blue Dart Express Limited 20.11.2019 NCD	10	276,016	2.68
	9.01% National Housing Bank 13.01.2034 NCD	5,000	1,061	6.10
	8.76% National Housing Bank 13.01.2034 NCD	5,000	6,098	34.76
	8.45% India Infradebt Limited 04.02.2025 NCD	1,000,000	239	236.61
	8.55% India Infradebt Limited 04.02.2020 Bonds	1,000,000	31	30.77
	8.50% India Infrastructure Finance Co. Ltd. 12.11.33 Bonds	1,000	1,000	1.11
	8.48% India Infrastructure Finance Co. Ltd. 22.01.29 Bonds	1,000	60,000	65.94
	11.40% The Tata Power Co Ltd Perpetual 02.06.2021 NCD	1,000,000	26	27.24
	8.63% Rural Electrification Corporation Limited Perpetual Bonds	1,000	50,000	55.50
	8.63% Indian Railway Finance Corporation Limited Perpetual Bonds	1,000	50,000	55.35
	7.34% Indian Railway Finance Corporation Limited 19.02.2028 Bonds	1,000	1,896	1.89
	8.66% National Thermal Power Corporation Limited Perpetual Bonds	1,000	15,832	17.89
	8.14% Nuclear Power Corporation Of India Ltd 25.03.2026 Bonds	1,000,000	30	29.73

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in million)

		As at 31 March 15		
17	Stock in trade	Face Value	Quantity	Amount
	8.14% Nuclear Power Corporation Of India Ltd 25.03.2027 Bonds	1,000,000	30	29.73
	8.14% Nuclear Power Corporation Of India Ltd 25.03.2028 Bonds	1,000,000	30	29.73
	8.14% Nuclear Power Corporation Of India Ltd 25.03.2029 Bonds	1,000,000	30	29.73
	8.14% Nuclear Power Corporation Of India Ltd 25.03.2030 Bonds	1,000,000	30	29.73
	9.90 % Yes Bank Ltd Perpetual NCD	1,000,000	14	13.70
	9.60 % Fullerton India Credit Co. Ltd 26.12.2024 NCD	1,000,000	100	99.05
	9.18% Mahindra and Mahindra Financial Services Ltd. 31.01.2025 Bonds	1,000,000	50	49.18
	18.00% Ruparel Homes India Private Limited 13.02.2018 NCD	500,000	800	400.00
			(B)	28,755.33
	<b>Debentures and bonds (unquoted)</b>			
	18.50% Suranjan Holding and Estate Developers Pvt. Ltd. 21.02.17 NCD	1,000,000	190	190.00
	12.75% Mahan Synthetic Textiles Pvt. Ltd. 18.12.2016 NCD	10,000,000	40	400.00
			(C)	590.00
	<b>Total</b>		(A+B+C)	29,345.33
	Aggregate of stock-in-trade in quoted preference shares			
	- At carrying value			0.00
	- Market value			0.00
	Aggregate of stock-in-trade in unquoted debentures and bonds			
	- At carrying value			590.00
	Aggregate of stock-in-trade in quoted debentures and bonds			
	- At carrying value			28,755.33
	- Market value			29,246.08

**Edelweiss Finance & Investments Limited**

**Annexure V**

**Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)**

(Currency : Indian rupees in millions)

	As at 31 March, 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>18 Trade receivables</b>				
Debtors outstanding for a period exceeding six months				
Unsecured, considered doubtful	-	57.40	58.83	23.64
Less: Provision for doubtful debts	-	57.40	58.83	23.64
	-	-	-	-
Other debts				
Unsecured, considered good	9,615.36	495.08	18.44	90.95
Trade receivables from related parties (considered good)	95.29	111.70	14.29	-
	<u>9,710.65</u>	<u>606.78</u>	<u>32.73</u>	<u>90.95</u>
<b>19 Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Cash in hand	0.01	0.22	0.10	0.15
Balances with banks				
- in current accounts	152.95	744.81	1,594.77	277.44
- in fixed deposits with maturity less than 3 months (Refer Note 32)	-	-	8.30	-
	152.96	745.03	1,603.16	277.59
<b>Other bank balances</b>				
- Short term deposits with banks (Refer Note 32)	50.00	50.00	50.00	50.11
(Other bank deposit with maturity less than 12 months)				
	<u>202.96</u>	<u>795.03</u>	<u>1,653.17</u>	<u>327.70</u>

## Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

	As at 31 March , 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>20 Short-term loans and advances</b>				
<b><u>Secured</u></b>				
<i>(Considered good, unless stated otherwise)</i>				
Receivables from financing business				
- considered good	-	459.35	3,719.59	1,876.23
- considered non performing assets	-	-	-	-
	-	459.35	3,719.59	1,876.23
<b><u>Unsecured</u></b>				
Receivables from financing business				
- considered good	-	31.20	31.20	31.50
<b>Other loans and advances</b>				
Deposits placed with exchange/ depositories	112.40	40.80	11.00	46.21
Deposits- others	0.82	0.98	0.94	0.84
Prepaid expenses	1.85	2.01	0.85	35.41
MAT credit entitlement	6.47	-	-	-
Loans and advances to employees	0.38	0.10	0.25	0.04
Vendor Advances	1.32	6.61	3.55	4.68
Input tax credit	11.67	1.59	15.00	3.32
Advances recoverable in cash or in kind or for value to be received	-	0.01	1.61	3.82
	134.91	83.31	64.40	125.82
	134.91	542.65	3,783.99	2,002.05
<b>21 Other current assets</b>				
<i>(Unsecured considered good, unless stated otherwise)</i>				
Accrued interest on fixed deposits *	0.02	0.00	0.02	0.05
Accrued interest on debt instruments	291.35	594.76	759.88	668.21
Accrued interest on loans given	-	13.19	105.61	27.61
Accrued interest on margin	0.69	0.14	0.24	2.35
Mark to market on interest rate swap	5.72	-	-	15.66
Margin placed with Counterparty for derivatives	14.60	16.18	130.89	222.29
Premium paid on outstanding exchange traded options	-	40.97	0.96	9.24
Contribution to gratuity fund (net) (refer note 31)	-	-	-	0.48
Margin placed with broker	26.91	122.16	195.76	84.73
Others	-	46.94	-	-
	339.29	834.34	1,193.36	1,030.62

\* amount is less than 0.01 million



## Notes forming part of Reformatted Standalone Statement of Profit and Loss

(Currency : Indian rupees in millions)

	For the year ended 31 March , 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue from operations</b>				
<b>22 Fee and commission income</b>				
Processing and other fees	-	144.91	85.46	260.23
	-	144.91	85.46	260.23
<b>23 Income from treasury and investments</b>				
Profit / (loss) on trading of securities (net)	(250.11)	849.93	269.53	960.34
Profit / (loss) on trading in equity derivative instruments (net)	37.87	131.12	(129.74)	117.99
Profit/ (loss) on trading in currency derivative instruments (net)	-	-	-	1.25
(Loss) / Profit on interest rate derivative instruments (net)	137.73	(2.86)	(195.85)	(679.61)
Profit on sale of current investments	-	33.24	(29.70)	0.00
Profit on sale of long term investment	25.60	6.35	71.55	108.60
Dividend on investments	0.72	54.32	64.90	3.30
Interest on interest rate derivatives	(4.39)	(20.68)	11.97	26.85
Cost of benchmark linked debentures	-	(793.04)	(302.41)	(186.66)
	(52.58)	258.38	(239.75)	352.06
<b>24 Interest Income</b>				
On loans and credit substitute	-	1,598.69	999.90	432.65
On fixed deposits	3.40	4.04	4.52	6.08
On debt instruments	1,578.25	975.04	2,344.67	2,838.74
On margin with brokers	3.61	7.39	1.73	2.23
On collateralised borrowing and lending operations	2.98	8.42	2.94	5.85
On others	6.84	21.25	7.19	10.58
	1,595.08	2,614.83	3,360.95	3,296.13
<b>25 Other income</b>				
Profit on sale of fixed assets (net)	-	0.20	-	-
Income from training centre	-	35.46	37.16	40.27
Miscellaneous income	-	0.27	2.18	1.82
	-	35.93	39.34	42.09

**Edelweiss Finance & Investments Limited**

**Annexure V**

**Notes forming part of Reformatted Standalone Statement of Profit and Loss (Continued)**

(Currency : Indian rupees in millions)

	For the year ended 31 March , 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>26 Employee benefits expenses</b>				
Salaries, wages and bonus (refer note 62)	120.12	379.67	128.67	211.97
Contribution to provident and other funds (Refer note 31)	4.92	6.32	4.93	1.76
Staff welfare expenses	2.55	6.52	1.28	0.35
	<u>127.59</u>	<u>392.51</u>	<u>134.88</u>	<u>214.08</u>
<b>27 Finance costs</b>				
Interest on debentures	-	177.22	160.56	14.70
Interest on sub debt	-	16.49	11.14	-
Interest on bank overdraft	0.54	0.08	-	-
Interest on loan from holding company	-	0.69	210.56	233.73
Interest on loan from fellow subsidiaries	222.13	217.94	4.62	0.48
Interest on collateralised borrowing and lending operations	337.01	535.44	1,624.08	2,472.37
Interest on clearcorp repo order matching system	705.19	6.00	-	-
Interest on inter-corporate deposits	-	0.21	0.22	0.21
Collateralised borrowing and lending obligation charges	29.48	4.27	8.51	10.66
Interest on shortfall in payment of advance income tax	-	9.14	1.39	-
Discount on commercial paper	-	156.29	62.82	92.63
Financial and bank charges	3.88	9.82	31.42	33.35
Interest - others *	0.07	0.00	4.18	15.32
	<u>1,298.30</u>	<u>1,133.59</u>	<u>2,119.50</u>	<u>2,873.45</u>

\* amount is less than 0.01 million

## Notes forming part of Reformatted Standalone Statement of Profit and Loss (Continued)

(Currency : Indian rupees in millions)

	For the year ended March 31, 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>28 Other expenses</b>				
Advertisement and business promotion	0.14	1.18	0.81	1.07
Auditors' remuneration (Refer Note below)	2.02	2.68	1.83	1.54
Bad- debts and advances written off	-	-	5.99	59.59
Commission and brokerage	0.47	1.71	0.93	2.53
Communication	1.84	3.18	2.10	1.45
Computer expenses	0.25	0.30	0.15	0.26
Computer software expenses	1.79	1.04	0.21	0.09
Corporate social responsibility - Donation (refer note 76)	4.02	3.50	-	-
Clearing & custodian charges	1.23	2.57	4.20	6.07
Dematerialisation charges	0.07	0.24	0.40	0.08
Dimunation in value of investments	-	212.71	20.00	-
Directors' sitting fees	0.50	0.48	0.38	0.38
Donation	-	-	0.40	0.20
Electricity charges (refer note 62)	1.31	8.99	8.76	8.41
Foreign exchange loss (net) *	0.00	0.01	-	-
Insurance	0.08	-	-	-
Legal and professional fees	35.27	17.48	19.85	9.62
Loss on sale of fixed assets	0.01	-	2.26	0.00
Membership and subscription *	0.00	0.14	0.05	0.07
Office expenses	0.03	-	0.11	0.02
Printing and stationery	0.18	0.30	0.32	0.08
Provision for standard assets / (written back)	-	(11.55)	9.03	10.52
Provision for non performing assets / (written back)	-	-	-	(59.59)
Provision for doubtful debts / (written back)	-	(1.43)	35.18	(3.34)
Rates and taxes	7.49	0.02	0.35	0.27
Rating support fees	0.26	10.20	26.10	5.30
Rent (Refer note 61)	12.35	17.37	8.07	7.63
Repairs and maintenance	0.17	2.74	2.22	2.15
Securities transaction tax	0.04	3.52	3.27	1.80
Seminar & Conference	0.05	0.08	0.01	0.00
Service tax and VAT expenses	-	8.09	8.48	(18.71)
Stamp duty	3.07	0.62	2.91	4.56
Stock exchange expenses	0.26	0.31	1.45	0.80
Travelling and conveyance	5.89	5.57	4.39	2.53
Miscellaneous expenses	0.33	35.92	32.94	35.71
	<b>79.12</b>	<b>327.97</b>	<b>203.15</b>	<b>81.09</b>
<b>Auditors' remuneration:</b>				
For Statutory audit and limited review	1.95	1.61	1.52	1.20
For other services (Certification)	-	0.91	0.22	0.25
For reimbursement of expenses	0.07	0.16	0.09	0.09
	<b>2.02</b>	<b>2.68</b>	<b>1.83</b>	<b>1.54</b>

\* Amounts is less than 0.01 million

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency : Indian rupees in millions)

### 29 Segment reporting

#### Primary Segment (Business segment)

##### For Financial Year 2017-18

The Company's main business is a capital based business which includes trading and dealing in Government securities ("G-Sec") and fixed income securities. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the pronouncements of Accounting Standard (AS) 17 on 'Segment Reporting'. Hence the financial results and financial position of the Company pertains to one business segment.

##### For FY 2016-17, FY 2015-16 & FY 2014-15

#### 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, derivatives, income from investments and dividend income
Agency business	Advisory services
Financing business	Wholesale 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.

The following table gives information as required under the Accounting Standard -17 on Segment Reporting:

Particulars	For the Year Ended 31	For the Year Ended 31	For the Year Ended 31
	March, 2017	March, 2016	March, 2015
<b>I Segment Revenue</b>			
a) Capital based business	1,512.18	2,175.95	3,146.84
b) Agency business	64.45	79.81	254.18
c) Financing business	1,441.44	944.10	507.38
d) Unallocated	35.98	46.14	42.11
<b>Total Income</b>	<b>3,054.05</b>	<b>3,246.00</b>	<b>3,950.51</b>
<b>II Segment Results</b>			
a) Capital based business	117.18	263.50	241.43
b) Agency business	58.70	37.77	238.82
c) Financing business	1,046.62	493.07	307.58
d) Unallocated	(40.59)	(26.29)	(26.42)
<b>Total</b>	<b>1,181.91</b>	<b>768.05</b>	<b>761.42</b>
<b>Profit before taxation</b>	<b>1,181.91</b>	<b>768.05</b>	<b>761.42</b>
Less : Provision for taxation	388.80	245.49	253.87
<b>Profit after taxation</b>	<b>793.11</b>	<b>522.56</b>	<b>507.55</b>
Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 31 March, 2015
<b>III Segment Assets</b>			
a) Capital based business	17,772.90	29,967.77	31,287.15
b) Agency business	61.90	14.42	8.70
c) Financing business	4,573.01	7,952.86	6,085.98
d) Unallocated	574.59	617.48	677.31
<b>Total</b>	<b>22,982.40</b>	<b>38,552.53</b>	<b>38,059.14</b>
<b>IV Segment Liabilities</b>			
a) Capital based business	16,283.31	28,733.76	29,062.10
b) Agency business	4.45	6.53	13.49
c) Financing business	2,692.33	5,846.71	4,617.88
d) Unallocated	320.65	350.69	555.07
<b>Total</b>	<b>19,300.74</b>	<b>34,937.69</b>	<b>34,248.54</b>
<b>V Capital Expenditure</b>			
a) Capital based business	0.98	8.48	1.21
b) Agency business	0.04	0.31	0.10
c) Financing business	0.95	3.68	1.00
d) Unallocated	0.18	0.18	12.08
<b>Total</b>	<b>2.15</b>	<b>12.65</b>	<b>14.39</b>
<b>VI Depreciation</b>			
a) Capital based business	3.76	3.93	7.25
b) Agency business	0.10	0.05	0.59
c) Financing business	6.50	8.13	4.02
d) Unallocated	7.72	8.31	8.62
<b>Total</b>	<b>18.08</b>	<b>20.42</b>	<b>20.48</b>
<b>VII Non-Cash expenditure other than depreciation</b>			
a) Capital based business	212.71	0.39	5.82
b) Agency business	(1.43)	41.19	0.47
c) Financing business	(11.55)	9.20	0.94
d) Unallocated		0.01	0.08
<b>Total</b>	<b>199.73</b>	<b>50.79</b>	<b>7.31</b>

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency : Indian rupees in millions)

### 30 Earnings per share

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

	2018	2017	2016	2015
a) Profit for the year (as per statement of profit and loss)	212.26	793.11	522.55	507.55
Less: Preference dividend on cumulative preference share capital	45.89	45.89	45.89	45.89
Less : Dividend Distribution Tax on above preference dividend	9.34	9.34	9.34	9.18
Profit attributable to Equity Shareholders	157.03	737.88	467.32	452.48
b) Calculation of weighted average number of Equity Shares of Rs 10 each:				
- Number of equity shares outstanding at the beginning of the year	2.66	2.66	2.66	2.66
- Number of equity shares issued during the year	0.78	-	-	-
Total number of equity shares outstanding at the end of the year	3.44	2.66	2.66	2.66
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	3.06	2.66	2.66	2.66
c) Basic and diluted earnings per share (in Rupees) (a/b)	51.37	277.92	176.01	170.43

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 ended 31 March 2018, 31 March 2017, 31 March 2016 & 31 March 2015.

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency : Indian rupees in millions)

### 31 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

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

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with The Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service

##### FY 2017-18

Amount of Rs 3.33 million (previous year: Rs 6.19 million) is recognised as expenses and included in "Employee Benefits Expense".

##### FY 2016-17

Amount of Rs 6.19 million (previous year: Rs. 2.51 million) is recognised as expenses and included in "Employee Benefits Expense".

##### FY 2015-16

Amount of Rs.2.51 million (previous year: Rs. 1.15 million) is recognised as expenses and included in "Employee Benefits Expense"

##### FY 2014-15\*

Amount of Rs.1.15 million (previous year: Rs. 0.71 million) is recognised as expenses and included in "Employee Benefits Expense"

\* towards contribution towards provident fund only

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

The following tables summarize the components of the net benefit expenses recognized in the statement profit and loss, the funded status and amounts recognized in the balance sheet for the gratuity benefit plan.

##### Statement of profit and loss

##### Expenses recognised in the Profit and Loss Account

	2018	2017	2016	2015
Current service cost	1.10	1.41	1.20	0.70
Interest on defined benefit obligation	0.37	0.46	0.52	0.50
Past Service Cost	1.23	-	-	-
Expected return on plan assets	(0.57)	(0.56)	(0.51)	(0.43)
Actuarial (gain)/losses	(0.48)	(1.19)	1.28	(0.16)
<b>Total included in Employee benefit expenses</b>	<b>1.65</b>	<b>0.12</b>	<b>2.49</b>	<b>0.61</b>

##### Balance Sheet

##### Changes in the present value of the defined benefit obligation (DBO) are as follows:

	2018	2017	2016	2015
Present value of DBO at start of year	6.45	8.37	6.72	6.67
Employee transfer in / out adjustment	(1.08)	(2.14)	(0.03)	(1.10)
Interest cost	0.37	0.46	0.52	0.50
Current service cost	1.10	1.41	1.20	0.70
Benefit paid	(0.24)	(0.96)	(1.20)	(0.73)
Actuarial (gain)/loss on obligations	(0.35)	(0.69)	1.15	0.68
Past Service Cost	1.23	-	-	-
<b>Present value of DBO at end of year</b>	<b>7.48</b>	<b>6.45</b>	<b>8.36</b>	<b>6.72</b>

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

(Currency : Indian rupees in millions)

### 31 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

#### Reconciliation of fair value of plan assets

	2018	2017	2016	2015
Fair value of plan assets at the beginning of the year	8.48	8.38	7.21	4.21
Expected Return on Plan Asset	0.57	0.56	0.51	0.43
Contributions by Employer	-	-	2.00	2.46
Benefits paid	(0.24)	(0.96)	(1.20)	(0.73)
Actuarial (loss)/Gain	0.13	0.50	(0.13)	0.84
<b>Fair value of plan assets at the end of the year</b>	<b>8.94</b>	<b>8.48</b>	<b>8.39</b>	<b>7.21</b>

#### Net Liability / (Asset) recognised in Balance Sheet

Particulars	As at 31 March,			
	2018	2017	2016	2015
Present value of DBO	7.48	6.45	8.36	6.72
Fair value of plan assets	8.94	8.48	8.39	7.21
<b>Net (Asset) / Liability</b>	<b>1.46</b>	<b>2.03</b>	<b>0.03</b>	<b>0.48</b>

#### Experience Adjustments:

Particulars	As at 31 March,			
	2018	2017	2016	2015
-On Plan Liabilities: (Gain)/ Loss	(0.14)	(0.85)	1.01	0.19
-On Plan Assets: Gain/ (Loss)	0.08	0.47	(0.14)	0.84
<b>Estimated Contribution for next year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Principle actuarial assumptions at the balance sheet date:

	2018	2017	2016	2015
Discount rate	7.30%	6.80%	7.40%	7.80%
Salary Growth Rate	7.00%	7.00%	7.00%	7.00%
Withdrawal / Attrition Rate (based on categories)	13%-25%	13%-25%	13%-25%	13%-25%
Expected return on Plan Assets	6.80%	7.40%	0%	
Mortality rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)	
Expected average remaining working lives of employee	5.00	5.03	3.75	

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency : Indian rupees in millions)

### 32 Encumbrances' on fixed deposits held by the Company

#### FY 2017-18

- i) The Collector of Raigad, Alibagh state excise department: Nil million (Previous year: Rs. 0.05 million) for license.
- ii) Ratnakar Bank: Rs. 50.00 million (Previous year: Rs. 50.00 million) against Overdraft facility.

#### FY 2016-17

- i) The Collector of Raigad, Alibagh state excise department: Rs.0.05 million (Previous year: Rs. 0.05 million) for license.
- ii) Barclays Bank Rs Nil (Previous year: Rs. 8.30 million) for meeting margin requirement for trading in interest rate swaps.
- iii) Ratnakar Bank: Rs. 50.00 million (Previous year: Rs. 50.00 million) against Overdraft facility.

#### FY 2015-16

- i) Sales tax authorities: Rs. Nil (Previous year: Rs. 0.07 million) for meeting deposit requirements.
- ii) The Collector of Raigad, Alibagh state excise department: Rs. 0.05 million (Previous year: Rs. 0.10 million) for license.
- iii) Barclays Bank Rs 8.30 million (Previous year: Rs. Nil) for meeting margin requirement for trading in interest rate swaps.
- iv) Ratnakar Bank: Rs 50.00 million (Previous year: Rs. 50.00 million) against Overdraft facility.

#### FY 2014-15

- i) Sales tax authorities: Rs. Rs. 0.07 million (Previous year: Rs. 0.07 million) for meeting deposit requirements.
- ii) The Collector of Raigad, Alibagh state excise department: Rs. 0.10 million (Previous year: Rs. 0.10 million) for license.
- iii) HDFC Bank: Rs Nil (Previous year: Rs. 20 million) for meeting margin requirement for trading in interest rate swaps.
- iv) Ratnakar Bank: Rs 50 million (Previous year: Rs. Nil) against Overdraft facility.

### 33 Details of unsecured debentures issued

Details of the unsecured Debentures issued as at 31 March 2018 - Nil

Details of the unsecured Debentures issued as at 31 March 2017

Rate of Interest	Maturity FY 2024-25
11.00%	150.00

Details of the unsecured Debentures issued as at 31 March 2016

Rate of Interest	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
11.00%	150.00	-	-	-	150.00

Details of the unsecured Debentures issued as at 31 March 2015 - Nil



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

(Currency: Indian Rupees in millions)

**34 Disclosure of related parties transactions pursuant to As 18 "Related Party Disclosures"**

<b>List of related parties and relationship:</b>				
<b>Relationship</b>	<b>Financial Year 2017-2018</b>	<b>Financial Year 2016-2017</b>	<b>Financial Year 2015-2016</b>	<b>Financial Year 2014-2015</b>
Holding Company	Edelweiss Financial Services Limited	Edelweiss Financial Services Limited	Edelweiss Financial Services Limited	Edelweiss Financial Services Limited
Subsidiary Company	EC Global Limited (upto 11th April 2017)	EC Global Limited Olive Business Centre Limited (from December 4, 2014 to August 24, 2016)	EC Global Limited Olive Business Centre Limited (from 4 December 2014)	EC Global Limited Olive Business Centre Limited (from 4 December 2014)
Fellow Subsidiaries	ECL Finance Limited Ecap Equities Limited Edel Land Limited Edelweiss Securities Limited Edelweiss Broking Limited Edelweiss Housing Finance Limited  Edelweiss Retail Finance Limited  EdelGive Foundation Edelweiss Capital Markets Limited  Edelweiss Commodities Services Limited Edelweiss Custodial Services Limited Edelweiss Finvest Private Limited(Formerly known as Arum Investments Private limited)  Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)  Edelweiss Tokio Life Insurance Company Limited EFSL Trading Limited (Formerly EFSL Commodities Limited )  EFSL Commodities Limited Edelweiss General Insurance Limited Edel Investments Limited  Edelweiss Alternative Asset Advisors Limited  Edelweiss Asset Reconstruction Company Limited Auris Corporate Centre Limited Burlington Business Solutions Limited Edelweiss Asset Management Limited  Eternity Business Centre Limited  EW Clover Scheme 1 Edelcap Securities Limited	ECL Finance Limited Ecap Equities Limited  Edelweiss Securities Limited Edelweiss Broking Limited Edelweiss Housing Finance Limited  Edelweiss Retail Finance Limited  EdelGive Foundation Edelweiss Capital Markets Limited  Edelweiss Commodities Services Limited Edelweiss Custodial Services Limited Edelweiss Finvest Private Limited(Formerly known as Arum Investments Private limited)  Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)  Edelweiss Tokio Life Insurance Company Limited EFSL Trading Limited (Formerly EFSL Commodities Limited )  Edelweiss Alternative Asset Advisors Limited  Edelweiss Asset Management Limited  Eternity Business Centre Limited  EW Clover Scheme 1 Edel Finance Company Limited Edelweiss Investment Adviser Limited Edelcap Securities Limited EC Commodity Limited	ECL Finance Limited Ecap Equities Limited  Edelweiss Securities Limited Edelweiss Broking Limited Edelweiss Housing Finance Limited  Edelweiss Retail Finance Limited  EdelGive Foundation  Edelweiss Commodities Services Limited  Edelweiss Finvest Private Limited(Formerly known as Arum Investments Private limited)  Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)  Edelweiss Tokio Life Insurance Company Limited           Edelweiss Asset Management Limited  Eternity Business Centre Limited  EW Clover Scheme 1 Edel Finance Company Limited Edelweiss Investment Adviser Limited Edelcap Securities Limited EC Commodity Limited	ECL Finance Limited Ecap Equities Limited  Edelweiss Securities Limited Edelweiss Broking Limited Edelweiss Housing Finance Limited  EdelGive Foundation  Edelweiss Commodities Services Limited  Edelweiss Finvest Private Limited(Formerly known as Arum Investments Private limited)  Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)  Edelweiss Tokio Life Insurance Company Limited           Edelweiss Alternative Asset Advisors Limited  Edelweiss Asset Management Limited  Eternity Business Centre Limited  EW Clover Scheme 1 Edel Finance Company Limited Edelweiss Investment Adviser Limited Edelcap Securities Limited EC Commodity Limited
Key Management Personnel	Venkat Ramaswamy	Venkat Ramaswamy	Venkat Ramaswamy Gaurang Tailor (upto May 21, 2014)	Venkat Ramaswamy Gaurang Tailor (upto May 21, 2014)

The above list contain name of only those related parties with whom the Company has undertaken transactions for the year ended, 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015

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

(Currency: Indian Rupees in millions)

**34 Disclosure of related parties transactions pursuant to AS 18 "Related Party Disclosures"**

Nature of Transactions	Related Party Name	31 March 2018	31 March 2017	31 March 2016	31 March 2015
<b>ii. Transactions with related parties :</b>					
<b>A. Capital account transactions</b>					
Investment in Equity Shares of	Olive Business Centre Limited	-	-	-	181.11
Sale of Equity Share of	Edelweiss Finvest Private Limited(Formerly known as Arum Investments Private limited)	-	181.61	-	-
Purchase of equity shares from	ECL Finance Limited	-	-	-	0.50
Sale of equity shares	EC International Limited	26.04	-	-	-
Sale of preference shares to	ECL Finance Limited	-	-	-	110.00
Issue of Subordinate debt to	Edelweiss Tokio Life Insurance Company Limited	-	-	150.00	-
Preference Shares transferred on demerger	Edelweiss Finvest Private Limited	490.58	-	-	-
Redemption of Non convertible Debenture	Edelweiss Tokio Life Insurance Company Limited	-	-	-	150.00
Redemption of Benchmark linked Debentures	Ecap Equities Limited	-	827.50	3,462.00	-
<b>B Current account transactions</b>					
Loans taken from (Refer note 2)	Edelweiss Finvest Private Limited	648.84	-	-	-
	Edelweiss Commodities Services Limited	19,252.30	10,925.01	999.17	-
	Edelweiss Financial Services Limited	-	-	13,982.53	10,249.44
Loan repaid to (Refer note 2)	Edelweiss Financial Services Limited	-	123.41	13,895.38	10,640.61
	Edelweiss Commodities Services Limited	19,516.51	10,502.52	989.10	4.57
	Edelweiss Finvest Private Limited	648.84	-	-	-
Loans given to (Refer note 2)	Edelweiss Financial Services Limited	-	-	1,461.32	-
	Edelweiss Commodities Services Limited	-	900.00	-	-
	EW Clover Scheme 1	-	450.00	200.00	-
	ECL Finance Limited	-	450.00	-	-
	Ecap Equities Limited	-	450.00	-	-
	Edelcap Securities Limited	-	450.00	-	-
	Olive Business Centre Limited	-	-	8.20	0.47
Repayment of loans by (Refer note 2)	Edelweiss Financial Services Limited	-	-	1,461.32	-
	Edelweiss Commodities Services Limited	-	900.00	400.00	-
	Olive Business Centre Limited	-	-	8.20	0.47
	EW Clover Scheme 1	-	450.00	200.00	-
	ECL Finance Limited	-	450.00	-	-
	Ecap Equities Limited	-	450.00	-	-
	Edelcap Securities Limited	-	450.00	-	-

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

(Currency: Indian Rupees in millions)

**34 Disclosure of related parties transactions pursuant to AS 18 "Related Party Disclosures"**

Nature of Transactions	Related Party Name	31 March 2018	31 March 2017	31 March 2016	31 March 2015
<b>C Secondary market transactions</b>					
Purchases of securities held for trading from	ECL Finance Limited	5,915.17	11,094.33	8,779.22	2,309.80
	Edelweiss Commodities Services Limited	4,262.38	9,311.46	7,321.71	4,987.27
	ECap Equities Limited	428.46	105.07	621.25	-
	Edelweiss Tokio Life Insurance Company Limited	196.48	2,262.82	839.86	-
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	-	-	1,171.28	-
	Edelweiss Finvest Private Limited(Formerly known as Arum Investments Private limited)	668.81	-	304.35	-
	Edelcap Securities Limited	-	251.53	-	-
Sale of securities held for trading to	ECL Finance Limited	8,549.20	2,570.84	1,266.35	545.58
	Edelweiss Commodities Services Limited	657.19	4,379.63	1,367.30	337.92
	Edelweiss Securities Limited	753.66	960.94	531.59	319.57
	Edelweiss Finvest Private Limited(Formerly known as Arum Investments Private limited)	-	-	-	58.02
	Edelweiss Tokio Life Insurance Company Limited	50.45	978.78	1,032.97	96.40
	ECap Equities Limited	0.26	23.27	19.28	49.71
	Edelweiss Finvest Private Limited	480.15	-	-	-
	Edelweiss Broking Limited	112.67	9.38	-	-
	Edelweiss General Insurance Limited	237.59	-	-	-
	Edelweiss Web Services Limited	-	-	-	528.45
Margin placed with (Refer note 2)	Edelweiss Securities Limited	-	427.16	362.39	251.71
	Edel Investments Limited	0.67	-	-	-
	Edelweiss Custodial Services Limited	51.92	135.49	-	-
Margin refund received from (Refer note 2)	Edelweiss Securities Limited	0.97	621.80	251.35	167.05
	Edel Investments Limited	57.31	-	-	-
	Edelweiss Custodial Services Limited	0.67	14.46	-	-
Amount paid to Broker for trading in cash segment	Edelweiss Securities Limited	209.19	278.61	-	-
Amount received from Broker for trading in cash segment	Edelweiss Securities Limited	320.31	124.11	-	-
<b>D Other transactions</b>					
Interest Income on loan given to	Edelweiss Financial Services Limited	-	-	33.81	-
	Edelweiss Commodities Services Limited	-	49.33	43.41	48.00
	Olive Business Centre Limited	-	-	0.08	0.00
	EW Clover Scheme 1	-	5.76	1.22	-
	Edelcap Securities Limited	-	0.86	-	-
	ECap Equities Limited	-	0.89	-	-
	ECL Finance Limited	-	0.86	-	-

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

(Currency: Indian Rupees in millions)

**34 Disclosure of related parties transactions pursuant to AS 18 "Related Party Disclosures"**

Nature of Transactions	Related Party Name	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Interest Expense on loan taken from	Edelweiss Commodities Services Limited	102.15	217.94	4.62	0.48
	Edelweiss Finvest Private Limited	119.97	-	-	-
	Edelweiss Financial Services Limited	-	0.69	210.56	233.73
Interest expense on non convertible debenture to	Edelweiss Tokio Life Insurance Company Limited	-	-	-	11.19
Interest Expense on benchmark linked debentures to	Ecap Equities Limited	-	66.45	282.96	-
Interest expense on subordinate debt issued to	Edelweiss Tokio Life Insurance Company Limited	-	16.49	11.14	-
Interest received on Debt instruments from	ECL Finance Limited	5.41	17.67	0.51	1.10
Interest received on margin placed with brokers	Edelweiss Securities Limited	0.02	2.17	1.72	2.23
	Edelweiss Custodial Services Limited	3.49	0.22	-	-
Dividend paid to	Edelweiss Financial Services Limited	-	557.55	550.92	199.13
Reimbursement paid to	Edelweiss Commodities Services Limited	1.13	42.02	1.95	2.15
	Edelweiss Financial Services Limited	-	54.92	467.15	159.85
	ECL Finance Limited	-	-	-	50.00
Cost reimbursement paid to	Edelweiss Financial Services Limited	0.62	2.25	14.10	-
	Edelweiss Commodities Services Limited	12.97	18.11	9.07	7.63
	Edelweiss Business Services Limited	26.32	168.66	0.06	-
	Edelweiss Broking Limited	0.46	0.45	-	-
	Eternity Business Centre Limited	-	1.47	-	-
	ECL Finance Limited	0.01	-	-	0.59
	ECap Equities Limited	0.18	-	-	-
	Auris Corporate Centre Limited	0.01	-	-	-
	Burlington Business Solutions Limited	0.12	-	-	-
	Edelweiss Web Services Limited	-	-	-	0.04
Corporate Guarantee support fee	Edelweiss Financial Services Limited	2.55	-	-	-
Rating support fees paid to	Edelweiss Financial Services Limited	0.26	10.20	26.10	5.30
Clearing charges and Stamp duty paid to	^ Edelweiss Securities Limited	0.18	0.19	0.07	0.12
Commission and brokerage paid to	^ Edelweiss Securities Limited	0.02	0.16	0.04	0.22
Donation given to	EdelGive Foundation	4.02	2.50	0.40	0.20
Remuneration payable to executive director (refer note 3 below)	Venkatchalam Ramaswamy	-	-	-	-
	Gaurang Tailor	58.88	58.62	46.64	27.13
		-	-	-	0.16

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

(Currency: Indian Rupees in millions)

**34 Disclosure of related parties transactions pursuant to AS 18 "Related Party Disclosures"**

Nature of Transactions	Related Party Name	31 March 2018	31 March 2017	31 March 2016	31 March 2015
<b>E Balances with related parties</b>					
<b>Liabilities</b>					
Corporate guarantee taken from	Edelweiss Financial Services Limited	1,243.54	6,921.20	12,145.50	5,433.10
Subordinated debt	Edelweiss Tokio Life Insurance Company Limited	-	150.00	150.00	-
Benchmark linked debentures	ECap Equities Limited	-	-	12.50	-
Interest expenses accrued and due on borrowings	Edelweiss Finvest Private Limited	26.91	-	-	-
	Edelweiss Financial Services Limited	-	-	3.24	7.90
	Edelweiss Commodities Services Limited	-	0.01	0.50	0.00
Interest expense accrued but not due on subordinated debt	Edelweiss Tokio Life Insurance Company Limited	-	11.12	11.14	-
Interest expense accrued but not due on benchmark linked debentures	ECap Equities Limited	-	-	1.76	-
Remuneration payable to (refer Note 3)	Venkat Ramaswamy	-	50.00	38.50	20.00
Trade payables to	Edelweiss Financial Services Limited	3.16	0.41	30.28	0.98
	^ Edelweiss Securities Limited	-	0.25	1.15	192.23
	Edelweiss Commodities Services Limited	3.82	-	0.18	0.06
	Edelweiss Business Services Limited	15.01	0.16	0.06	-
	EW Clover Scheme 1	-	-	0.10	-
	Edelweiss Broking Limited	0.50	0.45	-	-
	Edelweiss Asset Management Limited	-	-	0.05	-
	ECap Equities Limited	-	0.55	-	-
	Edelcap Securities Limited	-	0.13	-	-
	Edelweiss Custodial Services Limited	-	0.87	-	-
	Edelweiss Capital Markets Limited	-	0.52	-	-
	EFSL Trading Limited (Formerly EFSL Commodities Limited )	-	1.00	-	-
	Edelweiss Alternative Asset Advisors Limited	5.32	-	-	-
	Edelweiss Finvest Private Limited	0.53	-	-	-
	Edel Investments Limited	0.11	-	-	-
	EFSL Commodities Limited	0.01	-	-	-
	ECL Finance Limited	-	0.53	0.22	0.77
	Edelweiss Asset Reconstruction Company Limited	0.01	-	-	-
	Edelweiss Retail Finance Limited	-	0.03	-	-
	Edelweiss Web Services Limited	-	-	-	0.04
	Edelweiss Housing Finance Limited	-	-	-	0.52
Unsecured loan taken from	Edelweiss Commodities Services Limited	169.17	433.39	10.90	0.83
	Edelweiss Financial Services Limited ^	-	0.00	123.41	36.26
Dividend Payable to	Edelweiss Financial Services Limited	-	-	-	199.13

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

(Currency: Indian Rupees in millions)

**34 Disclosure of related parties transactions pursuant to AS 18 "Related Party Disclosures"**

Nature of Transactions	Related Party Name	31 March 2018	31 March 2017	31 March 2016	31 March 2015
<b>Investments</b>					
Investment in Equity shares of	EC Global Limited	-	-	0.44	-
	Olive Business Centre Limited	-	-	181.61	181.61
Investment in preference shares of	Edelweiss Finvest Private Limited	-	116.58	116.58	-
	Edelweiss Broking Limited	-	374.00	374.00	374.00
Investment in stock in trade (Debentures) of	Edelweiss Financial Services Limited	-	-	140.80	-
	ECL Finance Limited	4.45	74.72	73.83	71.49
	Edelweiss Housing Finance Limited	0.55	5.58	-	-
	Edelweiss Retail Finance Limited	1.98	-	-	-
<b>Assets</b>					
Accrued interest income on loans given to	Edelweiss Commodities Services Limited	-	-	-	2.49
Accrued interest income on debentures of	ECL Finance Limited	0.14	14.61	32.84	0.04
	Edelweiss Financial Services Limited	-	3.98	0.96	-
	Edelweiss Retail Finance Limited	0.03	-	-	-
	Edelweiss Housing Finance Limited	0.04	6.53	-	-
<b>Long term loans and advances</b>					
Receivable from financing business from	Edelweiss Commodities Services Limited	-	-	-	400.00
<b>Short term loans and advances</b>					
Advances recoverable in cash or in kind or for value to be received from	Edelweiss Financial Services Limited	-	-	1.05	0.30
	Edelcap Securities Limited	-	-	0.19	-
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	-	-	0.37	-
	Edelweiss Securities Limited	-	-	-	0.01
	ECL Finance Limited	-	-	-	0.11
	Edelweiss Web Services Limited	-	-	-	0.15
<b>Trade Receivables</b>					
	^ ECL Finance Limited	-	1.00	14.29	-
	Edelweiss Securities Limited	89.67	107.82	-	-
	Edelweiss Financial Services Limited	-	1.05	-	-
	Edel Land Limited	5.47	-	-	-
	Edelweiss Custodial Services Limited	0.16	0.04	-	-
	^ EFSL Trading Limited	-	1.58	-	-
	ECap Equities Limited	-	0.21	-	-
<b>Other current assets</b>					
Accrued interest on income on margin placed with	Edelweiss Securities Limited	-	-	0.08	0.19
Margin Placed with Brokers	Edelweiss Securities Limited	4.68	-	-	84.73
	Edelweiss Custodial Services Limited	22.23	-	-	-
Receivable from broker	Edelweiss Securities Limited	-	1.12	195.76	-
	Edelweiss Custodial Services Limited	-	121.03	-	-
^ - less than Rs. 0.01 million					

## Edelweiss Finance & Investments Limited

### Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

#### 34 Disclosure of related parties transactions pursuant to AS 18 "Related Party Disclosures"

##### Note:

##### Financial 2017-2018, 2016-2017, 2015-2016 and 2014-2015

Note 1 : Previous year's figures have been recast/restated where necessary.

Note 2 : The intra group Company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.

##### Financial 2017-2018 and 2016-2017

Note 3 : Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity and provision made for bonus which are provided for group of employees on an overall basis. These are included on cash basis.

Note 4 : Loan given to subsidiaries and fellow subsidiaries are for general corporate business.

##### Financial 2016-2017

Note 5 : Remuneration to KMP's is within the limit as prescribed by the Companies act 2013

#### Disclosure of loans and advances pursuant to regulation 53 of the Securities and Exchange Board of India (SEBI) (Listing obligations and disclosure requirements) Regulations, 2015:

##### Financial Year 2017-2018

- a Nil (Previous year: Nil) due from Edelweiss Financial Services Limited (maximum amount due at any time during the year Nil million; Previous year: Rs.123.41million)

##### Financial Year 2016-2017

- a Nil (Previous year: Nil) due from Edelweiss Financial Services Limited (maximum amount due at any time during the year Rs.123.41 million; Previous year: 1461.32 million)
- b Nil (Previous year: Nil) due from Olive Business Centre Limited (maximum amount due at any time during the year Nil; Previous year: 8.2 million)

##### Financial Year 2015-2016

- a Nil (Previous year: Nil) due from Edelweiss Financial Services Limited (maximum amount due at any time during the year Rs.1461.32 million; Previous year: Nil)
- b Nil (Previous year: Nil) due from Olive Business Centre Limited (maximum amount due at any time during the year Rs. 8.2 million; Previous year: 0.47 million)

(Currency: Indian Rupees in Million)

## 35 Details of secured debentures issued

## Details of the Secured Debentures issued as at 31 March 2018 - Nil

Details of the Secured Debentures issued as at 31 March 2017

Interest rate range	Maturity				
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Non-convertible debentures</b>					
10% to 11%	1,500.00	-	-	-	-
<b>Benchmark linked debentures</b>	2,262.80	881.00	712.61	10.00	8.00
<b>Total</b>	<b>3,762.80</b>	<b>881.00</b>	<b>712.61</b>	<b>10.00</b>	<b>8.00</b>

Details of the Secured Debentures issued as at 31 March 2016

Interest rate range	Maturity					
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Non-convertible debentures</b>						
10% to 11%	-	1,500.00	-	-		
<b>Benchmark linked debentures</b>	1,729.80	2,343.92	1,159.70	487.50	10.00	232.90
<b>Total</b>	<b>1,729.80</b>	<b>3,843.92</b>	<b>1,159.70</b>	<b>487.50</b>	<b>10.00</b>	<b>232.90</b>

Details of the Secured Debentures issued as at 31 March 2015

Interest rate range	Maturity				
	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
<b>Non-convertible debentures</b>					
10% to 11%	-	1,500.00	-	-	1,500.00
<b>Benchmark linked debentures</b>	698.77	834.69	475.39	1,922.50	3,931.35
<b>Total</b>	<b>698.77</b>	<b>2,334.69</b>	<b>475.39</b>	<b>1,922.50</b>	<b>5,431.35</b>



(Currency: Indian Rupees in Million)

**36 Open interest in interest rate derivatives:**

As at 31 March 2018

Benchmark	Notional principal	Terms	Purpose
MIBOR	14,500	Pay fixed Vs. receive floating	Hedging

As at 31 March 2017

Benchmark	Notional principal	Terms	Purpose
MIBOR	550	Pay fixed Vs. receive floating	Hedging

As at 31 March 2016

Benchmark	Notional principal	Terms	Purpose
MIBOR	7,550	Pay fixed Vs. receive floating	Hedging

As at 31 March 2015

Benchmark	Notional principal	Terms	Purpose
MIBOR	12,500	Pay fixed Vs. receive floating	Hedging

**37 Open interest in equity index/ stock futures as at 31 March 2018- Nil**

**Open interest in equity index/ stock futures as at 31 March 2017**

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units Involved	Position	Purpose
1	NIFTY	25-May-17	367.00	27,525	Long position	Hedging
2	NIFTY	27-Apr-17	692.00	51,900	Long position	Hedging
3	HINDZINC	27-Apr-17	423.00	1,353,600	Short position	Hedging
4	PFC	27-Apr-17	203.00	1,218,000	Short position	Hedging

**Open interest in equity index/ stock futures as at 31 March 2016**

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units Involved	Position	Purpose
1	NIFTY	28-Apr-16	1771	132,825	Long position	Hedging
2	NIFTY	26-May-16	368	27,600	Long position	Hedging

**Open interest in equity index/ stock futures as at 31 March 2015**

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units Involved	Position	Purpose
1	NIFTY	30-Apr-15	750	37,500	Long position	Hedging
2	INFY	30-Apr-15	22	2,750	short position	Hedging

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency: Indian Rupees in Million)

### 38 Option equity index/ stock contracts outstanding as at 31 March 2018 - Nil

Option equity index/ stock contracts outstanding as at 31 March 2017

Sr. no.	Name of the option – Index / Stock	Total premium carried forward (Net of provision made)	Purpose
1	Purchaser of option- Nifty	40.96	Hedging
2	Sale of option- Nifty	2.44	Hedging

Option equity index/ stock contracts outstanding as at 31 March 2016

Sr. no.	Name of the option – Index / Stock	Total premium carried forward (Net of provision made)	Purpose
1	Purchaser of option- Nifty	0.96	Hedging
2	Sale of option- Nifty	0.04	Hedging

Option equity index/ stock contracts outstanding as at 31 March 2015

Sr. no.	Name of the option – Index / Stock	Total premium carried forward (Net of provision made)	Purpose
1	Purchaser of option- Nifty	9.26	Hedging
2	Sale of option- Nifty	5.82	Hedging

### 39 Open interest rate futures as at 31 March 2018 with exchange

Maturity grouping	Long Position		Short Position	
	Number of contracts	Number of units	Number of contracts	Number of units
< 1 month	-	-	2,722.00	5,444,000.00
1-2 months	-	-	-	-
2-3 months	-	-	-	-
3-6 months	-	-	-	-
6-12 months	-	-	-	-
> 12 months	-	-	-	-

Open interest rate futures as at 31 March 2017 with exchange - Nil

Open interest rate futures as at 31 March 2016 with exchange

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units involved	Position	Purpose
1	GOI 7.59% 2026	28-Apr-16	6,433	12,866,000	Long position	Hedging

Open interest rate futures as at 31 March 2015 with exchange

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units Involved	Position	Purpose
1	8.40% Central Government Security	30-Apr-15	2,367	4,734,000	Long position	Hedging

### 40 Foreign currency

#### FY 2017-18

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2018 (Previous year: Rs Nil).

#### FY 2016-17

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2017 (Previous year: Rs Nil).

#### FY 2015-16

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2016 (Previous year: Rs Nil).

#### FY 2014-15

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2015 (Previous year: Rs Nil).

(Currency: Indian Rupees in Million)

### 41 Contingent liability and commitments

#### FY 2017-18

##### Contingent liability

Taxation matters of Assessment year 2009-10 and Assessment year 2013-14 in respect of which appeal is pending – Rs.0.60 millions (Previous year: Rs. 0.60 million).

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. 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.

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

##### Commitments

- a) Uncalled liabilities on non-current investments Rs. Nil as at balance sheet date (Previous year: Rs. 21.67 million).
- b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3.98 million (Previous year: Rs. 0.06 million) as at the balance sheet date.
- c) Undrawn committed credit lines Rs Nil as at balance sheet date (Previous year: Rs. 212.94 million).

#### FY 2016-17

##### Contingent liability

Taxation matters of Assessment year 2009-10 and Assessment year 2013-14 in respect of which appeal is pending – Rs.0.60 millions (Previous year: Rs. 0.53 million).

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. 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.

##### Commitments

- a) Uncalled liabilities on non-current investments Rs. 21.67 million as at balance sheet date (Previous year: Rs. 43.33 million).
- b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 0.06 million (Previous year: Rs 0.13 million) as at the balance sheet date.
- c) Undrawn committed credit lines Rs 212.94 million as at balance sheet date (Previous year: Rs. 803.54 million).

#### FY 2015-16

##### Contingent liability

Taxation matters of Assessment year 2012-13 and Assessment year 2013-14 in respect of which appeal is pending – Rs. 0.53 million (Previous year: Rs. Nil).

##### Commitments

- a) Uncalled liabilities on non-current investments Rs 43.33 million as at balance sheet date (Previous year: Rs. 2.50 million).
- b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 0.13 million (Previous year: Rs 0.07 million) as at the balance sheet date.
- c) Undrawn committed credit lines Rs.351.20 million as at balance sheet date (Previous year: Rs.128.66 million).

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. 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.

#### FY 2014-15

##### Contingent liability - NIL

##### Commitments

- a) Uncalled liabilities on non-current investments Rs 2.5 million as at balance sheet date (Previous year: Rs 2.5 million).
- b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 0.07 million (Previous year: Rs 0.05 million) as at the balance sheet date.
- c) Undrawn committed credit lines Rs.128.66 million as at balance sheet date (Previous year: Rs.59.20 million).

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency: Indian Rupees in Million)

### 42 Details of purchase, sale and change in stock in trade

Particular	2018	2017	2016	2015
<b>Opening stock</b>				
Equity shares	567.46	-	-	-
Preference shares *	-	0.85	0.00	5.00
Mutual Funds	-	-	-	237.88
Debt instruments	16,783.32	27,311.19	29,345.33	18,445.62
<b>Total</b>	<b>17,350.78</b>	<b>27,312.04</b>	<b>29,345.33</b>	<b>18,688.50</b>
<b>Purchase</b>				
Equity shares	-	726.53	-	-
Preference shares *	782.59	809.31	1,606.23	0.00
Mutual Funds	-	55,250.00	450.00	-
Debt instruments	1,166,172.92	231,003.84	232,242.86	236,955.00
<b>Total</b>	<b>1,166,955.51</b>	<b>287,789.68</b>	<b>234,299.09</b>	<b>236,955.00</b>
<b>Sale/transfer</b>				
Equity shares	567.46	118.21	-	-
Preference shares	758.42	820.35	1,625.15	5.17
Mutual Funds	-	55,269.31	348.51	263.13
Debt instruments	1,168,217.61	242,393.00	234,628.24	226,990.23
<b>Total</b>	<b>1,169,543.49</b>	<b>298,600.87</b>	<b>236,601.90</b>	<b>227,258.52</b>
<b>Closing stock</b>				
Equity shares	-	567.46	-	-
Preference shares *	28.76	-	0.85	0.00
Mutual Funds	-	-	-	-
Debt instruments	14,483.94	16,783.32	27,311.19	29,345.33
<b>Total</b>	<b>14,512.70</b>	<b>17,350.78</b>	<b>27,312.04</b>	<b>29,345.33</b>
<b>Profit/(Loss) on sale of securities</b>	<b>(250.11)</b>	<b>849.93</b>	<b>269.53</b>	<b>960.36</b>

\* Amount is less than 0.01 million

Edelweiss Finance & Investments Limited  
Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency: Indian Rupees in Million)

43 Key Ratios

The Following table sets forth, for the periods indicated, the key financial ratios.

Particulars	2018	2017	2016	2015
Gross NPAs as a percentage of Total Loans and advances	0.00%	0.00%	0.00%	0.00%
Net NPAs as a percentage of Total Loans and advances	0.00%	0.00%	0.00%	0.00%
Book Value per share (Rs.) (refer note 1 below)	521.96	1,144.79	1132.43	1,240.28
Current Ratio (refer note 2 below)	1.08	1.17	1.19	1.08
Debt to Equity Ratio (refer note 3 below)	10.05	5.88	11.43	10.12
Return on average Equity (%) (refer note 4 below)	8.78%	26.23%	16.59%	15.92%
Return on average assets (%) (refer note 5 below)	0.88%	2.58%	1.36%	1.65%

- Book Value per share = (Equity Share Capital (+) Reserves and Surplus (-) Redemption premium on Preference Shares (-) Deferred Tax Assets) / Outstanding number of equity shares
- Current ratio = Current assets / Current liabilities.
- Debt-Equity ratio = Total Debt/ Total Equity  
Total Debt = Preference shares (+) Redemption premium on preference shares (+) Long term borrowings (+) Short term borrowings (+) Current maturity of long term borrowings  
Total Equity = Equity Share Capital (+) Reserves and Surplus excluding redemption premium on preference shares (-) Deferred tax asset
- Return on average equity = Profit for the year / [Annual average equity share capital (+) Annual average Reserves and Surplus less Deferred tax asset].
- Return on average assets = Profit for the year / Annual average total assets.

44 Investments

	2018	2017	2016	2015
1) Value of Investments				
i) Gross Value of Investments				
a) In India	-	1,268.63	1,772.15	1,713.42
b) Outside India	-	0.44	0.44	0.44
ii) Provisions for Depreciation				
a) In India	-	252.71	40.00	20.00
b) Outside India	-	-	-	-
iii) Net Value of Investments				
a) In India	-	1,016.36	1,732.59	1,693.86
b) Outside India	-	-	-	-
2) Movement of provisions held towards depreciation on investments.				
i) Opening balance	252.71	40.00	20.00	20.00
ii) Add : Provisions made during the year	-	232.71	20.00	-
iii) Less : Write-off / write-back of excess provisions during the year	252.71	20.00	-	-
iv) Closing balance	-	252.71	40.00	20.00

45 Derivatives

A) Forward Rate Agreement / Interest Rate Swap

	2018	2017	2016	2015
i) The notional principal of swap agreements	14,500.00	550.00	7,550.00	12,500.00
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	26.44	-	-	15.66
iii) Collateral required by the NBFC upon entering into swaps	-	-	-	-
iv) Concentration of credit risk arising from the swaps <sup>@</sup>	100%	100%	100%	100%
v) The fair value of the swap book	5.72	(15.02)	(169.81)	(218.60)

<sup>@</sup> % of concentration of credit risk arising from swaps with banks.

Edelweiss Finance & Investments Limited  
Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency: Indian Rupees in Million)

45 Derivatives(Continued)

**B) Exchange Traded Interest Rate (IR) Derivatives**

	2018	2017	2016	2015
i) Notional principal amount of exchange traded IR derivatives undertaken during the year	71,860.20	3,286.40	12,947.60	-
ii) Notional principal amount of exchange traded IR derivatives outstanding	544.40	-	1,286.60	-
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-	-	-
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	2018		2017	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount) For hedging	-	15,044	-	550
ii)	Marked to Market Positions				
	a) Assets (+)	-	26.44	-	-
	b) Liability (-)	-	(20.72)	-	15.02
iii)	Credit Exposure	-	485.00	-	19.00
iv)	Unhedged Exposures	-	-	-	-

S.no.	Particulars	2016		2015	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount) For hedging	-	8,836.60	-	12,500.00
ii)	Marked to Market Positions				
	a) Assets (+)	-	-	-	15.66
	b) Liability (-)	-	169.81	-	234.26
iii)	Credit Exposure	-	409.00	-	700.00
iv)	Unhedged Exposures	-	-	-	-

46 Capital to Risk Assets Ratio (CRAR)

	2018	2017	2016	2015
i. CRAR (%)	20.94%	47.29%	26.08%	30.02%
ii. CRAR - Tier I Capital (%)	16.57%	38.49%	20.59%	24.91%
iii. CRAR -Tier II Capital (%)	4.37%	8.80%	5.49%	5.11%
iv. Amount of subordinated debt raised as Tier-II capital	-	150.00	150.00	-
v. Amount raised by issue of Perpetual Debt Instruments	-	-	-	-

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

During the year ended 31 March 2018, 31 March 2017, 31 March 2016 and 31 March 2015, the Company credit exposure to single borrowers and group borrowers were within the limits prescribed by RBI.

Edelweiss Finance & Investments Limited  
**Notes to the reformatted standalone financial information (Continued)**

Annexure V

(Currency: Indian Rupees in Million)

**48 Exposure to real estate sector, both direct and indirect; and**

	2018	2017	2016	2015
<b>A Direct exposure</b>				
<b>i. Residential Mortgages</b>				
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)	-	-	-	-
<b>ii. Commercial Real Estate</b>				
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;	-	1,000.75	1,565.28	2,193.47
<b>iii Investments in Mortgage</b>				
Residential	-	-	-	-
Commercial Real Estate	-	-	-	-
<b>B Indirect Exposure</b>				
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-	-	-
<b>C Others (Not covered Above)*</b>	-	0.00	716.28	-
<b>Total Exposure</b>	-	<b>1,000.75</b>	<b>2,281.56</b>	<b>2,193.47</b>
*Amount is less than Rs. 0.01 million				

**49 Exposure to Capital Market**

	2018	2017	2016	2015
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented invested in corporate debt;	-	522.66	795.87	926.60
(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;	-	77.67	24.86	-
(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;	-	2,448.16	3,862.20	2,135.33
(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; *	-	0.00	219.06	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-	-
(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)	-	48.33	26.67	2.50
(ix) Others - Not covered above	-	0.14	29.83	21.78
<b>Total exposure</b>	-	<b>3,096.96</b>	<b>4,958.49</b>	<b>3,086.21</b>
*Amount is less than Rs. 0.01 million				

## Notes to the reformatted standalone financial information (Continued)

(Currency: Indian Rupees in Million)

## 50 Asset Liability Management

## As at 31 March 2018

Particulars	Liabilities			Assets			Foreign Currency assets	Foreign Currency liabilities
	Deposit	Borrowings	Advances <sup>#</sup>	Stock in trade	Investments			
1 day to 30/31 days (one month)	-	17,373.62	-	14,512.70	-	-	-	-
Over one month to 2 months	-	56.39	-	-	-	-	-	-
Over 2 months to 3 months	-	56.39	-	-	-	-	-	-
Over 3 months to 6 months	-	56.39	-	-	-	-	-	-
Over 6 months to 1 year	-	-	-	-	-	-	-	-
Over 1 year to 3 years	-	-	-	-	-	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>17,542.79</b>	-	<b>14,512.70</b>	-	-	-	-

## As at 31 March 2017

Particulars	Liabilities			Assets			Foreign Currency assets	Foreign Currency liabilities
	Deposit	Borrowings	Advances <sup>#</sup>	Stock in trade	Investments			
1 day to 30/31 days (one month)	-	11,539.49	52.98	14,583.32	0.38	-	-	-
Over one month to 2 months	-	106.00	473.75	-	0.41	-	-	-
Over 2 months to 3 months	-	234.69	150.50	-	0.07	-	-	-
Over 3 months to 6 months	-	592.69	43.75	-	1.45	-	-	-
Over 6 months to 1 year	-	3,167.20	1,982.76	567.46	8.70	-	-	-
Over 1 year to 3 years	-	1,593.61	835.12	-	20.76	-	-	-
Over 3 years to 5 years	-	18.00	20.00	-	0.07	-	-	-
Over 5 years	-	150.00	-	-	984.52	-	-	-
<b>Total</b>	-	<b>17,401.68</b>	<b>3,558.86</b>	<b>15,150.78</b>	<b>1,016.36</b>	-	-	-

## As at 31 March 2016

Particulars	Liabilities			Assets			Foreign Currency assets	Foreign Currency liabilities
	Deposit	Borrowings	Advances <sup>#</sup>	Stock in trade	Investments			
1 day to 30/31 days (one month)	-	23,845.02	384.26	23,500.29	-	-	-	-
Over one month to 2 months	-	2,392.12	632.75	1,711.75	3.71	-	-	-
Over 2 months to 3 months	-	163.91	1,090.44	-	1.95	-	-	-
Over 3 months to 6 months	-	271.70	462.71	-	13.09	-	-	-
Over 6 months to 1 year	-	1,364.80	1,286.25	-	69.01	-	-	-
Over 1 year to 3 years	-	5,004.40	3,395.20	-	168.82	-	-	-
Over 3 years to 5 years	-	497.50	750.00	-	23.97	-	-	-
Over 5 years	-	372.62	-	-	1,452.03	-	-	-
<b>Total</b>	-	<b>33,912.07</b>	<b>8,001.61</b>	<b>25,212.04</b>	<b>1,732.58</b>	-	-	-

## As at 31 March 2015

Particulars	Liabilities			Assets			Foreign Currency assets	Foreign Currency liabilities
	Deposit	Borrowings	Advances <sup>#</sup>	Stock in trade	Investments			
1 day to 30/31 days (one month)	-	26,396.36	27.61	27,223.96	0.46	-	-	-
Over one month to 2 months	-	987.06	-	998.84	-	-	-	-
Over 2 months to 3 months	-	23.90	250.00	-	-	-	-	-
Over 3 months to 6 months	-	0.83	-	132.53	31.11	-	-	-
Over 6 months to 1 year	-	1,938.76	2,647.73	-	263.49	-	-	-
Over 1 year to 3 years	-	2,811.10	2,337.28	-	-	-	-	-
Over 3 years to 5 years	-	466.60	501.43	-	-	-	-	-
Over 5 years	-	231.15	225.00	-	1,398.80	-	-	-
<b>Total</b>	-	<b>32,855.76</b>	<b>5,989.05</b>	<b>28,355.33</b>	<b>1,693.86</b>	-	-	-

# Includes debentures in the nature of loan and advances.



**Notes to the reformatted standalone financial information (Continued)**

(Currency: Indian Rupees in Million)

**51 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:

<b>Particulars</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>i) Movement of NPAs (Gross)</b>				
a) Opening Balance	-	-	-	59.59
b) Additions during the year	-	-	-	-
c) Reductions during the year	-	-	-	59.59
d) Closing balance	-	-	-	-
<b>ii) Movement of Net NPAs</b>				
a) Opening Balance	-	-	-	-
b) Additions during the year	-	-	-	-
c) Reductions during the year	-	-	-	-
d) Closing balance	-	-	-	-
<b>iii) Movement of Provisions for NPAs (excluding provision on Standard assets)</b>				
a) Opening Balance	-	-	-	59.59
b) Additions during the year	-	-	-	-
c) Reductions during the year	-	-	-	59.59
d) Closing balance	-	-	-	-

Edelweiss Finance & Investments Limited  
Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency: Indian Rupees in Million)

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

Particulars	2018	2017	2016	2015
(i) Provisions for depreciation on Investment	-	212.71	20.00	-
(ii) Provision towards NPA	-	-	-	(59.59)
(iii) Provision made towards Income tax (net of deferred tax)	(179.57)	388.80	334.55	257.56
(iv) Provision for Standard Assets	-	(11.55)	9.03	10.52
(v) Other Provision and Contingencies (Provision for doubtful debts)	-	(1.43)	35.18	(3.34)

53 Concentration of Deposits, Advances, Exposures and NPAs

	2018	2017	2016	2015
<b>A) Concentration of Advances</b>				
Total advances to twenty largest borrowers	-	3,558.86	6,906.93	5,909.51
Percentage of advances to twenty largest borrowers to total advances	0.00%	100.00%	86.32%	98.67%
<b>B) Concentration of Exposures</b>				
Total exposures to twenty largest borrowers / customers	-	3,558.86	6,947.00	5,862.61
Percentage of exposures to twenty largest borrowers / customers to	0.00%	100.00%	84.87%	97.89%
<b>C) Concentration of NPAs</b>				
Total exposures to top four NPAs	-	-	-	-
<b>D) Sector-wise NPAs</b>				
<b>Sectors</b>	<b>Percentage of NPAs to</b>		<b>Percentage of NPAs to Total Advances</b>	
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
1 Agriculture & allied activities	-	-	-	-
2 MSME	-	-	-	-
3 Corporate borrowers	-	-	-	-
4 Services	-	-	-	-
5 Unsecured personal loans	-	-	-	-
6 Auto loans	-	-	-	-
7 Other personal loans	-	-	-	-

54 Customer Complaints

	2018	2017	2016	2015
(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	-	-	-	-

55 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total assets as at 31 March, 2018	Total assets as at 31 March, 2017	Total assets as at 31 March, 2016	Total assets as at 31 March, 2015
EC Global Limited	-	Mauritius	-	4,432.14	6,649.66	11,594.36

56 The Company has not restructured any loans and advances during the year ended 31 March 2018, 31 March 2017, 31 March 2016 and 31 March 2015.

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency: Indian Rupees in Million)

57 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

### Liabilities side :

	2018	Amount Outstanding 2017	2016	2015
(1) <b>Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>				
(a) Debentures (other than falling within the meaning of public deposits \$)				
i) Secured	-	6,388.33	7,742.34	5,621.25
ii) Unsecured	-	161.12	161.14	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Inter-Corporate Loans and Borrowing	196.08	445.41	149.87	56.63
(e) Commercial Paper	-	-	2,315.02	1,483.42
(f) Other Loans: Collateralised Lending and Borrowing	17,373.62	11,439.99	23,845.02	25,900.00

### Liabilities side (continued):

	2018	Amount overdue 2017	2016	2015
(1) <b>Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>				
(a) Debentures (other than falling within the meaning of public deposits \$)				
i) Secured	-	-	-	-
ii) Unsecured	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Inter-Corporate Loans and Borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans: Collateralised Lending and Borrowing	-	-	-	-

### Assets side :

	2018	Amount Outstanding 2017	2016	2015
(2) <b>Break-up of loan and advances including bills receivables (other than those included in (4) below)</b>				
(a) Secured	-	3,449.04	7,969.79	5,957.54
(b) Unsecured	-	109.82	31.82	31.50
(3) <b>Break-up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities</b>				
(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	-	-	-	-

57 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (continued).

(4) <b>Break-up of Investments</b>	Amount Outstanding			
	2018	2017	2016	2015
Current Investments:				
1. <u>Quoted</u> :				
(i) Shares : (a) Equity	-	-	-	-
(b) Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others	-	-	-	-
2. <u>Unquoted</u> :				
(i) Shares : (a) Equity	-	-	-	292.77
(b) Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	17.28	291.77	2.29
(iv) Government Securities	-	-	-	-
(v) Others (Debt instruments)	-	-	-	-
Long Term investments :				
1. <u>Quoted</u> :				
(i) Shares : (a) Equity	-	109.28	-	-
(b) Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others	-	-	-	-
2. <u>Unquoted</u> :				
(i) Shares : (a) Equity	-	222.28	795.87	795.87
(b) Preference	-	530.58	530.58	490.58
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others	-	-	-	-
(a) Warrants	-	14.56	-	20.00
(b) Units of Fund	-	48.33	26.67	2.50
(c) Investment in Security Receipts	-	74.05	87.70	89.85
(d) Share Application Money	-	-	-	-

(5) Borrower group-wise classification of all assets financed as in (2) and (3) above:

As at 31 March 2018

Category	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	-	-	-
<b>Total</b>	-	-	-

As at 31 March 2017

Category	Amount (net of provisions)		Total
	Secured	Unsecured	
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	32.15	32.15
2. Other than related parties	3,449.04	77.67	3,526.71
<b>Total</b>	3,449.04	109.82	3,558.86

(Currency: Indian Rupees in Million)

57 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Continued)

## (5) Borrower group-wise classification of all assets financed as in (2) and (3) above (continued):

As at 31 March 2016

Category	Amount (net of provisions)		Total
	Secured	Unsecured	
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	31.82	31.82
2. Other than related parties	7,969.79	-	7,969.79
<b>Total</b>	<b>7,969.79</b>	<b>31.82</b>	<b>8,001.61</b>

As at 31 March 2015

Category	Amount (net of provisions)		Total
	Secured	Unsecured	
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	402.49	-	402.49
(c) Other related parties	-	31.50	31.50
2. Other than related parties	5,555.05	-	5,555.05
<b>Total</b>	<b>5,957.54</b>	<b>31.50</b>	<b>5,989.04</b>

## (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			
	2018	2017	2016	2015
1. Related parties**				
(a) Subsidiaries	-	0.44	-	-
(b) Companies in the same group	-	490.58	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	587.81	-	-
<b>Total</b>	<b>-</b>	<b>1,078.83</b>	<b>-</b>	<b>-</b>

Category	Book value (net of provisions)			
	2018	2017	2016	2015
1. Related parties**				
(a) Subsidiaries	-	0.44	182.04	182.04
(b) Companies in the same group	-	490.58	490.58	490.58
(c) Other related parties	-	-	-	-
2. Other than related parties	-	525.34	1,059.97	1,021.24
<b>Total</b>	<b>-</b>	<b>1,016.36</b>	<b>1,732.59</b>	<b>1,693.86</b>

\*\* As per AS-18 Related Party Disclosures

## (7) Other information

Particulars	2018	2017	2016	2015
(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.

(Currency: Indian Rupees in Million)

## 57 Ratings assigned by credit rating agencies and migration of ratings during the year ended 31 March, 2018

Instrument category	CRISIL	ICRA	CARE	Brickworks
(i) Long Term Instruments				
Rating	CRISIL AA/Stable	ICRA AA/Stable	CARE AA/Stable	BWR AA+/Stable
Amount	11,150	16,350	1,500	500
(ii) Short Term Instruments				
Rating	CRISIL A1+	ICRA A1+	CARE A1+	-
Amount	10,000	10,000	10,000	-
(iii) Market linked debentures				
Short Term				
Rating	CRISIL PP MLD A1+r	ICRA PP MLD A1+	CARE PP MLD AA/Stable	-
Amount	715	4,000	3,078.3	-
Long Term				
Rating	-	ICRA PP MLD AA/Stable	-	-
Amount	-	7,000	-	-

## Ratings assigned by credit rating agencies and migration of ratings during the year ended 31 March, 2017

Instrument category	CRISIL	ICRA	CARE	Brickworks
(i) Long Term Instruments				
Rating	CRISIL AA-/Stable	[ICRA]-AA	CARE AA	BWR AA+
Amount	6,150	18,000	1,500	500
(ii) Short Term Instruments				
Rating	CRISIL A1+	[ICRA]A1+	CARE A1+	-
Amount	5,000	10,000	2,500	-
(iii) Market linked debentures				
Short Term				
Rating	CRISIL PP-MLD A1+R	PP-MLD [ICRA]A1+	-	-
Amount	2,000	4,000	-	-
Long Term				
Rating	-	PP-MLD [ICRA]AA	CARE PP MLD-AA	-
Amount	-	8,000	5,000	-

## Ratings assigned by credit rating agencies and migration of ratings during the year ended 31 March, 2016

Instrument category	CRISIL	ICRA	CARE	Brickworks
(i) Long Term Instruments				
Rating	CRISIL AA-/Stable	[ICRA]-AA	CARE AA	BWR AA+
Amount	1,300.00	8,000.00	1,500.00	500.00
(ii) Short Term Instruments				
Rating	CRISIL A1+	[ICRA]A1+	CARE A1+	-
Amount	2,500.00	5,000.00	2,500.00	-
(iii) Market linked debentures				
Short Term				
Rating	CRISIL PP-MLD A1+R	PP-MLD [ICRA]A1+	-	-
Amount	2,000.00	4,000.00	-	-
Long Term				
Rating	-	PP-MLD [ICRA]AA	CARE PP MLD-AA	-
Amount	-	8,000.00	5,000.00	-

## Ratings assigned by credit rating agencies and migration of ratings during the year ended 31 March, 2015

Instrument category	CRISIL	ICRA	CARE
(i) Long Term Instruments			
Rating	CRISIL AA-/Stable	[ICRA]-AA	CARE AA
Amount	1,300.00	5,000.00	1,500.00
(ii) Short Term Instruments			
Rating	CRISIL A1+	[ICRA]A1+	CARE A1+
Amount	2,500.00	5,000.00	2,500.00
(iii) Market linked debentures			
Short Term			
Rating	CRISIL PP-MLD A1+	-	-
Amount	2,000	-	-
Long Term			
Rating	-	PP-MLD [ICRA]AA	CARE PP MLD-AA
Amount	-	3,000.00	5,000.00

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency: Indian Rupees in Million)

### 58 Scheme of Arrangement (Demerger) (Financial Year 2017-18):

i) 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, Mumbai Bench vide its order dated 25 July 2017 (“the Order”), Edelweiss Finance & Investments Limited (“The Demerged Company” or “The Transferor Company”), has demerged the Lending and Investment Business to Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited) (“First Resulting Company” or “EW Finvest”), which is another NBFC engaged in the business of lending and investments, and the Training Centre Business to Edel Land Limited (“Second Resulting Company” or “ELL”) which undertakes real estate activities with effect from 1 April 2016 (“the Appointed Date”). The scheme has come into effect from 1 August 2017 (“the Effective Date”). Accordingly, the financial statements of the Company for the year ended 31 March 2018 have been prepared taking into account the effect of the said Order.

### ii) In accordance with the Scheme:

On the Scheme becoming effective with effect from the Appointed date, the Company has transferred all the assets aggregating to Rs.10,214.42 million and 221.14 million and liabilities aggregating to Rs.8,737.81 and Rs.40.10 million as appearing in the books of Company related to lending business and training centre business respectively at their respective book value as on Appointed Date. Net assets transferred include.

a)	Asset/Liabilities Transferred under Scheme of Demerger	EW Finvest	ELL
	<b>Assets</b>		
	Fixed assets- Property, plant and equipment	-	206.31
	Investments	3,650.54	-
	Deferred Tax	104.93	(1.41)
	Loans and Advances	5,801.16	1.06
	Cash and Cash Equivalents	-	0.05
	Other Current Assets and Trade Receivables	657.79	15.13
	<b>Total Assets (A)</b>	<b>10,214.42</b>	<b>221.14</b>
	<b>Liabilities</b>		
	Long Term Borrowings	5,874.52	-
	Provisions	65.78	10.29
	Trade Payables	17.95	7.28
	Other current liabilities	1,555.56	22.53
	Short term borrowings	1,224.00	-
	<b>Total Liabilities (B)</b>	<b>8,737.81</b>	<b>40.10</b>
	<b>Net assets transferred (A-B)</b>	<b>1,476.61</b>	<b>181.04</b>

iii) The Scheme of arrangement is a tax neutral demerger per the provisions of Section 2(19AA) of the Income Tax Act, 1961 and accordingly, the assets and liabilities as on appointed date were transferred at cost. The resultant companies issued equity shares in consideration for the businesses acquired by them to the shareholders of the Company i.e. Edelweiss Financial Services Limited. Edelweiss Finvest Private Limited issued 8,279,275 equity shares of Rs. 10 each at a premium of Rs 168.35 per equity share aggregating to Rs.1,476.61 million and Edelweiss Land Limited issued 18,103,500 equity shares of Rs. 10 each at par aggregating to Rs. 181.04 million in settlement of the consideration. Accordingly, the reduction in the net worth of the Company of Rs. 1,657.64 million has been reflected as a reduction in the securities premium account in terms of accounting treatment approved in the Scheme.

iv) On account of demerger, The Company has transferred profit /(loss) after tax from April 1st, 2016 (appointed date) to March 31st, 2017 to EW Finvest and ELL of Rs.286.00 million and Rs.(13.92) respectively.

# Edelweiss Finance & Investments Limited

## Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency: Indian Rupees in Million)

### 59 Discontinuing operations (Financial Year 2016-17):

The Board of Directors of the Company at its Meeting held on August 8, 2016, has approved a Scheme of Arrangement (the Scheme) between the Company and its fellow subsidiaries Edelweiss Finvest Private Limited and Edel Land Limited. As per the Scheme the Lending Business of the Company will be transferred to Edelweiss Finvest Private Limited and Training Centre Business to Edel Land limited. The Appointment Date in respect of the Scheme is April 1, 2016. The scheme is subject to requisite approvals from the National Company Law Tribunal ('NCLT'). Accordingly, the aforesaid Lending Business and Training Centre Business has been considered as discontinuing operations.

The operating activities of the Company's discontinuing operations are summarised below:

a. The revenue and expenses in respect of the ordinary activities attributable to the discontinuing operations :

<i>Particular</i>	<b>Year Ended 31 March 2017</b>
Revenue	1,195.67
Expenses	830.19
<b>Profit before tax</b>	<b>365.47</b>
Tax expenses	93.39
<b>Profit after tax</b>	<b>272.08</b>

b. The Net Cash Flows attributable to the discontinuing operations are as follows:

<i>Particular</i>	<b>Year Ended 31 March 2017</b>
Net cash generated from Operating Activities	4,712.17
Net cash generated from Investing Activities	614.51
Net cash used in Financing Activities	(2,822.01)
<b>Total Cash flows attributable to discontinuing operations</b>	<b>2,504.67</b>

c. The carrying amounts as at March 31, 2017 of the total assets and liabilities to be transferred are as follows:

<i>Particular</i>	<b>2017</b>
Total Assets	8,618.10
Total Liabilities	6,688.29
<b>Net Assets</b>	<b>1,929.81</b>

### 60 Disclosure on Specified Bank notes (SBN's) pursuant to notification as per amended Schedule III of the Companies Act, 2013 (Financial Year 2016-17):

<b>Particular</b>	<b>Specified Bank Note</b>	<b>Other denomination notes</b>	<b>Total</b>
Closing cash in hand as on 8 November 2016	0.06	0.08	0.14
(+) Permitted receipts	-	0.27	0.27
(-) Permitted payments	-	0.13	0.13
(-) Amount deposited in Banks	0.06	0.02	0.08
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>0.19</b>	<b>0.19</b>

\*For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.



## **61 Operating leases**

### **FY 2017-18**

The Company has taken premises on operating lease. Rental expenses for the year ended 31 MArch 2018 aggregated to **Rs.12.35 million** (Previous year Rs.17.37 million) which has been included under the head Other expenses – Rent in the statement of profit and loss.

### **FY 2016-17**

The Company has taken premises on operating lease. Rental expenses for the year ended 31 March 2017 aggregated to Rs.17.37 million (Previous year Rs.8.07 million) which has been included under the head Other expenses – Rent in the statement of profit and loss.

### **FY 2015-16**

The Company has taken premises on operating lease. Rental expenses for the year ended 31 March 2016 aggregated to Rs.8.07 million (Previous year Rs.7.63 million) which has been included under the head Other expenses – Rent in the statement of profit and loss.

### **FY 2014-15**

The Company has taken premises on operating lease. Rental expenses for the year ended 31 March 2015 aggregated to Rs.7.63 million which has been included under the head Other expenses – Rent in the statement of profit and loss.

Edelweiss Finance & Investments Limited  
Notes to the reformatted standalone financial information (Continued)

Annexure V

(Currency: Indian Rupees in Million)

62 Cost sharing

**FY 2017-18 and FY 2016-17**

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 26 and 28 include reimbursements paid and are net of the reimbursements received based on the management's best estimate.

**FY 2015-16 and FY 2014-15**

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like rent expenditure, which is for the benefit of itself and its subsidiary. This cost so expended is reimbursed on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. On the same lines, employees cost expended by Edelweiss Finance & Investments Limited for the benefit of fellow subsidiaries is recovered by Edelweiss Finance & Investments Limited. Accordingly, and as identified by the management, the expenditure heads in Note 26 and 28 are net of the reimbursements.

63 Details of transaction with non executive directors

	Name of the Non executive director	Nature of Transaction	2018	2017	2016	2015
1	Raviprakash R. Bubna	Loans Given			29.70	50.00
		Loans Repaid			30.00	18.50
		Interest Received on loan	-	3.75	3.17	0.70
2	P.N. Venkatachalam	Sitting Fees	0.26	0.26	0.20	0.24
3	Vinod Juneja	Sitting Fees	0.24	0.22	0.18	0.12

The Company has no disclosure to make in respect of the following items as the relevant items are either Nil or Not Applicable (Financial Year

64 2017 -18)

<b>Securitisation:</b>	No of SPVs sponsored by the NBFC for securitisation transactions Total amount of securitised assets as per books of the SPVs sponsored Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet Amount of exposures to securitisation transactions other than MRR
	<b>Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction</b>
	No. of accounts Aggregate value (net of provisions) of accounts sold to SC / RC Aggregate consideration Additional consideration realized in respect of accounts transferred in earlier years Aggregate gain / loss over net book value
	<b>Assignment transactions undertaken</b>
	No. of accounts Aggregate value (net of provisions) of accounts sold to SC / RC Aggregate consideration Additional consideration realized in respect of accounts transferred in earlier years Aggregate gain / loss over net book value
	<b>Details of non-performing financial assets purchased</b>
	No. of accounts purchased during the year Aggregate outstanding Of these, number of accounts restructured during the year Aggregate outstanding
	<b>Details of non-performing financial assets sold</b>
	No. of accounts sold Aggregate outstanding Aggregate consideration received

(Currency: Indian Rupees in Million)

**65 Unsecured Advances (Financial Year 2017 -18)**

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

**66 Impact of prior period items on current year's profit and loss (Financial Year 2017 -18): Nil**

**67 Circumstances in which Revenue Recognition has been postponed (Financial Year 2017 -18): Nil**

**68 Accounting Standard 21 -Consolidated Financial Statements (CFS) (Financial Year 2017 -18) - Nil**

**69 Draw Down from Reserves (Financial Year 2017 -18): Nil**

**70 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 NBFCS (Reserve Bank) Directions, 2016 (Financial Year 2017 -18) - Nil**

**71 Details of financing of parent company products (Financial Year 2017 -18 and 2016-17) - None**

**72 Off-Balance SPV sponsored (Financial Year 2017 -18 and 2016-17) - None**

**73 Registration obtained from other financial sector regulators (Financial Year 2017 -18, 2016-17 and 2015-16) - Nil**

**74 Disclosure of Penalties imposed by RBI and other regulators (Financial Year 2017 -18, 2016-17 and 2015-16) - Nil**

**75 Details of dues to micro and small enterprises**

**FY 2017-18**

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

**FY 2016-17**

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

**FY 2015-16**

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

**FY 2014-15**

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

**Edelweiss Finance & Investments Limited**  
**Notes to the reformatted standalone financial information (Continued)**

Annexure V

(Currency: Indian Rupees in Million)

**76 Corporate Social Responsibility ( CSR)**

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

**Financial Year 2017-18**

a) Gross Amount required to be spent by the Company during the year was Rs. 19.50 million.

b) Amount spent during the year on :

Particulars	In cash	Yet to be paid in cash	Total
i Construction/ Acquisition of any assets	-	-	-
ii on purpose other than (i) above	4.02	-	4.02

**Financial Year 2016-17**

a) Gross Amount required to be spent by the Company during the year was Rs. 14.55 million.

b) Amount spent during the year on :

Particulars	In cash	Yet to be paid in cash	Total
i Construction/ Acquisition of any assets	-	-	-
ii on purpose other than (i) above	3.50	-	3.50

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.115.68 million (representing more than 2% of the consolidated profit of the group) was spent towards CSR activities during the year ended March 31, 2017, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2017.

**Financial Year 2015-16**

a) Gross Amount required to be spent by the Company during the year was Rs. 10.84 million.

b) Amount spent during the year on :

Particulars	In cash	Yet to be paid in cash	Total
i Construction/ Acquisition of any assets	-	-	-
ii on purpose other than (i) above	0.40	-	0.40

77 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2018.

78 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.

79 The figures of earlier years have been regrouped (but not restated retrospectively for change in any accounting policy and for adjustments of amounts pertaining to previous years), wherever necessary, to conform to the classification adopted for the standalone financial statements for the year ended March 31, 2018 for purpose of the Reformatted standalone Financial Statement.

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

**Shabnam Panjwani**

Non-Executive Director

DIN: 02057371

**S Ranganathan**

Executive Director

DIN: 00125493

Mumbai

19 December, 2019

**Shivaraman Iyer**

Chief Financial Officer

Mumbai

19 December, 2019

**Pooja Doshi**

Company Secretary

## Statement of dividend paid/proposed, rate of dividend

Particulars	For the year ended				
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
<b>Equity shares</b>					
Dividend paid/proposed (Rs. million)	Nil	Nil	557.55	550.92	199.13
Rate of dividend (%)	Nil	Nil	2100%	2075%	750%
Dividend amount (per share) (Rs.)			210.00	207.50	75.00
Face Value Per Equity Share (Rs.)	10	10	10	10	10
<b>Redeemable Preference shares</b>					
Dividend paid/proposed (Rs million)	45.89	45.89	45.89	45.89	45.89
Rate of dividend (%)	14.625%	14.625%	14.625%	14.625%	14.625%
Dividend amount (per share) (Rs.)	1.46	1.46	1.46	1.46	1.46
Face Value Per Preference Share (Rs.)	10	10	10	10	10

For S. R. Batliboi &amp; 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

Shabnam Panjwani  
Non-Executive Director  
DIN: 02057371

S Ranganathan  
Executive Director  
DIN: 00125493

Mumbai  
December 19, 2019

Shivaraman Iyer  
Chief Financial Officer  
Mumbai  
December 19, 2019

Pooja Doshi  
Company Secretary

# B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,  
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## **Independent Auditor's Report on Consolidated Financial Statements To the Members of Edelweiss Finance & Investments Limited**

### ***Report on the consolidated financial statements***

We have audited the accompanying Consolidated Financial Statements of Edelweiss Finance & Investments Limited (the "Holding Company") and its subsidiaries (the Holding Company and a subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

### ***Management's responsibility for the consolidated financial statements***

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of requirements of the Companies Act, 2013 (the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement

of

## **Independent Auditor's Report on Consolidated Financial Statements (Continued)**

### **Edelweiss Finance & Investments Limited**

#### ***Auditor's responsibility (Continued)***

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

#### ***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by 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 consolidated state of affairs of the Group as at 31 March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.


#### ***Other matters***

We did not audit the financial statements of a subsidiary whose financial statement reflects total assets of Rs.4,432 million as at 31 March 2017, total revenue of Rs. 768 million and net cash inflow of Rs. 33 million for the year ended as on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditor whose report have been furnished to us by management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

The Consolidated Financial Statements also include the financial statement of a subsidiary whose financial statement reflects total revenue of Rs. 24 million and net cash outflow of Rs. 0.30 million for the relevant period during the year ended on that date as considered in the Consolidated Financial Statements, whose financial statements have not been audited by us. These financial statement are unaudited and have been furnished to us by management and our opinion on the Consolidated Financial Statements, in so far as it relates to these amounts and disclosures included in respect of this associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statement. In our opinion and according to the information and explanation given to us by management, these financial statement are not material to the Group.

Our opinion on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

As required by section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements;

## **Independent Auditor's Report on Consolidated Financial Statements (Continued)**

### **Edelweiss Finance & Investment Limited**

#### ***Report on other legal and regulatory requirements***

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group is disqualified as on 31 March 2017 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 Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group disclose the impact of pending litigations on the consolidated financial position of the Group – Refer note 2.40 to the Consolidated Financial Statements;
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts - Refer Note 2.48 to the Consolidated Financial Statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group incorporated in India; and
  - iv. The Group has provided requisite disclosure in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed by us on the company audited by us and on the basis of the audit report of other company, not audited by us, and relied by us, we report that the disclosure (Refer note 2.44 to the consolidated financial statements) is in accordance with the books of accounts maintained by the Group and as produced to us and the other auditors by the management of the respective companies - Refer Note. 2.44 to the Consolidated Financial Statements.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 11623 W/W-100024



**Ashwin Suvarna**  
*Partner*

Membership No: 109503

Mumbai  
5 July 2017



## Edelweiss Finance & Investment Limited

### **Annexure - A to the Independent Auditor's Report of even date on the consolidated financial statements of Edelweiss Finance & Investment Limited**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Edelweiss Finance & Investment Limited (hereinafter referred to as the "Holding Company") which is incorporated in India, as of that date. Management's responsibility for internal financial controls.

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

#### **Auditor's responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## Edelweiss Finance & Investment Limited

### **Annexure - A to the Independent Auditor's Report of even date on the consolidated financial statements of Edelweiss Finance and Investment Limited (Continued)**

#### **Meaning of internal financial controls over financial reporting**

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

#### **Inherent limitations of internal financial controls over financial reporting**

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

#### **Opinion**

In our opinion, the Holding Company, which is the company incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 ICAI.

For B S R & Associates LLP

*Chartered Accountants*

Firm's Registration No: 116231/W/W-100024



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai  
5 July 2017

**Edelweiss Finance & Investments Limited**

**Consolidated Balance Sheet**

(Currency : Indian rupees in millions)

	<i>Note</i>	<i>As at</i> <b>31 March 2017</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
(a) Share capital	2.1	340.35
(b) Reserves and surplus	2.2	<u>5,742.33</u>
		<b>6,082.68</b>
<b>Non-current liabilities</b>		
(a) Long-term borrowings	2.3	1,761.61
(b) Other long term liabilities	2.4	262.32
(c) Long-term provisions	2.5	<u>56.27</u>
		<b>2,080.20</b>
<b>Current liabilities</b>		
(a) Short-term borrowings	2.6	13,777.15
(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	2.7	343.72
(c) Other current liabilities	2.8	4,760.35
(d) Short-term provisions	2.9	<u>369.98</u>
		<b>19,251.20</b>
<b>TOTAL</b>		<u><u>27,414.08</u></u>
<b>ASSETS</b>		
<b>Non -Current assets</b>		
(a) Fixed assets		
(i) Property, Plant and Equipment	2.10	204.64
(ii) Intangible assets	2.10	1.49
(b) Non-current investments	2.11	1,943.65
(c) Deferred tax assets (net)	2.12	171.51
(d) Long-term loans and advances	2.13	1,036.49
(e) Other non-current assets	2.14	<u>422.33</u>
		<b>3,780.11</b>
<b>Current assets</b>		
(a) Current investments	2.15	238.46
(b) Stock-in-trade	2.16	17,350.78
(c) Trade receivables	2.17	606.78
(d) Cash and bank balances	2.18	834.73
(e) Short-term loans and advances	2.19	2,752.65
(f) Other current assets	2.20	<u>1,850.57</u>
		<b>23,633.97</b>
<b>TOTAL</b>		<u><u>27,414.08</u></u>

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

As per our report of even date attached.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.: 116231W/W-100024



Ashwin Suvarna

Partner

Membership No.: 109503

For and on behalf of the Board of Directors



S. Ranganathan  
Executive Director  
DIN: 00125493



Raviprakash R. Bubna  
Director  
DIN: 00090160



Manjeev Bilani  
Chief Financial Officer



Nidhi Parekh  
Company Secretary

Mumbai  
5 July 2017

Mumbai  
5 July 2017

**Edelweiss Finance & Investments Limited**

**Consolidated Statement of Profit and Loss**

(Currency : Indian rupees in millions)

	<i>Note</i>	For the year ended 31 March 2017
<b>Revenue from operations</b>		
I Fee and commission income	2.21	144.91
II Income from treasury and Investments	2.22	848.64
III Interest income	2.23	2,834.67
IV Other operating revenue	2.24	23.19
V Other income	2.25	35.42
VI Total revenue		<u>3,886.83</u>
<b>Expenses</b>		
Employee benefit expenses	2.26	392.89
Finance costs	2.27	1,241.14
Depreciation and amortisation expenses	2.10	25.74
Other expenses	2.28	392.41
VII Total expenses		<u>2,052.18</u>
VIII Profit before tax (VII-VI)		<u>1,834.65</u>
IX Profit before tax from continuing operation		1,469.18
X Tax expense:		
(1) Current tax [includes short/(excess) provision for earlier years Rs. (56.69) million].		297.43
(2) Deferred tax (Net)		1.60
XI Profit after tax from continuing operation (IX-X)		<u>1,170.15</u>
XII Profit before tax from discontinuing operation		365.47
XIII Tax expense:		
(1) Current tax		131.21
(2) Deferred tax (Net)		(37.82)
XIV Profit after tax from discontinuing Operation (XII-XIII)		<u>272.08</u>
XV Profit for the year (XI+XIV)		<u>1,442.23</u>
Earnings per equity share (Face value Rs. 10 each) Basic and diluted	2.31	522.41
Significant accounting policies and notes to the financial statements	1 & 2	

As per our report of even date attached.

For B S R & Associates LLP  
Chartered Accountants  
Firm's Registration No.: 116231W/W-100024

  
Ashwin Suvarna  
Partner  
Membership No.: 109503


Mumbai  
5 July 2017

For and on behalf of the Board of Directors

  
S. Ranganathan  
Executive Director  
DIN: 00125493

  
Manjesh Bilani  
Chief Financial Officer

Mumbai  
5 July 2017

  
Raviprakash R. Bubna  
Director  
DIN: 00090160

  
Nidhi Parekh  
Company Secretary

# Edelweiss Finance & Investments Limited

## Consolidated Cash Flow Statement

(Currency : Indian rupees in millions)

For the year ended  
31 March 2017

### A Cash flow from operating activities

Profit before tax	1,834.65
<i>Adjustments for</i>	
Depreciation and amortisation expenses	25.74
Provision for compensated absences	(0.37)
Provision for doubtful debts/(written off)	(1.43)
Provision for standard assets	(11.55)
Profit on sale of fixed assets (net)	(0.20)
Profit on sale of non current investments (net)	(35.65)
Profit on sale of current investments (net)	(22.98)
Dividend on investments	(54.33)
Interest on security receipts	(17.60)
Provision for diminution in value of non-current investments	212.73
<b>Operating cash flow before working capital changes</b>	<b>1,929.01</b>
<i>Add / (Less): Adjustments for working capital changes</i>	
Increase in trade receivables	(581.28)
Decrease in stock-in-trade	9,961.27
Decrease in loans and advances and other assets	2.68
Decrease in loans from financing activities	5,625.67
Decrease in other assets	412.77
Increase in liabilities and provisions	550.10
<b>Cash generated from operations</b>	<b>17,900.22</b>
Income taxes paid	(458.10)
<b>Net cash generated from operating activities -A</b>	<b>17,442.12</b>

### B Cash flow from investing activities

Purchase of fixed assets	(2.99)
Sale of fixed assets	0.83
Purchase of investments	(257.42)
Sale of investments	1,426.21
Sale of subsidiary	181.12
Interest on security receipts	17.60
Dividend on investments	54.33
<b>Net cash generated from investing activities - B</b>	<b>1,419.68</b>



**Edelweiss Finance & Investments Limited**  
**Consolidated Cash Flow Statement (continued)**

(Currency : Indian rupees in millions)

**For the year ended**  
**31 March 2017**

**C Cash flow from financing activities**

Repayment from Issue of Long term secured debentures (refer note 1 below)	(4,112.91)
Repayment from short term borrowings (refer note 1 below)	(14,848.19)
Dividend and dividend distribution tax paid	(726.69)
<b>Net cash used in financing activities - C</b>	<b>(19,687.79)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(825.99)</b>
Cash and cash equivalents as at the beginning of the year	1,610.72
Cash and cash equivalents as at the end of the year (Refer Note 2.18)	784.73

**Notes:**

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

As per our report of even date attached.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No. 116231W/W-100024



**Ashwin Suvarna**

*Partner*

Membership No.: 109503

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



**S. Ranganathan**

*Executive Director*

DIN: 00125493



**Raviprakash R. Bubna**

*Director*

DIN: 00090160



**Manjeet Bijlani**

*Chief Financial Officer*



**Nidhi Parekh**

*Company Secretary*

Mumbai  
 5 July 2017

Mumbai  
 5 July 2017

# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements

### 1 Significant accounting policies

#### 1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act and circulars and guidelines issued by the Reserve Bank of India ('RBI'). The financial statements are presented in Indian rupees rounded off to millions, unless otherwise stated.

The Company being a NBFC registered with RBI follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

#### 1.2 Principles of consolidation

a) The consolidated financial statements relate to Edelweiss Finance & Investments Limited ('the Company') and its subsidiary (together 'the Group'). The consolidated financial statements have been prepared on the following basis:

- In respect of subsidiary enterprises, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after as far as possible eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 - Consolidated Financial Statements.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- Investments in subsidiaries where control is intended to be temporary or where the objective of control over the subsidiary is not to obtain economic benefits there from, have not been consolidated

b) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 – Accounting for Investments.





# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

### 1 Significant accounting policies (continued)

c) The subsidiary considered in the consolidated financial statements:

Name of the Entity	Country of Incorporation	Proportion of ownership interest as at 31 <sup>st</sup> March 2017
EC Global Limited	Mauritius	100.00%
Olive Business Centre Limited (upto August 24, 2016)	India	-

### 1.3 Use of estimates

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

### 1.4 Current-non-current classification

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

#### Assets

An Asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current Assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### Liabilities

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

- It is expected to be settled in the company's normal operating cycle.
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.





# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

### 1 Significant accounting policies (continued)

#### 1.5 Revenue recognition

- a. Fee income including processing fees (other than loan against property) and other fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- b. Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non- performing assets, wherein it is accounted on realisation, as per RBI guidelines. In case of commercial papers, deep discount bonds and certificate of deposits, the difference between the acquisition cost and redemption value are amortised on time basis and recognised as interest income.
- c. Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on equity, commodity, currency interest rate derivative instruments.
  - i) Profit/loss on sale of investments / securities is determined based on the weighted average cost of the investments / securities sold and recognised on trade date.
  - ii) Realised profit/ loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
  - iii) In respect of interest rate derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on interest rate derivatives' in the statement of profit and loss and the interest received during contract period is recognised as 'Interest income on derivative instruments' in statement of profit and loss. Positions open as on Balance sheet date are marked to market and profit / (loss) is recognised in the statement of profit and loss.
  - iv) In respect of currency derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on currency derivatives' in the statement of profit and loss. Positions open as on Balance sheet date are marked to market and profit / (loss) is recognised in the statement of profit and loss.
- d. Dividend income is recognised when the right to receive payment is established.

#### 1.6 Cost of Benchmark linked debentures

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.



# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

### 1 Significant accounting policies (continued)

#### 1.7 Provisioning on receivables from financing business

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset subject to the minimum level of provisioning required as per the prudential norms prescribed by RBI. Provisions against standard assets are made in accordance with the prudential norms laid down by RBI.

#### 1.8 Property, Plant and Equipment and depreciation / amortisation

##### Property, Plant and Equipment and Capital work in progress

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises the cost of fixed assets that are not ready for its intended use at the reporting date.

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 fixed assets are as follows:

Nature of assets	Useful Life
Building (other than Factory Building)	60 years
Plant and Machinery	15 years
Furniture and fittings	10 years
Motor Vehicles	8 years
Vessel	13 years
Office Equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years

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

##### Intangible assets

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.

#### 1.9 Impairment of assets

The Group 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



# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

### 1 Significant accounting policies (continued)

#### 1.9 Impairment of assets (continued)

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

#### 1.10 Stock-in-trade

- a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- b) The securities held as stock-in-trade are valued at lower of weighted average cost and market value. In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- c) Debt instruments are valued at lower of cost and fair value. In case of debt instruments for which direct quotes are not available, fair value is the lowest of the quotes as on the valuation date as provided by market intermediaries.
- d) Commercial papers, certificate of deposits and treasury bills are valued at carrying cost.

#### 1.11 Investments

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual fund is considered as the fair value.

#### 1.12 Employee benefits

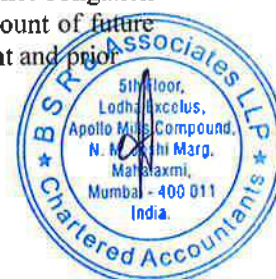
The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (Revised 2005), is set out below:

##### *Provident fund and national pension scheme*

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

##### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior



# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

### 1 Significant accounting policies (continued)

#### 1.12 Employee benefits (continued)

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.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Benefits in respect of gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

#### *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.

#### *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. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

#### 1.13 Taxation

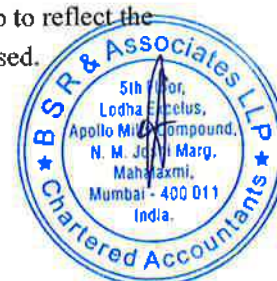
Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

#### *Current tax*

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

#### *Deferred tax*

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.



# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

### 1 Significant accounting policies (continued)

#### 1.14 Operating leases

Lease payment for asset taken on operating lease are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### 1.15 Earnings per share

The Group reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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 earning per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

#### 1.16 Provisions and contingencies

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

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

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





## Edelweiss Finance & Investments Limited

### Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

#### 2.1 Share capital

##### Authorised :

3,000,000 Equity Shares of Rs. 10 each  
70,000,000 Preference shares of Rs 10 each

As at  
31 March 2017

##### Issued, Subscribed and Paid up:

2,655,020 Equity Shares of Rs. 10 each, fully paid up  
31,380,000 - 14.625% Cumulative Redeemable Preference Shares of Rs 10 each, fully paid up

30.00
700.00
<u>730.00</u>
26.55
<u>313.80</u>
<u>340.35</u>

##### Reconciliation of shares at the beginning and at the end of the year

##### Equity shares of Rs 10 each fully paid

Outstanding at the beginning of the year  
Outstanding at the end of the year

31 March 2017	
Number of shares	Amount
2,655,020	26.55
<u>2,655,020</u>	<u>26.55</u>

##### 14.625% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid

Outstanding at the beginning of the year  
Outstanding at the end of the year

Number of shares	Amount
31,380,000	313.80
<u>31,380,000</u>	<u>313.80</u>

##### Equity shares held by holding / ultimate holding company

##### Particulars

Edelweiss Financial Services Limited (Holding company)<sup>^</sup>

As at 31 March 2017	
Number of shares	Percentage shareholding
2,655,020	100.00%
<u>2,655,020</u>	<u>100.00%</u>

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

##### Equity Shares of Rs 10 each fully paid

Edelweiss Financial Services Limited (Holding company)<sup>^</sup>

As at 31 March 2017	
Number of shares	Percentage shareholding
2,655,020	100.00%
<u>2,655,020</u>	<u>100.00%</u>

<sup>^</sup> including 6 shares held by Nominees of Edelweiss Financial Services Limited

##### Details of Cumulative Redeemable Preference Shares held by Preference Shareholders holding more than 5% of the aggregate Cumulative Redeemable Preference Shares in the Company

##### Particulars

Motilal Oswal Securities Limited

As at 31 March 2017	
Number of shares	Percentage shareholding
3,264,500	10.40%
<u>3,264,500</u>	<u>10.40%</u>

##### Rights, preferences and restriction attached to equity shares:

The equity shares of the Company have a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year, the Company has declared and paid interim dividend of Rs. 207.50 per equity share.

##### Rights, preferences and restriction attached to cumulative redeemable preference shares

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.



**Edelweiss Finance & Investments Limited**

Notes to the consolidated financial statements *(Continued)*

(Currency : Indian rupees in millions)

As at  
31 March 2017

**2.2 Reserves and surplus**

Capital redemption reserve	9.71
Securities premium account	2,134.70
Foreign currency translation reserve	181.36
<b>Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934<sup>**</sup></b>	
Opening balance	719.96
Add : Additions during the year	158.62
	878.58
General reserve	90.26
Surplus in statement of Profit and loss	
Opening balance	1,890.40
Add: Net profit for the year	1,442.23
<b>Amount available for appropriation</b>	<u>3,332.63</u>
Appropriations:	
Interim dividend on equity shares	557.55
Dividend distribution tax	122.85
Proposed dividend on preference shares	45.89
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	158.62
	<u>2,447.72</u>
	<u><u>5,742.33</u></u>

<sup>\*\*</sup> Represents reserve created @ 20% of the profit after tax for the year as per the provisions of section 45-IC of the Reserve Bank of India Act, 1934



**Edelweiss Finance & Investments Limited**

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

(Currency : Indian rupees in millions)

As at  
31 March 2017

**2.3 Long-term borrowings**

**Secured**

Non-convertible debentures (Refer note 2.35) (Secured by way of fixed charge on immovable property and floating charge on trade receivables, stock-in-trade and loans and advances)	1,611.61
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**Unsecured**

Non-convertible subordinated debt	150.00
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**1,761.61**





## Edelweiss Finance & Investments Limited

### Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

As at  
31 March 2017

#### 2.4 Other long-term liabilities

Interest accrued but not due on borrowings	262.32
	<u>262.32</u>

#### 2.5 Long-term provisions

Provision for employee benefits and related costs	
Compensated absences	1.14
Deferred bonus	43.12
Others	
Provision for standard assets	2.99
Others	9.02
	<u>56.27</u>

#### 2.6 Short-term borrowings

##### Secured

Collateralised borrowing and lending obligation and Clearcorp repo order matching system (Secured by pledge of Government Securities)	11,439.99
Term loans (Secured against investments in debt securities and stock-in-trade and charge on receivables of financing business)	
from banks	680.03
from other parties	247.57

##### Unsecured

Inter corporate deposits	3.90
Loans from related parties (repayable on demand, at variable rate of interest)	1,405.66

13,777.15



## Edelweiss Finance & Investments Limited

### Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

As at  
31 March 2017

#### 2.7 Trade payables

Total outstanding dues of micro enterprises and small enterprises (Refer note 2.45)	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (includes sundry creditors, provision for expenses and customer payables)	343.72
	<u>343.72</u>

#### 2.8 Other current liabilities

Current maturities of long-term debt Non-convertible debentures (Refer note 2.35)	3,762.80
Interest accrued but not due on borrowings	775.33
Interest accrued and due on borrowings & margin	0.01
Unclaimed dividends	0.39
Premium received on exchange traded options	57.51
Other payables	
Accrued salaries and benefits	98.49
Withholding taxes, service tax and other taxes payable	24.46
Advances from customers	0.76
Book overdraft	1.48
Mark to market on interest rate swap	15.02
Others	24.10
	<u>4,760.35</u>

#### 2.9 Short-term provisions

Provision for employee benefits and related costs	
Compensated absences	0.25
Deferred bonus	108.53
Others	
Proposed dividend	45.89
Dividend distribution tax	9.34
Provision for standard assets	9.46
Provision for tax (net of advance tax)	196.51
	<u>369.98</u>



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

(Currency: Indian Rupees in million)  
**2.10 Fixed assets**

Description of Assets	Gross Block					Depreciation			Net Block		
	As at 1 April 2016	Additions during the year	Deletions during the year	Adjustment on account of disposed	As at 31 March 2017	As at 1 April 2016	Charge for the year	Deletions during the year	Adjustment on account of disposed	As at 31 March 2017	As at 31 March 2017
<b>Property, Plant and Equipment</b>											
Land	41.05	-	-	-	41.05	-	-	-	-	-	41.05
Building	398.75	0.18	-	201.93	196.99	51.35	11.45	-	4.17	58.63	138.56
Furniture and fixtures	36.60	0.08	-	6.20	30.48	24.28	2.60	-	0.62	26.26	4.22
Vehicles	22.60	-	1.29	-	21.31	10.28	3.78	0.55	-	13.52	7.79
Office equipment	13.62	0.32	0.01	12.98	0.95	0.73	2.21	0.01	2.14	0.80	0.15
Vessel (Boat)	6.96	-	-	-	6.96	5.62	0.28	-	-	5.90	1.06
Computers	9.50	1.19	0.74	4.37	5.58	3.49	2.18	0.66	0.74	4.26	1.31
Plant and equipments	27.69	0.51	-	-	28.19	15.02	2.49	-	-	17.51	10.69
<b>Total : A</b>	<b>556.76</b>	<b>2.27</b>	<b>2.04</b>	<b>225.48</b>	<b>331.53</b>	<b>110.77</b>	<b>24.98</b>	<b>1.22</b>	<b>7.67</b>	<b>126.88</b>	<b>204.64</b>
<b>Intangible assets</b>											
Computer software	2.87	0.72	-	-	3.59	1.54	0.75	-	-	2.29	1.30
Brands/trademarks	0.19	-	-	-	0.19	-	-	-	-	-	0.19
<b>Total : B</b>	<b>3.06</b>	<b>0.72</b>	<b>-</b>	<b>-</b>	<b>3.78</b>	<b>1.54</b>	<b>0.75</b>	<b>-</b>	<b>-</b>	<b>2.29</b>	<b>1.49</b>
<b>Grand Total (A+B)</b>	<b>559.82</b>	<b>2.99</b>	<b>2.04</b>	<b>225.48</b>	<b>335.30</b>	<b>112.31</b>	<b>25.74</b>	<b>1.22</b>	<b>7.67</b>	<b>129.17</b>	<b>206.13</b>



## Edelweiss Finance & Investments Limited

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2017
<b>2.11 Non-current investments</b>	
<b>I. Others (quoted)</b>	
Equity Shares	109.28
Debentures and bonds	
i) In others	<u>922.41</u>
	922.41
<b>II. Others (unquoted)</b>	
Equity shares	
i) In subsidiary companies	-
ii) In others	<u>454.55</u>
	454.55
Preference shares	
i) In associate companies	
ii) In others	<u>530.58</u>
	530.58
Government or trust securities	<u>74.05</u>
	74.05
Warrants	34.56
Units of venture capital funds / mutual funds	<u>70.93</u>
	2,196.36
Less : Provision for diminution in value of investments	(252.71)
	<u><u>1,943.65</u></u>



## Edelweiss Finance & Investments Limited

### Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

As at  
31 March 2017

#### 2.12 Deferred tax

<b>Deferred tax assets</b>	
Provision for doubtful debts/advances	19.87
Disallowances under section 43B of the Income Tax Act, 1961	63.75
Provision for standard assets / non-performing assets	4.31
Others	94.51
<b>Total (A)</b>	<b>182.44</b>
<b>Deferred tax liabilities</b>	
Difference between book and tax depreciation	10.93
<b>Total (B)</b>	<b>10.93</b>
<b>Deferred Tax Assets - Net (A - B)</b>	<b>171.51</b>

#### 2.13 Long-term loans and advances

##### Secured

Receivable from financing business	
Considered good	780.50

##### Unsecured

(Considered good, unless stated otherwise)

Receivable from financing business	
Considered good	74.62
Other loans and advances	
Advance income tax (net of provision for tax)	181.37
	<b>1,036.49</b>

#### 2.14 Other non-current assets

Long-term deposits with banks	0.05
Interest accrued but not due on loans given	411.22
Other assets	11.06
	<b>422.33</b>



**Edelweiss Finance & Investments Limited**

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

As at  
31 March 2017

**2.15 Current investments - at lower of cost and fair value**

I. Quoted Investments	
Debentures and bonds	221.18
II. Unquoted Investments	
Units of mutual funds	17.28
	<hr/>
	<b>238.46</b>



# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

As at  
31 March 2017

### 2.16 Stock-in-Trade

#### I. Quoted

- (i) Equity shares
- (ii) Debentures and bonds

567.46  
14,583.32

#### II. Unquoted

- (i) Debentures and bonds

2,200.00

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17,350.78



**Edelweiss Finance & Investments Limited**

## Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

As at  
31 March 2017**2.17 Trade receivables**

Debtors outstanding for a period exceeding six months	
Unsecured, considered doubtful	57.40
Less : Provision for doubtful debts	<u>(57.40)</u>
	-
Other debts	
Unsecured, considered good	495.08
Trade receivables from related parties	111.70
	<u>606.78</u>

**2.18 Cash and bank balances**

<b>Cash and cash equivalents</b>	
Cash in hand	0.22
Balances with banks	
- in Current accounts	784.51
- in fixed deposits with original maturity less than 3 months	-
	<u>784.73</u>
<b>Other bank balances</b>	
Short term fixed deposits	50.00
(Other bank deposits with maturity less than 12 months)	
	<u>834.73</u>





**Edelweiss Finance & Investments Limited**

## Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

As at  
31 March 2017**2.19 Short-term loans and advances**Receivable from financing businessSecured

- considered good	459.35
- considered non performing asset	-
	<hr/>
	459.35

Unsecured

Loans and advances to related parties	2,209.78
Receivable from financing business	
Considered good	31.20
Other loans and advances	
Deposits placed with exchange / depositories	40.80
Vendor and other advances	6.61
Deposits- others	0.98
Prepaid expenses	2.22
Loans and advances to employees	0.10
Input tax credit	1.59
Advance income tax (net of provision for tax)	0.01
Other advances	0.01
	<hr/>
	2,752.65

**2.20 Other current assets**

Accrued interest on debt instruments	604.58
Accrued interest on loans given	34.20
Mark to market on derivatives	16.18
Margin placed with broker and premium paid on options	1,148.67
Dividend receivable	46.94
	<hr/>
	1,850.57



## Edelweiss Finance & Investments Limited

### Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

For the year ended  
31 March 2017

#### 2.21 Fee and commission income

Advisory and other fees	144.91
	<u>144.91</u>

#### 2.22 Income from treasury

Profit on trading of securities (net)	855.71
Profit on trading in derivative instruments (net)	(48.11)
Gain / (loss) on foreign exchange movement on trade	(71.92)
Profit on sale of investments	58.63
Dividend on stock-in-trade and investments	54.33
	<u>848.64</u>

#### 2.23 Interest Income

On loans	1,737.18
On fixed deposits	9.26
On debt instruments	1,050.07
On others	38.16
	<u>2,834.67</u>



## Edelweiss Finance & Investments Limited

### Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

For the year ended  
31 March 2017

#### 2.24 Other operating revenue

Rental income	23.19
	<u>23.19</u>

#### 2.25 Other income

Income from training centre	35.46
Miscellaneous income	(0.04)
	<u>35.42</u>

#### 2.26 Employee benefits expense

Salaries and wages	380.05
Contribution to provident and other funds	6.32
Staff welfare expenses	6.52
	<u>392.89</u>

#### 2.27 Finance costs

Interest on debentures	193.71
Interest on inter-corporate deposits	0.21
Interest on bank overdraft	7.75
Interest - others loans	274.20
Interest - others	25.71
Discount on commercial papers	156.29
Financial and bank charges	37.56
Interest on collateralised borrowing and lending obligations	545.71
	<u>1,241.14</u>



## Edelweiss Finance & Investments Limited

### Notes to the consolidated financial statements (Continued)

For the year ended  
31 March 2017

(Currency : Indian rupees in millions)

#### 2.28 Other expenses

Advertisement and business promotion	1.18
Auditors' remuneration (refer note below)	4.38
Commission and brokerage	11.20
Communication	3.18
Computer software and other expenses	1.31
Contribution towards corporate social responsibility	3.50
Dematerialisation charges and stock exchange expenses	0.24
Diminution in value of non-current investments	212.71
Directors' sitting fees	0.48
Foreign exchange loss (net)	0.02
Legal and professional fees	70.96
Membership and subscription	0.17
Office expenses	1.94
Printing and stationery	0.39
Provision for standard assets / (written back)	(11.55)
Provision for doubtful debts / (written back)	(1.43)
Rates and taxes	0.62
Rent & Electricity charges	31.87
Repairs and maintenance - others	2.84
Securities & commodity transaction tax	3.54
Seminar and conference	0.08
Service tax expenses	8.13
Stamp duty	1.05
Travelling and conveyance	5.57
Miscellaneous expenses	40.02
	<hr/> <hr/>
	392.40
<b>Auditors' remuneration:</b>	
For Statutory audit and limited review	3.20
For other services (Certification)	0.91
For reimbursement of expenses	0.27
	<hr/> <hr/>
	4.38



# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

(Currency: Indian Rupees in Million)

### 2.29 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, derivatives, income from investments and dividend income
Agency business	Advisory services
Financing business	Wholesale financing and 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.

The following table gives information as required under the Accounting Standard -17 on Segment Reporting:

Particulars	As at/ For the year ended 31 March 2017
<b>I Segment Revenue</b>	
a) Capital based business	2,303.46
b) Agency business	64.45
c) Financing business	1,441.44
d) Unallocated	35.98
<b>Total Income</b>	<b>3,845.33</b>
<b>II Segment Results</b>	
a) Capital based business	769.92
b) Agency business	58.70
c) Financing business	1,046.62
d) Unallocated	(40.59)
<b>Profit before taxation</b>	<b>1,834.65</b>
Less : Provision for taxation	392.42
<b>Profit after taxation</b>	<b>1,442.23</b>
<b>III Segment Assets</b>	
a) Capital based business	22,204.60
b) Agency business	61.90
c) Financing business	4,573.01
d) Unallocated	574.59
<b>Total</b>	<b>27,414.10</b>
<b>IV Segment Liabilities</b>	
a) Capital based business	18,313.99
b) Agency business	4.45
c) Financing business	2,692.33
d) Unallocated	320.65
<b>Total</b>	<b>21,331.42</b>
<b>V Capital Expenditure</b>	
a) Capital based business	0.98
b) Agency business	0.04
c) Financing business	0.95
d) Unallocated	0.18
<b>Total</b>	<b>2.15</b>
<b>VI Depreciation and amortisation</b>	
a) Capital based business	11.43
b) Agency business	0.10
c) Financing business	6.50
d) Unallocated	7.72
<b>Total</b>	<b>25.75</b>
<b>VII Non-Cash expenditure other than depreciation and amortisation</b>	
a) Capital based business	212.71
b) Agency business	(1.43)
c) Financing business	(11.55)
d) Unallocated	199.72
<b>Total</b>	<b>399.45</b>



**Edelweiss Finance & Investments Limited**  
**Notes to the consolidated financial statements (Continued)**  
(Currency: Indian Rupees in millions)

**2.30 Disclosure of related parties as required under AS-18 - "Related Party Disclosures"**

List of related parties and relationship:	
Relationship	Name of related parties
Holding Company	Edelweiss Financial Services Limited
Subsidiary Company	EC Global Limited Olive Business Centre Limited (from December 4, 2014 to August 24, 2016)
Fellow Subsidiaries	ECL Finance Limited ECap Equities Limited EC Commodity Limited Edelcap Securities Limited Edelweiss Broking Limited Edelweiss Securities Limited Edel Finance Company Limited Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private limited) Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited) Edelweiss Housing Finance Limited Edelweiss Investment Adviser Limited Edelweiss Commodities Services Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Asset Management Limited Edelweiss Tokio Life Insurance Company Limited EdelGive Foundation Edelweiss Capital Markets Limited Edelweiss Custodial Services Limited Edelweiss Retail Finance Limited EFSL Trading Limited (Formerly EFSL Commodities Limited ) Eternity Business Centre Limited EC International Limited Aster Commodities DMCC Edel Commodities Limited Edelweiss International (Singapore) Pte Limited Edelweiss India Capital Management (Formerly known as Forefront India Capital Management) Edelweiss Commodities Pte. Limited Edeloap Securities Limited EAAA LLC EW Special Opportunities Advisors LLC EW India Special Assets Advisors LLC EW Clover Scheme I
Key Management Personnel	Venkat Ramaswamy

Note: The above list contain name of only those related parties with whom the Company has undertaken transactions in current or previous year.

ii. Transactions with related parties :		
Nature of Transactions	Related Party Name	2017
<b>A. Capital account transactions</b>		
Sale of Equity Share of	Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private limited)	181.61
Investment in Preference Shares	Edelweiss India Capital Management (Formerly known as Forefront India Capital Management)	13.32
Issue of Subordinate debt to	Edelweiss Tokio Life Insurance Company Limited	-
Redemption of Benchmark linked Debentures	ECap Equities Limited	827.50
Redemption of Preference Shares	Edelweiss India Capital Management (Formerly known as Forefront India Capital Management)	16.21
<b>B Current account transactions</b>		
Loans taken from	Edelweiss Financial Services Limited	-
	Edelweiss Commodities Services Limited	10,925.01
	EC International Limited	3,095.82
	Aster Commodities DMCC	23.88
	Edelweiss International (Singapore) Pte Limited	346.17



**Edelweiss Finance & Investments Limited**  
**Notes to the consolidated financial statements (Continued)**  
(Currency: Indian Rupees in millions)

Loan repaid to	Edelweiss Financial Services Limited	123.41
	Edelweiss Commodities Services Limited	10,502.52
	EC International Limited	3,095.82
	Aster Commodities DMCC	2,245.06
Loans given to	Edelweiss Financial Services Limited	-
	Edelweiss Commodities Services Limited	900.00
	Olive Business Centre Limited	-
	EW Clover Scheme 1	450.00
	ECL Finance Limited	450.00
	Ecap Equities Limited	450.00
	Edelcap Securities Limited	450.00
	Aster Commodities DMCC	3,773.88
	Edelweiss International (Singapore) Pte Limited	1,308.06
Repayment of loans by	Edelweiss Financial Services Limited	-
	Edelweiss Commodities Services Limited	900.00
	Olive Business Centre Limited	-
	EW Clover Scheme 1	450.00
	ECL Finance Limited	450.00
	Ecap Equities Limited	450.00
	Edelcap Securities Limited	450.00
	EC International Limited	1,043
	Aster Commodities DMCC	3,774
Edelweiss International (Singapore) Pte Limited	1,402	
<b>C Secondary market transactions</b>		
Purchases of securities (Stock in trade) from	ECL Finance Limited	11,094.33
	Edelweiss Commodities Services Limited	9,311.46
	Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private limited)	-
	Ecap Equities Limited	105.07
Purchases of securities (Stock in trade) from	Edelweiss Tokio Life Insurance Company Limited	2,262.82
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	-
	Edelcap Securities Limited	251.53
Sale of securities (Stock in trade) to	ECL Finance Limited	2,570.84
	Edelweiss Commodities Services Limited	4,379.63
	Edelweiss Securities Limited	960.94
	Edelweiss Tokio Life Insurance Company Limited	978.78
	Ecap Equities Limited	23.27
	Edelweiss Broking Limited	9.38
Margin placed with	Edelweiss Securities Limited	427.16
	Edelweiss Custodial Services Limited	135.49
Margin refund received from	Edelweiss Securities Limited	621.80
	Edelweiss Custodial Services Limited	14.46
Amount paid to Broker for trading in cash segment	Edelweiss Securities Limited	278.61
Amount received from Broker for trading in cash segment	Edelweiss Securities Limited	124.11
<b>D Other transactions</b>		
Interest Income on loan given to	Edelweiss Financial Services Limited	-
	Edelweiss Commodities Services Limited	49.33
	Olive Business Centre Limited	-
	EW Clover Scheme 1	5.76
	Edelcap Securities Limited	0.86
	Ecap Equities Limited	0.89
	ECL Finance Limited	0.86
	EC International Limited	61.88
	Aster Commodities DMCC	27.00
	Edelweiss International (Singapore) Pte Limited	49.61
	Interest Expense on loan taken from	Edelweiss Financial Services Limited
Edelweiss Commodities Services Limited		217.94
EC International Limited		18.65
Aster Commodities DMCC		25.45
Edelweiss International (Singapore) Pte Limited		0.07



**Edelweiss Finance & Investments Limited**  
**Notes to the consolidated financial statements (Continued)**  
(Currency: Indian Rupees in millions)

Financials Charges paid to	Edelweiss Financial Services Limited	27.43
Interest Expense on benchmark linked debentures to	Ecap Equities Limited	66.45
Interest expense on subordinate debt issued to	Edelweiss Tokio Life Insurance Company Limited	16.49
Interest received on debt instruments from	ECL Finance Limited	17.67
Interest received on margin placed with brokers	Edelweiss Securities Limited	2.17
	Edelweiss Custodial Services Limited	0.22
Dividend paid to	Edelweiss Financial Services Limited	557.55
Reimbursement paid to	Edelweiss Commodities Services Limited	42.02
	Edelweiss Financial Services Limited	54.92
Cost reimbursement paid to	Edelweiss Financial Services Limited	2.25
	Edelweiss Commodities Services Limited	18.11
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	168.66
	Edelweiss Broking Ltd	0.45
	Eternity Business Centre Limited	1.47
Professional fees paid to	Edelcap Securities Limited	0.10
	Edel Commodities Limited	2.71
	Aster Commodities DMCC	25.77
	EAAA LLC	5.84
	EW Special Opportunities Advisors LLC	2.59
	EW India Special Assets Advisors LLC	1.95
Rating support fees paid to	Edelweiss Financial Services Limited	10.20
Clearing charges and Stamp duty paid to	Edelweiss Securities Limited	0.19
Commission and brokerage paid to	Edelweiss Securities Limited	0.16
Donation given to	EdelGive Foundation	2.50
Remuneration paid to (refer Note 2)	Venkat Ramaswamy	58.62
Net loss incurred on settlement of forward contracts entered with	Aster Commodities DMCC	277.46
<b>E Balances with related parties</b>		
<b>Liabilities</b>		
Subordinated debt	Edelweiss Tokio Life Insurance Company Limited	150.00
Benchmark linked debentures	Ecap Equities Limited	-
Short term borrowings from	Aster Commodities DMCC	637.71
	Edelweiss International (Singapore) Pte Limited	334.57
Interest expense accrued and due on borrowings	Edelweiss Financial Services Limited	-
	Edelweiss Commodities Services Limited	0.01
	Aster Commodities DMCC	4.43
	Edelweiss International (Singapore) Pte Limited	0.07
Accrued interest on loans given to	EC International Limited	21.01
Interest expense accrued but not due on subordinated debt	Edelweiss Tokio Life Insurance Company Limited	11.12
Interest expense accrued but not due on benchmark linked debentures	Ecap Equities Limited	-
Remuneration payable to (refer Note 2)	Venkat Ramaswamy	50.00
Corporate guarantee taken from	Edelweiss Financial Services Limited	6,921.20
Trade payables to	Edelweiss Financial Services Limited	0.41
	Edelweiss Securities Limited	0.25
	Edelweiss Commodities Services Limited	-
	ECL Finance Limited	0.53
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	0.16





**Edelweiss Finance & Investments Limited**  
**Notes to the consolidated financial statements (Continued)**  
(Currency: Indian Rupees in millions)

	BW Clover Scheme 1	-
	Edelweiss Broking Limited	0.45
	Edelweiss Asset Management Limited	-
	ECap Equities Limited	0.55
	Edelcap Securities Limited	0.18
	Edelweiss Custodial Services Limited	0.97
	Edelweiss Capital Markets Limited	0.52
	EFSL Trading Limited (Formerly EFSL Commodities Limited )	1.00
	Edelweiss Retail Finance Limited	0.03
	Aster Commodities DMCC	25.77
	Edel Commodities Limited	2.71
	Edelweiss Financial Services Limited	27.43
	EAAA LLC	5.84
	EW Special Opportunities Advisors LLC	2.59
	EW India Special Assets Advisors LLC	1.95
	Edelcap Securities Limited	-
Unsecured loan taken from	Edelweiss Financial Services Limited ^	0.00
	Edelweiss Commodities Services Limited	433.39
Investment in Equity shares of	EC Global Limited	-
	Olive Business Centre Limited	-
Investment in preference shares of	Edelweiss Finvest Private Limited(Formerly known as Arum Investments Private limited)	116.58
	Edelweiss Broking Limited	374.00
Investment in Stock in trade (Debentures) of	Edelweiss Financial Services Limited	-
	ECL Finance Limited	74.72
	Edelweiss Housing Finance Limited	5.58
<b>Assets</b>		
Accrued interest income on debentures of	Edelweiss Financial Services Limited	3.98
	ECL Finance Limited	14.61
	Edelweiss Housing Finance Limited	6.53
<b>Short term loans and advances</b>		
Advances recoverable in cash or in kind or for value to be received from	Edelweiss Financial Services Limited	-
	Edelcap Securities Limited	-
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	-
Short-term loans and advances given to	EC International Limited	2,209.78
<b>Trade Receivables</b>		
	ECL Finance Limited	1.00
	Edelweiss Securities Limited	107.82
	Edelweiss Financial Services Limited	1.05
	ECap Equities Limited	0.21
	EFSL Trading Limited (Formerly EFSL Commodities Limited )	1.58
	Edelweiss Custodial Services Limited	0.04
<b>Other current assets</b>		
Accrued interest on income on margin placed with	Edelweiss Securities Limited	-
Receivable from broker	Edelweiss Securities Limited	1.12
	Edelweiss Custodial Services Limited	121.03
	^ - less than Rs. 0.01 million	

**Note:**

Note 1 : The intra group Company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.

Note 2 : 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. These are included on cash basis.

Note 3 : Loan given to subsidiaries and fellow subsidiaries are for general corporate business.

Note 4 : Remuneration to KMP's is within the limit as prescribed by the Companies act.

Note 5: The above list contain name of only those related parties with whom the Company has undertaken transactions for the year ended 31 March 2017.

**Disclosure of loans and advances pursuant to regulation 53 of the Securities and Exchange Board of India (SEBI) (Listing obligations and disclosure requirements) Regulations, 2015:**

a Nil due from Edelweiss Financial Services Limited (maximum amount due at any time during the year Rs.123.41 million)



# Edelweiss Finance Investments Limited

Notes to the consolidated financial statements (Continued)

(Currency: Indian Rupees in Million)

## 2.31 Earnings per share

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

	2017
a) Profit for the year (as per statement of profit and loss)	1,442.23
Less: Preference dividend on cumulative preference share capital	45.89
Less : Dividend Distribution Tax on above preference dividend	9.34
Profit attributable to Equity Shareholders	1,387.00
b) Calculation of weighted average number of Equity Shares of Rs 10 each:	
- Number of equity shares outstanding at the beginning of the year	2.66
- Number of equity shares issued during the year	-
Total number of equity shares outstanding at the end of the year	2.66
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	2.66
c) Basic and diluted earnings per share (in rupees) (a / b)	522.41

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 ended 31 March 2017.

## 2.32 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

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

Amount of Rs 6.19 million is recognised as expenses and included in "Employee Benefits Expense".

### B) Defined benefit plan (Gratuity)

The following tables summarize the components of the net benefit expenses recognized in the statement profit and loss, the funded status and amounts recognized in the balance sheet for the gratuity benefit plan.

#### Statement of profit and loss

##### Expenses recognised in the Profit and Loss Account

	2017
Current service cost	1.41
Interest on defined benefit obligation	0.46
Expected return on plan assets	(0.56)
Actuarial (gain)/losses	(1.19)
<b>Employer expense</b>	<b>0.12</b>

#### Balance Sheet

Changes in the present value of the defined benefit obligation (DBO) are as follows:

	2017
Present value of DBO at start of year	8.37
Employee transfer in / out adjustment	(2.14)
Current service cost	1.41
Interest cost	0.46
Benefit paid	(0.96)
Actuarial (gain)/loss on obligations	(0.69)
<b>Present value of DBO at end of year</b>	<b>6.45</b>

#### Reconciliation of Fair Value of Plan Assets

	2017
Fair value of plan assets at the beginning of the year	8.38
Expected Return on Plan Asset	0.56
Contributions by Employer	0.00
Benefits paid	(0.96)
Actuarial (loss)/Gain	0.50
<b>Fair value of plan assets at the end of the year</b>	<b>8.48</b>



# Edelweiss Finance Investments Limited

## Notes to the consolidated financial statements (Continued)

(Currency: Indian Rupees in Million)

### 2.32 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

#### Net Liability / (Asset) recognised in Balance Sheet

Particulars	As at 31 March,				
	2017	2016	2015	2014	2013
Present value of DBO	6.45	8.37	6.72	6.67	4.07
Fair value of plan assets	8.48	8.38	7.21	4.21	2.55
<b>Net (Assets )/Liability</b>	<b>2.03</b>	<b>(0.45)</b>	<b>0.48</b>	<b>(2.46)</b>	<b>(1.52)</b>

#### Experience Adjustments:

Particulars	As at 31 March,				
	2017	2016	2015	2014	2013
-On Plan Liabilities: (Gain)/ Loss	(0.85)	1.01	0.19	0.76	1.12
-On Plan Assets: Gain/ (Loss)	0.47	(0.14)	0.84	0.22	(0.05)
<b>Estimated Contribution for next year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.50</b>	<b>1.50</b>

#### Principle actuarial assumptions at the balance sheet date:

	2017
Discount rate	6.80%
Salary Growth Rate	7%
Withdrawal / Attrition Rate (based on categories)	13%-25%
Expected return on Plan Assets	7%
Mortality rate	IALM 2006-08 (Ult.)
Expected average remaining working lives of employee	5.03

### 2.33 Encumbrances' on fixed deposits held by the Company

i) The Collector of Raigad, Alibagh state excise department: Rs.0.05 million for license.

ii) Ratnakar Bank: Rs. 50.00 million against Overdraft facility.

### 2.34 Details of unsecured debentures issued

Details of the unsecured Debentures issued as at 31 March 2017

Rate of Interest	Maturity
11.00%	FY 2024-25
	150.00

### 2.35 Details of secured debentures issued

As at 31 March 2017

Interest rate range	Maturity				
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Non-convertible debentures</b>					
10% to 11%	1,500.00	-	-	-	-
<b>Benchmark linked debentures</b>	2,262.80	881.00	712.61	10.00	8.00
<b>Total</b>	<b>3,762.80</b>	<b>881.00</b>	<b>712.61</b>	<b>10.00</b>	<b>8.00</b>

a) The Company has an asset cover of 100% in accordance with the terms of the trust deed by way of charge on immovable property, floating charge on movable properties in the form of receivables.

### 2.36 Open interest in interest rate derivatives:

As at 31 March 2017

Benchmark	Notional principal	Terms	Purpose
MIBOR	550	Pay fixed Vs. receive floating	Hedging
LIBOR	111	Receive fixed	Hedging
MIBOR	3,500	Receive fixed	Hedging
LIBOR	897	Pay fixed	Hedging
MIBOR	4,500	Pay fixed	Hedging

### 2.37 Open interest in equity index/ stock futures as at 31 March 2017

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units Involved	Position	Purpose
1	NIFTY	25-May-17	367.00	27,525	Long position	Hedging
2	NIFTY	27-Apr-17	692.00	51,900	Long position	Hedging
3	HINDZINC	27-Apr-17	423.00	1,353,600	Short position	Hedging
4	PPC	27-Apr-17	203.00	1,218,000	Short position	Hedging
5	ZQ	28-Apr-17	130.00	541,710	Long position	Hedging
6	ZQ	1-May-17	20.00	83,340	Long position	Hedging
7	ZN	21-Jun-17	2.00	2,000	Long position	Hedging
8	ZQ	31-May-17	130.00	541,710	Short position	Hedging
9	ZQ	1-Jun-17	20.00	83,340	Short position	Hedging
10	ESTX50	16-Jun-17	10.00	100	Short position	Hedging
11	ZT	30-Jun-17	4.00	8,000	Short position	Hedging



# Edelweiss Finance Investments Limited

## Notes to the consolidated financial statements (Continued)

(Currency: Indian Rupees in Million)

### 2.38 Option equity index/ stock contracts outstanding as at 31 March 2017

Sr. no.	Name of the option – Index / Stock	Total premium carried forward as at 31 March 2017 (Net of provision made)	Purpose
1	Purchaser of option- Nifty	40.96	Hedging
2	Sale of option- Nifty	2.44	Hedging

### 2.39 Foreign currency

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2017.

### 2.40 Contingent liability and commitments

#### Contingent liability

Taxation matters of Assessment year 2009-10 and Assessment year 2013-14 in respect of which appeal is pending – Rs.0.60 millions .

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. 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.

Investment in units of venture fund consist of investments in Class A ordinary shares of Blue River Capital I, LLC ('BRC' or 'the fund') pursuant to a capital contribution agreement dated 1 December 2006, BRC is a closed-ended fund, with limited life of 8 years under the Mauritius Companies Act.

The Fund has closed its investment period. The original term of the fund was to end on 31 October 2013. However, in accordance with the fund documents and with the consent of majority of the Class A share holders, the tenure of the fund has been extended to upto 31 October 2017.

#### Commitments

- Uncalled liabilities on non-current investments Rs. 21.67 million as at balance sheet date
- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 0.06 million as at the balance sheet date.
- Undrawn committed credit lines Rs 212.94 million as at balance sheet date.

### 2.41.1 Details of purchase, sale and change in stock in trade

Particular	2017
<b>Opening stock</b>	
Preference shares	0.85
Debt instruments	27,311.19
<b>Total</b>	27,312.04
<b>Purchase</b>	
Equity shares	726.53
Preference shares	809.31
Mutual Funds	55,250.00
Debt instruments	231,003.84
<b>Total</b>	287,789.68
<b>Sale</b>	
Equity shares	118.21
Preference shares	820.35
Mutual Funds	55,269.31
Debt instruments	242,393.00
<b>Total</b>	298,600.87
<b>Closing stock</b>	
Equity shares	567.46
Debt instruments	16,783.32
<b>Total</b>	17,350.78
<b>Profit/(Loss) on sale of securities</b>	849.93



# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

(Currency: Indian Rupees in Million)

### 2.41.2. Contracts outstanding as at 31 March 2017

#### a) Options

Particulars of contract	Premium paid
Currency options	28.33
<b>Total</b>	<b>28.33</b>

Particulars of contract	Premium received
Currency options	55.06
<b>Total</b>	<b>55.06</b>

#### b) Currency forwards

##### Long positions

Particulars of contract	Number of contracts	No. of units involved
Currency forward		
USDRUB	480,000	480,000
EURUSD	2,815,000	2,815,000
USDINR	195,500,000	195,500,000
USDZAR	350,000	350,000
USDTWD	3,500,000	3,500,000
USDKRW	2,100,000	2,100,000
USDSGD	5,494,220	5,494,220
USDCAD	441	441
USDCNH	2,918,550	2,918,550
GBPUSD	167,000	167,000
<b>Total</b>	<b>213,325,211</b>	<b>213,325,211</b>

##### Short positions

Particulars of contract	Number of contracts	No. of units involved
Currency forward		
USDIDR	1,700,000	1,700,000
EURUSD	6,125,000	6,125,000
USDKRW	1,250,000	1,250,000
USDTRY	250,000	250,000
USDBRL	250,000	250,000
CNYUSD	181,426	181,426
USDINR	30,350,000	30,350,000
USDCNY	240,000	240,000
USDTHB	112,000	112,000
USDJPY	1,032,014	1,032,014
USDMYR	270,000	270,000
USDCHF	38,059	38,059
USDCAD	54,119	54,119
AUDUSD	209,000	209,000
<b>Total</b>	<b>42,061,618</b>	<b>42,061,618</b>

#### Credit default swaps

Underlying	Notional principal (Rs.)
iTraxx Asia Ex-Japan S 27	19.45
<b>Total</b>	<b>19.45</b>



# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

(Currency: Indian Rupees in Million)

### 2.42 Operating leases

The Group has taken premises on operating lease. Rental expenses for the year aggregated to **Rs.17.37 million** which has been included under the head Other expenses – Rent in the statement of profit and loss.

### 2.43 Discontinuing operations

The Board of Directors of the Company at its Meeting held on August 8, 2016, has approved a Scheme of Arrangement (the Scheme) between the Company and its fellow subsidiaries Edelweiss Finvest Private Limited and Edel Land Limited. As per the Scheme the Lending Business of the Company will be transferred to Edelweiss Finvest Private Limited and Training Centre Business to Edel Land limited. The Appointment Date in respect of the Scheme is April 1, 2016. The scheme is subject to requisite approvals from the National Company Law Tribunal ('NCLT'). Accordingly, the aforesaid Lending Business and Training Centre Business has been considered as discontinuing operations.

The operating activities of the Company's discontinuing operations are summarised below:

a. The revenue and expenses in respect of the ordinary activities attributable to the discontinuing operations :

Particular	Year Ended 31 March 2017
Revenue	1,195.67
Expenses	830.19
<b>Profit before tax</b>	<b>365.47</b>
Tax expenses	93.39
<b>Profit after tax</b>	<b>272.08</b>

b. The Net Cash Flows attributable to the discontinuing operations are as follows:

Particular	Year Ended 31 March 2017
Net cash generated from Operating Activities	4,712.17
Net cash generated from Investing Activities	614.51
Net cash used in Financing Activities	(2,822.01)
<b>Total Cash flows attributable to discontinuing operations</b>	<b>2,504.67</b>

c. The carrying amounts as at March 31, 2017 of the total assets and liabilities to be transferred are as follows:

Particular	2017
Total Assets	8,618.10
Total Liabilities	6,688.29
<b>Net Assets</b>	<b>1,929.81</b>

### 2.44 Disclosure on Specified Bank notes (SBN's) pursuant to notification as per amended Schedule III of the Companies Act, 2013

Particular	Specified Bank Note*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	0.06	0.08	0.14
(+) Permitted receipts	-	0.27	0.27
(-) Permitted payments	-	0.13	0.13
(-) Amount deposited in Banks	0.06	0.02	0.08
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>0.19</b>	<b>0.19</b>

\*For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.





# Edelweiss Finance & Investments Limited

## Notes to the consolidated financial statements (Continued)

(Currency: Indian Rupees in Million)

### 2.45 Details of dues to micro and small enterprises

Trade Payables includes 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.

### 2.46 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 15-16), 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 2.25 and 2.27 include reimbursements paid and are net of the reimbursements received based on the management's best estimate.

2.47 The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal and is defending its position. Due to the lack of clarity on legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the company, if any, at this stage cannot be estimated. The Company has been advised by its tax counsel that it has a good chance in sustaining its position.

2.48 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.

2.49 On 12 April 2017, EC International Limited has invested in 2,475,000 ordinary shares of EC Global Limited, a wholly owned subsidiary of the Company. Resultantly, EC International Limited holds 99% shares in EC Global Limited. This transaction results in a reduction of EFIL's shareholding in EC Global Limited to 1% with 25,000 shares, making EFIL a minority shareholder.

### 2.50 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary or Associates

Sr.No.	Name of the Entity	Net Assets i.e. Total assets minus Total Liabilities		Share in Profit / (Loss)	
		As % of consolidated net assets	Amount ( In million)	As % of consolidated Profit/loss	Amount ( In million)
	<b>Parent company</b>				
	Edelweiss Finance & Investments Limited	60.52%	3,679.24	57.87%	834.62
	<b>Subsidiaries- Foreign</b>				
	EC Global Limited	39.48%	2,399.88	42.41%	611.61
	<b>Subsidiaries- Indian</b>				
	Olive Business center Limited (upto August 24, 2016)	0.00%	-	-0.28%	-3.99



# Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

2.51 The Group's consolidated financial statements (CFS) for the year ended 31 March 2017 are the first annual financial statements which the Group has prepared in accordance with AS 21 - Consolidated Financial Statement. Pursuant to transitional provision contained in paragraph 30 of AS21- Consolidated Financial Statement, the Group has not presented previous year's comparative figures.

As per our report of even date attached.

For **BSR & Associates LLP**

*Chartered Accountants*

Firm's Registration No. 116231W/W-100024



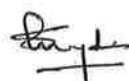
**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai  
5 July, 2017

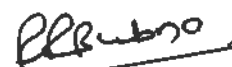
For and on behalf of the Board of Directors



**S. Ranganathan**

*Executive Director*

DIN: 00125493



**Raviprakash R. Bubna**

*Director*

DIN: 00090160



**Manjeet Bijlani**

*Chief Financial Officer*



**Nidhi Parekh**

*Company Secretary*

Mumbai  
5 July, 2017



**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, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, 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, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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.

**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 Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the



Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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



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

## Other Matters

1. The comparative financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 01, 2017 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2018 and March 31, 2017 dated May 02, 2018 and May 16, 2017 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.
2. The transition date opening balance sheet of the Company as at April 01, 2017 include the financial information on account of demerger impact of transfer of assets and liabilities to Edelweiss Finvest Private Limited and Edel Land Limited with effective date August 01, 2017 [refer Note 40 to the Ind AS financial statements]. The said financial information included in these Ind AS financial statements are based on financial information previously prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by the other auditors, and have been restated to comply with Ind AS. Adjustments made to the financial information previously prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS, which have been audited by us.

## 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 written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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;
  - (g) In our opinion, no managerial remuneration was paid/payable for the year ended March 31, 2019 by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (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 32.1 to the Ind AS financial statements;

# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

- 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 42.05 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

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: May 13, 2019



# S.R. BATLIBOI & Co. LLP

Chartered Accountants

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 but there is a 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. Refer Note 12 to the Ind AS financial statements.
- (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 though there has been a slight delay in a few cases. 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	0.14	AY 2009-10	Commissioner of Income Tax (A)
Income Tax Act, 1961	Income Tax	90.58	AY 2013-14	Commissioner of Income Tax (A)
Income Tax Act, 1961	Income Tax	63.15	AY 2016-17	Commissioner of Income Tax (A)
Finance Act, 1994	Service Tax	0.69	2011 to 2016	Commissioner Appeals-II, Mumbai





# S.R. BATLIBOI & CO. LLP

Chartered Accountants

Finance Act, 1994	Service Tax	2.30	2011 to 2015	Commissioner Appeals-II, Mumbai
Finance Act, 1994	Service Tax	0.08	2012 to 2014	Commissioner Appeals-II, Mumbai

- (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 or banks. The Company does not have any dues to government or debenture holders.
- (ix) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.
- (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 / material 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 to us and records of the Company examined by us, no managerial remuneration has been paid / payable as per the provisions of section 197 read with Schedule V to the Companies Act, 2013. Accordingly, the provision of clause 3(xi) is not applicable to the Company.~~
- (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.
- (xv) 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.
- (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

Place of Signature: Mumbai

Date: May 13, 2019



**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, 2019 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, 2019, 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

Place of Signature: Mumbai

Date: May 13, 2019





**Edelweiss Finance & Investments Limited**

**Balance Sheet as at March 31, 2019**

(Currency : Indian rupees in million)

Assets	Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Financial assets</b>				
(a) Cash and cash equivalents	3	1,050.24	152.96	743.24
(b) Bank balances other than cash and cash equivalents	4	53.33	50.02	50.00
(c) Derivative financial instruments	5	1.01	26.44	-
(d) Securities held for trading	6	13,804.53	14,824.88	15,014.37
(e) Receivables				
(i) Trade receivables	7	6,283.79	4,563.14	222.97
(ii) Other receivables	7	0.84	95.30	105.23
(f) Investments	8	-	-	0.44
(g) Other financial assets	9	4,353.72	164.81	57.10
		<b>25,547.46</b>	<b>19,877.55</b>	<b>16,193.35</b>
<b>Non-financial assets</b>				
(a) Current tax assets (net)	10	260.47	437.77	181.37
(b) Deferred tax assets (net)	11	74.03	81.53	40.09
(c) Property, Plant and Equipment	12	6.56	9.78	10.45
(d) Other Intangible assets	12	9.27	4.71	1.30
(e) Other non- financial assets	13	31.03	16.31	2.58
		<b>381.36</b>	<b>550.10</b>	<b>235.79</b>
<b>Total Assets</b>		<b>25,928.82</b>	<b>20,427.65</b>	<b>16,429.14</b>
<b>Liabilities</b>				
<b>Financial liabilities</b>				
(a) Derivative financial instruments	5	260.35	20.72	15.02
(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	49.40	54.64	39.20
(c) Borrowings (other than debt securities)	15	23,115.17	17,569.70	14,075.09
(d) Subordinated Liabilities	16	516.59	516.59	516.59
(e) Other financial liabilities	17	32.56	48.80	58.79
		<b>23,974.07</b>	<b>18,210.45</b>	<b>14,704.69</b>
<b>Non-financial liabilities</b>				
(a) Current tax liabilities (net)	18	80.24	194.00	195.07
(b) Provisions	19	10.46	115.63	152.32
(c) Other non-financial liabilities	20	16.34	18.55	26.19
		<b>107.04</b>	<b>328.18</b>	<b>373.58</b>
<b>Equity</b>				
(a) Equity share capital	21	34.35	34.35	26.55
(b) Other equity	22	1,813.36	1,854.67	1,324.32
		<b>1,847.71</b>	<b>1,889.02</b>	<b>1,350.87</b>
<b>Total Liabilities And Equity</b>		<b>25,928.82</b>	<b>20,427.65</b>	<b>16,429.14</b>

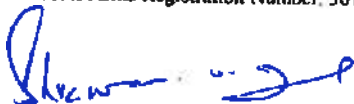
The accompanying notes are an integral part of the financial statements 1 to 43

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



For and on behalf of the Board of Directors



Venkatchalam Ramnswamy

Executive Director

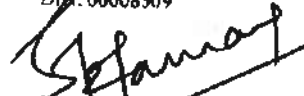
DIN: 00008509



S Ranganathan

Executive Director

DIN: 00125493



Shivanam Iyer

Chief Financial Officer

Mumbai

May 13, 2019

Mumbai

May 13, 2019

**Edelweiss Finance & Investments Limited**

**Statement of Profit and Loss for the year ended March 31, 2019**

(Currency : Indian rupees in million)

	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue from operations</b>			
Interest income	23	1,410.66	1,590.69
Dividend income	24	1.44	0.72
<b>Other income</b>	25	12.49	-
<b>Total Revenue</b>		<b>1,424.59</b>	<b>1,591.41</b>
<b>Expenses</b>			
Finance costs	26	1,204.46	1,353.53
Net loss on fair value changes (including Treasury income)	27	58.76	87.87
Employee benefits expense	28	35.77	132.29
Depreciation, amortisation and impairment	12	6.04	4.80
Other expenses	29	73.88	79.12
<b>Total expenses</b>		<b>1,378.91</b>	<b>1,657.61</b>
<b>Profit/(Loss) before tax</b>		<b>45.68</b>	<b>(66.20)</b>
<b>Tax expenses</b>			
(1) Current tax	30	86.11	(158.69)
(2) Deferred tax (net)	30	(36.79)	(34.44)
<b>(Loss)/Profit for the year</b>		<b>(3.64)</b>	<b>126.93</b>
<b>Other Comprehensive Income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
a) Remeasurement gain on defined benefit plans (OCI)		0.16	0.48
b) Income Tax - OCI - that will not be reclassified		(0.06)	(0.17)
<b>Total</b>		<b>0.10</b>	<b>0.31</b>
<b>Total Comprehensive Income</b>		<b>(3.54)</b>	<b>127.24</b>
<b>Earnings per equity share (Face value of Rs. 10 each) (in Rs.):</b>			
(1) Basic	31	(1.06)	41.52
(2) Diluted	31	(1.06)	41.52

The accompanying notes are an integral part of these financial statements 1 to 43

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

*Shrawan Jalan*

per Shrawan Jalan  
Partner  
Membership No: 102102



*AR Venkatchalam*

Venkatchalam Ramaswamy  
Executive Director  
DIN: 00008509

*S Ranganathan*

S Ranganathan  
Executive Director  
DIN: 00125493

*Shivaraman Iyer*

Shivaraman Iyer  
Chief Financial Officer

Mumbai  
May 13, 2019



Mumbai  
May 13, 2019

**Edelweiss Finance & Investments Limited**

**Statement of cash flows for the year ended March 31, 2019**

(Currency : Indian rupees in million)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A Cash flow from operating activities</b>		
Profit / (Loss) before tax	45.68	(66.20)
<i>Adjustments for</i>		
Depreciation and amortisation expense	6.04	4.80
Profit on sale of investments	-	(25.60)
Fair value loss / (gain) of financial instruments	176.21	37.08
Provision for compensated absences	0.35	0.43
Write back of deferred bonus	(105.52)	(46.13)
Interest expenses	1,157.65	1,320.11
Expense on employee stock option scheme	5.47	4.23
Profit on sale of of Property, Plant and Equipment	(0.21)	-
<b>Operating cash flow before working capital changes</b>	<b>1,285.67</b>	<b>1,228.72</b>
<i>Add / (Less): Adjustments for working capital changes</i>		
Trade and Other Receivables	(1,626.19)	(4,338.24)
Securities held for trading	844.14	152.41
Other Financial Assets	(4,166.79)	(134.17)
Other Non Financial Assets	(14.72)	(13.73)
Trade Payables	(5.24)	15.44
Non Financial Liabilities and Provisions	(7.52)	1.85
Other Financial Liabilities	223.39	(4.29)
<b>Cash used in operations</b>	<b>(3,467.26)</b>	<b>(3,084.01)</b>
Income taxes paid	(16.11)	(98.79)
<b>Net cash used in operating activities - A</b>	<b>(3,483.37)</b>	<b>(3,182.80)</b>
<b>B Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment	(8.00)	(8.79)
Sale of Property, Plant and Equipment	0.83	1.25
Sale of Investments	-	26.04
<b>Net cash (used in)/generated from investing activities - B</b>	<b>(7.17)</b>	<b>18.50</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issuance of Share capital (including Securities Premium)	-	399.52
Increase in Borrowings other than Debt Securities (refer note 2 below & note 34)	5,566.33	3,467.71
Interest paid	(1,178.51)	(1,293.21)
<b>Net cash generated from financing activities - C</b>	<b>4,387.82</b>	<b>2,574.02</b>
<b>Net increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>897.28</b>	<b>(590.28)</b>
Cash and cash equivalent as at the beginning of the year	152.96	743.24
Cash and cash equivalent as at the end of the year	1,050.24	152.96
<b>Operational cash flows from interest and dividends</b>		
Interest paid	-	-
Interest received	1,440.08	1,670.07
Dividend received	1.44	0.72



**Edelweiss Finance & Investments Limited**

**Statement of cash flows for the year ended March 31, 2019 (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 Net figures have been reported on account of volume of transactions.
- 3 Refer note 34 for change in liabilities arising from financing activities

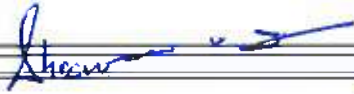
As per our report of even date attached.

**For S. R. Batliboi & Co. LLP**

*Chartered Accountants*

ICAI Firms Registration Number: 301003E/E300005

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



**per Shrawan Jalan**  
Partner  
Membership No: 102102



**Venkatchalam Ramaswamy**  
Executive Director  
DIN: 00008509



**S Ranganathan**  
Executive Director  
DIN: 00125493



**Shivaraj Iyer**  
Chief Financial Officer

Mumbai  
May 13, 2019

Mumbai  
May 13, 2019



**Edelweiss Finance & Investments Limited**

(Currency : Indian rupees in million)

**Statement of Changes in Equity for the year ended March 31, 2019**

**A. Equity Share Capital**

Particulars	For the year ended March 31, 2019			For the year ended March 31, 2018		
	Outstanding as on April 1, 2018	Issued during the year	Outstanding as on March 31, 2019	Outstanding as on April 1, 2017	Issued during the year	Outstanding as on March 31, 2018
Issued, Subscribed and Paid up (Equity shares of Rs.10 each, fully paid-up)	34.35	-	34.35	26.55	7.80	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, 2017	9.71	320.09	878.58	90.26	14.73	10.95	1,324.32
Profit for the year	-	-	-	-	126.93	-	126.93
Other Comprehensive Income	-	-	-	-	0.31	-	0.31
	9.71	320.09	878.58	90.26	141.97	10.95	1,481.56
Securities premium on Shares Issued during the year	-	391.72	-	-	-	-	391.72
Income Tax Impact on ESOPs	-	-	-	-	7.16	-	7.16
Transfer to Statutory Reserve	-	-	42.46	-	(42.46)	-	-
ESOPs charged during the year	-	-	-	-	-	4.23	4.23
Balance as at March 31, 2018	9.71	711.81	921.04	90.26	106.67	15.18	1,854.67
Loss for the year	-	-	-	-	(3.64)	-	(3.64)
Other Comprehensive Income	-	-	-	-	0.10	-	0.10
	9.71	711.81	921.04	90.26	103.13	15.18	1,851.13
Income Tax Impact on ESOPs	-	-	-	-	(37.77)	-	(37.77)
Balance as at March 31, 2019	9.71	711.81	921.04	90.26	65.36	15.18	1,813.36

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

*Shrawan Jalan*



per Shrawan Jalan  
Partner  
Membership No: 102102

*AP Venkatchalam* *S Ranganathan*

Venkatchalam Ramaswamy  
Executive Director  
DIN: 00008509

S Ranganathan  
Executive Director  
DIN: 00125493

*Shivaraman Jyer*  
Shivaraman Jyer  
Chief Financial Officer

Mumbai  
May 13, 2019



Mumbai  
May 13, 2019

# Edelweiss Finance & Investments Limited

## Notes to the financial statements

### 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 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 primarily engaged in the business of trading and investing in government securities and fixed income securities.

### 2. Significant accounting policies

#### 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).

For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended March 31, 2019 are the first financial statements of the Company prepared under Ind AS. Refer to note 40 for information on how the Company has adopted Ind AS.

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 35-Maturity Analysis of assets and liabilities".

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.





## Edelweiss Finance & Investments Limited

### Notes to the financial statements (continued)

#### 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.

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.

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##### 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 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



## Edelweiss Finance & Investments Limited

### Notes to the financial statements (continued)

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:

##### 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.

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

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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.





## Edelweiss Finance & Investments Limited

### Notes to the financial statements (continued)

#### 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.

#### 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.

#### 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;

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



## Edelweiss Finance & Investments Limited

### Notes to the financial statements (continued)

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 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. The company didn't reclassify any of its financial assets or liabilities in current period and previous period.

#### 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.

##### 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 statement of profit and loss.



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

**2.8 Impairment of financial assets:**

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

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%.



## Edelweiss Finance & Investments Limited

### Notes to the financial statements (continued)

The ongoing assessment of whether a significant increase in credit risk has occurred for working capital facilities is similar to other lending products. The interest rate used to discount the ECLs for working capital facilities is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The expected credit losses on the loan commitment have been recognised together with the loss allowance for the financial asset.

The Company's product offering includes a working capital 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, letters of credit /guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the 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 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. Other financial assets which do not have readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

#### 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.

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





## Edelweiss Finance & Investments Limited

### Notes to the financial statements (continued)

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:

The determination of whether an arrangement is lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

#### 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



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

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 :**

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

**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 and others providing similar services that are granted by the ultimate parent company are measured by reference to the fair value of the equity instruments at the grant date.~~

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company 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 equity-settled employee benefits reserve.



## Edelweiss Finance & Investments Limited

### Notes to the financial statements (continued)

#### 2.15 Property, plant and equipment:

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

Subsequent costs 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 fixed assets are as follows:

Nature of assets	Estimated useful lives
Building (other than Factory Building)	60 years
Vehicles	8 years
Office Equipment	5 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.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### 2.16 Intangible assets:

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. For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



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

**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.

**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.





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

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.

**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.

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**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



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

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.

**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 affected by a number of factors, changes in which can result in different levels of allowance.



## Edelweiss Finance & Investments Limited

### Notes to the financial statements (continued)

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

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

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

#### 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.



## **Edelweiss Finance & Investments Limited**

### **Notes to the financial statements (continued)**

#### **2.26 Standards issued but not yet effective :**

##### **Ind AS 116 Leases:**

Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

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##### **Prepayment Features with Negative Compensation (Amendments to Ind AS 109):**

The amendments to Ind AS 109 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. These amendments are to be applied for annual periods beginning on or after April 1, 2019.

The application of these amendments is not likely to have a material impact on the Financial Statements.

##### **Annual Improvements to Ind AS (2018):**

##### **Ind AS 12 Income taxes:**

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. These amendments are to be applied for annual periods beginning on or after 1 April 2019.

##### **Plan Amendment, Curtailment or Settlement (Amendments to Ind AS 19):**

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). The change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

An entity is also now required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under Ind AS 19 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).





## Edelweiss Finance & Investments Limited

### Notes to the financial statements (continued)

These amendments are to be applied to plan amendments, curtailments or settlements occurring on or after 1 April 2019. The application of these amendments is not likely to have a material impact on the Financial Statements

#### Uncertainty over Income Tax Treatments (Appendix C of Ind AS 12):

This Appendix sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Appendix requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Appendix is effective for annual periods beginning on or after April 1, 2019.



## Edelweiss Finance & Investments Limited

### Notes to financial statements (continued)

(Currency : Indian rupees in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>3. Cash and cash equivalents</b>			
Cash in hand	-	0.01	-
Balances with banks			
- in current accounts	1,050.24	152.95	743.24
	<b>1,050.24</b>	<b>152.96</b>	<b>743.24</b>

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>4. Bank balances other than cash and cash equivalents</b>			
Short term bank deposits with banks *	50.02	50.02	50.00
(other bank deposits with maturity less than 12 months)			
Earmarked balance with bank (unpaid dividends)	3.31	-	-
	<b>53.33</b>	<b>50.02</b>	<b>50.00</b>

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

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Fixed deposit pledged against overdraft facility</b>			
RBL Bank Limited	50.00	50.00	50.00
	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>

\* Fixed deposit with bank earns interest at fixed rate of Rs. 0.02 (March 31, 2018: Rs. 0.02; March 31, 2017: Rs. Nil)



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.

March 31, 2019							
Particulars	Unit	Currency	Notional	Fair value Asset	Unit	Currency	Fair value Liability
(i) Interest rate derivatives							
Interest Rate Swaps	Rs. Million	INR	2,500	1.01	Rs. Million	INR	23,250
Interest Rate Futures	G-Sec Units		3,800,000	0.18	G-Sec Units		14,500,000
Less: amounts offset				(0.18)			(9.69)
(Refer Note 5.A)							
<b>Total Derivative Financial Instruments</b>			<b>Total</b>	<b>1.01</b>			<b>Total</b>
							<b>260.35</b>

March 31, 2018							
Particulars	Unit	Currency	Notional	Fair value Asset	Unit	Currency	Fair value Liability
(i) Interest rate derivatives							
Interest Rate Swaps	Rs. Million	INR	6,500	26.44	Rs. Million	INR	8,000
Interest Rate Future	G-Sec Units		5,444,000	3.29			-
Less: amounts offset				(3.29)			-
(Refer Note 5.A)							
<b>Total Derivative Financial Instruments</b>				<b>26.44</b>			<b>20.72</b>

April 01, 2017							
Particulars	Unit	Currency	Notional	Fair value Asset	Unit	Currency	Fair value Liability
(i) Interest rate derivatives							
Interest Rate Swaps	Rs. Million	INR	-	-	Rs. Million	INR	550
(Refer Note 5.A)							
<b>Total Derivative Financial Instruments</b>				<b>-</b>			<b>15.02</b>

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.

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 39.

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.A 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 subject to offsetting, netting arrangements**

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	
Derivative Assets	1.19	(0.18)	1.01	(1.01)	-	1.01	-	
Margin placed with broker**	303.47	-	303.47	-	(208.25)	303.47	95.22	

**Financial Liabilities subject to offsetting, netting arrangements**

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	(9.49)	260.55	(1.01)	(208.25)	260.55	51.09	

**Financial Assets subject to offsetting, netting arrangements**

March 31, 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	
Derivative Assets	29.73	(3.29)	26.44	(9.89)	(4.45)	26.44	12.10	
Margin placed with broker**	41.51	-	41.51	-	(15.28)	41.51	26.23	





## 5.A Offsetting (continued)

Financial Liabilities subject to offsetting, netting arrangements

	Offsetting recognised in balance sheet		Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total liabilities Recognised in the balance sheet	Maximum Exposure to Risk After consideration of netting potential
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial liabilities	Collaterals received			
March 31, 2018								
Trade payables	5,052.22	(5,052.22)	-	-	-	-	-	-
Derivative Liabilities	20.72	-	20.72	-	(10.83)	-	20.72	9.89

Financial Assets subject to offsetting, netting arrangements

	Offsetting recognised in balance sheet		Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets Recognised in the balance sheet	Maximum Exposure to Risk After consideration of netting potential
	Gross asset before offset	Amount offset*	Net asset recognised on the balance sheet	Financial assets	Collaterals paid			
April 1, 2017								
Trade receivables	429.93	(206.96)	222.97	-	-	-	222.97	222.97
Derivative Assets	-	-	-	-	-	-	-	-
Margin placed with broker**	16.18	-	16.18	-	(15.02)	-	16.18	1.16

Financial Liabilities subject to offsetting, netting arrangements

	Offsetting recognised in balance sheet		Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total liabilities Recognised in the balance sheet	Maximum Exposure to Risk After consideration of netting potential
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial liabilities	Collaterals received			
April 1, 2017								
Trade payables	206.96	(206.96)	-	-	-	-	-	-
Derivative Liabilities	15.02	-	15.02	-	(15.02)	-	15.02	-

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



## Edelweiss Finance & Investments Limited

### Notes to financial statements (continued)

(Currency : Indian rupees in million)

#### 6 Securities held for trading

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>At Fair Value Through Profit and Loss</b>			
(i) Government Debt Securities	13,679.23	14,406.88	14,564.10
(ii) Debt securities	125.30	389.24	450.27
(iii) Preference Shares	-	28.76	-
<b>Total</b>	<b>13,804.53</b>	<b>14,824.88</b>	<b>15,014.37</b>
(i) Investments outside India	-	-	-
(ii) Investments in India	13,804.53	14,824.88	15,014.37
<b>Total</b>	<b>13,804.53</b>	<b>14,824.88</b>	<b>15,014.37</b>



**Edelweiss Finance & Investments Limited**

Notes to Financial statements (continued)

(Currency : Indian rupees in million)

6 Securities held for trading	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount
<i>At fair value through profit and loss account</i>									
<b>Government Debt Securities</b>									
8.12% Government Stock 10.12.2020 Bonds	100	16,500,000	1,733.39	100	4,500,000	473.64	100	500,000	53.58
7.25% Government Stock 03.06.2019 Bonds	100	250,000	25.63	100	250,000	25.79	100	250,000	26.00
8.27% Government Stock 09.06.2020 Bonds	100	1,000,000	104.59	100	18,100,000	1,907.85	100	13,000,000	1,395.94
6.35% Government Stock 02.01.2020 Bonds	100	500,000	50.78	100	5,000,000	504.50	-	-	-
6.75% Government Stock 15.05.2027 Bonds	100	500,000	49.31	100	4,500,000	439.20	-	-	-
7.80% Government Stock 03.05.2020 Bonds	100	500,000	52.28	100	5,500,000	577.58	-	-	-
7.17% Government Stock 08.01.2028 Bonds	100	30,000,000	2,988.99	100	1,500,000	150.20	-	-	-
8.79% Government Stock 08.11.2021 Bonds	100	500,000	54.26	100	3,000,000	325.42	-	-	-
7.16% Government Stock 20.05.2023 Bonds	100	1,000,000	103.52	-	-	-	-	-	-
6.68% Government Stock 17.09.2031 Bonds	100	500,000	46.46	-	-	-	-	-	-
6.65% Government Stock 09.04.2020 Bonds	100	6,500,000	672.02	-	-	-	-	-	-
8.71% Tamilnadu Government Stock 08.02.2022 Bonds	100	2,500,000	264.83	-	-	-	-	-	-
7.80% Government Stock 11.04.2021 Bonds	100	3,500,000	371.05	-	-	-	100	34,000,000	3,653.55
7.37% Government Stock 16.04.2023 Bonds	100	5,000,000	525.94	-	-	-	-	-	-
8.75% Kerala State Development Loan 22.02.2022 Bonds	100	5,000,000	528.74	-	-	-	-	-	-
8.75% Tamilnadu State Development Loans Government Stock 22.02.2022 Bonds	100	5,000,000	528.74	-	-	-	-	-	-
7.94% Government Stock 24.05.2021 Bonds	100	4,000,000	422.08	-	-	-	-	-	-
8.24% Government Stock 15.02.2027 Bonds	100	1,000,000	105.47	-	-	-	-	-	-
8.04% Andhra Pradesh State Development Loan Government Stock 06.03.2023 Bonds	100	2,000,000	211.77	-	-	-	-	-	-
8.92% Punjab Government Stock 08.08.2022 Bonds	100	2,500,000	267.71	-	-	-	-	-	-
8.76% Maharashtra State Development Loans Government Stock 22.02.2022 Bonds	100	2,500,000	264.44	-	-	-	-	-	-
8.66% Tamilnadu Government Stock 23.01.2022 Bonds	100	5,000,000	523.72	-	-	-	-	-	-
8.18% Tamilnadu State Development Loan Government Stock 19.12.2028 Bonds	100	800	0.08	-	-	-	-	-	-
8.69% Gujarat State Development Loan Government Stock 08.02.2022 Bonds	100	2,500,000	264.70	-	-	-	-	-	-
7.26% Government Stock 14.01.2029 Bonds	100	14,000,000	1,413.20	-	-	-	-	-	-
7.00% Government Stock 21.01.2021 Bonds	100	3,000,000	306.48	-	-	-	-	-	-
8.39% Rajasthan Government Stock Special 15.03.2020 Bonds	100	42,000	4.27	-	-	-	-	-	-
7.32% Government Stock 28.01.2024 Bonds	100	995,000	102.32	-	-	-	-	-	-
8.38% Maharashtra Government Stock 25.03.2020 Bonds	100	500,000	50.89	-	-	-	-	-	-
8.25% Uttar Pradesh Government Stock Special 29.03.2020 Bonds	100	5,000,000	506.49	-	-	-	-	-	-
8.92% Kerala State Development Loan 08.08.2022 Bonds	100	500,000	53.54	-	-	-	-	-	-
8.72% Andhra Pradesh State Development Loan Government Stock 11.01.2022 Bonds	100	2,500,000	266.32	-	-	-	-	-	-
8.59% Andhra Pradesh State Development Loan Government Stock 23.01.2023 Bonds	100	500,000	53.34	-	-	-	-	-	-
9.37% Gujarat State Development Loan 04.12.2023 Bonds	100	2,500,000	273.91	-	-	-	-	-	-
8.80% Tamilnadu State Government Stock Development Loan 25.10.2022 Bonds	100	4,000,000	437.65	-	-	-	-	-	-



**Edelweiss Finance & Investments Limited**

Notes to financial statements (continued)

(Currency - Indian rupees in million)

**6 Securities held for trading**

	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount
<b>Government Debt Securities (continued)</b>									
7.48% Chhattisgarh Cigaret State Government Stock Development Loan 06.03.2022 Bonds			50.32						
8.35% Government Stock 14.05.2022 Bonds	100	500,000				1,335.13	100	3,500,000	383.46
8.08% Government Stock 02.08.2022 Bonds	-	-	-			364.50	100	500,000	53.41
6.97% Government Stock 06.09.2026 Bonds	-	-	-			145.36	-	-	-
8.20% Government Stock 15.02.2022 Bonds	-	-	-			2,763.33	-	-	-
8.15% Government Stock 11.06.2022 Bonds	-	-	-			1,318.46	-	-	-
6.84% Government Stock 19.12.2022 Bonds	-	-	-			1,000.54	-	-	-
8.28% Government Stock 21.09.2027 Bonds	-	-	-			44.65	-	-	-
8.11% Andhra Pradesh State Government Stock 23.10.2018 Bonds	100	428,000				334.18	-	-	-
8.60% West Bengal State Government Stock 23.04.2018 Bonds	100	3,200,000				46.75	-	-	-
8.24% Government Stock 22.04.2018 Bonds	100	450,000				414.98	-	-	-
8.39% Rajasthan Government Stock Special 15.03.2019 Bonds	100	10,000,000				1,014.06	-	-	-
6.17% Government Stock 12.06.2023 Bonds	100	10,000,000				242.38	-	-	-
8.54% Madhya Pradesh Government Stock 10.03.2020 Bonds	100	2,500,000				514.34	-	-	-
7.75% Rajasthan State Uday Government Stock 23.06.2018 Bonds	100	5,000,000				204.74	-	-	-
8.88% Andhra Pradesh State Development Loans 24.02.2020 Bonds	100	2,000,000				257.70	-	-	-
8.15% Bihar State Development Loan Government Stock 27.03.2028 Bonds	100	2,500,000				0.35	-	-	-
8.16% Karnataka State Development Loan Government Stock 26.11.2025 Bonds	100	3,400				1.25	-	-	-
8.40% Government Stock 28.07.2024 Bonds	100	12,000				-	100	15,000,000	1,643.93
8.15% Government Stock 24.11.2026 Bonds	-	-	-			-	100	5,000,000	547.64
7.68% Government Stock 15.12.2023 Bonds	-	-	-			-	100	24,000,000	2,554.17
7.72% Government Stock 25.05.2025 Bonds	-	-	-			-	100	16,000,000	1,709.34
8.13% Government Stock 22.06.2045 Bonds	-	-	-			-	100	5,000,000	550.93
7.06% Government Stock 10.10.2046 Bonds	-	-	-			-	100	2,000,000	200.51
8.24% Tamilnadu Government Stock Uday 22.03.2028 Bonds	-	-	-			-	100	3,697,800	378.46
8.04% Tamilnadu Government Stock Uday 22.03.2029 Bonds	-	-	-			-	100	3,150,000	318.47
8.01% Tamilnadu Government Stock Uday 22.03.2030 Bonds	-	-	-			-	100	2,280,000	229.64
8.05% Tamilnadu Government Stock Uday 22.03.2031 Bonds	-	-	-			-	100	4,000,000	404.41
7.92% Tamilnadu Government Stock Uday 22.03.2032 Bonds	-	-	-			-	100	3,920,000	393.29
6.57% Government Stock 05.12.2033 Bonds	-	-	-			-	100	700,000	67.37
<b>Total Government Debt Securities (4)</b>			<b>13,679.23</b>			<b>14,406.88</b>			<b>14,564.10</b>



**Edelweiss Finance & Investments Limited**

Notes to financial statements (continued)

(Currency : Indian rupees in million)

**6 Securities held for trading**

	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount
<b>Debt Securities</b>									
10.00% Edelweiss Housing Finance Limited 19.07.2026 NCD	1,000	157	0.16	1,000	539	0.58	-	-	-
11.25% ECL Finance Limited 05.05.2025 NCD - Yrly	1,000,000	2	2.01	1,000,000	4	4.36	-	-	-
9.45% ECL Finance Limited 06.08.2021 Bonds	1,000	50	0.05	-	-	-	-	-	-
10.15% ECL Finance Limited 11.03.2020 NCD - Mth	1,000	389	0.40	-	-	-	-	-	-
11.85% ECL Finance Limited 28.01.2019 NCD - Mth	-	-	-	1,000	7	0.01	-	-	-
11.85% ECL Finance Limited 28.01.2019 NCD - Mth Cum	-	-	-	1,000	35	0.04	-	-	-
10.60% ECL Finance Limited 11.03.2020 NCD - Yrly Cum	-	-	-	1,000	7	0.02	-	-	-
12.00% ECL Finance Limited 26.04.2020 NCD - Mth Cum	-	-	-	1,000	90	0.13	-	-	-
12.00% ECL Finance Limited 26.04.2020 NCD - Yrly	-	-	-	1,000,000	1	0.94	-	-	-
9.75% Edelweiss Retail Finance Limited Perpetual Bonds	-	-	-	1,000	1,000	1.00	-	-	-
8.75% Edelweiss Retail Finance Limited 22.03.2021 Bonds	-	-	-	-	-	-	1,000	54,016	83.36
11.85% ECL Finance Limited 28.01.2019 NCD - Mth Cum	-	-	-	-	-	-	1,000	289	0.30
10.00% ECL Finance Limited 11.03.2018 NCD - Mth	-	-	-	-	-	-	1,000	8,652	9.03
10.45% ECL Finance Limited 11.03.2018 NCD - Yrly	-	-	-	-	-	-	1,000	2,085	2.54
10.45% ECL Finance Limited 11.03.2018 NCD - Yrly Cum	-	-	-	-	-	-	1,000	315	0.35
10.60% ECL Finance Limited 11.03.2020 NCD - Yrly	-	-	-	-	-	-	1,000	5,458	5.77
10.60% Edelweiss Housing Finance Limited 19.07.2026 NCD	-	-	-	-	-	-	1,000	7,471	13.28
9.10% ECL Finance Limited 11.03.2020 NCD - Yrly Cum	1,000	476	0.50	1,000	476	0.60	-	-	-
9.10% Dewan Housing Finance Corporation Limited 16.08.2019 NCD	1,000	117,853	119.98	-	-	-	-	-	-
9.60% Srei Equipment Finance Limited 25.05.2028 Bonds	1,000,000	2	2.20	-	-	-	-	-	-
8.95% Food Corporation Of India 01.03.2029 Bonds	-	-	-	10,000,000	-	-	-	-	-
8.20% Housing Development Finance Corporation Bank Limited 29.07.2021 Bonds	-	-	-	1,000	5	52.94	-	-	-
9.25% Dewan Housing Finance Corporation Limited 09.09.2023 NCD	-	-	-	1,000	11,325	12.12	-	-	-
8.49% National Thermal Power Corporation Limited 25.03.2025 NCD	-	-	-	13	20,481	0.27	-	-	-
8.01% Tata Sons Limited 02.09.2021 Bonds	-	-	-	1,000,000	100	100.00	-	-	-
7.11% Power Finance Corporation Limited 17.10.2025 Bonds	-	-	-	1,000	1,000	1.09	-	-	-
9.30% Dewan Housing Finance Corporation Limited 16.08.2026 Bonds	-	-	-	1,000	46,381	49.69	-	-	-
7.34% Indian Railway Finance Corporation Limited 19.02.2028 Bonds	-	-	-	1,000	173	0.19	-	-	-
9.45% Canara Bank Perpetual Bonds	-	-	-	1,000,000	1	1.04	-	-	-
8.71% Rural Electrification Corporation Limited 24.09.2028 Bonds	-	-	-	1,000	3,000	3.60	-	-	-
8.92% Power Finance Corporation Limited 16.11.2033 Bonds	-	-	-	1,000	3,586	4.54	-	-	-
11.40% The Tata Power Company Limited Perpetual 02.06.2099 NCD	-	-	-	1,000,000	13	14.38	-	-	-
9.37% I&F's Transportation Networks Limited 29.10.2027 Bonds	-	-	-	1,000,000	1	0.99	-	-	-
8.80% Steel Authority Of India Limited 22.06.2019 Bonds	-	-	-	1,000,000	4	4.27	-	-	-
9.15% Dewan Housing Finance Corporation Limited 20.09.2019 NCD	-	-	-	1,000,000	8	8.09	-	-	-
9.80% Larsen And Toubro Infrastructure Finance Company Limited 16.01.2019 NCD	-	-	-	2,500,000	1	2.58	-	-	-
9.14% Kudgi Transmission Limited 25.04.2031 NCD	-	-	-	1,000,000	30	22.27	-	-	-
9.70% Mahindra & Mahindra Financial Services Limited 24.04.2023 NCD	-	-	-	1,000,000	2	2.29	-	-	-





**Edelweiss Finance & Investments Limited**

Notes to financial statements (continued)

(Currency: Indian rupees in million)

**6 Securities held for trading**

	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount
<b>Debt Securities (continued)</b>									
8.63% Rural Electrification Corporation Limited 24.03.2029 NCD	1,000	-	-	1,000	1,000	1.22	-	-	-
7.60% Power Finance Corporation Limited 17.10.2035 NCD	1,000	-	-	1,000	70	0.08	-	-	-
10.70% Dewan Housing Finance Limited 10.06.2021 Bonds	1,000,000	-	-	1,000,000	1	2.27	-	-	-
9.85% Dewan Housing Finance Corporation Limited Perpetual Bonds	1,000,000	-	-	1,000,000	50	52.96	-	-	-
8.45% Indiabulls Commercial Credit Limited 05.01.2028 Bonds	100,000	-	-	100,000	465	44.68	-	-	-
7.85% The Industrial Finance Corporation Limited 15.09.2020 NCD	-	-	-	-	-	-	5,000	29	0.21
8.00% Industrial Finance Corporation Limited 31.01.2021 Bonds	-	-	-	-	-	-	5,000	166	1.17
11.50% Tata Steel Limited Perpetual 11.05.2021 NCD	-	-	-	-	-	-	1,000,000	2	2.24
8.49% National Thermal Power Corporation Limited 25.03.2025 NCD	-	-	-	-	-	-	13	454.876	6.19
8.20% National Highways Authority Of India 25.01.2022 Bonds	-	-	-	-	-	-	1,000	10,102	11.31
7.60% National Highway Authority Of India 11.01.2031 Bonds	-	-	-	-	-	-	1,000	6,001	7.05
7.64% National Bank For Agriculture And Rural Development 23.03.2031 Bonds	-	-	-	-	-	-	1,000	5,967	6.57
8.62% Rural Electrification Corporation Limited 09.09.2033 Bonds	-	-	-	-	-	-	1,000	300	0.38
9.00% Mahindra And Mahindra Financial Services Limited 06.06.2026 Bonds	-	-	-	-	-	-	1,000	10,552	11.65
9.25% Dewan Housing Finance Corporation Limited 09.09.2023 NCD	-	-	-	-	-	-	1,000	13,538	14.29
8.20% Housing Development Finance Corporation Bank Limited 29.07.2021 Bonds	-	-	-	-	-	-	10,000,000	5	53.53
9.10% Dewan Housing Finance Corporation Limited 16.08.2019 NCD	-	-	-	-	-	-	1,000	1,047	1.12
7.80% Housing Development Finance Corporation Limited 11.11.2019 Bonds	-	-	-	-	-	-	10,000,000	5	51.71
8.75% National Highways Authority Of India 05.02.2029 Bonds	-	-	-	-	-	-	1,000	4,402	5.23
7.65% Bejaj Finance Limited 21.10.2021 NCD	-	-	-	-	-	-	1,000,000	50	51.01
8.01% Tata Sons Limited 02.09.2021 Bonds	-	-	-	-	-	-	1,000,000	100	99.77
9.40% Reliance Home Finance Limited 03.01.2032 Bonds	-	-	-	-	-	-	1,000	400	0.41
8.90% Aditya Birla Finance Limited 20.11.2026	-	-	-	-	-	-	1,000,000	1	1.05
8.75% Muthoot Finance Limited 30.01.2019 Bonds	-	-	-	-	-	-	1,000	340	0.34
9.00% Muthoot Finance Limited 30.01.2020 Bonds	-	-	-	-	-	-	1,000	1,986	2.01
9.75% Srei Equipment Finance Limited 17.01.2022 Bonds	-	-	-	-	-	-	1,000	266	0.26
8.93% National Housing Bank 24.03.2029 Bonds	-	-	-	-	-	-	5,000	717	4.30
0% Srei Equipment Finance Limited 21.02.2018 NCD	-	-	-	-	-	-	1,000	1,000	1.01
7.28% National Highways Authority Of India 18.09.2030 NCD	-	-	-	-	-	-	1,000,000	-	2.81
<b>Total Debt Securities (B)</b>			125.30			389.24			450.27
<b>Preference Shares</b>									
6.00% Zee Entertainment Enterprises Limited 05.03.2022 Preference Shares Se-I	8	-	-	8	3,000,000	24.32	-	-	-
7.50 % Redeemable Preference Shares - Vedanta Limited	10	-	-	10	419,512	4.44	-	-	-
<b>Total Preference Shares (C)</b>						28.76			
<b>Total (A+B+C)</b>			13,804.53			14,824.85			15,014.37



**Edelweiss Finance & Investments Limited**

**Notes to financial statements (continued)**

(Currency: Indian rupees in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>7. Receivables</b>			
a) Trade receivables			
Receivables considered good - Unsecured (Refer note 3.A)	6,283.79	4,563.14	222.97
<b>Trade Receivables (a)</b>	<b>6,283.79</b>	<b>4,563.14</b>	<b>222.97</b>
b) Other receivables			
Receivables considered good - Unsecured	0.84	95.30	105.23
<b>Other receivables (b)</b>	<b>0.84</b>	<b>95.30</b>	<b>105.23</b>
<b>Total Receivables (a) + (b)</b>	<b>6,284.63</b>	<b>4,658.44</b>	<b>328.20</b>

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
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 or partner, a director or a member

**d) Trade receivables days past due**

As at March 31, 2019	Current	1-90 days	91-180 days	181-270 days	270-360 days	> 360 days	Total
<b>ECL Rates</b>							
Estimated total gross carrying amount at default *	6,283.79	-	-	-	-	-	6,283.79
ECL - Simplified approach	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>6,283.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,283.79</b>
As at March 31, 2018	Current	1-90 days	91-180 days	181-270 days	270-360 days	> 360 days	Total
<b>ECL Rates</b>							
Estimated total gross carrying amount at default *	4,563.14	-	-	-	-	-	4,563.14
ECL - Simplified approach	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>4,563.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,563.14</b>
As at April 01, 2017	Current	1-90 days	91-180 days	181-270 days	270-360 days	> 360 days	Total
<b>ECL Rates</b>							
Estimated total gross carrying amount at default *	222.97	-	-	-	-	-	222.97
ECL - Simplified approach	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>222.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222.97</b>

\* Receivables includes receivables from cleaning 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.

**8. Investments**

	As at March 31, 2019		As at March 31, 2018			As at April 01, 2017			
	Face Value	Quantity	Amount	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>Investments</b>									
<b>Equity Instruments (Fully paid up)</b>									
<i>at Amortised Cost</i>									
<b>Subsidiary Companies</b>									
EC Global Limited	-	-	-	-	-	-	USD 1	25,000	0.44
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.44</b>
(i) Investments outside India	-	-	-	-	-	-	-	-	0.44
(ii) Investments in India	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.44</b>



**Edelweiss Finance & Investments Limited**

**Notes to financial statements (continued)**

(Currency : Indian rupees in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>9. Other financial assets</b>			
Deposits placed with exchange/depositories	139.90	112.40	39.80
Deposits- others	1.07	0.82	0.98
Margin placed with broker (refer note 5.A)	303.47	41.51	16.18
Accrued interest on margin	0.28	0.69	0.14
Triparty Repo	3,900.00	-	-
Other assets	9.00	9.39	-
	<b>4,353.72</b>	<b>164.81</b>	<b>57.10</b>
<b>10. Current tax assets (net)</b>			
Advance income taxes	260.47	437.77	181.37
(Net of provision for tax Rs. 79.03 million as at March 31, 2019, Rs. 534.38 million as at March 31, 2018 and Rs. 1,310.06 million as at April 1, 2017)			
	<b>260.47</b>	<b>437.77</b>	<b>181.37</b>
<b>11. Deferred tax assets (net)</b>			
<b>Deferred tax assets</b>			
<b><u>Property, Plant and Equipment &amp; Intangible assets</u></b>			
Difference between book and tax depreciation	2.07	2.38	-
<b><u>Investment and other financial instruments</u></b>			
Unrealised loss on Derivatives	89.78	6.31	1.80
Fair valuation of investments and securities held for trading - loss in valuation	-	2.26	-
<b><u>Fair valuation of employee stock option</u></b>	-	37.77	30.61
<b><u>MAT credit entitlement</u></b>	-	6.47	-
<b><u>Employee benefit obligations</u></b>			
Disallowances under section 43B of the Income Tax Act, 1961	0.48	37.26	30.80
<b><u>Others</u></b>	1.83	-	-
	<b>94.16</b>	<b>92.45</b>	<b>63.21</b>
<b>Deferred tax liabilities</b>			
<b><u>Property, Plant and Equipment &amp; Intangible assets</u></b>			
Difference between book and tax depreciation	-	-	0.62
<b><u>Investment and other financial instruments</u></b>			
Fair valuation of investments and securities held for trading - gain in valuation	19.73	-	7.04
Unrealised Gain On Derivatives	0.40	10.92	15.46
	<b>20.13</b>	<b>10.92</b>	<b>23.12</b>
	<b>74.03</b>	<b>81.53</b>	<b>40.09</b>





**Edelweiss Finance & Investments Limited**

**Notes to financial statements (continued)**

(Currency : Indian rupees in million)

**12. Property, plant and equipment and intangible assets**

Particulars	Property, plant and equipment					Other Intangible Assets		Total
	Building	Vehicles	Office equipment	Computers	Total	Computer Software	Total	
<b>Deemed cost*</b>								
As at April 1, 2017	1.25	7.79	0.15	1.26	10.45	1.30	1.30	11.75
Additions	-	1.63	0.16	2.83	4.62	4.17	4.17	8.79
Disposals	-	(1.22)	(0.03)	(0.01)	(1.26)	-	-	(1.26)
as at March 31, 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
<b>Depreciation and Impairment:</b>								
As at April 1, 2017 *	-	-	-	-	-	-	-	-
Depreciation/Amortisation for the year	0.06	2.65	0.10	1.23	4.04	0.76	0.76	4.80
Disposals	-	-	(0.01)	-	(0.01)	-	-	(0.01)
as at March 31, 2018	0.06	2.65	0.09	1.23	4.09	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
<b>Net Book Value</b>								
As at April 01, 2017	1.25	7.79	0.15	1.26	10.45	1.30	1.30	11.75
As at March 31, 2018	1.19	5.55	0.19	2.85	9.78	4.71	4.71	14.49
As at March 31, 2019	1.13	3.32	0.10	2.01	6.56	9.27	9.27	15.83

\* The Company has elected to continue with the carrying value of all of its property, plant and equipment and other intangible assets recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



# Edelweiss Finance & Investments Limited

## Notes to financial statements (continued)

(Currency : Indian rupees in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>13. Other non-financial assets</b>			
(Unsecured considered good, unless stated otherwise)			
Input tax credit	22.42	11.67	1.59
Vendor Advances	3.70	1.32	-
Contribution to gratuity fund (net) (refer note 28)	1.50	1.47	0.98
Prepaid expenses	1.53	1.85	-
Advances to employees	1.88	-	-
	<b>31.03</b>	<b>16.31</b>	<b>2.58</b>
<b>14. Trade Payables</b>			
(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.A)	49.40	54.64	39.20
	<b>49.40</b>	<b>54.64</b>	<b>39.20</b>
<b>14.A Details of dues to micro and small enterprises</b>			
Trade Payables includes Rs.Nil (March 31, 2018: Rs.Nil; April 1, 2017: 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.			
<b>15. Borrowings other than Debt Securities</b>			
(At amortised cost)			
<u>Secured</u>			
<b>Triparty Repo</b>			
[Secured by pledge of Government securities and Treasury-bills]	18,062.90	-	-
[March 31, 2019; Repayable on April 02, 2019 Interest payable in range of 5.50% to 7.30%]			
<b>Collateralised borrowing and lending obligation and Clearcorp repo order matching system</b>	-	17,373.62	11,439.99
[Secured by pledge of Government securities and Treasury-bills]			
[March 31, 2018; Repayable on April 03, 2018 Interest payable in range of 4.40% to 7.10%]			
[March 31, 2017; Repayable on April 03, 2017 Interest payable in range of 4.00% to 7.70%]			
<u>Unsecured</u>			
<b>Loan from related parties</b>	5,052.27	196.08	2,635.10
(Refer note 36 on Related party transaction)			
(Repayable on demand, Interest payable in the range of 9.00% to 12.50% for March 31, 2019, 9% for March 31, 2018 and 9.00% to 12.00% for March 31, 2017)			
	<b>23,115.17</b>	<b>17,569.70</b>	<b>14,075.09</b>
Borrowings in India	23,115.17	17,569.70	14,075.09
Borrowings outside India	-	-	-
	<b>23,115.17</b>	<b>17,569.70</b>	<b>14,075.09</b>
<b>16. Subordinated Liabilities</b>			
(at Amortised Cost)			
<u>Unsecured</u>			
<b>Preference Shares</b>	516.59	516.59	516.59
	<b>516.59</b>	<b>516.59</b>	<b>516.59</b>
<b>Subordinated liabilities in India</b>	516.59	516.59	516.59
<b>Subordinated liabilities outside India</b>	-	-	-
	<b>516.59</b>	<b>516.59</b>	<b>516.59</b>

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.



**Edelweiss Finance & Investments Limited**

**Notes to financial statements (continued)**

(Currency : Indian rupees in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>17. Other financial liabilities</b>			
Accrued salaries and benefits	20.00	39.07	47.58
Provision for dividend distribution tax	9.25	9.34	9.34
Unpaid dividends	3.31	0.39	0.39
Book overdraft	-	-	1.48
	<b>32.56</b>	<b>48.80</b>	<b>58.79</b>
<b>18. Current tax liabilities (net)</b>			
Provision for taxation (Net of advance tax Rs. 514.80 million as at March 31, 2019, Rs. 778.16 million as at March 31, 2018, Rs. 620.13 million as at April 1, 2017)	80.24	194.00	195.07
	<b>80.24</b>	<b>194.00</b>	<b>195.07</b>
<b>19. Provisions</b>			
Provision for employee benefits			
Compensated leave absences	1.45	1.10	0.67
Deferred bonus	-	105.52	151.65
Others	9.01	9.01	-
	<b>10.46</b>	<b>115.63</b>	<b>152.32</b>
<b>20. Other non-financial liabilities</b>			
Statutory liabilities*	3.71	14.92	24.45
Others	12.63	3.63	1.74
	<b>16.34</b>	<b>18.55</b>	<b>26.19</b>

\* 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)

21. Equity share capital	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
<b>Authorized :</b>						
Equity Shares of Rs.10 each	41,620,000	416.20	41,620,000	416.20	3,000,000	30.00
Preference shares of Rs 10 each	31,380,000	313.80	31,380,000	313.80	70,000,000	700.00
	<b>73,000,000</b>	<b>730.00</b>	<b>73,000,000</b>	<b>730.00</b>	<b>73,000,000</b>	<b>730.00</b>
<b>Issued, Subscribed and Paid up:</b>						
Equity Shares of Rs.10 each	3,435,332	34.35	3,435,332	34.35	2,655,020	26.55
	<b>3,435,332</b>	<b>34.35</b>	<b>3,435,332</b>	<b>34.35</b>	<b>2,655,020</b>	<b>26.55</b>
<b>21.A Reconciliation of number of shares</b>						
	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	3,435,332	34.35	2,655,020	26.55	2,655,020	26.55
Shares issued during the year (Refer note below)	-	-	780,312	7.80	-	-
<b>Outstanding at the end of the year</b>	<b>3,435,332</b>	<b>34.35</b>	<b>3,435,332</b>	<b>34.35</b>	<b>2,655,020</b>	<b>26.55</b>

**Notes:**

During the financial year 2017-18, the Company has issued 780,312 fully paid-up equity shares of Rs.10 each at a premium of Rs 502 each for the consideration of Rs.399.50 million to Edelweiss Financial Services Limited.

**21.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.

**21.C Shares held by holding/ultimate holding company**

Holding company	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
Edelweiss Financial Services Limited #	3,435,332	100.00%	3,435,332	100.00%	2,655,020	100.00%
	<b>3,435,332</b>	<b>100.00%</b>	<b>3,435,332</b>	<b>100.00%</b>	<b>2,655,020</b>	<b>100.00%</b>

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

Holding company	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
Edelweiss Financial Services Limited #	3,435,332	100.00%	3,435,332	100.00%	2,655,020	100.00%
	<b>3,435,332</b>	<b>100.00%</b>	<b>3,435,332</b>	<b>100.00%</b>	<b>2,655,020</b>	<b>100.00%</b>

# including 6 shares held by nominees of Edelweiss Financial Services Limited

**21.E There are no shares reserved for issue under options and contracts / commitments for the sale of shares / divestment.**


## Edelweiss Finance & Investments Limited

### Notes to financial statements (continued)

(Currency : Indian rupees in million)

#### 22. Other Equity

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
a. Capital redemption reserve	9.71	9.71	9.71
b. Securities Premium Reserve	711.81	711.81	320.09
c. Statutory Reserve	921.04	921.04	878.58
d. General Reserve	90.26	90.26	90.26
e. Retained Earnings	65.36	106.67	14.73
f. Deemed capital contribution - Equity	15.18	15.18	10.95
	<b>1,813.36</b>	<b>1,854.67</b>	<b>1,324.32</b>

#### 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)

#### 22. Other Equity

#### 22. Other Equity (continued)

#### B. Movement in Other Equity

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>I. Capital redemption reserve</b>			
Opening Balance	9.71	9.71	9.71
Add : Additions during the year	-	-	-
	<u>9.71</u>	<u>9.71</u>	<u>9.71</u>
<b>II. Securities Premium Reserve</b>			
Opening Balance	711.81	320.09	1,977.73
Less: Reduction on account of demerger (refer note 42.01)	-	-	(1,657.64)
Add : Premium received on issue of equity shares	-	391.72	-
	<u>711.81</u>	<u>711.81</u>	<u>320.09</u>
<b>III. Statutory Reserve</b>			
Opening Balance	921.04	878.58	719.96
Add : Reserve created for the year	-	42.46	158.62
	<u>921.04</u>	<u>921.04</u>	<u>878.58</u>
<b>IV. General Reserve</b>			
Opening Balance	90.26	90.26	90.26
Add : Addition during the year	-	-	-
	<u>90.26</u>	<u>90.26</u>	<u>90.26</u>
<b>V. Retained Earnings</b>			
Opening Balance	106.67	14.73	319.86
Add: (Loss) / profit for the year	(3.64)	126.93	793.11
Add: Other Comprehensive Income	0.10	0.31	-
Less / Add : Income tax effect of ESOPs	(37.77)	7.16	30.61
Less: Profit transferred of demerged divisions (Refer note 42.01)	-	-	(272.08)
Add / Less: Impact on First time Adoption of Ind AS	-	-	28.14
<b>Amount available for appropriation (a)</b>	<u>65.36</u>	<u>149.13</u>	<u>899.64</u>
Appropriations:			
Interim dividend on equity shares	-	-	(557.55)
Dividend-distribution-tax	-	-	(122.85)
Transfer to Special Reserve	-	(42.46)	(158.62)
Proposed dividend on preference shares	-	-	(45.89)
<b>Appropriations (b)</b>	<u>-</u>	<u>(42.46)</u>	<u>(884.91)</u>
<b>Total V - (a - b)</b>	<u>65.36</u>	<u>106.67</u>	<u>14.73</u>
<b>VI. Deemed capital contribution - Equity</b>			
Opening Balance	15.18	10.95	-
Add : ESOPs charged during the year	-	4.23	10.95
	<u>15.18</u>	<u>15.18</u>	<u>10.95</u>
<b>Total = (I+II+III+IV+V+VI)</b>	<u>1,813.36</u>	<u>1,854.67</u>	<u>1,324.32</u>



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

(Currency : Indian rupees in million)

	<u>For the year ended March 31, 2019</u>	<u>For the year ended March 31, 2018</u>
<b>23. Interest Income</b>		
<b>On Financial assets measured at fair value through profit or loss</b>		
Interest income from debt securities held for trading	1,400.65	1,573.87
<b>On Financial assets measured at amortised cost</b>		
Interest income on fixed deposits with Bank	3.45	3.40
Interest income on collateralised borrowing and lending operations	2.39	2.98
Other interest income		
- On margin with brokers	2.18	3.61
- On others	1.99	6.83
	<u>1,410.66</u>	<u>1,590.69</u>
<b>24. Dividend Income</b>		
Dividend on securities held for trading	1.44	0.72
	<u>1.44</u>	<u>0.72</u>
<b>25. Other income</b>		
Profit on sale of property, plant and equipment (net)	0.21	-
Interest on income tax refund	12.28	-
	<u>12.49</u>	<u>-</u>



# Edelweiss Finance & Investments Limited

## Notes to financial statements (continued)

(Currency : Indian rupees in million)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>26. Finance costs</b>		
<b>On Financial Liabilities measured at Amortised Cost</b>		
Interest on borrowings		
- Interest on collateralised borrowing and lending operations	79.31	337.01
- Interest on clearcorp repo order matching system	943.34	705.19
- Interest on loan from fellow subsidiaries	79.19	222.13
- Interest on bank overdraft	0.57	0.54
Interest on subordinated liabilities		
- Dividend on preference shares	55.24	55.24
Other interest expense		
- Finance and bank charges	4.47	3.94
- Collateralised borrowing and lending charges	42.34	29.48
	<b>1204.46</b>	<b>1353.53</b>

## 27. Net gain on fair value changes (including treasury income)

<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
On securities held for trading	(18.60)	289.06
On derivative financial instrument	77.36	(175.59)
<b>Profit on sale of investment held at cost</b>	-	(25.60)
	<b>58.76</b>	<b>87.87</b>
<b>Fair value changes</b>		
Realised	(117.45)	50.79
Unrealised	176.21	37.08
	<b>58.76</b>	<b>87.87</b>

## 28. Employee benefits expense

Salaries, wages and bonus (refer note 29.D)	25.18	120.12
Contribution to provident and other funds	3.54	5.39
Expense on Employee Stock Option Scheme (ESOP) - Refer Note below	5.47	4.23
Staff welfare expenses	1.58	2.55
	<b>35.77</b>	<b>132.29</b>

### Notes:

Edelweiss Financial Services Limited ("EFSL") the holding Company has granted an ESOP 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 Finance & Investments Limited

### Notes to financial statements (continued)

(Currency: Indian rupees in million)

#### 28 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. 3.38 million (previous year: Rs. 3.33 million) is recognised as expenses and included in "Employee benefits expense".

The Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal experts and the response/direction from the authorities, including on representations made by an industry association in this regard.

##### 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, 2019. 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, 2019	March 31, 2018	April 01, 2017
<b>Present Value of DBO at Start of the year</b>	<b>7.48</b>	<b>6.45</b>	<b>8.37</b>
<i>Service Cost</i>			
a. Current Service Cost	1.11	1.10	1.41
b. Past Service Cost	-	1.23	-
c. Loss/(Gain) from Settlement	-	-	-
Interest Cost	0.49	0.37	0.46
Benefits Paid	(0.21)	(0.24)	(0.96)
<i>Re-measurements</i>			
a. Actuarial Loss/(Gain) from changes in demographic assumptions	-	-	-
b. Actuarial Loss/(Gain) from changed in financials assumptions	0.13	(0.21)	0.16
c. Actuarial Loss/(Gain) from experience over last past year	(0.27)	(0.14)	(0.85)
Effect of acquisition / (divestiture)	-	-	-
Changes in foreign exchange rate	-	-	-
Transfer In / (Out)	(0.82)	(1.08)	(2.14)
<b>Present Value of DBO at end of the year</b>	<b>7.91</b>	<b>7.48</b>	<b>6.45</b>

#### Reconciliation of Fair Value of Plan Assets

	March 31, 2019	March 31, 2018	April 01, 2017
<b>Fair Value of Plan Assets at start of the year</b>	<b>8.95</b>	<b>8.49</b>	<b>8.38</b>
<i>Contributions by Employer</i>			
Benefits Paid	(0.21)	(0.24)	(0.96)
Interest Income Plan Assets	0.64	0.57	0.56
<i>Re-measurements</i>			
Return on plan assets excluding amount including in net interest on the net defined benefit liability / (asset)	0.02	0.13	0.50
Effect of acquisition / (divestiture)	-	-	-
Changes in foreign exchange rate	-	-	-
<b>Fair Value of Plan Assets at end of the year</b>	<b>9.41</b>	<b>8.95</b>	<b>8.49</b>
<i>Actual Return on Plan Assets</i>			
Expected Employer Contributions for the coming year	0.66	0.70	1.06
	-	-	-



# Edelweiss Finance & Investments Limited

## Notes to financial statements (continued)

(Currency: Indian rupees in million)

### 28 Employee benefits expense (continued)

#### Expenses recognised in the Profit and Loss Account

	March 31, 2019	March 31, 2018
<i>Service Cost</i>		
a. Current Service Cost	1.11	1.10
b. Past Service Cost	-	1.23
c. Loss/(Gain) from Settlement	-	-
Net Interest on net defined benefit liability / (asset)	(0.16)	(0.20)
Changes in foreign exchange rate	-	-
<b>Employer Expenses</b>	<b>0.96</b>	<b>2.13</b>

#### Net Liability / (Asset) recognised in the Balance sheet

	March 31, 2019	March 31, 2018	April 01, 2017
Present Value of DOB	7.91	7.48	6.45
Fair Value of Plan Assets	9.41	8.95	8.49
Liability / (Asset) recognised in the Balance Sheet	(1.50)	(1.47)	(2.03)
Funded Status (Surplus/ (Deficit)) *	1.50	1.47	2.03
Of which, Short term Liability	-	-	-
Experience Adjustment on Plan Liabilities: (Gain)/Loss	(0.27)	(0.14)	(0.85)

\* Surplus of Rs. 1.05 million transferred on account of demerger (refer note 42.01) and balance Rs. 0.98 million is appearing in other non financial asset as at April 1, 2017 (refer note 13).

#### Percentage Break-down of Total Plan Assets

	March 31, 2019	March 31, 2018	April 01, 2017
Equity instruments	-	-	-
Debt instruments	-	-	-
Real estate	-	-	-
Derivatives	-	-	-
Investment Funds with Insurance Company	99.9%	99.9%	99.9%
Of which, Unit Linked	99.9%	99.9%	99.9%
Of which, Traditional/ Non-Unit Linked	-	-	-
Asset-backed securities	-	-	-
Structured debt	-	-	-
Cash and cash equivalents	0.1%	0.1%	0.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### Actuarial assumptions:

	March 31, 2019	March 31, 2018	April 01, 2017
Salary Growth Rate (% p.a)	7% p.a	7% p.a	7% p.a
Discount Rate (% p.a)	7% p.a	7.3% p.a	6.8% p.a
Withdrawal Rate (% p.a)			
<i>Senior</i>	13% p.a	13% p.a	13% p.a
<i>Middle</i>	18% p.a	18% p.a	18% p.a
<i>Junior</i>	25% p.a	25% p.a	25% p.a
Mortality Rate	IALM 2012-14 (Ultimate)	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)
Interest Rate on Net DBO / (Asset) (%)	7.3% p.a	6.8% p.a	7.4% p.a
Expected weighted average remaining working life (years)	5 Years	5 Years	5 Years



# Edelweiss Finance & Investments Limited

## Notes to financial statements (continued)

(Currency: Indian rupees in million)

### 28 Employee benefits expense (continued)

#### Movement in Other Comprehensive Income

	March 31, 2019	March 31, 2018
Balance at start of year (Loss)/ Gain	NIL	NIL
<i>Re-measurements on DBO</i>		
a. Actuarial Loss/(Gain) from changes in demographic assumptions	-	-
b. Actuarial Loss/(Gain) from changed in financials assumptions	(0.13)	0.21
c. Actuarial Loss/(Gain) from experience over last past year	0.27	0.14
<i>Re-measurements on Plan Assets</i>	-	-
Return on plan assets excluding amount including in net interest on the net defined benefit liability / (asset)	0.02	0.13
Balance at end of year (Loss)/ Gain	0.16	0.48

#### Sensitivity Analysis

DOB increases / (decreases) by	March 31, 2019	March 31, 2018	April 01, 2017
1 % Increase in Salary Growth Rate	0.39	0.37	0.29
1 % Decrease in Salary Growth Rate	(0.36)	(0.34)	(0.27)
1 % Increase in Discount Rate	(0.36)	(0.34)	(0.27)
1 % Decrease in Discount Rate	0.39	0.37	0.30
1 % Increase in Withdrawal Rate	(0.03)	(0.03)	(0.07)
1 % Decrease in Withdrawal Rate	0.03	0.03	0.07
Mortality (Increase in expected lifetime by 1 year)	Negligible Change	Negligible Change	Negligible Change
Mortality (Increase in expected lifetime by 3 year)	Negligible Change	Negligible Change	Negligible Change

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, 2019	March 31, 2018	April 01, 2017
Surplus / (Deficit) at start of year	1.47	0.98	0.01
Net (Acquisition) / Divestiture	-	-	-
Net Transfer (In)/ Out	0.82	1.08	2.14
<i>Movement during the year</i>	-	-	-
Current Service Cost	(1.11)	(1.10)	(1.41)
Past Service Cost	-	(1.23)	-
Net Interest on net DBO	0.16	0.20	0.10
Changes in foreign exchange rate	-	-	-
Re-measurements	0.16	0.48	1.19
Contributions / Benefits	0.01	-	-
Impact of demerger *	-	1.05	(1.05)
Surplus / (Deficit) at end of year	1.50	1.47	0.98

\* Surplus of Rs. 1.05 million transferred on account of demerger (refer note 42.01)



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

(Currency : Indian rupees in million)

	For the year ended March 31, 2019	for the year ended March 31, 2018
<b>29. Other expenses</b>		
Advertisement and business promotion	0.15	0.14
Auditors' remuneration (refer note 29.A)	1.77	2.02
Commission and brokerage	0.22	0.47
Communication	1.57	1.85
Directors' sitting fees	0.46	0.50
Insurance	0.09	0.08
Legal and professional fees	5.83	35.27
Printing and stationery	0.26	0.18
Rates and taxes	8.63	7.50
Rent (refer note 29.C and 29.D)	9.09	12.35
Repairs and maintenance (refer note 29.D)	0.06	0.17
Electricity charges (refer note 29.D)	0.93	1.31
Foreign exchange loss (net)	0.01	-
Computer expenses	0.57	0.25
Computer software	6.09	1.79
Corporate social responsibility (refer note 29.B)	5.00	4.02
Clearing & custodian charges	0.24	1.23
Dematerialisation charges	-	0.07
Rating support fees	0.13	0.26
Membership and subscription	0.09	-
Office expenses	17.46	0.03
Securities transaction tax	-	0.05
Seminar & Conference	0.02	0.03
Stamp duty	2.41	3.07
Stock exchange expenses	-	0.26
Travelling and conveyance	5.63	5.89
Miscellaneous expenses	6.88	0.31
Housekeeping and security charges (refer note 29.D)	0.29	-
	<b>73.88</b>	<b>79.12</b>

**29.A Auditors' remuneration:**
**As a Auditor**

Audit fees	1.70	1.95
Reimbursement of expenses	0.07	0.07
	<b>1.77</b>	<b>2.02</b>

**29.B Details of CSR Expenditure:**

<b>Gross Amount required to be spent by the Company as per the provisions of Section 135 of Companies Act, 2013.</b>	<b>14.99</b>	<b>19.50</b>
Amount Spent (paid in cash)		
i) Construction/ acquisition of any assets	-	-
ii) On purpose other than (i) above	5.00	4.02
Amount Spent (yet to be paid in cash)		
i) Construction/ acquisition of any assets	-	-
ii) On purpose other than (i) above	-	-
	<b>5.00</b>	<b>4.02</b>
Amount paid to EdelGive Foundation (refer note 36 related party disclosure)	5.00	4.02
Paid to external parties	-	-
	<b>5.00</b>	<b>4.02</b>

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. 225.19 million (Previous year: Rs. 177.84 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 31 March 2019, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended 31 March 2019.

**29.C Operating leases**

The Company has taken premises on operating lease. Rental expenses for the year aggregated to Rs.9.09 million (Previous year Rs.12.35 million) which has been included under the head Other expenses – Rent in the statement of profit and loss.

**29.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 28 and 29 include reimbursements paid and are net of the reimbursements received based on the management's best estimate are Rs. 11.86 million (previous year Rs. 14.37 million)



## Edelweiss Finance & Investments Limited

### Notes to financial statements (continued)

(Currency : Indian rupees in million)

#### 30. Income Tax

##### 30.A Component of Income Tax Expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax	79.47	6.47
Adjustment in respect of current income tax of Prior years	6.64	(165.16)
Deferred tax relating to temporary differences	(36.79)	(27.97)
MAT Credit entitlement	-	(6.47)
<b>Total Tax Charge for the year</b>	<b>49.32</b>	<b>(193.13)</b>
<b>Current Tax (Refer Note 30.B)</b>	<b>86.11</b>	<b>(158.69)</b>
<b>Deferred Tax (Refer Note 30.C)</b>	<b>(36.79)</b>	<b>(34.44)</b>

##### 30.B Reconciliation of total tax charge

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Profit / (Loss) before Taxes</b>	<b>45.68</b>	<b>(66.20)</b>
Statutory Income Tax rate	34.94%	34.61%
<b>Tax Charge at Statutory Rate</b>	<b>15.96</b>	<b>-</b>
<b>Adjustment in respect of current income tax of prior year</b>	<b>6.64</b>	<b>(165.16)</b>
<b>MAT tax payable</b>	<b>-</b>	<b>6.47</b>
<b>Tax effect of :</b>		
<b>Income / Items not subject to tax to chargeable to lower tax rate</b>		
Dividend Income	(0.50)	(0.25)
Loss on sale of shares	-	(8.86)
<b>Non deductible expenses</b>		
Dividend on Preference shares	19.30	19.12
Interest on shortfall of advance tax	0.08	(0.34)
Donation expense	0.87	1.39
<b>Recognition of available Minimum Alternate Tax credit</b>	<b>-</b>	<b>(6.47)</b>
<b>Others</b>	<b>6.97</b>	<b>(39.03)</b>
<b>Total Tax Expenses Reported in Statement of Profit and Loss</b>	<b>49.32</b>	<b>(193.13)</b>
<b>Effective Income Tax Rate</b>	<b>107.96%</b>	<b>291.75%</b>





**Edelweiss Finance & Investments Limited**

**Notes to financial statements (continued)**

(Currency : Indian rupees in million)

**30.C Movement of Deferred Tax assets**

**Financial Year 2018-19**

**Movement for the period (2018-19)**

	As on March 31, 2018	Recognised in profit or loss	Recognised in OCI	Recognised in other equity	Others	Total movement	As on March 31, 2019
<b>Deferred tax assets</b>							
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
<b>Deferred tax liabilities</b>							
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)
<b>Deferred tax assets (net)</b>	<b>81.53</b>	<b>36.79</b>	<b>(0.06)</b>	<b>(37.77)</b>	<b>(6.47)</b>	<b>(7.50)</b>	<b>74.03</b>

**Financial Year 2017-18**

**Movement for the period (2017-18)**

	As on April 1, 2017	Recognised in profit or loss	Recognised in OCI	Recognised in other equity	Others	Total movement	As on March 31, 2018
<b>Deferred tax assets</b>							
Property, Plant and Equipment & Intangible assets	(0.62)	3.00	-	-	-	3.00	2.38
Unrealised loss on Derivatives	1.80	4.51	-	-	-	4.51	6.31
Fair valuation of investments and securities held for trading - loss in valuation	(7.04)	9.30	-	-	-	9.30	2.26
ESOP cost	30.61	-	-	7.16	-	7.16	37.77
MAT credit entitlement	-	6.47	-	-	-	6.47	6.47
Employee benefits obligations	30.80	6.63	(0.17)	-	-	6.46	37.26
Others	-	-	-	-	-	-	-
<b>Deferred tax liabilities</b>							
Unrealised Gain On Derivatives	(15.46)	4.54	-	-	-	4.54	(10.92)
<b>Deferred tax assets (net)</b>	<b>48.09</b>	<b>34.44</b>	<b>(0.17)</b>	<b>7.16</b>	<b>-</b>	<b>41.44</b>	<b>81.53</b>



## Edelweiss Finance & Investments Limited

### Notes to financial statements (continued)

(Currency : Indian rupees in million)

#### 31. 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, 2019	For the year ended March 31, 2018
Net (loss) / profit attributable to Equity holders of the Company	(A)	(3.64)	126.93
Weighted average Number of Shares			
- Number of equity shares outstanding at the beginning of the year		3,435,332	2,655,020
- Number of equity shares issued during the year		-	780,312
Total number of equity shares outstanding at the end of the year		3,435,332	3,435,332
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	(B)	3,435,332	3,056,801
<b>Basic and diluted earnings per share (in rupees)</b>	<b>(A / B)</b>	<b>(1.66)</b>	<b>41.52</b>

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.

#### 32. 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.

##### 32.1 Contingent Liability

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
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	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	-	-

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

##### 32.3 Commitment

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a) Uncalled liabilities on non-current investments	-	-	-
b) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	3.98	0.06

#### 33. Segment Reporting

The Company's main business is trading and dealing in Government securities ("G-Sec") and fixed income securities. All other activities revolve around the main business. Further, all activities are carried out in India. As such, there are no separate reportable segments as per the pronouncements of Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'.



**Edelweiss Finance & Investments Limited**

**Notes to financial statements (continued)**

(Currency : Indian rupees in million)

**34. Cash Flow Disclosure**

**Change in Liabilities arising from financing activities**

Particulars	As at March 31, 2018	Cash Flows	Changes in Fair value	Others (net) *	As at March 31, 2019
Borrowings other than Debt Securities	17,569.70	5,566.33	-	(20.86)	23115.17
Subordinated Liabilities	516.59	-	-	-	516.59
	<b>18086.29</b>	<b>5566.33</b>	<b>-</b>	<b>(20.86)</b>	<b>23631.76</b>

Particulars	As at April 01, 2017	Cash Flows	Changes in Fair value	Others (net) *	As at March 31, 2018
Borrowings other than Debt Securities	14,075.09	3,467.71	-	26.90	17,569.70
Subordinated Liabilities	516.59	-	-	-	516.59
	<b>14,591.68</b>	<b>3,467.71</b>	<b>-</b>	<b>26.90</b>	<b>18,086.29</b>

\* Other column includes the effect of accrued but not paid interest on borrowing





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

(Currency : Indian rupees in million)

**35. 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, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial Assets</b>									
Cash and cash equivalents	1,050.24	-	1,050.24	152.96	-	152.96	743.24	-	743.24
Bank balances other than cash and cash equivalents	53.33	-	53.33	50.02	-	50.02	50.00	-	50.00
Derivative financial instruments	1.01	-	1.01	26.44	-	26.44	-	-	-
Securities held for trading	13,804.53	-	13,804.53	14,824.88	-	14,824.88	15,014.37	-	15,014.37
Trade receivables	6,283.79	-	6,283.79	4,563.14	-	4,563.14	222.97	-	222.97
Other receivables	0.84	-	0.84	95.30	-	95.30	105.23	-	105.23
Investments	-	-	-	-	-	-	-	0.44	0.44
Other financial assets	4,203.75	149.97	4,353.72	42.20	122.61	164.81	16.32	40.78	57.10
<b>Non-financial assets</b>									
Current tax assets (net)	-	260.47	260.47	-	437.77	437.77	-	181.37	181.37
Deferred tax assets (net)	-	74.03	74.03	-	81.53	81.53	-	40.09	40.09
Property, Plant and Equipment	-	6.56	6.56	-	9.78	9.78	-	10.45	10.45
Other Intangible assets	-	9.27	9.27	-	4.71	4.71	-	1.30	1.30
Other non-financial assets	31.03	-	31.03	16.31	-	16.31	2.58	-	2.58
<b>Total Assets</b>	<b>25,428.52</b>	<b>500.30</b>	<b>25,928.82</b>	<b>19,771.25</b>	<b>656.41</b>	<b>20,427.65</b>	<b>16,154.71</b>	<b>274.43</b>	<b>16,429.14</b>
<b>Financial Liabilities</b>									
Derivative financial instruments	260.35	-	260.35	20.72	-	20.72	15.02	-	15.02
Trade payables	49.40	-	49.40	54.64	-	54.64	39.20	-	39.20
Borrowings (other than debt securities)	23,115.17	-	23,115.17	17,569.70	-	17,569.70	14,075.09	-	14,075.09
Subordinated Liabilities	45.89	470.70	516.59	45.89	470.70	516.59	45.89	470.70	516.59
Other financial liabilities	32.56	-	32.56	48.80	-	48.80	58.79	-	58.79
<b>Non-financial liabilities</b>									
Current tax liabilities (net)	80.24	-	80.24	-	194.00	194.00	-	195.07	195.07
Provisions	1.21	9.25	10.46	71.68	43.95	115.63	108.65	43.67	152.32
Other non-financial liabilities	12.90	3.44	16.34	14.96	3.59	18.55	22.60	3.59	26.19
<b>Total Liabilities</b>	<b>23,597.72</b>	<b>483.39</b>	<b>24,081.11</b>	<b>17,826.39</b>	<b>712.24</b>	<b>18,538.63</b>	<b>14,365.24</b>	<b>713.03</b>	<b>15,078.27</b>
<b>Net Assets</b>	<b>1,830.80</b>	<b>16.91</b>	<b>1,847.71</b>	<b>1,944.86</b>	<b>(55.84)</b>	<b>1,889.02</b>	<b>1,789.47</b>	<b>(438.60)</b>	<b>1,350.87</b>



**Edelweiss Finance & Investments Limited**  
**Notes to the financial statements (Continued)**  
(Currency: Indian Rupees in millions)

**36 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
Holding Company	Edelweiss Financial Services Limited
Fellow Subsidiaries	ECL Finance Limited ECap Equities Limited Edel Land Limited Edelweiss Securities Limited 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 BFSL Trading Limited BFSL Comtrade Limited BFSL Commodities Limited Edelweiss General Insurance Limited
	Edel Investments Limited EC International Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Asset Reconstruction Company Limited Auria Corporate Centre Limited Burlington Business Solutions Limited
Key Management Personnel	Venkatchalam Ramaswamy
Non executive director	P.N. Venkatachalam Vinod Juneja

Note: The above list contain name of only those related parties with whom the Company has undertaken transactions in current or previous year.

**ii. Transactions with related parties :**

Nature of Transactions	Related Party Name	March 31, 2019	31 March 2018
<b>A. Capital account transactions</b>			
Sale of equity shares	EC International Limited	-	26.04
Preference Shares transferred on demerger	Edelweiss Finvest Private Limited	-	490.58
<b>B Current account transactions</b>			
Loans taken from (refer note I below)	Edelweiss Finvest Private Limited Edelweiss Rural & Corporate Services Limited ECap Equities Limited	- 3,362.96 4,566.00	648.84 19,252.30 -
Loan repaid to (refer note I below)	Edelweiss Rural & Corporate Services Limited Edelweiss Finvest Private Limited	- -	19,516.51 648.84
Loans given to (refer note I below)	Edelweiss Rural & Corporate Services Limited	3,051.92	-
<b>C Secondary market transactions</b>			
Purchases of securities held for trading from	ECL Finance Limited Edelweiss Rural & Corporate Services Limited ECap Equities Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss Finvest Private Limited	2,625.64 1,132.24 - - 102.42	5,915.17 4,262.38 428.46 196.48 668.81
Sale of securities held for trading to	ECL Finance Limited Edelweiss Rural & Corporate Services Limited Edelweiss Securities Limited Edelweiss Tokio Life Insurance Company Limited ECap Equities Limited Edelweiss Finvest Private Limited Edelweiss Broking Limited Edelweiss General Insurance Limited Edelweiss Retail Finance Limited	2,448.82 249.79 166.49 86.19 - - - 99.91 315.46	8,549.20 657.19 753.66 50.45 0.26 480.15 112.67 237.59 -
Margin placed with (refer note I below)	Edelweiss Securities Limited Edel Investments Limited Edelweiss Custodial Services Limited	0.37 0.07 3.22	- 0.67 51.92



**Edelweiss Finance & Investments Limited**  
**Notes to the financial statements (Continued)**  
(Currency: Indian Rupees in millions)

**36 Disclosure of related parties transactions pursuant to Ind AS 24 "Related Party Disclosures" (continued)**

Margin refund received from (refer note 1 below)	Edelweiss Securities Limited	0.60	0.97
	Edel Investments Limited	-	57.31
	Edelweiss Custodial Services Limited	24.93	0.67
Amount paid to Broker for trading in cash segment	Edelweiss Securities Limited	-	209.19
Amount received from Broker for trading in cash segment	Edelweiss Securities Limited	-	320.31
<b>D Other transactions</b>			
Interest Expense on loan taken from	Ecap Equities Limited	4.69	-
	Edelweiss Rural & Corporate Services Limited	46.95	102.15
	Edelweiss Finvest Private Limited	27.55	119.97
Interest received on debt instruments from	ECL Finance Limited	0.37	5.41
	Edelweiss Housing Finance Limited	0.02	-
	Edelweiss Retail Finance Limited	26.70	-
Interest received on margin placed with brokers	Edelweiss Securities Limited	0.01	0.02
	Edelweiss Custodial Services Limited	2.66	3.49
Reimbursement paid to	Edelweiss Rural & Corporate Services Limited	-	1.13
Cost reimbursement paid to	Edelweiss Financial Services Limited	1.76	0.62
	Edelweiss Rural & Corporate Services Limited	7.73	12.97
	Edelweiss Business Services Limited	27.43	26.32
	Edelweiss Broking Limited	2.13	0.46
	Edelweiss Custodial Services Limited	0.12	-
	ECL Finance Limited	0.03	0.01
	Ecap Equities Limited	0.22	0.18
	Auris Corporate Centre Limited	-	0.01
	Burlington Business Solutions Limited	-	0.12
Corporate Guarantee support fee	Edelweiss Financial Services Limited	4.38	2.55
Rating support fees paid to	Edelweiss Financial Services Limited	0.12	0.26
Clearing charges and Stamp duty paid to	^ Edelweiss Securities Limited	0.00	0.18
Commission and brokerage paid to	^ Edelweiss Securities Limited	0.00	0.02
Donation given to	EdelGive Foundation	5.00	4.02
Remuneration payable to executive director (refer note 2 below)	Venkatchalam Ramaswamy	9.40	58.88
Sitting fees paid to non executive director	P.N. Venkatchalam	0.32	0.26
	Vinod Juneja	0.14	0.24
<b>E Balances with related parties</b>			
<b>Liabilities</b>			
Corporate guarantee taken from	Edelweiss Financial Services Limited	916.77	1,243.54
Interest expenses accrued and due on borrowings	Edelweiss Finvest Private Limited	-	26.91
Trade payables to	Edelweiss Financial Services Limited	5.09	3.16
	^ Edelweiss Securities Limited	0.00	-
	Edelweiss Rural & Corporate Services Limited	3.31	3.82
	Edelweiss Business Services Limited	11.63	15.01
	Edelweiss Broking Limited	-	0.50
	Ecap Equities Limited	0.07	-
	Edelweiss Alternative Asset Advisors Limited	-	5.32
	Edelweiss Finvest Private Limited	-	0.53
	Edel Investments Limited	0.72	0.11
	EFSL Commodities Limited	-	0.01
	Edel Land Limited	0.38	-
	ECL Finance Limited	0.23	-
	Edelweiss Asset Reconstruction Company Limited	-	0.01
Unsecured loan taken from	Ecap Equities Limited	4,566.00	-
	Edelweiss Rural & Corporate Services Limited	480.22	169.17
Investments			
Securities held for trading - Debentures of	ECL Finance Limited	2.41	4.45
	Edelweiss Housing Finance Limited	0.15	0.55
	Edelweiss Retail Finance Limited	-	1.98
Payable to Broker	Edelweiss Securities Limited	0.08	-



**Edelweiss Finance & Investments Limited**  
**Notes to the financial statements (Continued)**  
(Currency: Indian Rupees in millions)

**36 Disclosure of related parties transactions pursuant to Ind AS 24 "Related Party Disclosures" (continued)**

<b>Assets</b>			
<b>Accrued interest income on debentures of</b>	ECL Finance Limited	0.05	0.14
	Edelweiss Retail Finance Limited	-	0.03
	Edelweiss Housing Finance Limited	0.01	0.04
<b>Trade Receivables</b>	<sup>^</sup> ECL Finance Limited	0.00	-
	Edelweiss Securities Limited	0.36	89.67
	Edelweiss Rural & Corporate Services Limited	0.02	-
	Edel Land Limited	-	5.47
	Edelweiss Custodial Services Limited	0.15	0.16
	<sup>^</sup> EFSL Trading Limited	0.00	-
	Edelweiss Capital Markets Limited	0.14	-
<b>Other current assets</b>	<sup>^</sup> EFSL Comtrade Limited	0.00	-
<b>Margin Placed with Brokers</b>	Edelweiss Securities Limited	-	4.68
	Edelweiss Custodial Services Limited	93.93	22.23
	Edel Investments Limited	0.07	-
<sup>^</sup> - less than Rs. 0.01 million			

**Note:**

Note 1 : The intra group Company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.

Note 2 : 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)

#### 37. 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:

- a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- b) Maintain investment grade ratings for all its liability issuances domestically and internationally by ensuring that the financial strength of the balance sheets is preserved.
- c) Manage financial market risks arising from interest rate, equity prices and minimise the impact of market volatility on earnings.
- d) 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 below regulatory capital is computed in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India.

Particulars	As at March 31, 2019	As at March 31, 2018	As at 31 March 2017
<b>Capital Funds</b>			
Net owned funds (Tier I capital)	1,762.88	1,800.92	1,309.46
Tier II capital	470.70	470.70	470.70
<b>Total capital</b>	<b>2,233.58</b>	<b>2,271.62</b>	<b>1,780.16</b>
<b>Total risk weighted assets/ exposures</b>	<b>7,092.27</b>	<b>5,399.27</b>	<b>873.05</b>
<b>% of capital funds to risk weighted assets/exposures:</b>			
Tier I capital	24.86%	33.35%	149.99%
Tier II capital	6.64%	8.72%	53.91%
Total capital Funds	31.50%	42.07%	203.90%

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)

#### 38. 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, 2019	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
Derivative financial instruments				
Exchange-traded derivatives	0.18	-	-	0.18
OTC derivatives	-	1.01	-	1.01
<b>Total derivative financial instruments - A</b>	<b>0.18</b>	<b>1.01</b>	<b>-</b>	<b>1.19</b>
Financial Assets held for trading				
Government debt securities	13,679.23	-	-	13,679.23
Other debt securities	-	125.30	-	125.30
<b>Total Financial assets held for trading - B</b>	<b>13,679.23</b>	<b>125.30</b>	<b>-</b>	<b>13,804.53</b>
<b>Total Financial assets measured at fair value (A+B)</b>	<b>13,679.41</b>	<b>126.31</b>	<b>-</b>	<b>13,805.72</b>
<b>Liabilities measured at fair value on a recurring basis</b>				
Derivative financial instruments				
Exchange-traded derivatives	9.69	-	-	9.69
OTC derivatives	-	260.35	-	260.35
<b>Total derivative financial instruments</b>	<b>9.69</b>	<b>260.35</b>	<b>-</b>	<b>270.04</b>
<b>Total Financial liabilities measured at fair value</b>	<b>9.69</b>	<b>260.35</b>	<b>-</b>	<b>270.04</b>





**Edelweiss Finance & Investments Limited**

**Notes to financial statements (continued)**

(Currency : Indian rupees in million)

**38. Fair Value measurement:**

As at March 31, 2018	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Derivative financial instruments</b>				
Exchange-traded derivatives	3.29	-	-	3.29
OTC derivatives	-	26.44	-	26.44
<b>Total derivative financial instruments - A</b>	<b>3.29</b>	<b>26.44</b>	<b>-</b>	<b>29.73</b>
<b>Financial Assets held for trading</b>				
Government debt securities	14,406.88	-	-	14,406.88
Other debt securities	-	389.24	-	389.24
Preference Shares	28.76	-	-	28.76
<b>Total Financial assets held for trading - B</b>	<b>14,435.64</b>	<b>389.24</b>	<b>-</b>	<b>14,824.88</b>
<b>Total Financial assets measured at fair value (A+B)</b>	<b>14,438.93</b>	<b>415.68</b>	<b>-</b>	<b>14,854.61</b>
<b>Liabilities measured at fair value on a recurring basis</b>				
<b>Derivative financial instruments</b>				
Exchange-traded derivatives	-	-	-	-
OTC derivatives	-	20.72	-	20.72
<b>Total derivative financial instruments - A</b>	<b>-</b>	<b>20.72</b>	<b>-</b>	<b>20.72</b>
<b>Total Financial liabilities measured at fair value</b>	<b>-</b>	<b>20.72</b>	<b>-</b>	<b>20.72</b>

As at April 01, 2017	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Derivative financial instruments</b>				
Exchange-traded derivatives	-	-	-	-
OTC derivatives	-	-	-	-
<b>Total derivative financial instruments - A</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Assets held for trading</b>				
Government debt securities	14,564.10	-	-	14,564.10
Other debt securities	-	450.27	-	450.27
Preference Shares	-	-	-	-
<b>Total Financial assets held for trading - B</b>	<b>14,564.10</b>	<b>450.27</b>	<b>-</b>	<b>15,014.37</b>
<b>Total Financial assets measured at fair value (A+B)</b>	<b>14,564.10</b>	<b>450.27</b>	<b>-</b>	<b>15,014.37</b>
<b>Liabilities measured at fair value on a recurring basis</b>				
<b>Derivative financial instruments</b>				
Exchange-traded derivatives	-	-	-	-
OTC derivatives	-	15.02	-	15.02
<b>Total derivative financial instruments</b>	<b>-</b>	<b>15.02</b>	<b>-</b>	<b>15.02</b>
<b>Total Financial liabilities measured at fair value</b>	<b>-</b>	<b>15.02</b>	<b>-</b>	<b>15.02</b>

**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 and units of mutual fund:**

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.

**E. There have been no transfers between levels during the year ended March 31, 2018 and March 31, 2018.**



## Edelweiss Finance & Investments Limited

### Notes to financial statements (continued)

(Currency : Indian rupees in million)

#### 38. Fair Value measurement:

##### F. 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. This table does not include the fair values of non-financial assets and non-financial liabilities.

As at March 31, 2019	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Cash and cash equivalents	1,050.24	1,050.24	-	-	1,050.24
Bank balances other than cash and cash equivalents	53.33	53.33	-	-	53.33
Trade Receivables	6,283.79	-	6,283.79	-	6,283.79
Other Receivables	0.84	-	0.84	-	0.84
Other financial assets	4,353.72	-	4,353.72	-	4,353.72
<b>Total Financial Assets</b>	<b>11,741.92</b>	<b>1,103.57</b>	<b>10,638.35</b>	<b>-</b>	<b>11,741.92</b>
<b>Financial Liabilities</b>					
Trade payables	49.40	-	49.40	-	49.40
Borrowings (other than debt securities)	23,115.17	-	23,115.17	-	23,115.17
Subordinated Liabilities	516.59	-	516.59	-	516.59
Other financial liabilities	32.56	-	32.56	-	32.56
<b>Total Financial Liabilities</b>	<b>23,713.72</b>	<b>-</b>	<b>23,713.72</b>	<b>-</b>	<b>23,713.72</b>

As at March 31, 2018	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Cash and cash equivalents	152.96	152.96	-	-	152.96
Bank balances other than cash and cash equivalents	50.02	50.02	-	-	50.02
Trade Receivables	4,563.14	-	4,563.14	-	4,563.14
Other Receivables	95.30	-	95.30	-	95.30
Other financial assets	32.56	-	32.56	-	32.56
<b>Total Financial Assets</b>	<b>4,893.98</b>	<b>202.98</b>	<b>4,691.00</b>	<b>-</b>	<b>4,893.98</b>
<b>Financial Liabilities</b>					
Trade payables	54.64	-	54.64	-	54.64
Borrowings (other than debt securities)	17,569.70	-	17,569.70	-	17,569.70
Subordinated Liabilities	516.59	-	516.59	-	516.59
Other financial liabilities	48.80	-	48.80	-	48.80
<b>Total Financial Liabilities</b>	<b>18,189.73</b>	<b>-</b>	<b>18,189.73</b>	<b>-</b>	<b>18,189.73</b>





## Edelweiss Finance & Investments Limited

### Notes to financial statements (continued)

(Currency : Indian rupees in million)

#### 38. Fair Value measurement:

As at April 01, 2017	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Cash and cash equivalents	743.24	743.24	-	-	743.24
Bank balances other than cash and cash equivalents	50.00	50.00	-	-	50.00
Trade Receivables	222.97	-	222.97	-	222.97
Other Receivables	105.23	-	105.23	-	105.23
Other financial assets	57.10	-	57.10	-	57.10
<b>Total Financial Assets</b>	<b>1,178.54</b>	<b>793.24</b>	<b>385.30</b>	<b>-</b>	<b>1,178.54</b>
<b>Financial Liabilities</b>					
Trade payables	39.20	-	39.20	-	39.20
Borrowings (other than debt securities)	14,075.09	-	14,075.09	-	14,075.09
Subordinated Liabilities	516.59	-	516.59	-	516.59
Other financial liabilities	58.79	-	58.79	-	58.79
<b>Total Financial Liabilities</b>	<b>14,689.67</b>	<b>-</b>	<b>14,689.67</b>	<b>-</b>	<b>14,689.67</b>

#### G 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

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: bank balances other than cash and cash equivalents, trade and other receivables, other financial assets, trade payables and contract liability without a specific maturity, borrowings (other than debt securities), subordinated liabilities, other financial liabilities. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.



## Edelweiss Finance & Investments Limited

### Notes to financial statements (continued)

(Currency : Indian rupees in million)

#### 39. Risk Management

##### 39.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.

##### 39.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.

##### 39.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)

### 39.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
39.D.1	<b>Credit risk</b> 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 guarantees and 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.
39.D.2	<b>Liquidity risk</b> 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 proposed 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
39.D.3	<b>Market risk</b> 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

#### 39.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.



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

(Currency : Indian rupees in million)

**39.D.1 Credit Risk (continued)**
**Analysis of 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, 2019**

Particulars	Central & State Government	Financial Services	Agriculture	Industry	Real Estate	Service Sector	Others	Total
<b>Financial Assets</b>								
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	-	4,343.65	-	-	-	-	10.07	4,353.72
<b>Total Assets</b>	<b>13,679.23</b>	<b>11,858.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.07</b>	<b>10.07</b>	<b>25,547.46</b>

**As at March 31, 2018**

Particulars	Central & State Government	Financial Services	Agriculture	Industry	Real Estate	Service Sector	Others	Total
<b>Financial Assets</b>								
Cash and cash equivalents	-	152.96	-	-	-	-	-	152.96
Bank balances other than cash and cash equivalents	-	50.02	-	-	-	-	-	50.02
Derivative financial instruments	-	26.44	-	-	-	-	-	26.44
Securities held for trading	14,406.88	343.50	-	48.96	-	25.54	-	14,824.88
Trade receivables	-	-	-	-	-	-	4,563.14	4,563.14
Other receivables	-	89.83	-	-	-	-	5.47	95.30
Other financial assets	-	154.60	-	-	-	-	10.21	164.81
<b>Total Assets</b>	<b>14,406.88</b>	<b>817.35</b>	<b>-</b>	<b>48.96</b>	<b>-</b>	<b>25.54</b>	<b>4,578.81</b>	<b>19,877.55</b>

**As at April 1, 2017**

Particulars	Central & State Government	Financial Services	Agriculture	Industry	Real Estate	Service Sector	Others	Total
<b>Financial Assets</b>								
Cash and cash equivalents	-	743.24	-	-	-	-	-	743.24
Bank balances other than cash and cash equivalents	-	50.00	-	-	-	-	-	50.00
Securities held for trading	14,564.10	415.06	-	2.62	-	32.59	-	15,014.37
Trade receivables	-	-	-	-	-	-	222.97	222.97
Other receivables	-	105.23	-	-	-	-	-	105.23
Investments	-	0.44	-	-	-	-	-	0.44
Other financial assets	-	56.12	-	-	-	-	-	56.12
<b>Total Assets</b>	<b>14,564.10</b>	<b>1,370.09</b>	<b>-</b>	<b>2.62</b>	<b>-</b>	<b>32.59</b>	<b>223.95</b>	<b>16,193.35</b>



**Edelweiss Finance & Investments Limited**

**Notes to financial statements (continued)**

(Currency : Indian rupees in million)

**39. Risk Management (continued)**

**39.D.1 Credit Risk (continued)**

**Collateral held 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 charges over real estate properties, inventory, trade receivables, mortgages over residential properties, Securities. 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, 2019	As at March 31, 2018	As at April 01, 2017	
<b>Financial Assets</b>				
Cash and cash equivalents	1,050.24	152.96	743.24	
Bank balances other than cash and cash equivalents	53.33	50.02	50.00	
Derivative financial instruments	1.01	26.44	-	
Securities held for trading	15,804.53	14,824.88	15,014.37	The Company invest in Highly liquid Central/State Government securities & high rated Corporate Bonds
Trade receivables	6,283.79	4,563.14	222.97	These are receivables mainly from Clearing houses, Group. Carrying minimum risk.
Other receivables	0.04	95.30	105.23	
Investments	-	-	0.44	
Other financial assets	4,353.72	164.81	57.10	
<b>Total</b>	<b>25,547.46</b>	<b>19,877.55</b>	<b>16,193.35</b>	



39. Risk Management (continued)

39.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.

Company has a Liquidity Contingency Policy in place to ensure various liquidity parameters are defined and tracked regularly. Liquidity Management Team is provided with update on expected liquidity shortfalls in Normal as well as Stress scenario.

To manage the stressed circumstances the Company has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities and Mutual Funds. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting to 5-6% of the borrowings is sought to be maintained through such assets. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern. There are available lines of credit from banks which are drawable on notice which further augment the available sources of funds. Funding is raised through diversified sources including Banks, Sub Debt etc to maintain a healthy mix.

Liquidity Cushion:

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Liquidity cushion			
Triparty Repo	3,900.00	-	-
Debt Securities	125.30	389.24	450.27
Other quoted investments	-	28.76	-
<b>Total Liquidity cushion</b>	<b>4,025.30</b>	<b>418.00</b>	<b>450.27</b>

Financing Arrangement

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

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Committed Lines from Banks	50.00	50.00	50.00

Analysis of financial assets and liabilities by maturities

The table below summarizes 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 Group 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.

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
<b>Financial Assets</b>							
(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	4,040.97	312.75	-	-	-	-	4,353.72
<b>Total undiscounted financial assets</b>	<b>5,144.54</b>	<b>20,402.92</b>					<b>25,547.46</b>
	On Demand	Upto 3 Months	3 to 6 Months	6 Months to 1 year	1 year to 3 years	More than 3 years	Total
<b>Financial Liabilities</b>							
(a) Derivative financial instruments	-	260.35	-	-	-	-	260.35
(b) Trade payables	-	49.40	-	-	-	-	49.40
(c) Borrowings (other than debt securities)	5,052.27	18,062.90	-	-	-	-	23,115.17
(d) Subordinated Liabilities	-	45.89	-	-	-	470.70	516.59
(e) Other financial liabilities	-	32.56	-	-	-	-	32.56
<b>Total undiscounted financial liabilities</b>	<b>5,052.27</b>	<b>18,451.10</b>				<b>470.70</b>	<b>23,974.07</b>
<b>Total net financial assets / (liabilities)</b>	<b>92.27</b>	<b>1,951.82</b>				<b>(470.70)</b>	<b>1,573.39</b>





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

(Currency : Indian rupees in million)

**39. Risk Management (continued)**
**39. Risk Management**
**39.D.2 Liquidity risk (continued)**
**As at March 31, 2018 - 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
<b>Financial Assets</b>							
(a) Cash and cash equivalents	152.96	-	-	-	-	-	152.96
(b) Bank balances other than cash and cash equivalents	50.02	-	-	-	-	-	50.02
(c) Derivative financial instruments	-	26.44	-	-	-	-	26.44
(d) Securities held for trading	-	14,824.88	-	-	-	-	14,824.88
(e) Receivables	-	4,563.14	-	-	-	-	4,563.14
(i) Trade receivables	-	95.30	-	-	-	-	95.30
(ii) Other receivables	-	4,563.14	-	-	-	-	4,563.14
(f) Other financial assets	-	51.59	-	-	-	113.22	164.81
<b>Total Financial Assets</b>	<b>202.98</b>	<b>19,561.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113.22</b>	<b>19,877.55</b>
<b>Financial Liabilities</b>							
(a) Derivative financial instruments	-	20.72	-	-	-	-	20.72
(b) Trade payables	-	54.64	-	-	-	-	54.64
(c) Borrowings (other than debt securities)	196.08	17,373.62	-	-	-	-	17,569.70
(d) Subordinated Liabilities	-	45.89	-	-	-	470.70	516.59
(e) Other financial liabilities	-	48.80	-	-	-	-	48.80
<b>Total Financial Liabilities</b>	<b>196.08</b>	<b>17,543.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>470.70</b>	<b>18,210.45</b>
<b>Total net financial assets / (liabilities)</b>	<b>6.90</b>	<b>2,017.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(357.48)</b>	<b>1,660.20</b>

**As at April 1, 2017 - 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
<b>Financial Assets</b>							
(a) Cash and cash equivalents	743.24	-	-	-	-	-	743.24
(b) Bank balances other than cash and cash equivalents	50.00	-	-	-	-	-	50.00
(c) Securities held for trading	-	15,014.37	-	-	-	-	15,014.37
(d) Receivables	-	222.97	-	-	-	-	222.97
(i) Trade receivables	-	105.23	-	-	-	-	105.23
(ii) Other receivables	-	117.74	-	-	-	-	117.74
(e) Investments	-	-	-	-	-	0.44	0.44
(f) Other financial assets	-	16.32	-	-	-	40.78	57.10
<b>Total Financial Assets</b>	<b>793.24</b>	<b>15,358.89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41.22</b>	<b>16,193.35</b>
<b>Financial Liabilities</b>							
(a) Derivative financial instruments	-	15.02	-	-	-	-	15.02
(b) Trade payables	-	39.20	-	-	-	-	39.20
(c) Borrowings (other than debt securities)	2,635.10	11,439.99	-	-	-	-	14,075.09
(d) Subordinated Liabilities	-	45.89	-	-	-	470.70	516.59
(e) Other financial liabilities	-	58.79	-	-	-	-	58.79
<b>Total Financial Liabilities</b>	<b>2,635.10</b>	<b>11,598.89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>470.70</b>	<b>14,704.69</b>
<b>Total net financial assets / (liabilities)</b>	<b>(1,841.86)</b>	<b>3,760.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(429.48)</b>	<b>1,488.66</b>

\* The Company had taken temporary borrowing from its related parties aggregating to Rs. 2,635.10 million leading to a mismatch as at April 1, 2017. The Company as part of its ALCO/ALM activities and post demerger of its lending and investment business had realigned its borrowings and assets profile and had ensured a positive ALM position as at March 31, 2018.



39. Risk Management (continued)

39.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, 2019			As at March 31, 2018			As at April 01, 2017		
	Carrying Amount	Traded Risk	Non traded risk	Carrying Amount	Traded Risk	Non traded risk	Carrying Amount	Traded Risk	Non traded risk
<b>Financial Assets</b>									
Cash and cash equivalents	1,050.24	-	1,050.24	152.96	-	152.96	743.24	-	743.24
Bank balances other than cash and cash equivalents	53.33	-	53.33	50.02	-	50.02	50.00	-	50.00
Derivative financial instruments	1.01	1.01	-	26.44	26.44	-	-	-	-
Securities held for trading	13,804.53	13,804.53	-	14,824.88	14,824.88	-	15,014.37	15,014.37	-
Trade receivables	6,283.79	-	6,283.79	4,563.14	-	4,563.14	222.97	-	222.97
Other receivables	0.84	-	0.84	95.30	-	95.30	105.23	-	105.23
Investments	-	-	-	-	-	-	0.44	-	0.44
Other financial assets	4,353.72	-	4,353.72	164.81	-	164.81	57.10	-	57.10
<b>Total Assets</b>	<b>25,547.46</b>	<b>13,805.54</b>	<b>11,741.92</b>	<b>19,877.56</b>	<b>14,851.32</b>	<b>5,026.23</b>	<b>86,193.36</b>	<b>15,014.37</b>	<b>1,176.98</b>
<b>Financial Liabilities</b>									
Derivative financial instruments	260.35	260.35	-	20.72	20.72	-	15.02	15.02	-
Trade payables	49.40	-	49.40	54.64	-	54.64	39.20	-	39.20
Borrowings (other than debt securities)	23,115.17	-	23,115.17	17,569.70	-	17,569.70	14,075.09	-	14,075.09
Subordinated Liabilities	516.59	-	516.59	516.59	-	516.59	516.59	-	516.59
Other financial liabilities	32.56	-	32.56	48.80	-	48.80	58.79	-	58.79
<b>Total Liabilities</b>	<b>23,974.07</b>	<b>260.35</b>	<b>23,713.72</b>	<b>18,210.45</b>	<b>20.72</b>	<b>18,189.73</b>	<b>14,704.69</b>	<b>15.02</b>	<b>14,669.67</b>





## Edelweiss Finance & Investments Limited

### Notes to financial statements (continued)

(Currency : Indian rupees in million)

#### 39. Risk Management (Continued)

##### 39.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, 2019 and at March 31, 2018.

##### 39.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.~~

	For the year ended		For the year ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Impact of Interest rate swaps</b>				
Increase / (Decrease) in basis points	25	25	-25	-25
Effect on Profit before tax	64.38	36.25	(64.38)	(36.25)
Effect on Equity	-	-	-	-

##### 39.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.

	For the year ended		For the year ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Impact on Interest rate futres</b>				
Increase / (Decrease) in equity price (%)	5%	5%	-5%	-5%
Effect on Profit before tax	(52.48)	(25.85)	52.48	25.85
Effect on Equity	-	-	-	-

##### 39.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.



#### 40. First Time adoption

These financial statements, for the year ended March 31, 2019, are the first annual financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

##### Exemptions applied

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2017 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

##### De-recognition of financial assets and liabilities:

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2017 (the transition date).

##### Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

##### Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2017.

##### Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has elected to continue with the carrying value of all of its plant and equipment, investment property, and intangible assets recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

##### Share based Payments

The Company has applied the requirements of Ind AS 102 Share-based payment to equity instruments that are unvested as of the transition to Ind AS (April 1, 2017).

##### Classification and measurement of financial assets:

The Company has classified and measured the financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.



#### 40. First Time adoption (continued)

The reconciliations of equity and total Comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

##### Reconciliation of Total Equity

Particulars	As at March 31, 2018	As at April 1, 2017
Total Equity / Shareholders' Funds as per Previous GAAP	2,308.40	3,681.66
Less: Impact of demerger [Refer note 42.01]	-	(1,929.80)
Adjustments:		
Fair valuation of securities held for trading	20.83	59.78
Preference shares issued to external parties	(470.70)	(470.70)
ESOP cost	37.77	30.61
DTA on fair valuation	(7.28)	(20.68)
Total effect of transition to Ind AS	(419.38)	(400.99)
Total Equity / Shareholders' Funds as per Ind AS	<u>1,889.02</u>	<u>1,350.87</u>

##### Reconciliation of Total Comprehensive Income for the year ended March 31, 2018

Particulars	Year Ended March 31, 2018
Profit as reported under previous GAAP	212.26
<del>Ind AS adjustments increasing / (decreasing) net profit as reported under Indian GAAP:</del>	
Fair valuation of securities held for trading	38.95
Preference shares issued to external parties - Dividend	55.24
Fair valuation of employee stock options	4.23
Remeasurement gain on defined benefit plans	0.31
Deferred tax adjustment on above	(13.40)
Total effect of transition to Ind AS	<u>85.33</u>
Net profit as per Ind AS	<u>126.93</u>
Other Comprehensive Income for the year (net of tax) - Items that will not be reclassified to profit or loss	0.31
Total Comprehensive Income as per Ind AS	<u>127.24</u>

##### Reference notes to reconciliation of Equity and profit & Loss

##### Remeasurements of post-employment benefit obligations

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by Rs. 0.31 million and Remeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

##### Share Based Payment

Under the previous GAAP, the cost of ESOPs were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date.

##### Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

##### Valuation of Investments/Securities held for trading

Under Previous GAAP Investments in Shares, Debentures, Mutual fund units, Govt Securities and securities receipts were classified in Current Investment, Securities held for trading and long term investment based on intent of holding period and realisability Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments and Stock in trade were carried at lower of cost and market value. Under Ind AS, these investments are measured at fair value.



**Edelweiss Finance & Investments Limited**

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

(Currency: Indian Rupees in Million)

**41 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.

**41.01 Investments**

	2019	2018
1) Value of Investments (including securities held for trading)		
i) Gross Value of Investments		
a) In India	13,804.53	14,824.88
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	13,804.53	14,824.88
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	-	-

**41.02 Derivatives**

**A) Forward Rate Agreement / Interest Rate Swap**

	2019	2018
i) The notional principal of swap agreements	25,750.00	14,500.00
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the	1.01	26.44
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps@	100%	100%
v) The fair value of the swap book	(259.34)	5.72

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

**B) Exchange Traded Interest Rate (IR) Derivatives**

	2019	2018
i) Notional principal amount of exchange traded IR derivatives undertaken during the year	64,171.20	71,860.20
ii) Notional principal amount of exchange traded IR derivatives outstanding	1,070.00	544.40
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	2019		2018	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	For hedging	-	26,820.00	-	15,044.40
ii)	Marked to Market Positions				
	a) Assets (+)	-	1.01	-	26.44
	b) Liability (-)	-	(260.35)	-	(20.72)
iii)	Credit Exposure	-	247.50	-	145.00
iv)	Unhedged Exposures	-	-	-	-



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

41.03 Capital to Risk Assets Ratio (CRAR)

	2019	2018
i. CRAR (%)	31.50%	42.07%
ii. CRAR - Tier I Capital (%)	24.86%	33.35%
iii. CRAR -Tier II Capital (%)	6.64%	8.72%
iv. Amount of subordinated debt raised as Tier-II capital	-	-
v. Amount raised by issue of Perpetual Debt Instruments	-	-

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

During the year ended March 31, 2019 and March 31, 2018, the Company credit exposure to single borrowers and group borrowers were within the limits prescribed by RBI.

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

	2019	2018
<b>A Direct exposure</b>		
<b>i. Residential Mortgages</b> 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)	-	-
<b>ii. Commercial Real Estate</b> 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:	-	-
<b>iii Investments in Mortgage</b>		
Residential	-	-
Commercial Real Estate	-	-
<b>B Indirect Exposure</b> Fund based and non-fund based exposures on	-	-
<b>C Others (Not covered)</b>	-	-
<b>Total Exposure</b>	-	-

41.06 Exposure to Capital Market

	2019	2018
(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,	-	-
(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;	-	-
(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	-	-
<b>Total exposure</b>	-	-



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

41 Regulatory disclosures - RBI (continued)

41.07 Asset Liability Management

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 (one month)	-	23,115.17	-	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	-	470.70	-	-	-
Over 5 years	-	-	-	-	-
<b>Total</b>	-	<b>23,631.76</b>	-	<b>13,804.53</b>	-

Maturity pattern of certain assets and liabilities as at March 31, 2018

Particulars	Liabilities			Assets	
	Deposit	Borrowings	Advances	Securities held for trading	Investments
1 day to 30/31 days	-	17,569.70	-	14,824.88	-
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	-	-	-
<b>Total</b>	-	<b>18,086.29</b>	-	<b>14,824.88</b>	-

The asset-liability-mismatch for the short term 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 and Rs. 4,563.14 million are reflected as trade receivables as at March 31, 2019 and March 31, 2018 respectively.

Further, the Company had temporarily deployed its excess liquidity aggregating to Rs. 3,900.00 million as at March 31, 2019 in the Triparty 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)

41 Regulatory disclosures - RBI (continued)

41.08 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	2019	2018
<b>i) Movement of NPAs (Gross)</b>		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
<b>ii) Movement of Net NPAs</b>		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
<b>iii) Movement of Provisions for NPAs (excluding provision on Standard assets)</b>		
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)

41 Regulatory disclosures - RBI (continued)

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

Particulars	2019	2018
(i) Provisions for depreciation on Investment	-	-
(ii) Provision towards NPA	-	-
(iii) Provision made towards Income tax (net of deferred tax)	49.32	(193.13)
(iv) Provision for Standard Assets	-	-
(v) Other Provision and Contingencies (Provision for doubtful debts)	-	-

41.10 Concentration of Deposits, Advances, Exposures and NPAs

	2019	2018
<b>A) Concentration of Advances</b>		
Total advances to twenty largest borrowers	-	-
Percentage of advances to twenty largest borrowers to total advances	0.00%	0.00%
<b>B) Concentration of Exposures</b>		
Total exposures to twenty largest borrowers / customers	-	-
Percentage of exposures to twenty largest borrowers / customers to	0.00%	0.00%
<b>C) Concentration of NPAs</b>		
Total exposures to top four NPAs	-	-
<b>D) Sector-wise NPAs</b>		
<b>Sectors</b>	<b>Percentage of NPAs to</b>	<b>2018</b>
	<b>2019</b>	
1 Agriculture & allied activities	-	-
2 MSME	-	-
3 Corporate borrowers	-	-
4 Services	-	-
5 Unsecured personal loans	-	-
6 Auto loans	-	-
7 Other personal loans	-	-

41.11 Customer Complaints

	2019	2018
(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	-	-

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

41.13 The Company has not restructured any loans and advances during the year ended March 31, 2019 and March 31, 2018.





Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

41 Regulatory disclosures - RBI (continued)

41.14 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Liabilities side :

	2019		2018	
	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	-	-	-	-
ii) Unsecured	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Inter-Corporate Loans and Borrowing	5,052.27	-	196.08	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans:				
Triparty Repo	18,062.90	-	-	-
Collateralised Lending and Borrowing	-	-	17,373.62	-
Preference Share Capital	-	-	-	-
(S Please see Note I below)				

Assets side :

	Amount Outstanding	
	2019	2018
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	-	-
(b) Unsecured	-	-
(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	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	13,679.23	14,406.88
	125.30	418.00



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

41.15 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Continued)

	Amount Outstanding	
	2019	2018
<b>(4) Break-up of Investments (Continued)</b>		
<b>2. Unquoted :</b>		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (Debt instruments)	-	-
<b>Long Term investments :</b>		
<b>1. Quoted :</b>		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
<b>2. Unquoted :</b>		
(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, 2019

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

As at 31 March 2018

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

41.16 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (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)	
	2019	2018	2019	2018
<b>1. Related parties**</b>				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
<b>2. Other than related parties</b>	-	-	-	-
<b>Total</b>	-	-	-	-

\*\* As per Ind AS-24 Related Party Disclosures



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

(7) Other Information

Particulars	2019	2018
(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(I)(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.

41.17 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	CRISIL AA/Stable	ICRA AA/Stable	-	BWR AA+/Stable
Amount	Rs. 11,150.00	Rs. 16,350.00	-	Rs. 500.00
(ii) Short Term Instruments				
Rating	CRISIL A1+	ICRA A1+	CARE A1+	-
Amount	Rs. 10,000.00	Rs. 10,000.00	Rs. 10,000.00	-
(iii) Market linked debentures				
Short Term				
Rating	CRISIL PP MLD A1+r	ICRA PP MLD A1+	-	-
Amount	Rs. 715.00	Rs. 4,000.00	-	-
Long Term				
Rating	-	ICRA PP MLD AA/Stable	-	-
Amount	-	Rs. 7,000.00	-	-

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2018

Instrument category	CRISIL	ICRA	CARE	Brickworks
(i) Long Term Instruments				
Rating	CRISIL AA/Stable	ICRA AA/Stable	CARE AA/Stable	BWR AA+/Stable
Amount	Rs. 11,150.00	Rs. 16,350.00	Rs. 1,500.00	Rs. 500.00
(ii) Short Term Instruments				
Rating	CRISIL A1+	ICRA A1+	CARE A1+	-
Amount	Rs. 10,000.00	Rs. 10,000.00	Rs. 10,000.00	-
(iii) Market linked debentures				
Short Term				
Rating	CRISIL PP MLD A1+r	ICRA PP MLD A1+	CARE PP MLD AA/Stable	-
Amount	Rs. 715.00	Rs. 4,000.00	Rs. 3,078.30	-
Long Term				
Rating	-	ICRA PP MLD AA/Stable	-	-
Amount	-	RS. 7,000.00	-	-



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

41 Regulatory disclosures - RBI (continued)

41.18 Details of transaction with non executive directors

Sr.	Name of the Non executive director	Nature of Transaction	2019	2018
1	P.N. Venkatachalam	Sitting Fees	0.32	0.26
2	Vinod Juneja	Sitting Fees	0.14	0.24

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

41.20 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

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

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

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

41.24 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 NBFCs (Reserve Bank) Directions, 2016 - Nil (Previous year Nil)

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

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

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

41.28 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)

**42 Other disclosures**

**42.01 Scheme of Arrangement (Demerger):**

i) 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, Mumbai Bench vide its order dated 25 July 2017 ("the Order"), Edelweiss Finance & Investments Limited ("The Demerged Company" or "The Transferor Company"), has demerged the Lending and investment Business to Edelweiss Finvest Private Limited (formerly known as Arun Investments Private Limited) ("First Resulting Company" or "EW Finvest"), which is another NBFC engaged in the business of lending and investments, and the Training Centre Business to Edel Land Limited ("Second Resulting Company" or "ELL") which undertakes real estate activities with effect from 1 April 2016 ("the Appointed Date"). The scheme has come into effect from 1 August 2017 ("the Effective Date"). Accordingly, the opening balance sheet of the Company as at 1 April 2017 has been prepared taking into account the effect of the said Order.

**ii) In accordance with the Scheme:**

On the Scheme becoming effective with effect from the Appointed date, the Company has transferred all the assets aggregating to Rs.10,214.42 million and Rs. 221.14 million and liabilities aggregating to Rs.8,737.81 and Rs.40.10 million as appearing in the books of Company related to lending business and training centre business respectively at their respective book value as on Appointed Date. Net assets transferred include:

<b>Asset/Liabilities Transferred under Scheme of Demerger</b>	<b>EW Finvest</b>	<b>ELL</b>	<b>Total</b>
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	-	1.84	1.84
Securities held for trading	2,767.46	-	2,767.46
Trade receivables	62.91	16.15	79.06
Other receivables	6.44	0.03	6.47
Loans	1,993.66	-	1,993.66
Investments	1,015.92	-	1,015.92
Other financial assets	123.15	9.02	132.17
<b>Non-financial assets</b>			
Deferred tax assets (net)	151.05	(9.71)	141.34
Property, Plant and Equipment	-	194.19	194.19
Other Intangible assets	-	0.19	0.19
Other non-financial assets	55.00	1.62	56.62
<b>Total Assets (A)</b>	<b>6,175.59</b>	<b>213.33</b>	<b>6,388.92</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	(38.52)	-	(38.52)
Trade payables	304.80	8.92	313.72
Debt securities	5,786.73	-	5,786.73
Borrowings (other than debt securities)	(1,423.13)	(7.73)	(1,430.86)
Deposit	3.90	-	3.90
Subordinated Liabilities	-	-	-
Other financial liabilities	50.00	6.18	56.18
<b>Non-financial liabilities</b>			
Provisions	13.16	9.03	22.19
Other non-financial liabilities	2.04	15.90	17.94
<b>Total Liabilities (B)</b>	<b>4,698.98</b>	<b>32.30</b>	<b>4,731.28</b>
<b>Net assets transferred (A-B)</b>	<b>1,476.61</b>	<b>181.03</b>	<b>1,657.64</b>

iii) The Scheme of arrangement is a tax neutral demerger per the provisions of Section 2(19AA) of the Income Tax Act, 1961 and accordingly, the assets and liabilities as on appointed date were transferred at cost. The resultant companies issued equity shares in consideration for the businesses acquired by them to the shareholders of the Company i.e. Edelweiss Financial Services Limited. Edelweiss Finvest Private Limited issued 8,279,275 equity shares of Rs. 10 each at a premium of Rs 168.35 per equity share aggregating to Rs.1,476.61 million and Edelweiss Land Limited issued 18,103,500 equity shares of Rs. 10 each at par aggregating to Rs. 181.04 million in settlement of the consideration. Accordingly, the reduction in the net worth of the Company of Rs. 1,657.64 million has been reflected as a reduction in the securities premium account in terms of accounting treatment approved in the Scheme.

iv) On account of demerger, The Company has transferred profit/(loss) after tax from April 1, 2016 (appointed date) to March 31, 2017 to EW Finvest and ELL of Rs.286.00 million and Rs.(13.92) respectively; net Rs. 272.08 million has been adjusted to retained earnings.



**Edelweiss Finance & Investments Limited**

Notes to financial statements (continued)

(Currency : Indian rupees in million)

**42 Other disclosures (continued)**

**42.02 Details of open interest for derivative instruments**

**42.02(a) Open interest in interest rate derivatives:**

As at March 31, 2019

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

As at March 31, 2018

Benchmark	Notional principal	Terms	Purpose
MIBOR	14,500	Pay fixed Vs. receive floating	Hedging

**42.02(b) 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	3,800,000	7,250	14,500,000
1-2 months	-	-	-	-
2-3 months	-	-	-	-
3-6 months	-	-	-	-
6-12 months	-	-	-	-

**Open interest rate futures as at March 31, 2018 with exchange**

Maturity grouping	Long Position		Short Position	
	Number of contracts	Number of units	Number of contracts	Number of units
< 1 month	-	-	2,722	5,444,000
1-2 months	-	-	-	-
2-3 months	-	-	-	-
3-6 months	-	-	-	-
6-12 months	-	-	-	-

**42.03 Foreign currency**

The Company has not undertaken any foreign currency transaction during the year ended March 31, 2019 (Previous year: Rs Nil).

**42.04** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2019.

**42.05** 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.

**42.06 Statutory Audit**

The financial statement for the year ended March 31, 2019 has been audited by S.R. Batliboi & Co LLP Chartered Accountants. The financial statement for the year ended March 31, 2018 have been audited by an another firm of Chartered Accountants.

**42.07** The comparative Ind-AS financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 01, 2017 included in these Ind-AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2018 and March 31, 2017 dated May 2, 2018 and May 16, 2017 respectively, have expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind-AS, which have been audited by the Statutory Auditors.

**42.08** As of the date of signing of financial statement, the Company has all the KMPs as per the Companies Act, 2013 except Company Secretary. The Company Secretary resigned effective April 18, 2019. The company is in the process of filling up the vacancy.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

43. 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



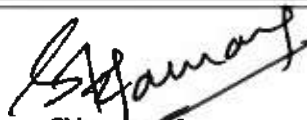
per Shrawan Jalan  
Partner  
Membership No: 102102



Venkatchalam Ramaswamy  
Executive Director  
DIN: 00008509



S Ranganathan  
Executive Director  
DIN: 00125493



Shivaraman Iyer  
Chief Financial Officer

Mumbai  
May 13, 2019



Mumbai  
May 13, 2019



## Limited Review Report

Review Report to  
The Board of Directors  
Edelweiss Finance & Investments Limited

1. We have reviewed the accompanying Unaudited Interim Condensed Standalone Ind AS Financial Statements of Edelweiss Finance & Investments Limited (the "Company"), which comprise the unaudited interim condensed standalone balance sheet as at September 30, 2019, and the related unaudited interim condensed standalone Statement of Profit and Loss, unaudited interim condensed standalone Statement of Comprehensive Income, unaudited interim condensed standalone Statement of Cash Flows and unaudited interim condensed standalone Statement of Changes in Equity for the period ended September 30, 2019, and a summary of select explanatory notes (together hereinafter referred to as the "September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement").
2. The preparation and presentation of these September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statements in accordance with the principles laid down in Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" specified under Section 133 of the Companies Act, 2013, as amended, read with the relevant rules issued thereunder and other accounting principles generally accepted in India, is the responsibility of the Company's management and have been approved by the Debenture Committee of the Board of Directors of the Company. Our responsibility is to issue a report on the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement based on our review.
3. We conducted our review of the September 2019 Unaudited Interim Condensed Standalone Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial information is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the September 2019 Unaudited Interim Condensed Standalone Financial Statements are not prepared and presented, in all material respects, in accordance with the Ind AS 34 specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India.
5. The comparative financial information for the corresponding six months ended September 30, 2018 included in these September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statements of the Company are based on management certified accounts of the Company and have not been subjected to any review by us.
6. This report on the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement has been issued solely for the information and use of the management of the entity in connection with inclusion of September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement in offer documents for the purpose of issue of Secured Redeemable Non-Convertible Debentures (hereinafter referred to as "NCDs") and should not be used or referred to for any other purpose, or distributed to any other person, without our prior written consent.
7. As more fully described in Note 2.1, the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement have been prepared by the Company in connection with the issue of NCDs.



**For S.R. BATLIBOI & CO. LLP**

**ICAI Firm registration number:** 301003E/E300005

Chartered Accountants

UDIN: 19102102AAABFB5335

**per Shrawan Jalan**

Partner

Membership No.: 102102

Mumbai,

December 19, 2019

## Edelweiss Finance & Investments Limited

### Interim Condensed Standalone Balance Sheet as at September 30, 2019

(Currency: Indian rupees in million)

	As at September 30, 2019 Unaudited	As at March 31, 2019 Audited
<b>Assets</b>		
<b>Financial assets</b>		
(a) Cash and cash equivalents	48.90	1,050.24
(b) Bank balances other than cash and cash equivalents	3.31	53.33
(c) Derivative financial instruments	0.08	1.01
(d) Securities held for trading	14,011.84	13,804.53
(e) Receivables		
(i) Trade receivables	-	6,283.79
(ii) Other receivables	11.04	0.84
(f) Other financial assets	522.89	444.71
	<b>14,598.06</b>	<b>21,638.45</b>
<b>Non-financial assets</b>		
(a) Current tax assets (net)	330.71	260.47
(b) Deferred tax assets (net)	35.67	74.03
(c) Property, Plant and Equipment	7.14	6.56
(d) Other Intangible assets	7.30	9.27
(e) Other non- financial assets	49.59	40.03
	<b>430.41</b>	<b>390.36</b>
<b>Total Assets</b>	<b>15,028.47</b>	<b>22,028.81</b>
<b>Liabilities</b>		
<b>Financial liabilities</b>		
(a) Derivative financial instruments	226.76	260.35
(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	206.93	49.40
(c) Debt securities	108.60	-
(d) Borrowings (other than debt securities)	11,955.65	19,215.16
(e) Subordinated Liabilities	325.42	516.59
(f) Other financial liabilities	6.44	32.56
	<b>12,829.80</b>	<b>20,074.06</b>
<b>Non-financial liabilities</b>		
(a) Current tax liabilities (net)	160.09	80.24
(b) Provisions	10.63	10.46
(c) Other non-financial liabilities	9.24	16.34
	<b>179.96</b>	<b>107.04</b>
<b>Equity</b>		
(a) Equity share capital	34.35	34.35
(b) Other equity	1,984.36	1,813.36
	<b>2,018.71</b>	<b>1,847.71</b>
<b>Total Liabilities And Equity</b>	<b>15,028.47</b>	<b>22,028.81</b>

The accompanying notes are an integral part of the condensed financial statements

1 to 12

As per our report of even date attached.

For and on behalf of the Board of Directors

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firms Registration Number: 301003E/E300005

**Shabnam Panjwani**  
Non-Executive Director  
DIN: 02057371

**S Ranganathan**  
Executive Director  
DIN: 00125493

**per Shrawan Jalan**

Partner

Membership No: 102102

**Shivaraman Iyer**  
Chief Financial Officer

**Pooja Doshi**  
Company Secretary

Mumbai  
December 19, 2019

F213

Mumbai  
December 19, 2019

**Edelweiss Finance & Investments Limited**

**Interim Condensed Standalone Statement of Profit and Loss for the half year ended September 30, 2019**

(Currency: Indian rupees in million)

	<b>For the half ended September 30, 2019 Unaudited</b>	For the half ended September 30, 2018 Unaudited
<b>Revenue from operations</b>		
Interest income	998.73	727.10
Net gain on fair value changes (including Treasury income)	177.98	-
<b>Other income</b>	<b>0.00</b>	12.49
<b>Total Revenue</b>	<b>1,176.71</b>	739.59
<b>Expenses</b>		
Finance costs	817.58	620.11
Net loss on fair value changes (including Treasury income)	-	144.67
Employee benefits expense	49.73	(31.61)
Depreciation and amortisation expense	2.51	2.65
Other expenses	47.56	37.78
<b>Total expenses</b>	<b>917.38</b>	773.60
<b>Profit/(Loss) before tax</b>	<b>259.33</b>	(34.01)
Tax expenses		
(1) Current tax	50.05	-
(2) Deferred tax (net)	38.33	(15.57)
<b>Profit/(Loss) for the period</b>	<b>170.95</b>	(18.44)
<b>Other Comprehensive Income (OCI)</b>		
<b>(A) Items that will not be reclassified to profit or loss</b>		
a) Remeasurement gain on defined benefit plans (OCI)	0.08	0.15
b) income tax relating to items that will not be reclassified to profit or loss	(0.03)	(0.05)
	<b>0.05</b>	0.10
<b>Total Comprehensive Income</b>	<b>171.00</b>	(18.34)
<b>Earnings per equity share (Face value of Rs. 10 each) (in Rs.): (refer note 3)</b>		
<b>(1) Basic</b>	<b>49.76</b>	(5.37)
<b>(2) Diluted</b>	<b>49.76</b>	(5.37)

The accompanying notes are an integral part of the condensed financial statements

1 to 12

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

**Shabnam Panjwani**

Non-Executive Director

DIN: 02057371

**S Ranganathan**

Executive Director

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Chief Financial Officer

**Pooja Doshi**

Company Secretary

Mumbai

December 19, 2019

Mumbai

December 19, 2019

**Edelweiss Finance & Investments Limited**

(Currency: Indian rupees in million)

**Interim Condensed Standalone Statement of Changes in Equity for the half year ended September 30, 2019**

**A. Equity Share Capital**

Particulars	For the half year ended September 30, 2019			For the half year ended September 30, 2018		
	Outstanding as on April 01, 2019	Issued during the period	Outstanding as on September 30, 2019	Outstanding as on April 01, 2018	Issued during the period	Outstanding as on September 30, 2018
Issued, Subscribed and Paid up (Equity shares of Rs.10 each, fully paid-up)	34.35	-	34.35	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
<b>Balance as at April 1, 2019</b>	9.71	711.81	921.04	90.26	65.36	15.18	1,813.36
Profit / (loss) for the period	-	-	-	-	170.95	-	170.95
Other Comprehensive Income	-	-	-	-	0.05	-	0.05
	<b>9.71</b>	<b>711.81</b>	<b>921.04</b>	<b>90.26</b>	<b>236.36</b>	<b>15.18</b>	<b>1,984.36</b>
Transfer to capital redemption reserve	106.88			(90.26)	(16.62)	-	-
<b>Balance as at September 30, 2019</b>	<b>116.59</b>	<b>711.81</b>	<b>921.04</b>	<b>-</b>	<b>219.74</b>	<b>15.18</b>	<b>1,984.36</b>

Particulars	Capital redemption reserve	Securities Premium	Statutory Reserve	General Reserve	Retained Earnings	Deemed Capital Contribution - Equity	Total Attributable to equity holders
<b>Balance as at April 1, 2018</b>	9.71	711.81	921.04	90.26	109.97	10.01	1,852.80
Profit / (loss) for the period	-	-	-	-	(18.44)	-	(18.44)
Other Comprehensive Income	-	-	-	-	0.10	-	0.10
<b>Balance as at September 30, 2018</b>	<b>9.71</b>	<b>711.81</b>	<b>921.04</b>	<b>90.26</b>	<b>91.63</b>	<b>10.01</b>	<b>1,834.46</b>

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

**Shabnam Panjwani**

Non-Executive Director

DIN: 02057371

**S Ranganathan**

Executive Director

DIN: 00125493

**Shivaraman Iyer**

Chief Financial Officer

**Pooja Doshi**

Company Secretary

Mumbai

December 19, 2019

Mumbai

December 19, 2019

**Edelweiss Finance & Investments Limited**

**Interim Condensed Standalone Cash Flow Statement**

(Currency: Indian rupees in million)

	<b>For the half ended September 30, 2019 Unaudited</b>	For the half ended September 30, 2018 Unaudited
<b>A Cash flow from operating activities</b>		
Profit /(Loss) before tax	259.33	(34.01)
<b>Adjustments for</b>		
Depreciation and amortisation expense	2.51	2.65
Fair value loss / (gain) of financial instruments	202.67	(85.85)
Write back of deferred bonus	-	(82.93)
Provision for compensated absences	0.17	0.82
Expense on employee stock option scheme	(9.50)	2.63
Profit on sale of of Property, Plant and Equipment *	(0.00)	(0.21)
<b>Operating cash flow before working capital changes</b>	<b>455.18</b>	<b>(196.90)</b>
<i>Add / (Less): Adjustments for working capital changes</i>		
Trade and Other Receivables	6,283.09	3,897.34
Securities held for trading	(409.98)	7,679.62
Other Financial Assets	(27.22)	(119.90)
Other Non Financial Assets	(9.56)	6.61
Trade Payables	157.50	(900.79)
Non Financial Liabilities and Provisions	(7.01)	(40.60)
Other Financial Liabilities	(59.69)	(36.32)
<b>Cash generated from operations</b>	<b>6,382.31</b>	<b>10,289.06</b>
Income taxes paid / (refund received)	(40.45)	26.81
<b>Net cash generated from operating activities - A</b>	<b>6,341.86</b>	<b>10,315.87</b>
<b>B Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment	(1.13)	(3.30)
Sale of Property, Plant and Equipment *	0.00	0.79
<b>Net cash used in investing activities - B</b>	<b>(1.13)</b>	<b>(2.51)</b>
<b>C Cash flow from financing activities</b>		
Increase in Debt Securities (including Premium)	108.60	-
Decrease in Borrowings (other than debt securities) (Refer Note 2)	(7,259.50)	(10,304.35)
Decrease in Subordinate Debt (Refer Note 2)	(191.17)	(23.04)
<b>Net cash used in financing activities - C</b>	<b>(7,342.07)</b>	<b>(10,327.39)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(1,001.34)</b>	<b>(14.03)</b>
Cash and cash equivalent as at the beginning of the period	1,050.24	152.96
Cash and cash equivalent as at the end of the period	48.90	138.93
<b>Operational cash flows from interest and dividends</b>		
Interest paid	-	-
Interest received	1,033.38	851.66
Dividend received	-	-

\* Represents amount less than 0.01 million.

## **Edelweiss Finance & Investments Limited**

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

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

**Shabnam Panjwani**

Non-Executive Director

DIN: 02057371

**S Ranganathan**

Executive Director

DIN: 00125493

Mumbai

December 19, 2019

**Shivaraman Iyer**

Chief Financial Officer

Mumbai

December 19, 2019

**Pooja Doshi**

Company Secretary

## **Edelweiss Finance & Investments Limited**

### **Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019**

#### **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 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 primarily engaged in the business of trading and investing in government securities and fixed income securities.

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation and statement of compliance:**

These standalone financial statements comprise the Balance Sheet as at September 30, 2019, the standalone Statement of Profit and Loss, the standalone Statement of Cash Flows and the standalone Statement of changes in Equity for the period ended September 30, 2019 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Interim Condensed Standalone Financial Statements").

These Interim Condensed Standalone Financial Statements have been prepared in accordance with principles of Ind AS 34 "Interim Financial Reporting" solely for inclusion in the offer document, prepared by the Company in connection with its proposed Public issue of Non-Convertible Debentures (NCD). However, all disclosures required under Ind AS and relevant regulatory requirements have not been furnished in these Interim Condensed Standalone Ind AS Financial Statements. Only a complete set of financial statements with all disclosure can provide a fair presentation of a Company's state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity.

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.

The Company has followed the same accounting policies in preparation of the Interim Condensed Standalone Financial Statements as those followed in preparation of the annual standalone financial statements as at and for the year ended 31 March 2019 except in case of lease due to adoption of Ind AS 116. Refer note 2.3 for accounting policy on Lease. These interim condensed standalone financial statements should be read in conjunction with the audited standalone financial statements and the related notes for the year ended 31 March 2019.

##### **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.

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

## **Edelweiss Finance & Investments Limited**

### **Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019 (continued)**

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 Change in Lease Accounting Policy:**

The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 April 2019. Accordingly, the comparative information presented for 31 March 2019 has not been restated i.e. it is presented as previously reported under Ind AS 17. The details of change in accounting policies are discussed below:

##### **Company as a lessee:**

For any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract is or contains lease.

##### **Measurement and recognition:**

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

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

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

##### **Short term lease:**

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

Under Ind AS 17: In the comparative period, as a lessee the Company classified leases that transfer substantially all the risk and reward of ownership as finance leases. Assets held under other leases are classified as operating lease and were not recognised in Company Balance sheet. Payment made under operating lease were recognised in profit and loss on a straight line basis over the term of lease.

##### **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.



## Edelweiss Finance & Investments Limited

### Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

#### 3. Earnings per Share (not annualised)

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 half ended September 30, 2019 Unaudited	For the half ended September 30, 2018 Unaudited
Net profit/(loss) attributable to Equity holders of the Company	(A)	170.95	(18.44)
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 period		-	-
Total number of equity shares outstanding at the end of the period		3,435,332	3,435,332
Weighted average number of equity shares outstanding during the period (based on the date of issue of shares)	(B)	3,435,332	3,435,332
Basic and diluted earnings per share (in rupees)	(A / B)	49.76	(5.37)

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

#### 4. 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.

##### Contingent Liability

	For the half ended September 30, 2019 Unaudited	For the half ended September 30, 2018 Unaudited
Taxation matters related to income tax for Assessment year 2009-10, Assessment year 2013-14 and Assessment year 2014-15 in respect of which appeal is pending	3.19	0.60

##### Commitment

	For the half ended September 30, 2019 Unaudited	For the half ended September 30, 2018 Unaudited
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	0.06

#### 5. Segment Reporting

The Company's main business is trading and dealing in Government securities ("G-Sec") and fixed income securities. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the pronouncements of Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'.

## Edelweiss Finance & Investments Limited

### Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

#### 6. 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.

##### 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 September 30, 2019	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Derivative financial instruments</b>				
Exchange-traded derivatives	6.40	-	-	6.40
OTC derivatives	-	0.08	-	0.08
<b>Total derivative financial instruments - A</b>	<b>6.40</b>	<b>0.08</b>	<b>-</b>	<b>6.48</b>
<b>Financial Assets held for trading</b>				
Government debt securities	14,009.26	-	-	14,009.26
Other debt securities	-	2.58	-	2.58
<b>Total Financial assets held for trading - B</b>	<b>14,009.26</b>	<b>2.58</b>	<b>-</b>	<b>14,011.84</b>
<b>Total Financial assets measured at fair value (A+B)</b>	<b>14,015.66</b>	<b>2.66</b>	<b>-</b>	<b>14,018.32</b>
<b>Liabilities measured at fair value on a recurring basis</b>				
<b>Derivative financial instruments</b>				
Exchange-traded derivatives	6.43	-	-	6.43
OTC derivatives	-	226.76	-	226.76
<b>Total derivative financial instruments</b>	<b>6.43</b>	<b>226.76</b>	<b>-</b>	<b>233.19</b>
<b>Total Financial liabilities measured at fair value</b>	<b>6.43</b>	<b>226.76</b>	<b>-</b>	<b>233.19</b>

## Edelweiss Finance & Investments Limited

### Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

#### 6. Fair Value measurement:

As at March 31, 2019	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Derivative financial instruments</b>				
Exchange-traded derivatives	0.18	-	-	0.18
OTC derivatives	-	1.01	-	1.01
<b>Total derivative financial instruments - A</b>	<b>0.18</b>	<b>1.01</b>	<b>-</b>	<b>1.19</b>
<b>Financial Assets held for trading</b>				
Government debt securities	13,679.24	-	-	13,679.24
Other debt securities	-	125.29	-	125.29
<b>Total Financial assets held for trading - B</b>	<b>13,679.24</b>	<b>125.29</b>	<b>-</b>	<b>13,804.53</b>
<b>Total Financial assets measured at fair value (A+B)</b>	<b>13,679.42</b>	<b>126.30</b>	<b>-</b>	<b>13,805.72</b>
<b>Liabilities measured at fair value on a recurring basis</b>				
<b>Derivative financial instruments</b>				
Exchange-traded derivatives	9.69	-	-	9.69
OTC derivatives	-	260.35	-	260.35
<b>Total derivative financial instruments - A</b>	<b>9.69</b>	<b>260.35</b>	<b>-</b>	<b>270.04</b>
<b>Total Financial liabilities measured at fair value</b>	<b>9.69</b>	<b>260.35</b>	<b>-</b>	<b>270.04</b>

The gross carrying amount of loans and advances as at September 30, 2019 is Nil (March 31, 2019 – Nil), accordingly, gross carrying amount and expected credit loss allowance is Nil.

#### 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 and units of mutual fund:

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.

#### E. There have been no transfers between levels during the half year ended September 30, 2019.

## Edelweiss Finance & Investments Limited

### Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

#### 6. Fair Value measurement:

##### F. 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. This table does not include the fair values of non-financial assets and non-financial liabilities.

As at September 30, 2019	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Cash and cash equivalents	48.90	48.90	-	-	48.90
Bank balances other than cash and cash equivalents	3.31	3.31	-	-	3.31
Trade Receivables	-	-	-	-	-
Other Receivables	11.04	-	11.04	-	11.04
Other financial assets	522.89	-	522.89	-	522.89
<b>Total Financial Assets</b>	<b>586.14</b>	<b>52.21</b>	<b>533.93</b>	<b>-</b>	<b>586.14</b>
<b>Financial Liabilities</b>					
Trade payables	206.93	-	206.93	-	206.93
Debt securities	108.60	-	108.60	-	108.60
Borrowings (other than debt securities)	11,955.65	-	11,955.65	-	11,955.65
Subordinated Liabilities	325.42	-	325.42	-	325.42
Other financial liabilities	6.44	-	6.44	-	6.44
<b>Total Financial Liabilities</b>	<b>12,603.04</b>	<b>-</b>	<b>12,603.04</b>	<b>-</b>	<b>12,603.04</b>
<b>As at March 31, 2019</b>					
	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>					
Cash and cash equivalents	1,050.24	1,050.24	-	-	1,050.24
Bank balances other than cash and cash equivalents	53.33	53.33	-	-	53.33
Trade Receivables	6,283.79	-	6,283.79	-	6,283.79
Other Receivables	0.84	-	0.84	-	0.84
Other financial assets	444.71	-	444.71	-	444.71
<b>Total Financial Assets</b>	<b>7,832.91</b>	<b>1,103.57</b>	<b>6,729.34</b>	<b>-</b>	<b>7,832.91</b>
<b>Financial Liabilities</b>					
Trade payables	49.40	-	49.40	-	49.40
Borrowings (other than debt securities)	19,215.16	-	19,215.16	-	19,215.16
Subordinated Liabilities	516.59	-	516.59	-	516.59
Other financial liabilities	32.56	-	32.56	-	32.56
<b>Total Financial Liabilities</b>	<b>19,813.71</b>	<b>-</b>	<b>19,813.71</b>	<b>-</b>	<b>19,813.71</b>

There are no financial assets and liabilities which are categorised under level 3 category for fair value measurement as at September 30, 2019 (March 31, 2019- Nil), accordingly, quantitative information about the significant unobservable inputs are not disclosed.

##### G 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

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: bank balances other than cash and cash equivalents, trade and other receivables, other financial assets, trade payables and contract liability without a specific maturity, borrowings (other than debt securities), other financial liabilities. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

##### Subordinated Liabilities

Current rate of dividend of 14.625% p.a on Cumulative and redeemable preference shares is in line with market rate. Hence carrying amount is reasonable approximation of their fair value.

## Edelweiss Finance & Investments Limited

### Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

#### 7. Related Party Disclosure for the half year ended September 30, 2019

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

Name of related parties by whom control is exercised : (Holding Company)	Edelweiss Financial Services Limited
Fellow Subsidiaries :	ECL Finance Limited Ecap Equities Limited Edel Land Limited Edelweiss Securities Limited Edelweiss Broking Limited Edelweiss Housing Finance Limited Edelweiss Retail Finance Limited Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Limited) Edelweiss Custodial Services Limited Edelweiss Finvest Private Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss General Insurance Limited Edel Investments Limited Edelweiss Business Services Limited (Merged with Edelweiss Rural & Corporate Services Limited) EdelGive Foundation
Key Management Personnel :	Venkatchalam Ramaswamy (Executive Director upto August 12, 2019)
Non Executive Director:	Venkatchalam Ramaswamy (Non-Executive Director w.e.f August 12, 2019) P. N. Venkatchalam Vinod Juneja

Note: The above list contain name of only those related parties with whom the Company has undertaken transactions in current or previous period.

## Edelweiss Finance & Investments Limited

### Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

#### 7. Related Party Disclosure for the half year ended September 30, 2019

##### ii. Transaction with related parties:

Particulars	September 30, 2019	September 30, 2018
<b><u>Current account transactions</u></b>		
<b>Loans taken from (refer note 3 below)</b>		
Edelweiss Rural & Corporate Services Limited	1,520.75	1,898.85
Ecap Equities Limited	4,485.00	-
<b>Loan repaid to (refer note 3 below)</b>		
Edelweiss Rural & Corporate Services Limited	1,990.91	2,540.72
Ecap Equities Limited	4,390.00	-
<b>Secondary market transactions</b>		
<b>Purchases of securities (Stock in trade) from</b>		
ECL Finance Limited	530.23	1,926.11
Edelweiss Rural & Corporate Services Limited	-	1,131.25
Edelweiss Finvest Private Limited	0.84	0.32
<b>Sale of securities (Stock in trade) to</b>		
ECL Finance Limited	1,011.27	125.54
Edelweiss Rural & Corporate Services Limited	-	249.54
Edelweiss Securities Limited	-	98.44
Edelweiss Tokio Life Insurance Company Limited	-	86.19
Edelweiss General Insurance Limited	-	99.91
Edelweiss Finvest Private Limited	101.35	-
Edelweiss Broking Limited	85.05	-
<b>Margin placed with</b>		
Edelweiss Securities Limited	0.09	27.19
Edelweiss Custodial Services Limited	66.42	-
Edel Investments Limited	1.12	-
<b>Margin refund received from</b>		
Edelweiss Securities Limited	0.04	22.72
Edel Investments Limited	1.19	-
Edelweiss Custodial Services Limited	48.21	68.10
<b><u>Other Transactions</u></b>		
<b>Interest Expense on loan taken from</b>		
Ecap Equities Limited	17.70	-
Edelweiss Finvest Private Limited	-	27.55
Edelweiss Rural & Corporate Services Limited	9.14	13.28
<b>Interest received on Debt instruments from</b>		
ECL Finance Limited	0.14	1.41
Edelweiss Retail Finance Limited	-	4.65
Edelweiss Housing Finance Limited	0.01	0.01
<b>Interest received on margin placed with brokers</b>		
Edelweiss Securities Limited *	0.00	0.01
Edelweiss Custodial Services Limited	2.01	1.29

## Edelweiss Finance & Investments Limited

### Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

#### 7. Related Party Disclosure for the half year ended September 30, 2019

Particulars	September 30, 2019	September 30, 2018
<b>Cost reimbursement paid to</b>		
Edelweiss Financial Services Limited	3.23	1.21
Edelweiss Rural & Corporate Services Limited	18.04	4.71
Edelweiss Business Services Limited	-	15.91
Edelweiss Broking Limited	-	1.29
ECL Finance Limited	-	0.03
ECap Equities Limited *	0.00	0.09
Edelweiss Securities Limited	0.05	-
<b>Rent paid to</b>		
ECap Equities Limited	0.44	-
Edelweiss Rural & Corporate Services Limited	3.28	-
Edelweiss Custodial Services Limited	0.01	-
<b>Corporate Guarantee support fee paid to</b>		
Edelweiss Financial Services Limited	2.38	1.27
<b>Rating support fees paid to</b>		
Edelweiss Financial Services Limited	0.06	0.13
<b>Clearing charges and Stamp duty paid to</b>		
Edelweiss Custodial Services Limited	1.55	0.04
<b>Commission and brokerage paid to</b>		
Edelweiss Securities Limited	0.35	0.00
Edelweiss Broking Limited	1.74	-
<b>Donation given to</b>		
EdelGive Foundation	-	5.00
<b>Remuneration paid to executive director</b>		
Venkat Ramaswamy	19.52	4.52
<b>Sitting fees paid to non executive director</b>		
P. N. Venkatchalam	0.16	0.18
Vinod Juneja	-	0.12
<b>Assets</b>		
<b>Investment in Stock in trade (Debentures) of</b>		
ECL Finance Limited	2.05	107.06
Edelweiss Housing Finance Limited	0.13	0.16
Edelweiss Retail Finance Limited	-	309.20
<b>Accrued interest income on debentures of</b>		
Edelweiss Retail Finance Limited	-	6.64
Edelweiss Housing Finance Limited *	0.00	0.00
ECL Finance Limited	0.16	1.80

## Edelweiss Finance & Investments Limited

### Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

#### 7. Related Party Disclosure for the half year ended September 30, 2019

Particulars	September 30, 2019	September 30, 2018
<b>Trade Receivables from</b>		
ECL Finance Limited	0.17	-
Edel Investments Limited	0.10	-
Edelweiss Financial Services Limited	9.50	-
Edelweiss Rural & Corporate Services Limited	0.77	-
Edelweiss Securities Limited	0.37	0.01
Edelweiss Custodial Services Limited	-	1.29
<b>Margin Placed with Brokers</b>		
Edelweiss Custodial Services Limited	112.13	47.54
Edelweiss Securities Limited	-	0.46
<b>Liabilities</b>		
<b>Interest accrued but not due on borrowings from</b>		
Ecap Equities Limited	17.70	-
Edelweiss Rural & Corporate Services Limited	9.14	13.28
Edelweiss Finvest Private Limited	-	27.55
<b>Corporate guarantee taken from</b>		
Edelweiss Financial Services Limited	916.77	1,243.54
<b>Trade payables to</b>		
Ecap Equities Limited	0.08	0.06
Edel Investments Limited	0.11	-
Edel Land Limited	0.38	-
Edelweiss Broking Limited	1.26	0.72
Edelweiss Financial Services Limited	0.27	2.21
Edelweiss Rural & Corporate Services Limited	3.38	2.33
Edelweiss Securities Limited	0.40	-
Edelweiss Business Services Limited	-	10.64
<b>Unsecured loan taken from</b>		
Ecap Equities Limited	4,661.00	-
Edelweiss Rural & Corporate Services Limited	10.06	811.05

\* Represents amount less than 0.01 million.

#### Notes:

Note 1: Previous period figures have been recast/restated where necessary.

Note 2: The above list contains name of only those related parties with whom the Company has undertaken transactions for the period mentioned above.

Note 3 : The intra group Company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.



## Edelweiss Finance & Investments Limited

### Notes to Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

	As at September 30, 2019	As at March 31, 2019
<b>8. Receivables</b>		
<b>a) Trade receivables</b>		
Receivables considered good - Unsecured	-	6,283.79
<b>Trade Receivables (a)</b>	-	6,283.79
<b>b) Other receivables</b>		
Receivables considered good - Unsecured	11.04	0.84
<b>Other receivables (b)</b>	11.04	0.84
<b>Total Receivables (a) + (b)</b>	<b>11.04</b>	<b>6,284.63</b>

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

	For the half year ended	
	September 30, 2019	September 30, 2018
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 September 30, 2019	Current	1-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
<b>ECL Rates</b>							
Estimated total gross carrying amount at default *	-	-	-	-	-	-	-
ECL - Simplified approach	-	-	-	-	-	-	-
<b>Net carrying amount</b>	-	-	-	-	-	-	-

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

\* Receivables 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 Interim Condensed Standalone financial statements for the half year ended September 30, 2019

(Currency : Indian rupees in million)

#### 9. Summary of issues, repurchases and repayments of borrowings as at September 30, 2019

Particulars	Debt Securities	Borrowings (other than debt securities)	Subordinated Liabilities
Opening balance	-	19,215.16	516.59
Change from Financing cash flows	108.03	(7,259.50)	(191.17)
Others	0.57	24.56	-
Closing balance	<b>108.60</b>	<b>11,980.22</b>	<b>325.42</b>

10. Pursuant to The Taxation Laws (Amendment) Ordinance 2019, promulgated on September 20, 2019, the Company has elected to apply the concessional tax rate permitted u/s 115BAA of The Income tax Act, 1961 from the current financial year. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the half year ended September 30, 2019. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognised in the statement of profit and loss for the half year ended September 30, 2019. Had the Company not opted for concessional rate, the tax expense would have been higher by Rs 6.6 million for the half year ended September 30, 2019.
11. 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 half year ended September 30, 2019.
12. Previous year's/period's figures have been regrouped and reclassified wherever necessary to conform to the current period's classification

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

**Shabnam Panjwani**

Non-Executive Director

DIN: 02057371

**S Ranganathan**

Executive Director

DIN: 00125493

**Shivaraman Iyer**

Chief Financial Officer

Mumbai

December 19, 2019

**Pooja Doshi**

Company Secretary

Mumbai

December 19, 2019

## **MATERIAL DEVELOPMENTS**

Other than as disclosed elsewhere in this Prospectus and hereinafter below, there have been no material developments since March 31, 2019 and there have arisen no circumstances that materially or adversely affect the operations or financial condition or profitability of our Company or the value of our assets or our ability to pay our material liabilities over the next 12 months:

Our loan book as on January 10, 2020 aggregates to ₹ 2,278.82 million.

**SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS**

<b>Topic</b>	<b>Indian GAAP</b>	<b>Ind AS</b>
Presentation of Financial Statements	<p><b><u>Other Comprehensive Income:</u></b></p> <p>There is no concept of ‘Other Comprehensive Income’ under Indian GAAP.</p>	<p><b><u>Other Comprehensive Income:</u></b></p> <p>Under Ind AS, there is a concept of Other Comprehensive Income (“OCI”). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other Ind AS</p>
	<p><b><u>Extraordinary items:</u></b></p> <p>Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.</p> <p>Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.</p>	<p><b><u>Extraordinary items:</u></b></p> <p>Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.</p>
	<p><b><u>Change in Accounting Policies:</u></b></p> <p>Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material.</p> <p>If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.</p>	<p><b><u>Change in Accounting Policies:</u></b></p> <p>Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.</p>
Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognised in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	<p>As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/liabilities and their respective tax base.</p> <p>Using the balance sheet approach, there could be additional deferred tax charge/income as compared to Indian GAAP.</p>
Property, plant and equipment – reviewing, depreciation and residual value	Under Indian GAAP, the Company provides depreciation over the useful lives of the assets estimated by the Management.	<p>Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively.</p> <p>Ind AS 101 allows current carrying value</p>

Topic	Indian GAAP	Ind AS
		under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.
Accounting for Employee benefits	Under Indian GAAP, all short term and long term employee benefits are recognised in the profit and loss account as the services are received. For long term employee benefit, the Company uses actuarial valuation to determine the liability.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and remeasurements.  Changes due to service cost and net interest cost/ income need to be recognised in the income statement and the changes arising out of re-measurements comprising of actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are to be recognised directly in OCI and not reclassified to profit and loss in the subsequent period.
Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognised only under a legal obligation. Also, discounting of provisions to present value is not permitted	Under Ind AS, provisions are recognised for legal as well as constructive obligations. Ind AS requires discounting the provisions to present value, if the effect of time value of money is material.
Share based payments	Under Indian GAAP, company has an option to account for share based payments either on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a proforma disclosure for the fair valuation. The intrinsic value for the options issued to employees of the Company was nil.	Under Ind AS, the share based payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the Statement of Profit and Loss over the vesting period. The fair valuation of the unvested options as on the transition date have to be adjusted against retained earnings.
Equity vs liability (debt) classification of financial instruments issued	Under Indian GAAP, financial instruments issued as classified as a liability (debt) or equity based on the legal form. For example, redeemable preference shares are classified as part of share capital.	Under Ind AS, the classification between debt and equity is based on the substance of the transaction, having regards to the contractual terms and the definition of equity and financial liability as given in Ind AS 32.
Presentation and classification of Financial Instruments and subsequent measurement	Under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any diminution other than temporary in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited.  Under Indian GAAP, loan processing fees and/or fees of similar nature are recognised upfront in the Statement of	Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortised cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (FVTPL), or recognised in other comprehensive income (FVOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc. Assets classified at amortised cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method.  Financial liabilities classified at amortised

Topic	Indian GAAP	Ind AS
	Profit and Loss.	<p>cost and the related costs have been measured using the Effective Interest Rate (EIR) method.</p> <p>Loan processing fees and/or fees of similar nature would be measured and recognised using the Effective Interest Rate (EIR) method over the period of loan.</p> <p>There are two measurement categories for financial liabilities – FVTPL and amortised cost.</p> <p>Fair value adjustment on transition to Ind AS is adjusted against opening retained earnings on the date of transition. Disclosures under Ind AS are extensive.</p>
Financial Instruments - Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc.	<p>The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortised cost or FVOCI, financing receivables, lease receivables, trade receivables and certain written loan commitments and financial guarantee contracts.</p> <p>The expected credit loss provision is applied based on the staging of the assets i.e. Stage 1 Assets, Stage 2 Assets and Stage 3 Assets; as detailed in “Our provisioning policy”</p>
Financial Instruments - Disclosure	<p>There are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements:</p> <ul style="list-style-type: none"> <li>• Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date;</li> <li>• The purpose, viz., hedging or speculation, for which such derivative instruments have been acquired; and</li> </ul> <p>The foreign currency exposures that are not hedged by a derivative instrument or otherwise.</p>	<p>Requires disclosure of information about the nature and extent of risks arising from financial instruments:</p> <ul style="list-style-type: none"> <li>• qualitative disclosures about exposures to each type of risk and how those risks are managed; and</li> <li>• quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analysis).</li> </ul> <p>In addition, disclosures required on fair valuation of all financial assets and liabilities categorised by levels 1 to 3 based on the fair valuation hierarchy. Explanatory notes on valuation techniques, inputs, sensitivity of fair value to the unobservable inputs, etc. are also required.</p>
Segment Reporting	Under Indian GAAP there is a requirement to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

## FINANCIAL INDEBTEDNESS

As on January 10, 2020, our total borrowings was ₹2,755.84 million, comprising of secured borrowings of ₹487.81 million.

### *Subordinated debt*

Our Company has issued Preference shares face value of ₹10 each at the rate of ₹ 15 per share on a private placement basis of which preference shares aggregating to ₹ 333.94 million is outstanding as on January 10, 2020. These shares carry a cumulative dividend of 14.625% per annum. For further details see “*Capital Structure*” at page 45 of this Prospectus.

### *Secured Debentures*

Our Company has issued secured, redeemable, non-convertible debentures of face value of ₹100,000 each on a private placement basis of which ₹487.81 million is outstanding as on January 10, 2020, the details of which are set forth below:

Debenture Series	Tenor/Period of Maturity (in Days)	Coupon	Amount outstanding as on January 10, 2020 (in ₹ million)	Date of Allotment	Redemption/ Maturity Date*	Credit Rating	Issued at Premium/ (Discount)
L0H901A	578	Market linked	20.45	August 26, 2019	March 26, 2021	CRISIL AA-/ Stable	-
K1H901A	913	Market linked	5.07	August 26, 2019	February 24, 2022	CRISIL AA-/ Stable	-
I2H901A	1,218	Market linked	5.06	August 26, 2019	December 26, 2022	CRISIL AA-/ Stable	-
L0H901A01	576	Market linked	17.94	August 28, 2019	March 26, 2021	CRISIL AA-/ Stable	(0.09)
I2H901A01	1,197	Market linked	10.12	September 16, 2019	December 26, 2022	CRISIL AA-/ Stable	0.05
K1H901A01	892	Market linked	10.14	September 16, 2019	February 24, 2022	CRISIL AA-/ Stable	0.05
L0H901A02	557	Market linked	10.23	September 16, 2019	March 26, 2021	CRISIL AA-/ Stable	0.05
I2H901A02	1,196	Market linked	5.06	September 17, 2019	December 26, 2022	CRISIL AA-/ Stable	0.01
I2H901A03	1,188	Market linked	14.68	September 25, 2019	December 26, 2022	CRISIL AA-/ Stable	0.11
I2H901A05	1,186	Market linked	12.86	September 27, 2019	December 26, 2022	CRISIL AA-/ Stable	0.07
I2H901A06	1167	Market linked	8.2	October 16, 2019	December 26, 2022	CRISIL AA-/ Stable	0.11
L0H901A04	527	Market linked	18.51	October 16, 2019	March 26, 2021	CRISIL AA-/ Stable	0.23
I2H901A07	1165	Market linked	1.32	October 18, 2019	December 26, 2022	CRISIL AA-/ Stable	0.02

L0H901A05	525	Market linked	2.55	October 18, 2019	March 26, 2021	CRISIL AA-/Stable	0.02
L0H901A07	514	Market linked	2.55	October 29, 2019	March 26, 2021	CRISIL AA-/Stable	0.03
I2H901A08	1153	Market linked	1.01	October 30, 2019	December 26, 2022	CRISIL AA-/Stable	0.02
L0H901A06	513	Market linked	8.89	October 30, 2019	March 26, 2021	CRISIL AA-/Stable	0.14
L0H901A09	493	Market linked	2.55	November 19, 2019	March 26, 2021	CRISIL AA-/Stable	0.04
I2H901A09	1126	Market linked	4.83	November 26, 2019	December 26, 2022	CRISIL AA-/Stable	0.10
K1H901A05	821	Market linked	13.81	November 26, 2019	February 24, 2022	CRISIL AA-/Stable	0.25
L0H901A10	486	Market linked	10.16	November 26, 2019	March 26, 2021	CRISIL AA-/Stable	0.18
I2H901A10	1124	Market linked	14.67	November 28, 2019	December 26, 2022	CRISIL AA-/Stable	0.09
K1H901A06	819	Market linked	11.80	November 28, 2019	February 24, 2022	CRISIL AA-/Stable	0.28
L0H901A11	484	Market linked	13.15	November 28, 2019	March 26, 2021	CRISIL AA-/Stable	0.31
L0H901A12	483	Market linked	12.74	November 29, 2019	March 26, 2021	CRISIL AA-/Stable	0.30
L0H901A13	476	Market linked	3.05	December 06, 2019	March 26, 2021	CRISIL AA-/Stable	0.06
I2H901A11	1106	Market linked	3.42	December 16, 2019	December 26, 2022	CRISIL AA-/Stable	0.10
K1H901A07	801	Market linked	1.01	December 16, 2019	February 24, 2022	CRISIL AA-/Stable	0.03
I2H901A12	1098	Market linked	2.72	December 24, 2019	December 26, 2022	CRISIL AA-/Stable	0.08
K1H901A08	793	Market linked	7.65	December 24, 2019	February 24, 2022	CRISIL AA-/Stable	0.19
L0H901A15	458	Market linked	12.51	December 24, 2019	March 26, 2021	CRISIL AA-/Stable	0.32
I6L901A#	2559	Market linked	9.49	December 26, 2019	December 28, 2026	CRISIL AA-/Stable	-
L1C901A	823	Market linked	19.53	December 26, 2019	March 28, 2022	CRISIL AA-/Stable	-
L1C901A01	819	Market linked	3.90	December 30, 2019	March 28, 2022	CRISIL AA-/Stable	-
I6L901A01#	2553	Market linked	94.68	January 01, 2020	December 28, 2026	CRISIL AA-/Stable	0.16



I2H901A14	1088	Market linked	9.04	January 03, 2020	December 26, 2022	CRISIL AA-/Stable	0.31
L0H901A18	448	Market linked	2.04	January 03, 2020	March 26, 2021	CRISIL AA-/Stable	0.07
I2H901A15	1084	Market linked	3.52	January 07, 2020	December 26, 2022	CRISIL AA-/Stable	0.12
I6L901A02#	2547	Market linked	2.85	January 07, 2020	December 28, 2026	CRISIL AA-/Stable	0.01
K1H901A10	779	Market linked	3.02	January 07, 2020	February 24, 2022	CRISIL AA-/Stable	0.10
L0H901A19	444	Market linked	7.24	January 07, 2020	March 26, 2021	CRISIL AA-/Stable	0.24
L1C901A02	811	Market linked	26.69	January 07, 2020	March 28, 2022	CRISIL AA-/Stable	-
L2C901A	1278	Market linked	19.47	December 26, 2019	June 26, 2023	CRISIL AA-/Stable	-
L2C901A01	1266	Market linked	17.63	January 07, 2020	June 26, 2023	CRISIL AA-/Stable	-

# Put option

\* Redemption date represents actual maturity date and does not consider call/put option

\*\* The Security for the debentures is a: (a) *pari passu mortgage over premises situated at flat no. 02, ground floor, area admeasuring 390 sq. ft. built up in the building known as "Neelkanth Dhara Co-op Housing Society Limited", Shantinagar, Belavli, Badlapur (West), Tal Ambernath, District – Thane, Maharashtra 421 503, lying and situated on piece and parcel of plot of land bearing survey no. 7A, Hissa no. 1/28, plot no. 8, revenue village Belavli, Taluka Ambernath, District Thane, within the jurisdiction of Sub-Registration District Ulhasnagar; and (b) charge on the present and future receivables, loans, securities, investments, and other financial assets to the extent equal to the principal and interest amounts of the debentures outstanding at any point of time.*

### **Restrictive Covenants**

Many of our financing agreements include various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take the prior approval of the lenders before carrying out such activities. For instance, our Company, inter-alia, is required to obtain the prior written consent in the following instances:

- (i) to enter into any contractual obligation of a long term nature affecting the borrower financially to a significant extent;
- (ii) undertake or permit any merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders unless the same is within the group companies;
- (iii) the Company shall not permit any transfer of the controlling rest or any drastic change in the management set-up;
- (iv) to create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons;
- (v) to undertake any activity other than those indicated in the object clause of the Memorandum of Association of the borrower; and/or
- (vi) to permit any transfer of the controlling interest or make any change in the management setup of the borrower.

*List of top ten Debenture holders of as on January 10, 2020:*

(in ₹ million)

Name of Debenture Holders	Amount
Shyam Srinivasan	99.8
Vikas Kamlakar Phadnis	29.5
Ramamoorthy Jagadish	17.6
V.v. & Smt. K.V. MARIWALA charity trust	13.7
Rekha Nayak	10.8
Mohit Vijaykumar Gupta	10
Bawa Jai Singh	10
Madgul Parks Pvt Ltd	9.8
Asha Satyawar Kriplani	9.8
Vinod Kapur HUF .	6
<b>Total</b>	<b>217</b>

#### *Commercial Papers*

Our Company has not issued any commercial papers as on January 10, 2020.

#### *Loan from Directors and Relatives of Directors*

Our Company has not raised any loan from directors and relatives of directors as on January 10, 2020.

#### *Inter Corporate Deposits*

Our Company has borrowed ₹1,804.41 million by way of inter corporate deposits as on January 10, 2020.

#### *Inter Corporate Loans*

Our Company has borrowed ₹129.67 million by way of demand loans from companies under same management (related parties as per Ind AS 24) as on January 10, 2020. Details in relation to such loans are set forth below:

Name of lender	Amount outstanding (as on January 10, 2020) (in ₹ million)	Maturity period	Rate of interest (in %)
Ecap Equities Limited	76.00	Repayment on demand	Floating rate with a quarterly reset option
Edelweiss Rural & Corporate Services Limited	53.68	Repayment on demand	Floating rate with a quarterly reset option
<b>Total</b>	<b>129.67</b>		

- As on the date of this Prospectus, there has been no default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness in the past 5 years.
- There are no outstanding borrowings taken/debt securities issued where taken/issued (i) for consideration other than cash, whether in whole or in part, or (ii) in pursuance of an option as on the date of this Prospectus. Further, other than the Preference Shares which have been issued at a premium of ₹5 per Preference Shares, no outstanding borrowings taken/debt securities issued have been taken/issued at a premium or discount.

#### *Corporate Guarantee*

Our Company has not issued any corporate guarantees.

## SECTION VI - ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

The key common terms and conditions of the NCDs are as follows:

<b>Issuer</b>	Edelweiss Finance & Investments Limited
<b>Type of instrument/ Name of the security/ Seniority</b>	Secured Redeemable Non-Convertible Debentures
<b>Nature of the instrument</b>	Secured Redeemable Non-Convertible Debenture
<b>Mode of Issue</b>	Public issue
<b>Lead Managers</b>	IDBI Capital Markets & Securities Limited and Edelweiss Financial Services Limited***
<b>Debenture Trustee</b>	Beacon Trusteeship Limited
<b>Depositories</b>	NSDL and CDSL
<b>Registrar to the Issue/Registrar</b>	Link Intime India Private Limited
<b>Base Issue</b>	₹1,250 million
<b>Option to retain Oversubscription Amount</b>	₹1,250 million
<b>Eligible investors</b>	<p>The following categories of persons are eligible to apply in the Issue:</p> <p>Category I (Institutional Investors)</p> <ul style="list-style-type: none"> <li>• Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs;</li> <li>• Provident funds, pension funds with a minimum corpus of ₹250 million, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;</li> <li>• Mutual Funds registered with SEBI</li> <li>• Venture Capital Funds/ Alternative Investment Fund registered with SEBI; subject to investment conditions applicable to them under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</li> <li>• Insurance Companies registered with IRDA;</li> <li>• State industrial development corporations;</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>• Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than ₹5,000 million as per the last audited financial statements;</li> <li>• National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India</li> </ul> <p>Category II (Non Institutional Investors)</p> <ul style="list-style-type: none"> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013;</li> <li>• Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>• Co-operative banks and regional rural banks;</li> <li>• Public/private charitable/ religious trusts which are authorised to invest in the NCDs;</li> </ul>

	<ul style="list-style-type: none"> <li>Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>Partnership firms in the name of the partners;</li> <li>Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>Association of Persons; and</li> <li>Any other incorporated and/ or unincorporated body of persons</li> </ul> <p>Category III (High Net-worth Individual Investors) (“HNIs”),</p> <ul style="list-style-type: none"> <li>High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 lacs across all series of NCDs in Issue</li> </ul> <p>Category IV (Retail Individual Investors)</p> <ul style="list-style-type: none"> <li>Retail Individual Investors which include Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10 lacs across all series of NCDs in Issue</li> </ul>
<b>Objects of the Issue</b>	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 51 of this Prospectus
<b>Details of utilization of the proceeds</b>	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 51 of this Prospectus
<b>Interest rate for each category of investors</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
<b>Step up/ Step down interest rates</b>	NA
<b>Interest type</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
<b>Interest reset process</b>	NA
<b>Issuance mode of the instrument</b>	In dematerialized form only
<b>Frequency of interest payment</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
<b>Interest payment date</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
<b>Day count basis</b>	Actual/ Actual
<b>Interest on application money</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
<b>Default interest rate</b>	Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws
<b>Tenor</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
<b>Redemption Date</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
<b>Redemption Amount</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
<b>Redemption premium/ discount</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 143 of this Prospectus
<b>Face value</b>	₹ 1,000 per NCD
<b>Issue Price (in ₹)</b>	₹ 1,000 per NCD
<b>Discount at which security is issued and the effective yield as a result of such discount.</b>	NA
<b>Put option date</b>	NA
<b>Put option price</b>	NA
<b>Call option date</b>	NA
<b>Call option price</b>	NA
<b>Put notification time.</b>	NA

<b>Call notification time</b>	NA
<b>Minimum Application size and in multiples of NCD thereafter</b>	₹10,000 only
<b>Market Lot/ Trading Lot</b>	1 (one)
<b>Pay-in date</b>	Application Date. The entire Application Amount is payable on Application
<b>Credit ratings</b>	<p>The NCDs proposed to be issued under this Issue have been rated “CRISIL AA-/stable ” (pronounced as CRISIL double A minus with stable outlook) for an amount of ₹5,000 million, by CRISIL vide their letter dated December 13, 2019 and revalidated as “CRISIL AA-/Stable” (pronounced as CRISIL double A minus rating with stable outlook) by their revalidation letter dated January 6, 2020 and “CARE AA-;Stable” for an amount of ₹5,000 million, by CARE vide their letter dated December 17, 2019 and revalidated as “CARE AA-;Stable” (pronounced as double A minus rating with stable outlook) by their revalidation letter dated January 15, 2020. The rating of CRISIL AA-/Stable” by CRISIL Limited and “CARE AA-; Stable” by CARE Ratings Limited indicate that instruments with these ratings are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. For the rationale for these ratings, see Annexure A and B to this Prospectus. These ratings are not recommendations to buy, sell or hold securities and investors should take their own decision. These rating are subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.</p> <p>For the rationale for these ratings, see Annexure A and B of this Prospectus</p>
<b>Listing</b>	The NCDs are proposed to be listed on BSE. The NCDs shall be listed within 6 Working Days from the date of Issue Closure.
<b>Issue size</b>	Public issue by our Company of secured redeemable non-convertible debentures of face value of ₹1,000 each for an amount of ₹1,250 million (“Base Issue Size”) with an option to retain oversubscription up to ₹1,250 million aggregating up to ₹2,500 million (“Limit”) (“Issue”).
<b>Modes of payment</b>	Please refer to the chapter titled “ <i>Issue Procedure – Terms of Payment</i> ” on page 152 of this Prospectus
<b>Trading</b>	In dematerialised form only
<b>Issue opening date</b>	Thursday, January 23, 2020
<b>Issue closing date**</b>	<p>Friday, January 31, 2020</p> <p>** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or the Debentures Committee, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchange. For further details please refer to the chapter titled “<i>General Information</i>” on page 38 of this Prospectus</p>
<b>Record date</b>	<p>The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors or the Debentures Committee from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be</p> <p>In case Record Date falls on a day when Stock Exchange are having a trading</p>

	holiday, the immediate subsequent trading day will be deemed as the Record Date
<b>Security and Asset Cover</b>	<p>The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs in respect thereof shall be secured by way of pari passu charge in favour of the Debenture Trustee on present and/or future receivables of our Company 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. Our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs (along with the interest due thereon).</p> <p>For further details please refer to the section titled “<i>Terms of the Issue – Security</i>” on page 143 of this Prospectus</p>
<b>Issue documents</b>	<p>This Prospectus, the Draft Prospectus, read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed, Lead Brokers Agreement and Public Issue Account Agreement and other documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Issue Agreement, the Debenture Trustee Agreement, the Tripartite Agreements and the Registrar Agreement. For further details, please refer to “<i>Material Contracts and Documents for Inspection</i>” on page 238 of this Prospectus</p>
<b>Conditions precedent to disbursement</b>	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement
<b>Conditions subsequent to disbursement</b>	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement
<b>Events of default / cross default</b>	Please refer to the chapter titled “ <i>Terms of the Issue – Events of Default</i> ” on page 145 of this Prospectus
<b>Deemed date of Allotment</b>	<p>The date on which the Board of Directors/ Debentures Committee approves the Allotment of the NCDs or such date as may be determined by the Board of Directors/ Debentures Committee and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment</p>
<b>Roles and responsibilities of the Debenture Trustee</b>	Please refer to the chapter titled “ <i>Terms of the Issue – Trustees for the NCD Holders</i> ” on page 144 of this Prospectus
<b>Governing law and jurisdiction</b>	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India
<b>Working day convention</b>	<p>If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.</p>

\*\* The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time), during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days) as may be decided by the Board of Directors of our Company (“Board”) or the Debentures Committee. In the event of such an early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a reputed national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only

between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

\*\*\*In compliance with the proviso to Regulation 21A (1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended ("Merchant Bankers Regulations"), Edelweiss Financial Services Limited ("EFSL") will be involved only in marketing of the Issue.

#### SPECIFIC TERMS FOR EACH SERIES OF NCDs

Series	I	II	III**	IV	V	VI	VII	VIII	IX
Frequency of Interest Payment	Annual	Cumulative	Annual	Cumulative	Monthly	Annual	Cumulative	Monthly	Annual
Minimum Application	₹ 10,000/- (10 NCDs) across all Series								
Face Value/ Issue Price of NCDs (₹/ NCD)	₹1,000/-								
In Multiples of thereafter (₹)	₹ 1,000/- (1 NCD)								
Tenor	18 months	18 months	36 months	36 months	60 months	60 months	60 months	120 months	120 months
Coupon (% per annum) for NCD Holders in Category I, II, III & IV	9.70%	NA	10.00%	NA	9.80%	10.25%	NA	9.80%	10.25%
Effective Yield (per annum) for NCD Holders in Category I, II, III and IV	9.75%	9.75%	9.99%	10.00%	10.24%	10.24%	10.25%	10.25%	10.24%
Mode of Interest Payment	Through various mode available								
Amount (₹ / NCD) on Maturity for NCD Holders in Category I, II, III &	₹1,000/-	₹1,149.61/-	₹1,000/-	₹1,331.35/-	₹1,000/-	₹1,000/-	₹1,629.77/-	₹1,000/-	₹1,000/-

IV									
Maturity / Redemption Date (Years from the Deemed Date of Allotment)	18 months	18 months	36 months	36 months	60 months	60 months	60 months	120 months	120 months
Put and Call Option	NA	NA	NA	NA	NA	NA	NA	NA	NA

*\*\* Our Company shall allocate and allot Series III NCDs wherein the Applicants have not indicated the choice of the relevant NCD Series.*

All Category of Investors in the proposed Issue who are also holders of NCD(s)/Bond(s) previously issued by our Company, and/or our Promoter, Edelweiss Financial Services Limited (“EFSL”) and/ or our group company, ECL Finance Limited as the case may be, and/or are equity shareholder(s) of our Promoter, Edelweiss Financial Services Limited (“EFSL”) as the case may be, on the Deemed Date of Allotment and applying in Series I, Series III, Series V, Series VI, Series VIII and/or Series IX NCDs shall be eligible for additional incentive of 0.20% p.a. provided the NCDs issued under the proposed Issue are held by the investors on the relevant Record Date applicable for payment of respective coupons, in respect of Series I, Series III, Series V, Series VI, Series VIII and/or Series IX NCDs.

For all Category of Investors in the proposed Issue who are also holders of NCD(s)/Bond(s) previously issued by our Company, and/or our Promoter, Edelweiss Financial Services Limited (“EFSL”) and/ or our group company, ECL Finance Limited as the case may be, and/or are equity shareholder(s) of our Promoter, Edelweiss Financial Services Limited (“EFSL”) as the case may be, on the Deemed Date of Allotment applying in Series II, Series IV and/or Series VII, the maturity amount at redemption along with the additional yield would be ₹ 1,152.70/- per NCD, ₹ 1,338.50/- per NCD and ₹ 1,644.50/- per NCD respectively provided the NCDs issued under the proposed Issue are held by the investors on the relevant Record Date applicable for redemption in respect of Series II, Series IV and/or Series VII.

The additional incentive will be maximum of 0.20% p.a. for all Category of Investors in the proposed Issue, who are also holders of NCD(s)/Bond(s) previously issued by our Company, and/or our Promoter, Edelweiss Financial Services Limited (“EFSL”) and/ or our group company, ECL Finance Limited as the case may be, and/or are equity shareholder(s) of our Promoter, Edelweiss Financial Services Limited (“EFSL”) as the case may be, on the deemed date of allotment.

On any relevant Record Date, the Registrar and/or our Company shall determine the list of the Primary holder(s) of this Issue and identify such Investor/ NCD Holders, (based on their DP identification and /or PAN and/or entries in the Register of NCD Holders) and make the requisite payment of additional incentive.

The additional incentive will be given only on the NCDs allotted in this Issue i.e. to the Primary holder(s). In case if any NCD is bought/acquired from secondary market or from open market, additional incentive will not be paid on such bought/acquired NCD.

In case the Primary holder(s) sells/gifts/transfer any NCDs allotted in this Issue, additional incentive will not be paid on such sold/gifted/transferred NCD except in case where NCDs are transferred to the Joint holder/Nominee in case of death of the primary holder.

### **Terms of payment**

The entire face value per NCDs is payable on Application. The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in “*Terms of Issue – Manner of Payment of Interest/ Refund/Redemption Amounts*” on page 152 of this Prospectus.

**Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory**



**permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the “**Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account) held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

For further details, see the section titled “*Issue Procedure*” on page 156 of this Prospectus.

**Day Count Convention**

Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

**Effect of holidays on payments**

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

**Illustration for guidance in respect of the day count convention and effect of holidays on payments.**

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF/18/2013 October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016, as the case may be, as disclosed in Annexure D to the Prospectus.

## TERMS OF THE ISSUE

### Authority for the Issue

This Issue has been authorized by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on November 11, 2019. Further, the proposed borrowing is within the borrowing limits of ₹75,000 million under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders in the AGM held on September 9, 2014.

### Principal Terms and Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the Companies Act, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the Abridged Prospectus, statutory advertisement and corrigendum if any, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/Stock Exchange, RBI and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

### Ranking of NCDs

The NCDs would constitute secured obligations of the Company and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of charge in favour of the Debenture Trustee on present and/or future receivables/assets of our Company 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. Our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets equal to the value one time of the debentures outstanding plus interest accrued thereon, and subject to any obligations under applicable statutory and/or regulatory requirements. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements. The NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

### Security

The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs in respect thereof shall be 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. Our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs (along with the interest due thereon). The Issuer undertakes that the necessary documents for the creation of the security, including the Debenture Trust Deed would be executed within the time frame prescribed as per applicable law and the same would be uploaded on the website of the Designated Stock Exchange, within five working days of execution of the same.

### Debenture Trust Deed

Our Company intends to enter into Debenture Trust Deed with the Debenture Trustee for the benefit of the NCD Holders, the terms of which will *inter alia* govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution of the Debenture Trust Deed and other security documents before the Allotment of NCDs.

Under the terms of the Debenture Trust Deed, our Company will covenant with Debenture Trustee that it will pay the NCDs Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rates specified in the Debenture Trust Deed. The Debenture Trust Deed will also provide that the Company may withdraw any portion of the Security and/or replace with another assets of the same or higher value.

## Debenture Redemption Reserve

In accordance with recent amendments to the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with Rule 16 of the SEBI Debt Regulations, any non-banking finance company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures. The Government, in the union budget for the Financial Year 2019-20 had announced that non-banking finance companies raising funds in public issues would be exempt from the requirement of creating a DRR. Pursuant to the amendment to the Companies (Share Capital & Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. The Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

- A. in deposits with any scheduled bank, free from any charge or lien
- B. in unencumbered securities of the Central Government or any State Government;
- C. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
- D. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

## Face Value

The face value of each NCD shall be ₹1,000.

## Trustees for the NCD Holders

We have appointed Beacon Trusteeship Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 4(4) of the Debt Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute Debenture Trust Deed, for *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of happening of an Event of Default in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

## **Events of Default**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Default is committed in payment of the principal amount of the NCDs on the due date(s); and default is committed in payment of any interest on the NCDs on the due date(s).

## **NCD Holder not a Shareholder**

The NCD Holders will not be entitled to any of the rights and privileges available to the equity shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

## **Rights of NCD Holders**

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. In terms of Section 136(1) of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.
2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holders or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the Abridged Prospectus, Corrigendum if any, addendum if any, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. For the NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the NCDs in dematerialized Form. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any

NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD holders.

- 6 Subject to compliance with applicable statutory requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the NCDs, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of the Offer Document and the Debenture Trust Deed.

#### **Nomination facility to NCD Holder**

In accordance with Section 72 of the Companies Act 2013, Any NCD Holder may, at any time, nominate, any person as his nominee in whom the NCDs shall vest in the event of his death. On the receipt of the said nomination as per prescribed law a corresponding entry shall forthwith be made in the relevant register of securities holders, maintained under Section 88 of the Companies Act, 2013.

Where the NCDs are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, any person to whom all the rights in the NCDs shall vest in the event of death of all the joint holders. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate as prescribed any person as nominee.

The request for nomination should be recorded by the Company within a period of two months from the date of receipt of the duly filled and signed nomination form. In the event of death of the NCD Holder or where the NCDs are held by more than one person jointly, in the event of death of all the joint holders, the person nominated as the nominee may upon the production of such evidence as may be required by the Board, elect, either:

- (i) to register himself as holder of the NCDs; or
- (ii) to transfer the NCDs as the deceased holder could have done.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the NCDs himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects, and such notice shall be accompanied with the death certificate of the deceased NCD Holder(s).

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the NCDs, where a nomination made in the prescribed manner purports to confer on any person the right to vest the NCDs, the nominee shall, on the death of the holder of NCDs or, as the case may be, on the death of the joint holders, become entitled to all the rights in the NCDs, of the NCD Holder or, as the case may be, of all the joint holders, in relation to the said NCDs, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

All the limitations, restrictions and provisions of the Companies Act 2013 relating to the right to transfer and the registration of transfers of the NCDs shall be applicable to any such notice or transfer as aforesaid as if the death of the NCD Holder had not occurred and the notice or transfer were a transfer signed by that NCD Holder. Where the nominee is a minor, it shall be lawful for the NCD Holder, making the nomination to appoint, in the prescribed manner, any person to become entitled to the NCDs, in the event of the death of the nominee during his minority. Where the nominee is a minor, NCD Holder making the nomination, may appoint a person as specified under sub-rule (1) of Rule 19 of Companies (Share Capital and Debentures) Rules, 2014, who shall become entitled to the NCDs, in the event of death of the nominee during his minority.

A person, being a nominee, becoming entitled to NCDs by reason of the death of the NCD Holder shall be entitled to the same interests and other advantages to which he would have been entitled to if he were the registered NCD Holder except that he shall not, before being registered as a NCD Holder in respect of such NCDs, be entitled in respect of these NCDs to exercise any right conferred by subscription to the same in relation to meetings of the NCD Holders convened by the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the NCDs, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of interests, bonuses

or other moneys payable in respect of the said NCDs, until the requirements of the notice have been complied with.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the NCD Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

**Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.**

### **Jurisdiction**

Our Company has in the Debenture Trustee Agreement agreed, for the exclusive benefit of the Debenture Trustee and the Debenture holders, that the courts in Mumbai, Maharashtra are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Debenture Trust or the NCDs and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Debenture Trust Deed and the NCDs may be brought only in the courts in Mumbai, Maharashtra.

### **Application in the Issue**

NCDs being issued through the Offer Document can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

### **Form of Allotment and Denomination of NCDs**

As per the Debt Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD (“**Market Lot**”). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment refer to chapter titled “Issue Procedure” under section titled “*Issue Related Information*” beginning on page 136 of this Prospectus.

### **Transfer/Transmission of NCD(s)**

The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Company or Registrar.

### **Title**

The NCD Holder(s) for the time being appearing in the record of beneficial owners maintained by the Depository shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes.

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to

transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

### Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

### Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

### Interest/Premium and Payment of Interest/ Premium

Interest and Payment of Interest

#### Series I NCD

In case of Series I NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series I NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I, II, III and IV	9.70%
For Category I, Category II, III and IV Investors eligible for additional incentive of 0.20% (p.a.)	9.90%

Series I NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 18 months from the Deemed Date of Allotment.

#### Series II NCD

In case of Series II NCDs, the NCDs shall be redeemed at the end of 18 months from the Deemed Date of Allotment as mentioned below:

Category of NCD Holders	Face Value (₹ per NCD)	Redemption Amount (₹ per NCD)
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Category I, II, III and IV	1,000	1,149.61
For Category I, II, III and IV Investors eligible for additional incentive/premium amount (Rs/ NCD)	1,000	1,152.70

#### Series III NCD

In case of Series III NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series III NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I, II, III and IV	10.00%
For Category I, II and IV Investors eligible for additional incentive of 0.20% (p.a.)	10.20%

Series III NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 36 months from the Deemed Date of Allotment.

#### Series IV NCD

In case of Series IV NCDs, the NCDs shall be redeemed at the end of 36 months from the Deemed Date of Allotment as mentioned below:

Category of NCD Holders	Face Value (₹ per NCD)	Redemption Amount (₹ per NCD)
Category I, II, III and IV	1,000	1,331.31
For Category I, II, III and IV Investors eligible for additional incentive/premium amount (Rs/NCD)	1,000	1,338.50

#### Series V NCD

In case of Series V NCDs, interest would be paid monthly on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series V NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I, II, III and IV	9.80%
For Category I, II, III and IV Investors eligible for additional incentive of 0.20% (p.a.)	10.00%

Series V NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

#### Series VI NCD

In case of Series VI NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series VI NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I, II, III and IV	10.25%
For Category I, II, III and IV Investors eligible for additional incentive of 0.20% (p.a.)	10.45%

Series VI NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 60 months from the Deemed Date of Allotment.

#### Series VII NCD



In case of Series VII NCDs, the NCDs shall be redeemed at the end of 60 months from the Deemed Date of Allotment as mentioned below:

Category of NCD Holders	Face Value (₹ per NCD)	Redemption Amount (₹ per NCD)
Category I, II, III and IV	1,000	1,629.77
For Category I, II, III and IV Investors eligible for additional incentive/premium amount (Rs/NCD)	1,000	1,644.50

#### Series VIII NCD

In case of Series VIII NCDs, interest would be paid monthly on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series VIII NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I, II, III and IV	9.80%
For Category I, II, III and IV Investors eligible for additional incentive of 0.20% (p.a.)	10.00%

Series VIII NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 120 months from the Deemed Date of Allotment.

#### Series IX NCD

In case of Series IX NCDs, interest would be paid annually on Actual/Actual basis at the following rate of interest on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series IX NCD:

Category of NCD Holders	Coupon (% p.a.)
Category I, II, III and IV	10.25%
For Category I, II, III and IV Investors eligible for additional incentive of 0.20% (p.a.)	10.45%

Series IX NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 120 months from the Deemed Date of Allotment.

All Category of Investors in the proposed Issue who are also holders of NCD(s)/Bond(s) previously issued by our Company, and/or our Promoter, Edelweiss Financial Services Limited (“EFSL”) and/ or our group company, ECL Finance Limited as the case may be, and/or are equity shareholder(s) of our Promoter, Edelweiss Financial Services Limited (“EFSL”) as the case may be, on the Deemed Date of Allotment and applying in Series I, Series III, Series V, Series VI, Series VIII and/or Series IX NCDs shall be eligible for additional incentive of 0.20% p.a. provided the NCDs issued under the proposed Issue are held by the investors on the relevant Record Date applicable for payment of respective coupons, in respect of Series I, Series III, Series V, Series VI, Series VIII and/or Series IX NCDs.

For all Category of Investors in the proposed Issue who are also holders of NCD(s)/Bond(s) previously issued by our Company, and/or our Promoter, Edelweiss Financial Services Limited (“EFSL”) and/ or our group company, ECL Finance Limited as the case may be, and/or are equity shareholder(s) of our Promoter, Edelweiss Financial Services Limited (“EFSL”) as the case may be, on the Deemed Date of Allotment applying in Series II, Series IV and/or Series VII, the maturity amount at redemption along with the additional yield would be ₹ 1,152.70/- per NCD, ₹ 1,338.50/- per NCD and ₹ 1,644.50/- per NCD respectively provided the NCDs issued under the proposed Issue are held by the investors on the relevant Record Date applicable for redemption in respect of Series II, Series IV and/or Series VII.

The additional incentive will be maximum of 0.20% p.a. for all Category of Investors in the proposed Issue, who are also holders of NCD(s)/Bond(s) previously issued by our Company, and/or our Promoter, Edelweiss Financial Services Limited (“EFSL”) and/ or our group company, ECL Finance Limited as the case may be, and/or are equity shareholder(s) of our Promoter, Edelweiss Financial Services Limited (“EFSL”) as the case may be, on the deemed date of allotment.

On any relevant Record Date, the Registrar and/or our Company shall determine the list of the Primary holder(s) of this Issue and identify such Investor/ NCD Holders, (based on their DP identification and /or PAN and/or entries in the Register of NCD Holders) and make the requisite payment of additional incentive.

The additional incentive will be given only on the NCDs allotted in this Issue i.e. to the Primary holder(s). In case if any NCD is bought/acquired from secondary market or from open market, additional incentive will not be paid on such bought/acquired NCD.

In case the Primary holder(s) sells/gifts/transfer any NCDs allotted in this Issue, additional incentive will not be paid on such sold/gifted/transferred NCD except in case where NCDs are transferred to the Joint holder/Nominee in case of death of the primary holder.

### **Basis of payment of Interest**

The Tenor, Coupon Rate / Yield and Redemption Amount applicable for each Series of NCDs shall be determined at the time of Allotment of NCDs. NCDs once allotted under any particular Series of NCDs shall continue to bear the applicable Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/yield and redemption amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on “*Manner of Payment of Interest/ Refund*” at page 152 of this Prospectus.

Payment of Interest will be made to those NCD Holders whose names appear in the register of NCD Holders (or to first holder in case of joint-holders) as on Record Date. For NCDs subscribed, in respect to Series V and Series VIII, where the interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last day of every month during the tenor of such NCDs and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed along with the interest of the subsequent month and paid on the first day of the month next to that subsequent month. For example, assuming Deemed Date of Allotment (tentative) as February 5, 2020, first interest payment will be from the Deemed Date of Allotment till March 31, 2020 and will be paid on April 1, 2020.

### **Taxation**

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company’s books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

*Subject to the terms and conditions in connection with computation of applicable interest on the Record Date,*

*please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.*

### **Maturity and Redemption**

The NCDs issued pursuant to this Prospectus have a fixed maturity date.

### **Application Size**

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof.

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.**

### **Terms of Payment**

The entire issue price of ₹1,000 per NCD is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of the Prospectus.

### **Manner of Payment of Interest /Refund/ Redemption Amounts**

The manner of payment of interest / refund/redemption amounts in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption amount as the case may be. Applicants who are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the Applicant at the Applicant's sole risk, and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

### **Printing of Bank Particulars on Interest/Redemption Warrants**

As a matter of precaution against possible fraudulent encashment of interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the warrants. In relation to NCDs held in dematerialized form, these particulars would be taken directly from the depositories. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

### **Buy Back of NCDs**

Our Company may, from time to time, consider, subject to applicable statutory and/or regulatory requirements including but not limited to SEBI Debt Regulation, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

### **Record Date**

15 (fifteen) number of Days prior to the relevant interest payment date, relevant Redemption Date for NCDs to be issued under the Prospectus. If the Record Date falls on a day that is not a Working Day, then immediate next Working Day will be deemed as Record Date.

### **Procedure for Redemption by NCD Holders**

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

### **Payment on Redemption**

The manner of payment of redemption is set out below:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

### **Right to Reissue NCD(s)**

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

### **Sharing of Information**

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

### **Notices**

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

### **Future Borrowings**

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing*

*for, its securities; or*

- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013.”*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 1 million or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 5 million or with both.

### **Pre-closure**

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in this Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size (i.e. ₹ 937.50 million). If our Company does not receive the minimum subscription of 75% of Base Issue Size (i.e. ₹ 937.50 million), as specified in Companies Act, 2013 and rules made thereunder, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 15 (fifteen) working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular bearing no. HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018

### **Guarantee/Letter of Comfort**

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

### **Utilisation of Application Amount**

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deed and on receipt of listing and trading approval from the Stock Exchange as per applicable provisions of law(s), regulations and approvals.

### **Utilisation of Issue Proceeds**

- (a) All monies received out of the Issue shall be credited/ transferred to a separate bank account maintained with a scheduled bank as referred to in section 40(3) of the Companies Act 2013;
- (b) Details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue;
- (c) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- (d) We shall utilize the Issue proceeds only upon allotment of the NCDs, execution of Debenture Trust Deed, receipt of the listing and trading approval from the Stock Exchange;
- (e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property; and
- (f) Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

### **Monitoring & Reporting of Utilisation of Issue Proceeds**

There is no requirement for appointment of a monitoring agency in terms of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended. The Audit Committee shall monitor the utilization of the proceeds of the Issue in accordance with its terms of reference. For the relevant quarters commencing from the financial year ending March 31, 2019, our Company will disclose in our quarterly financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

### **Lien**

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD Holder to our Company.

### **Lien on Pledge of NCDs**

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

### **Listing**

The NCDs offered through this Prospectus are proposed to be listed on BSE. Our Company has obtained an 'in-principle' approval for the Issue from BSE *vide* its letter no DCS/BM/PI-BOND/16/19-20 dated December 31, 2019. For the purposes of the Issue, BSE shall be the Designated Stock Exchange. If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Prospectus.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

## ISSUE PROCEDURE

*This section applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. ASBA Applicants ensure that their respective ASBA accounts can be blocked by the SCSBs, in the relevant ASBA Accounts. Applicants should note that they may submit their Applications to the Lead Managers or Members of the Syndicate or Registered Brokers at the Broker Centres or CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form.*

*Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.*

*Please note that this section has been prepared based on the circular no. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI ("**Debt Application Circular**") as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI ("**Debt ASBA Circular**").*

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Stock Exchange.*

*Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the 2012 SEBI Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.*

**PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.**

**THE MEMBERS OF THE SYNDICATE AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GREIVANCES ARISING FROM APPLICATIONS THROUGH DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.**

*For purposes of the Issue, the term "Working Day" shall mean all days excluding Saturdays, Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue period, i.e. period beginning from Issue Closure to listing of the securities on the Stock Exchange, Working Days shall mean all trading days of the Stock Exchange, excluding Sundays and Bank holidays as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.*

The information below is given for the benefit of the investors. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

## PROCEDURE FOR APPLICATION

### How to Apply?

#### Availability of the Abridged Prospectus, and Application Forms

**Please note that there is a single Application Form for Applicants who are Persons Resident in India.**

Physical copies of the Abridged Prospectus, containing the salient features of this Prospectus together with Application Forms may be obtained from:

- (a) Our Company's Registered Office and Corporate Office;
- (b) Offices of the Lead Managers;
- (c) Offices of the Lead Brokers;
- (d) Registrar to the Issue
- (e) Designated RTA Locations for RTAs;
- (f) Designated CDP Locations for CDPs; and
- (g) Designated Branches of the SCSBs.

Electronic copies of the Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Managers, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the websites of the Stock Exchange and on the websites of the SCSBs that permit submission of Applications electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the websites of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

### Who are eligible to apply for NCDs?

The following categories of persons are eligible to apply in the Issue:

Category I	Category II	Category III	Category IV
<b>Institutional Investors</b>	<b>Non Institutional Investors</b>	<b>High Net-worth Individual Investors ("HNIs") and Retail Individual Investors</b>	<b>Retail Individual Investors</b>
<ul style="list-style-type: none"> <li>• Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs;</li> <li>• Provident funds, pension funds with a minimum corpus of ₹250 million, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;</li> </ul>	<ul style="list-style-type: none"> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013;</li> <li>• Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>• Co-operative banks and regional rural banks;</li> <li>• Public/private charitable/ religious trusts which are authorised to invest</li> </ul>	High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 lacs across all series of NCDs in Issue	Retail Individual Investors which include Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10 lacs across all series of NCDs in Issue



Category I	Category II	Category III	Category IV
Institutional Investors	Non Institutional Investors	High Net-worth Individual Investors (“HNIs”) and Retail Individual Investors	Retail Individual Investors
<ul style="list-style-type: none"> <li>• Mutual Funds registered with SEBI;</li> <li>• Venture Capital Funds/ Alternative Investment Fund registered with SEBI, subject to investment conditions applicable to them under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</li> <li>• Insurance Companies registered with IRDA;</li> <li>• State industrial development corporations;</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>• Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than ₹5,000 million as per the last audited financial statements; and <ul style="list-style-type: none"> <li>▪ National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.</li> </ul> </li> </ul>	<p>in the NCDs;</p> <ul style="list-style-type: none"> <li>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>• Association of Persons; and <ul style="list-style-type: none"> <li>▪ Any other incorporated and/ or unincorporated body of persons.</li> </ul> </li> </ul>		

**Please note that it is clarified that persons’ resident outside India shall not be entitled to participate in the Issue and any Application(s) from such persons are liable to be rejected.**

**Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

#### **Who are not eligible to apply for NCDs?**

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

- (a) Minors without a guardian name\*;
- (b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- (c) Persons resident outside India;
- (d) FIIs;
- (e) FPIs;
- (f) Qualified foreign investors;
- (g) Overseas Corporate Bodies; and
- (h) Person ineligible to contract under applicable statutory/regulatory requirements.

*\*Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872.*

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

Please refer to “*Rejection of Applications*” on page 172 of this Prospectus for information on rejection of Applications.

#### **Method of Application**

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Applicants should submit the Application Form only at the Bidding Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at <https://www.sebi.gov.in>.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

#### **APPLICATIONS FOR ALLOTMENT OF NCDs**

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

##### **Applications by Mutual Funds**

Pursuant to a recent SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (“**SEBI Circular 2016**”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by mutual fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

##### **Application by Commercial Banks, Co-operative Banks and Regional Rural Banks**

Commercial banks, co-operative banks and regional rural banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee is required to be attached to the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

**Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.**

### **Application by Insurance Companies**

In case of Applications made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.**

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time including the IRDAI Investment Regulations.

### **Application by Indian Alternative Investment Funds**

Applications made by 'Alternative Investment Funds' eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "SEBI AIF Regulations") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

**Application by Systemically Important Non- Banking Financial Companies** Systemically Important Non-Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment**

In case of Applications made by Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Trusts**

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Provident Funds, Pension funds, Superannuation Funds and Gratuity funds which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of incorporation/ registration under any Act/Rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by National Investment Funds**

Application made by a National Investment Funds for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefore.

### **Companies, bodies corporate and societies registered under the applicable laws in India**

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefore.

### **Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)**

The Application must be accompanied by certified true copies of certified copy of certificate of the Partnership Deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non- Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants who are Retail Individual Investors, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company, the Lead Managers may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from

the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

## APPLICATIONS FOR ALLOTMENT OF NCDs

### *Submission of Applications*

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Managers and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Lead Brokers, Trading Members, Registered Brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account. The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Members of the Syndicate at Specified Locations, see the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at [www.bseindia.com](http://www.bseindia.com). The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

Applications can be submitted through either of the following modes:

- (a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

- (b) Physically through the Designated Intermediaries at the respective Bidding Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Bidding Centre where the Application Form is submitted (a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic

system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Centre, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. **If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

- (a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries (other than Trading Members of the Stock Exchange) at the respective Collection Centers; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the electronic version of the Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.
- (b) The Designated Branches of the SCSBs shall accept Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any Application directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please refer to "*Issue Structure*" on page 136 of this Prospectus.
- (c) Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

**Please note that Applicants can make an Application for Allotment of NCDs in the dematerialized form only.**

#### **Submission of Direct Online Applications**

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.*

In the event the Direct Online Application facility is implemented by the Stock Exchange, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number ("UAN") and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant's bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

**As per the Debt Application Circular issued by SEBI, the availability of the Direct Online Applications facility is subject to the Stock Exchange putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification,**

**modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI.**

## **INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM**

### **General Instructions**

#### **A. General instructions for completing the Application Form**

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in block letters in English, as per the instructions contained in this Prospectus the Abridged Prospectus and the Application Form.
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applications must be for a minimum of 10 NCDs and in multiples of 1 NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs or more in a single Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be.
- Every Applicant should hold a valid PAN and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of “Category of Investor” in the Application Form.
- Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and also ensure that the signature in the Application Form matches with the signature in Applicant’s bank records, otherwise the Application is liable to be rejected
- Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant’s active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with



the instructions provided in the Application Form. Not more than five Applications can be made from one single ASBA Account;

- For Applicants, the Applications in physical mode should be submitted to the SCSBs or a Member of the Syndicate or to the Trading Members of the Stock Exchange on the prescribed Application Form. SCSBs may provide the electronic mode for making Application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for Application and blocking funds in the ASBA Account;
- Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchange, Designated Intermediaries and/or Designated Branch of the SCSB. Application Forms which do not bear the stamp will be rejected.

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

**Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.**

**Our Company would allot the Series III NCDs, as specified in this Prospectus to all valid Applications, wherein the applicants have not indicated their choice of the relevant series of NCDs.**

#### **A. Applicant's Beneficiary Account Details**

Applicants must mention their DP ID and Client ID in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the beneficiary account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the beneficiary account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected. On the basis of the Demographic details as appearing on the records of the DP, the Registrar to the Issue will issue Allotment Advice to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their beneficiary account details in the Application Form. Failure to do so could result in delays in delivery of Allotment Advice at the Applicants' sole risk, and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries, Bankers to the Issue, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same. In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. **Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.**

#### **B. Permanent Account Number (PAN)**

The Applicant should mention his or her PAN allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the central or state government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with

Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the general index register number i.e. GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the central or state government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

### **C. Joint Applications**

Applications made in joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to first named in the Application whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

### **D. Additional/ Multiple Applications**

An Applicant is allowed to make one or more Applications for the NCDs, subject to a minimum application size of ₹10,000 and in multiples of ₹1,000 thereafter as specified in this Prospectus. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.** Any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a HUF and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

### **Do's and Don'ts**

Applicants are advised to take note of the following while filling and submitting the Application Form:

#### **Do's**

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law;
2. Read all the instructions carefully and complete the Application Form in the prescribed form;
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue;
4. Ensure that the DP ID and Client ID and PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details shall be mandatory for all Applicants;
5. Ensure that you have mentioned the correct ASBA Account number in the Application Form;
6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder;
7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be;

8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Bidding Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediaries/Designated branch of the SCSB as the case may be;
9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Bidding Centre;
10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
11. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes;
12. Ensure that signatures other than in the languages specified in the 8th Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
13. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;
14. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
15. Ensure that the Applications are submitted to the Designated Intermediaries, or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer to "*Issue Structure*" beginning on page 136 of this Prospectus.
16. **Permanent Account Number:** Except for Application (i) on behalf of the central or state government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the central or state government and officials appointed by the courts and for investors residing in the state of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;
17. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
18. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

**SEBI Circular No. CIR/DDHS/P/121/2018 dated August 16, 2018 stipulating the time between closure of the Issue and listing at 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.**

**Don'ts:**

1. Do not apply for lower than the minimum application size;
2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest;
3. Do not send Application Forms by post instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be;
4. Do not submit the Application Form to any non-SCSB bank or our Company;
5. Do not Bid on an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be;
6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
9. Do not submit the Application Forms without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;
10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;
12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;
13. Do not submit Application Forms to a Designated Intermediary at a location other than Collection Centers;
14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;
15. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by persons resident outside india, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);
16. Do not make an application of the NCD on multiple copies taken of a single form;
17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue; and
18. Do not submit more than five Application Forms per ASBA Account.

**Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>).**

**Please refer to “- Rejection of Applications” on page 172 of this Prospectus for information on rejection of Applications.**

#### **TERMS OF PAYMENT**

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such Applications from the Designated Intermediaries, (a list of such branches is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>). The relevant branch of the SCSB

shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs to unblock the excess amount in the ASBA Account. For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account. **Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries, or to the Designated Branches of the SCSBs. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.**

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 6 (six) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application, as the case may be.

#### **Payment mechanism for Direct Online Applicants**

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.*

#### **SUBMISSION OF COMPLETED APPLICATION FORMS**

<b>Mode of Submission of Application Forms</b>	<b>To whom the Application Form has to be submitted</b>
Applications	<p>(i) <i>If using <u>physical Application Form</u>, (a) to the Designated Intermediaries at relevant Bidding Centres or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or</i></p> <p>(ii) <i>If using <u>electronic Application Form</u>, to the SCSBs, electronically through internet banking facility, if available.</i></p>

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.*

**No separate receipts will be issued for the Application Amount payable on submission of Application Form.**

However, the Designated Intermediaries, will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slips which will serve as a duplicate Application Form for the records of the Applicant. **Electronic Registration of Applications**

- (a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchange. **The Lead Managers, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the**

**Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (vi) the Applications accepted by and/or uploaded by and/or accepted but not uploaded by Lead Brokers, Trading Members, Registered Brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms**

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated branches of the SCSBs in the data entries as such data entries will be considered for allotment/rejection of Application.

- (b) The Stock Exchange will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of the Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer to “*Issue Structure*” on page 136 of this Prospectus.
- (c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, other than Direct Online Applications, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
  - PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID
  - Client ID
  - Number of NCDs applied for
  - Price per NCD
  - Bank code for the SCSB where the ASBA Account is maintained
  - Bank account number
  - Application amount
- (d) With respect to Applications submitted to the Designated Intermediaries at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
- Application Form number
  - PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID
  - Client ID
  - Number of NCDs applied for
  - Price per NCD
  - Bank code for the SCSB where the ASBA Account is maintained
  - Location
  - Application amount
- (e) A system generated acknowledgement will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant’s responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The**

**registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**

- (f) Applications can be rejected on the technical grounds listed on page 172 of this Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.
- (g) The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Managers are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.
- (h) **Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment.** The Lead Managers, Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the, Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

#### **REJECTION OF APPLICATIONS**

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or any committee of our Company reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- (i) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (ii) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;
- (iii) Applications not being signed by the sole/joint Applicant(s);
- (iv) Investor Category in the Application Form not being ticked;
- (v) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum application size;
- (vi) Applications where a registered address in India is not provided for the Applicant;
- (vii) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);
- (viii) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- (ix) PAN not mentioned in the Application Form, except for Applications by or on behalf of the central or state government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor

- Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- (x) DP ID and Client ID not mentioned in the Application Form;
  - (xi) GIR number furnished instead of PAN;
  - (xii) Applications by OCBs;
  - (xiii) Applications for an amount below the minimum application size;
  - (xiv) Submission of more than five ASBA Forms per ASBA Account;
  - (xv) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
  - (xvi) Applications under power of attorney or by limited companies, corporate, trust etc., submitted without relevant documents;
  - (xvii) Applications accompanied by Stockinvest/ cheque/ money order/ postal order/ cash;
  - (xviii) Signature of sole Applicant missing, or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
  - (xix) Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
  - (xx) Date of birth for first/sole Applicant (in case of Category III) not mentioned in the Application Form.
  - (xxi) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant
  - (xxii) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;
  - (xxiii) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediaries, as the case may be;
  - (xxiv) Applications not having details of the ASBA Account to be blocked;
  - (xxv) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
  - (xxvi) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
  - (xxvii) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
  - (xxviii) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
  - (xxix) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
  - (xxx) Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
  - (xxxi) Applications by any person outside India;



- (xxxii) Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;
- (xxxiii) Applications not uploaded on the online platform of the Stock Exchange;
- (xxxiv) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- (xxxv) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Application Form and this Prospectus;
- (xxxvi) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (xxxvii) Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories;
- (xxxviii) Applications providing an inoperative demat account number;
- (xxxix) Applications submitted to the Designated Intermediaries, at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and Applications submitted directly to the Banker to the Issue (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- (xl) Category not ticked;
- (xli) Forms not uploaded on the electronic software of the Stock Exchange; and/or
- (xlii) In case of cancellation of one or more orders within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.

**Kindly note that Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Managers, or Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit Applications.**

#### **BASIS OF ALLOTMENT**

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the valid Applications for the purpose of drawing the basis of allocation.

#### **Allocation Ratio**

For the purposes of the Basis of Allotment:

- A. *Applications received from Category I Applicants:* Applications received from Applicants belonging to Category I shall be grouped together (“**QIB Portion**”);
- B. *Applications received from Category II Applicants:* Applications received from Applicants belonging to Category II, shall be grouped together (“**Corporate Portion**”)
- C. *Applications received from Category III Applicants:* Applications received from Applicants belonging to Category III shall be grouped together (“**High Net Worth Individual Portion**”); and
- D. *Applications received from Category IV Applicants:* Applications received from Applicants belonging to Category IV shall be grouped together (“**Retail Individual Investor Portion**”).

For removal of doubt, the terms “QIB Portion”, “Corporate Portion”, “High Net Worth Individual Portion” and “Retail Individual Investor Portion” are individually referred to as a “Portion” and collectively referred to as

“Portions”.

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue Size up to the Issue Size i.e. aggregating up to ₹2,500 million. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the “Limit”.

### Allocation Ratio

QIB Portion	Corporate Portion	High Net Worth Individual Portion	Retail Individual Investor Portion
20% of the Issue Size	20% of the Issue Size	30% of the Issue Size	30% of the Issue Size

#### *Basis of Allotment for NCDs*

- (a) Allotments in the first instance:
- (i) Applicants belonging to the QIB Portion, in the first instance, will be allocated NCDs up to 20% of the Issue Size on first come first served basis which would be determined on the basis of upload of their Applications on daily basis in to the electronic book with Stock Exchange;
  - (ii) Applicants belonging to the Corporate Portion, in the first instance, will be allocated NCDs up to 20% of the Issue Size on first come first served basis which would be determined on the basis of upload of their Applications on daily basis in to the electronic book with Stock Exchange;
  - (iii) Applicants belonging to the High Net Worth Individual Portion, in the first instance, will be allocated NCDs up to 30% of the Issue Size on first come first served basis which would be determined on the basis of upload of their Applications on daily basis in to the electronic book with Stock Exchange;
  - (iv) Applicants belonging to the Retail Individual Investor Portion, in the first instance, will be allocated NCDs up to 30% of the Issue Size on first come first served basis which would be determined on the basis of upload of their Applications on daily basis in to the electronic book with Stock Exchange;
- (b) Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis, based on the date of upload of each Application in to the Electronic Book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the allotments would be made to the applicants on proportionate basis.
- (c) Under Subscription
- (i) Retail Individual Investor Portion;
  - (ii) High Net worth Individual Portion;
  - (iii) Corporate Portion; and
  - (iv) QIB Portion.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

- (d) For each Portion, all Applications uploaded in to the Electronic Book with Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where NCDs uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion respectively.

- (e) Minimum allotment of 1 (one) NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.
- (f) Allotments in case of oversubscription: In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of NCDs to the Applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the Applicants on the date of oversubscription (based on the date of upload of each Application into the Electronic Book with Stock Exchange, in each Portion).
- (g) Proportionate Allotments: For each Portion, on the date of oversubscription:
  - (i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;
  - (ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference; and
  - (iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalized by draw of lots in a fair and equitable manner.
- (h) Applicant applying for more than one Series of NCDs: If an Applicant has applied for more than one Series of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Series-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Series, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Managers and Designated Stock Exchange. Further, in the aforesaid scenario, wherein the Applicant has applied for all the seven series and in case such Applicant cannot be allotted all the seven series, then the Applicant would be allotted NCDs, at the discretion of the Company, the Registrar and the Lead Managers wherein the NCDs with the least tenor i.e. allotment of NCDs with tenor of 18 months followed by allotment of NCDs with tenor of 36 months and so on.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue Size shall be taken by our Company in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus. Any other queries / issues in connection with the Applications will be appropriately dealt with and decided upon by our Company in consultation with the Lead Managers.

#### **Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications**

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within 6 (six) Working Days of the Issue Closing Date.

#### **ISSUANCE OF ALLOTMENT ADVICE**

Our Company shall ensure dispatch/and/or mail the Allotment Advice within 6 (six) Working Days of the Issue Closing Date to the Applicants. The Allotment Advice for successful Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made within 6 (six) Working Days of the Issue Closing Date.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within 6 (six) Working Days from the Issue Closing Date.

Allotment Advices shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be unblocked in the ASBA Accounts of the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent. per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

## **OTHER INFORMATION**

### **Withdrawal of Applications**

Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Designated Intermediaries or the Designated Branch, as the case may be, through whom the Application had been placed. In case of Applications submitted to the Designated Intermediaries upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediaries shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB to unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account directly.

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

### **Early Closure**

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Closing Date of the Prospectus, subject to receipt of minimum subscription for NCDs aggregating to 75% of the Base Issue Size. Our Company shall allot NCDs with respect to the Applications received at the time of such early closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

If our Company does not receive the minimum subscription of 75% of Base Issue Size prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Issue Closing Date of the Prospectus, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 (six) working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

### **Revision of Applications**

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediaries/the Designated branch of the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

### **Depository Arrangements**

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, the NCDs issued by us can be held in a dematerialized form.

In this context:

- (i) Agreement dated March 15, 2010 between us, the Registrar to the Issue and NSDL, and the agreement dated April 13, 2010 between us, the Registrar to the Issue and CDSL have been executed for offering depository option to the investors.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (v) Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- (vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.
- (vii) Interest or other benefits with respect to the NCDs held in dematerialized form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (viii) The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form only.

Please also refer to “-Instructions for filling-up the Application Form” on page 165 of this Prospectus.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

**PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALIZED FORM ONLY IN MULTIPLE OF ONE NCD.**

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

### **Communications**

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue with a copy to the relevant SCSB, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Designated Intermediaries, or Designated Branch, as the case may be, where the Application was submitted and, ASBA Account number in which the amount equivalent to the Application Amount was blocked. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Applicants may contact the Lead Managers, our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

### **Interest in case of Delay**

Our Company undertakes to pay interest, in connection with any delay in allotment and demat credit beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

### **Undertaking by the Issuer**

*Statement by the Board:*

- (a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013.
- (b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- (d) the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
- (e) We shall utilize the Issue proceeds only upon allotment of the NCDs, execution of the Debenture Trust Deed as stated in this Prospectus and on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and trading approval from the Stock Exchange.
- (f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.
- (g) The allotment letter shall be issued, or application money shall be unblocked within 15 days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

*Other Undertakings by our Company*

Our Company undertakes that:

- (a) Complaints received in respect of the Issue will be attended to by our Company expeditiously and satisfactorily;
- (b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
- (c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within 6 Working Days of the Issue Closing Date;
- (d) Funds required for dispatch of Allotment Advice will be made available by our Company to the Registrar to the Issue;
- (e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the Current Statutory Auditor, to the Debenture Trustee;
- (f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in this Prospectus.

Our Company will disclose the complete name and address of the Debenture Trustee in its annual report.

## SECTION VII - LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND DEFAULTS

*The Debentures Committee in its meeting held on December 20, 2019 has adopted a materiality threshold of: (a) ₹100 million for disclosure of outstanding litigation proceedings (other than criminal proceedings, statutory or regulatory actions) involving our Company; (b) ₹ 1,000 million for outstanding proceedings (other than criminal proceedings, statutory or regulatory actions) involving our Promoter; (c) ₹100 million (gross amount involved) for outstanding litigation proceedings (other than criminal proceedings, statutory or regulatory actions) involving our group companies (other than ECL Finance Limited); and (d) ₹1,924.72 million for outstanding litigation proceedings (other than criminal proceedings, statutory or regulatory actions) involving ECL Finance Limited, as outstanding litigation proceedings which may have an adverse impact on the position of our Company.*

*Save as disclosed herein below, there are no:*

- *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of our Company during the last five years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority;*
- *outstanding litigation involving our Company, our Promoter, our Directors, group companies or any other person, whose outcome could have material adverse effect on the position of the issuer;*
- *material fraud committed against our Company in the last five years;*
- *inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus in the case of our Company;*
- *outstanding proceedings initiated against our Company for economic offences;*
- *default in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon; and*
- *Further from time-to-time, we have been and continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. These legal proceedings are mostly civil in nature. We believe that the number of proceedings in which we are / were involved is not unusual for a company of our size doing business in India.*

#### **I. Litigation involving our Company**

Except as disclosed below, there are no other material legal proceedings involving our Company.

- *Against our Company*

##### *Material taxation proceedings*

Our Company is involved in one material taxation proceeding (a direct taxation proceeding) where the amount involved is ₹380.47 million.

- *By our Company*

##### *Civil proceedings*

1. Our Company has filed a suit against Ashish Jhunjhunwala (“Defendant”), before the Bombay High Court. The Defendant had agreed to pay a sum of ₹107.07 million, *inter-alia* for invoking the personal guarantee dated January 28, 2009 executed by him in favour of our Company, which duly guaranteed repayment of balance loan amount of ₹150 million by Ramsarup Industries Limited. Our Company had entered into an loan agreement with Ramsarup for an

amount of ₹250 million. . Thereafter, our filed a summons for judgement and by an order dated February 9, 2018, the Bombay High Court granted a conditional leave to defend the suit upon depositing a sum of ₹28. 1 million within a period of 12 weeks (“Order”). Aggrieved by the Order, the Defendant filed an appeal before the Bombay High Court.. On June 26, 2018, the Bombay High Court directed our Company to file the original claim documents in Bombay High Court by way of an affidavit, which was duly complied by our Company. Thereafter, by an order dated July 24, 2018 the Bombay High Court passed an order for an amount of ₹28.1 million against the Defendant. Being aggrieved by the Order, the Defendant filed a special leave petition on October 22, 2018 before the Supreme Court of India (“SLP”). However, the service of the SPL on our Company is still awaited. Our Company however filed a caveat before the Supreme Court to avoid passing of any *ex-parte* order. matter is currently pending.

2. Our Company has filed an application before the NCLT, Kolkata Bench against the resolution plan proposed by Kshitiz Chhawchhari, the resolution professional of Ramsarup Industries Limited (“**Corporate Debtor**”), praying for an order to permit our Company to participate in the resolution process and admit a claim of ₹76.33 million along with interest in pursuance of directions given by the Supreme Court of India on May 6, 2019 in a special leave petition filed by our Company *inter-alia* challenging proceedings under Insolvency and Bankruptcy Code, 2016 (“IBC”) against Corporate Debtor. The NCLT, Kolkata vide its order dated September 4, 2019 dismissed the application filed by our Company since our Company failed to submit its claim before the resolution professional within the stipulated period under the Insolvency and Bankruptcy Code, 2016. Being aggrieved, our Company preferred an appeal by way of a SLP before the Supreme Court of India, which is pending for hearing. The matter is currently pending.

#### *Criminal proceedings*

1. Our Company filed a complaint (SS/897/2019) against Ramsarup Industries Limited and its directors, including Ashish Jhunjhunwala (“**Accused**”), before the Court of Ld. Metropolitan Magistrate’s 23rd Court at Esplanade, Mumbai (the “**Mumbai Court**”) under Section 138 of the Negotiable Instruments Act, 1881 for dishonor of cheque of ₹50 million issued by Ramsarup Industries Limited towards part-payment of its dues under loan agreement executed with our Company. The Accused had availed a loan of ₹250 million, which was due to be paid over five installments of ₹50 million each. The Accused failed to pay the one installments even after notices were issued by our Company. Pursuant to the directions given by the Hon’ble Supreme Court of India in another case, since the cause of action had taken place at Kolkata, therefore the complaint was transferred from the Mumbai Court to the 7<sup>th</sup> Judicial Magistrate, Alipore, Kolkata (the “**Kolkata Court**”) on November 29, 2014. Subsequently, after passing of the Negotiable Instruments (Amendment) Act, 2015, our Company on May 6, 2019 filed an application with the Mumbai Court seeking the transfer of the matter from the Kolkata Court to the Mumbai Court. The matter is currently pending.
2. Our Company filed a complaint (SS/898/2019) against Ramsarup Industries Limited and its directors, including Ashish Jhunjhunwala (“**Accused**”), before the Court of Ld. Metropolitan Magistrate’s 23rd Court at Esplanade, Mumbai (the “**Mumbai Court**”) under Section 138 of the Negotiable Instruments Act, 1881 for dishonor of cheque of ₹50 million issued by Ramsarup Industries Limited towards part-payment of its dues under loan agreement executed with our Company. The Accused had availed a loan of ₹250 million, which was due to be paid over five installments of ₹50 million each. The Accused failed to pay the one installments even after notices were issued by our Company. Pursuant to the directions given by the Hon’ble Supreme Court of India in another case, since the cause of action had taken place at Kolkata, therefore the complaint was transferred from the Mumbai Court to the 7<sup>th</sup> Judicial Magistrate, Alipore, Kolkata (the “**Kolkata Court**”) on November 29, 2014. Subsequently, after passing of the Negotiable Instruments (Amendment) Act, 2015, our Company on May 6, 2019 filed an application with the Mumbai Court seeking the transfer of the matter from the Kolkata Court to the Mumbai Court. The matter is currently pending.



## II. Litigation involving our group companies

### *ECL Finance Limited (“ECL”)*

#### *Against ECL Finance Limited*

##### *Civil Proceedings*

1. The State Bank of India and others (“Appellants”) has filed an O.S.A. No. 43/13 (“Appeal”) dated September 25, 2013 before the High Court of Karnataka, Bangalore against United Breweries (Holdings) Ltd (“UBHL”), ECL Finance Limited and others, for a direction to UBHL for the deposit of the entire sale proceeds of the 13,612,591 shares of United Spirits Limited (“USL”), the release of the said amounts to the Appellants and an interim order restraining UBHL from paying any part of the sale proceeds to the pledge holders. The Appellants filed an appeal against the order dated May 24, 2013 in company application numbers 437,441,440, 439 and 438 of 2013 in company petition number 122, 121, 248, 185 and 57 of 2012 pursuant to which the single judge in the appeal partly allowed the applications filed by UBHL and permitted the Appellants to sell 13,612,591 equity shares of USL held by them to Relay BV and Diageo plc and others and to use the sale proceeds to make payment to UBHL's secured creditors. The said shares were pledged with various lenders including ECL. The Appellants also made ECL and other lenders of UBHL as parties in the Appeal and claimed that these pledges of shares, which were created in favour of ECL, are invalid on the ground that these pledges were created in breach of certain warranties contained in the guarantee agreement executed by UBHL in favour of and for the benefit of the Appellants. Pursuant to the judgment dated December 20, 2013, the appellate court (Company Court) set aside the Company Court's order dated May 24, 2013 of the Company Court and held that the sale of shares was void.

Relay BV and Diageo plc and others filed a petition for special leave appeal (civil) numbers 967, 2955, 4826, 4827, 4828 and 4829 of 2014 against the Appellants to seek leave to appeal against the judgment dated December 20, 2013. The Appellants filed special leave petition (civil) numbers 6270, 13589 and 1501 of 2014, against UBHL and others, including ECL, in the Supreme Court praying to set aside the judgment dated December 20, 2013 of the Appellate Court. The matter was listed on April 9, 2018 for consideration of impleadment applications filed by various parties in connected civil appeals. The Supreme Court allowed the impleadment applications. The Supreme Court also observed that in view of winding up order having been passed, United Breweries (Holdings) Limited shall sue and be sued in the name of Official Liquidator and accordingly the Supreme Court directed notice be issued to official liquidator. The matter is currently pending.

2. In the matter of Reliance Project Venture & Management Private Ltd. (“RPVMPL”) (“Plaintiff”), ECL Finance & Ors. the Plaintiffs had earlier moved to the Bombay High Court, single judge bench *inter alia* for restraining ECL Finance from selling the pledge shares of R Power and of RCOM, to pay damages of ₹30,084.10 million and declare the sale of pledged shares illegal. The suit is currently pending.
3. Sunil Kumar Aggarwal (“Plaintiff”), a minority shareholder in Rudra Buildwell Homes Private Limited (“Project Company”), on whose land ECL holds a mortgage over certain lands, has filed a suit for declaration of his alleged rights before the Patiala House Court. Prayer has been made for injunction restraining ECL from creating any charge or encumbrance over the assets of the Project Company, and for declaration that a prior charge exists in favour of the Plaintiff. Further, the Plaintiff has filed a suit for enforcement of rights under a conciliation agreement executed between the Plaintiff and the Project Company before the Delhi High Court. The matter is currently pending.
4. Yogendernath Bhardwaj and other have filed Writ Petition (c) being No. 8748 of 2017 before Delhi High Court against SEBI and others including ECL Finance limited *inter-alia* seeking injunction against sale of shares belonging to the Petitioners in furtherance of an order likely to

be passed by SEBI in pending inquiry against Amrapali Aadya Trading and Investment Pvt. Ltd, who fraudulently and without any authorization pledged the shares with ECL and two others as collateral against loan borrowed by Amrapali Aadya Trading and Investment Pvt. Ltd. By an order dated September 27, 2017, the Delhi High Court directed to maintain status quo without creating any hurdle in the investigation undertaken by SEBI. The matter is currently pending.

5. Arvind Ghai, a resident of Ghaziabad and a retail client of ECL Finance Limited filed an injunction suit bearing No 1288 of 2018 before the Court of Civil Judge, Senior Division (“Court”), Ghaziabad against ECL and some of its directors namely, Rashesh Shah, Venkat Ramaswamy, Himanshu Kaji, Vidya Shah, Biswamohan Mahapatra and Rujan Panjwani, one of the directors of its Promoter Company seeking permanent injunction and has prayed to restrain any dispossession from his residential property till the final disposal of the recovery suit filed by ECL before District Judge of Patiala House Court. On March 7, 2019, ECL filed its counter reply in the matter. On April 8, 2019, ECL filed its application under Section 10 of Code of Civil Procedure for stay of proceedings. On July 23, 2019 the Court dismissed the said Suit. Being aggrieved, Arvind Ghai filed an application bearing No. 19 of 2019 before the Upper Civil Judge (Senior Division) Ghaziabad against ECL and its above stated directors for restoration of the same. The matter is currently pending.

#### *Criminal proceedings*

1. The Directorate of Enforcement (“Complainant”) has filed an original complaint dated September 3, 2016 (O.C. No-639/2016) with the Adjudicating Authority under the Section 5 (5) of the Prevention of Money Laundering Act of 2002 (ECIR/07/MBZO/2016) against Kingfisher Airlines Ltd, Vijay Mallya, and others for acquisition of property using proceeds of crime in terms of Section 2 (1) (u) of Prevention of Money Laundering Act of 2002. Certain shares of Vijay Mallya and his associates were pledged with ECL as security (“**Pledged Securities**”) for various loans availed by them. The Complainant has sought for attachment of the Pledged Securities. The adjudicating authority has confirmed the provisional attachment under O.C. No-639/2016 vide an order dated February 22, 2017 and ECL has challenged the same vide an appeal before the Appellate Authority. The Matter is currently pending, and the next date of hearing is listed for final disposal of February 18, 2020.
2. ECL has received a notice dated February 23, 2018 from Investigating Officer, General Cheating – 1, Economic Offence Wing (“EOW”), Mumbai under Section 91 and Section 160 of Criminal Procedure Code, 1973 *inter-alia* seeking details of clients of ECL namely, Gaurav Sudhirkumar Davda and Vipul Hiralal Shah in relation to the loan transaction in Shree Ashtavinayak Cine Vision Limited. ECL has provided all necessary information and documents related to loan facilities and also recorded the statement of the concern officials before Investigating Officer . The matter is currently pending.
3. ECL received a notice dated September 6, 2018 from the office of the Assistant. Commissioner of Police, Economic Offences Wing, Delhi under Section 91 of Criminal Procedure Code, 1973 *inter-alia* asking to provide details of pledged shares belonging to Amarpali Aadya Trading and Investments Private Limited, along with supporting documents as regards to pledge, liquidation etc., which notice was duly complied with by furnishing the necessary documents and information. On October 24, 2018, ECL has been served with fresh notice asking for additional clarifications mentioned therein with respect to authorization to liquidate securities, pending quantities of securities, and ECL has complied with the same. ECL vide its letter dated December 20, 2018, have furnished the necessary details to the authority. The matter is currently pending.
4. ECL received a notice dated January 9, 2019 under Section 91 Cr. P.C from the Additional Commissioner of Police, Economic Offences Wing , Mandir Marg Complex Police station, Delhi *inter-alia* informing that the department commenced investigation against CPR Capital

Services Limited and its directors for forgery of bonds, non-convertible debentures and shares belonging to the complainant Ravinder Gupta and subsequently pledging the same to avail loan facilities. ECL has been directed to provide all the information about loan facilities availed by CPR Capital Services Limited and its directors together with details of securities. The matter is currently pending.

- *By ECL Finance Limited*

*Criminal Proceedings*

1. ECL has filed criminal complaints on December 4, 2010 and December 10, 2010 against Prakash Patel, Kalpesh Padhya, Vyomesh Trivedi and Gaurav Davda (together referred to as “Accused”) before the Joint Commissioner of Police, Economic Offences Wing, Crime Branch, Mumbai (“EOW”) under Sections 403, 406, 420, 120 - B, 34 and other applicable provisions of Indian Penal Code, 1860 for the criminal breach of trust and cheating in relation to a loan, resulting in a loss of ₹ 82.9 million to ECL. During investigation, one more person Mukesh Kanani was impleaded as an Accused. Subsequently, a first information report dated November 3, 2011 was registered against the Accused including Mukesh Kanani for an offence under section 420 and Section 34 of Indian Penal Code, 1860. Thereafter, on August 28, 2014, EOW filed a case before the Additional Chief Metropolitan Magistrate’s 19<sup>th</sup> Court at Esplanade Court Mumbai against the Accused for committing the alleged offence under Section 420 and Section 34 of the Indian Penal Code, 1860. The matter is currently pending for hearing.
2. ECL has filed a criminal complaint before the BKC police station, Bandra against Mahesh Chavan, proprietor of Global Overseas, Kaushal *alias* Renu Menon, Deepali, Sandeep Kelkar and Rohit Paranjpe, Deodhar Gholat (“Accused”) for committing an act of cheating with respect to purchase of a car, being C – 220 CDI, Grand Edition, manufactured by Mercedes Benz, for ECL’s employee Ram Yadav. Subsequently, a first information report (“FIR”) number 236/14 dated December 2, 2014 was filed with the BKC Police station for procurement of documents. Statements of Ram Yadav and Neelu Chandni were recorded by the police on January 21, 2015. Police case number PW/329/2015 was filed on January 27, 2015 before the 9<sup>th</sup> Metropolitan Magistrate Court at Bandra (“Court”). The Police authorities filed charge sheet only against Sandeep Kandalkar and Mahesh Chavan. The matter is currently pending.
3. ECL, pursuant to the requirements under an RBI circular (No. RBI/2015-16/75DBS.CO.CFMC.BC. No. 1/23.04.001/2015-16) dated July 1, 2015, reported an instance of suspected fraud by its customer Shridhar Udhavrao Kolpe and Saraswati Bhimrao Shinde (“Borrowers”) under the requisite form to RBI on July 7, 2016. The Borrowers were given a loan of ₹ 5.83 million by ECL against their property. ECL upon its internal investigation found that the Borrowers have (a) obtained loan from another financial institution post the disbursement of loan from ECL; and (b) sold the property (mortgaged to ECL) without consent/no objection certificate from ECL. Therefore, it was suspected that the Borrowers have created multiple property documents (forged documents) in connection with the property which was mortgaged with ECL and taken loan from other financial institutions. Subsequently, ECL filed a complaint on August 12, 2016 against the Borrowers before the Senior Police Inspector, Shivaji Nagar Police Station, Pune requesting them to take cognizance of the offences punishable under Sections 420, 465, 467, 468, 471, 34 read with 120B of the Indian Penal Code, 1860 and relevant provisions of the Maharashtra Control of Organised Crime Act, 1999 that were allegedly violated by the Borrowers. Further, ECL submitted certain documents to the Senior Police Inspector, Economic Offences Wing, Pune in relation to the loan sanctioned to the Borrowers, pursuant to a notice dated March 14, 2017 issued to ECL. ECL filed its statement before the Economic Offences Wing, Pune on May 10, 2017. The matter is currently pending.
4. ECL has filed a criminal writ petition (criminal writ petition no. 2494 of 2018) against an order dated April 18, 2018 passed by the 47<sup>th</sup> Magistrate Court, in miscellaneous application no. 730 of

2017 in case no.169/PW of 2017. In the said order, the execution of the documents with respect to appointment of PMC for completion of construction of building prayed for in the miscellaneous application has been allowed with an observation that the Petitioners shall entertain the claim of certain 18 flat purchasers in case they approach the Hon'ble Court. The matter is pending.

5. ECL has filed a complaint on October 31, 2019 before the Bandra Kurla Police Station, BKC, Bandra against its borrowers JSK Marketing Limited, its directors, and others for recovery of ECL's outstanding dues amounting to ₹20.9 million towards SME Equipment Loan. The matter is currently pending.
6. IDBI has filed a petition assailing the order passed by the 47<sup>th</sup> Magistrate Court in Miscellaneous Application No. 730 of 2017 ("M.A.") in case no. 169/PW of 2017. By the said order, the M.A. filed by Debenture Trustee seeking defreezing of escrow account was rejected. The Escrow account was pertaining to the non-convertible debentures of ₹870 million, issued by Kamla Landmarc Property Leasing & Finance Pvt Ltd. whose tenure was 36 months from May 2015. The Promoters of Kamla Landmarc Property Leasing & Finance Pvt Ltd. were taken in police custody by Economic Offence Wing for various complaints filed by the flat purchasers alleging fraud in various projects. EOW had freezed the Escrow account, therefore, application for de-freezing was filed. IDBI Trusteeship is appointed as debenture trustee who had filed the application for de-freezing the Escrow account. Subsequently, IDBI Trusteeship also has filed Civil Suit against Kamla for enforcement of securities and recovery. The High court in the said suit has directed the defendants to deposit the receivables with the Prothonotary and Senior Master. In light of the current development, the Criminal Writ Petition No. 1132 of 2018 has become infructuous.

***Edelweiss Rural & Corporate Services Limited ("ERCSL") (formerly known as Edelweiss Commodities Services Limited)***

*Against ERCSL*

*Civil Proceedings*

1. Edelweiss Rural & Corporate Services Limited ("ERCSL") (formerly known as Edelweiss Commodities Services Limited) received a notices dated April 3, 2019 and June 14, 2019 ("Notices") issued under Section 41 read with Section 36(2) of the Competition Act, 2002 ("Act") from the office of the Director General, Competition Commission of India, New Delhi along with copy of Commission Order dated November 9, 2018 under Section 26(1) of the Act ("the Order") to conduct an investigation against 11 trading organizations which included ERCSL for allegedly being part of a cartel involved in increasing the prices of pulses in India. Through the Notice, ERCSL has been inter-alia directed to furnish various information and documents (which include details of pulses business of ERCSL such as procurement, stocking, local sale, etc.) for the period 2010-2011 to 2017-2018. ERCSL has furnished the said information and documents in compliance with the said Notice. The matter is currently pending with the CCI.
2. Edelweiss Rural & Corporate Services Limited ("ERCSL") (formerly known as Edelweiss Commodities Services Limited) has filed a suit in the Bombay High Court on August 20, 2018 ("Suit") against Kamla Shiv Developers ("Kamla Developers") and 25 others for specific performance. ERCSL had purchased 16 flats in the project of Kamla Developers. ERCSL had made payments to Kamal Developers in relation to the 16 flats, against which allotment letters were issued. Thereafter, Kamla Developers failed to complete the project. The promoters of Kamla Developers were taken into custody by the Economic Offence Wing with respect to the complaints made by the other purchasers of flat interalia alleging fraud, as they had failed to complete the constructions of their many other projects. Thus, this suit was filed by ERCSL for specific performance by Kamla Developers for completing the construction of the project. The matter is currently pending.

### *Criminal proceedings*

1. The Deputy Controller of Rationing, Civil Supply Department of Maharashtra (“Authority”) issued show cause notices to ERCSL for violation of applicable stock limits on imported pulses under the Essential Commodities Act, 1955 (“Act”) resulting in seizure of the stock stored at various warehouses by the Authority and registration of first information reports (“FIRs”) under the Act. ERCSL argued that the stock limits were not applicable to ERCSL as the stock was imported. Pursuant to the directions issued by the Authority, the seized stock was released, subject to certain conditions. ERCSL, upon fulfilment of the specified conditions and execution of the undertakings, lifted and sold the released stock in open market and subsequently informed the Authority. The matter is currently pending.

Additionally, ERCSL received a notice from Office of the Deputy Commissioner of Police, Cyber Crime Cell / Economic Offences Wing (“Police”) dated August 16, 2016 (No. 439/SO/DCP/CCC/EOW/NEW DELHI) in relation to a complaint (No. C-786) received by the Police regarding cartelisation and nexus of importers-traders causing artificial scarcity of pulses and exploiting the price supply gap and operation of an illegal ‘*satta market*’. The matter is currently pending.

ERCSL also received a notice dated August 26, 2016 (F. no. T-3/165/B/2016) from the Directorate of Enforcement demanding certain documents in relation to an enquiry for violation of the provisions of the Foreign Exchange Management Act, 1999 relating to the import of pulses. The matter is currently pending.

2. Pravin Virchand Shah of Shri Ashirwad Traders (“Complainant”) filed a criminal enquiry being number 12/2014 (“Complaint”) before Judicial Magistrate First Class (“Court”) at Unjha, Gujarat against Edelweiss Trading & Holdings Limited (“ETHL”), subsequently amalgamated with Edelweiss Rural & Corporate Services Limited (formerly known as Edelweiss Commodities Services Limited) (“ERCSL”), its chairman, managing director & chief executive officer, ERCSL, Ashok Patni and Vimallesh Kumar Ghiya, partner of R. K. Exports (“Accused”) under Sections 406, 420 read with Section 120–B of the Indian Penal Code, 1860 for alleged mishandling of account and alleged siphoning–off an amount of about INR 38.7 million and an alleged unauthorized sale 568 metric tonnes of commodity lying with R. K. Exports. The Court through an order dated July 30, 2014 directed the local police authorities to inquire into the Complaint and submit their report by September 29, 2014. On December 3, 2014, the Accused received 3 notices issued by the police authorities, directing them to attend & record statements in respect of the Complaint. On December 30, 2014, Tarang Mehta recorded his statement on behalf of ERCSL, ETHL and chairman & managing director – chief executive officer, ETHL and also submitted copies of the arbitration proceedings initiated by Shri Ashirwad Traders against ERCSL along with the order of Bombay High Court dated August 8, 2014 appointing a sole arbitrator in the matter. ERCSL filed its reply to the Notices on December 5, 2014. The matter is pending.
3. On July 1, 2013, the Food Supply Officer, Panvel (“Complainant”), inspected the premises of M/s. Akshay Warehouse, situated on the old Poona Highway, at village Derawali, Panvel, Raigad, suspecting overstocking of pulses. Upon inspection the Complainant instructed the Senior Inspector of Police, Panvel Police Station to register a complaint under Sec 3, 7, 8 and 10 of the Essential Commodities Act, 1955 (“Act”). Subsequently, a first information report number 3021/2013 (“FIR”) was filed with Panvel police station by the Complainant against Edelweiss Rural & Corporate Services Limited (formerly known as Edelweiss Commodities Services Limited) (“ERCSL”), (“Accused”) naming, Sudeep Agarwal as an authorized representative under relevant provisions of the Act for exceeding the storage limit of pulses which were imported and stored in a warehouse (“Commodity”). Further, the police authorities filed a chargesheet dated November 19, 2014 before the Judicial Magistrate First Class, Panvel (“Court”). Additionally, proceedings were also initiated before the Collector, Raigad for release of the Commodity as the same was not governed by the Act, not being domestic produce. The

Collector vide order dated March 5, 2014 ordered the release of the commodity. Subsequently, Sudeep Agarwal filed a discharge application under section 239 of the Code of Criminal Procedure, 1973 before the Court and proceedings of the same are pending.

4. On October 20, 2015, the Food Supply Officer, Panvel (“Complainant”) inspected the premises of M/s. Akshay Warehouse for overstocking of pulses and simultaneously on October 22, 2015, first information report number 24/15 (“FIR”) was registered in the Panvel Police Station against Edelweiss Rural & Corporate Services Limited (formerly known as Edelweiss Commodities Services Limited) (“ERCSL”), naming Mahesh Kumar Bhuri as an authorized representative, for storing pulses in quantities exceeding the permissible limit (“Commodity”) under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Commodity was seized. The Accused moved the Collector’s Court, Panvel against seizure of the Commodity and vide orders dated November 7, 2015 and November 26, 2015, the Commodity was released. Police investigation in pursuance of the FIR is pending.
5. On October 21, 2015 the Food Supply Officer, Panvel (“Complainant”) inspected the premises of Karm Warehouse for overstocking of pulses and subsequently a police complaint dated October 28, 2015 (“Complaint”) was filed before the Panvel Police Station by the Complainant against Edelweiss Rural & Corporate Services Limited (formerly known as Edelweiss Commodities Services Limited) (“ERCSL”), under Sections 3 and 7 of the Essential Commodities Act, 1955, for storing pulses in quantities exceeding the permissible limit (“Commodity”) and the Commodity was seized. The Accused moved the Collector’s Court, Panvel against seizure of the Commodity and vide order dated November 27, 2015 the Commodity was released. Police investigation in pursuance of the Complaint is pending.
6. ECSL (formerly known as Comfort Project Limited/Edelweiss Trading and Holding Limited and now known as Edelweiss Rural and Corporate Services Limited) has been served with the Notice dated 15th February 2019 on 12th March 2019 at 12.46 pm via email from the office of EOW-NSEL SIT, Mumbai issued under Section 91 of the Cr PC inter-alia informing that department is investigating the offences registered against NSEL, its directors, FTIL, its directors, borrowers, brokers and others for committing several acts of forgery and criminal breach trust and also EOW is investigating complaint of SEBI against 300 brokers for illegal trading on National Spot Exchange Limited (NSEL). EOW therefore, directed to provide the information along with supporting documents like original membership form with agreement with NSEL, Certified ROC documents, PAN card, volume of trades, brokerage etc. and attend the office of EOW to record statement. ECSL furnished all the information as called for. The matter is currently pending.
7. The Food Safety Officer, Kasganj, Uttar Pradesh (“Complainant”) has filed a criminal complaint bearing No. 6703 of 2016 (“Complaint”) before the Additional Chief Judicial Magistrate, Kasganj (“Court”), for charge against Neeresh Kumar and M/s Edelweiss Agri Value Chain Limited (now merged with Edelweiss Rural & Corporate Services Limited (formerly known as Edelweiss Commodities Services Limited)) (“Accused”) under Sections 26 (2) (iii) and 31(1) of the Food Safety and Standards Act, 2006. The Complainant had inspected B.B Warehouse (Sarvesh Kumari) at Kasganj on June 17, 2016 and prepared an inspection report. The inspection report was sent vide letter dated June 27, 2016 by the Complainant to the concerned authority to take further action. On permission being granted by the concerned authority vide letter dated September 16, 2016, the Complainant has filed the said Complaint. Thereafter, summons have been issued against the Accused and an arrest warrant has been issued against Neeresh Kumar. The Court had granted bail vide order dated April 20, 2017, pursuant to a bail application filed by Neeresh Kumar. The matter is currently pending.
8. A fire broke out at Chhayani Gordhanbhai Ghelabhai Warehouse located at Khanpar Road, Nr. Jasdan, Ahmadabad in the early hours of September 9, 2017 where 1400 bales of S-6 variety of cotton were stored. The gunman called the Rajkot cluster in-charge of EAVCL at about 5.15 am.

The fire brigade reached at about 6:15 am and the police were informed about the incident by 6:30 am. Mahendrabhai, the security guard had wrongly submitted that he was on duty. Thereafter, the security guard, gunman and some of the holders of goods have been suspected. Therefore, we have filed a FIR No. CR No. I-90/2017 dated September 19, 2017 against Shri Mahendrabhai Gida- Guard, Shri Ashokbhai Dhadhal, Babubhai Bhayabhai Ramani, Ramani Sanjaybhai Khimjibhai Shambhubhai Jivabhai Ramani, Mansukhbhai Khimjibhai Ramani, Shri Ravjibhai Ramani and Shri Sanjaybhai (“Accused”) in connection with the fire. The said Accused have thereafter filed CRIMINAL MISC. APPLICATION NO. 24554 OF 2017 dated September 29, 2017 for quashing of FIR I-90/2017. We had filed early hearing application. Post hearing, the Hon’ble Court directed Police to file charge sheet, accordingly the Police had completed the investigation and submitted the charge sheet against the accused. The matter is currently pending.

*Material Taxation proceedings*

ERCSL is involved in one material indirect taxation proceeding where the amount involved is ₹123.43 million. Further, ERCSL is also involved in two material direct taxation proceedings where the amount involved is ₹684.68 million.

*By ERCSL*

1. ERCSL filed a Winding-up petition, against Ganpati Oil & Foods Limited, Gwalior (GOFL) being Company Petition No. 6 of 2012 before Madhya Pradesh High Court, Gwalior Bench, for recovery of its dues amounting to ₹ 152.5 million along with interest in relation to sale and warehousing of Mustard Seeds and Sesame Seeds. The said Petition came up for admission on December 3, 2012 and the Hon’ble Court was pleased to issue notice against GOFL on interim Application for appointment of provisional official liquidator. On August 28, 2013 GOFL filed its defence before High Court at Gwalior, Madhya Pradesh, and refuting its claim and for entitlement to get wound down by Court. ERCSL have filed its rejoinder on April 22, 2014. Company Petition is currently pending for hearing and final disposal.

ERCSL also filed complaint before EOW, Mumbai on June 1, 2012 against Ganpati Oil & Foods Limited, Gwalior, Madhya Pradesh Warehousing & Logistics Corporation, and others named in the complaint for criminal breach of trust, cheating and forgery amounting to ₹ 152.5 million for purported sale and warehousing of Mustard Seeds and Sesame Seeds. BKC Police Station registered a FIR No. 138 of 2012 on September 13, 2012 against accused persons. The complaint is pending for investigation.

***Edelweiss Broking Limited (“EBL”)***

*Against EBL:*

*Criminal proceedings*

1. EBL received a notice under Section 91 of the Criminal Procedure Code, 1973 from Vidhayak Puri Police Station, Jaipur under Enquiry No 1 of 2019 inter-alia, directing to produce all trading details of clients Hanuman Prasad Sharma including KYC, Ledger etc. and also all the employment / contact details of ex-employee Bhanwar Lal Teli of Jaipur Branch. A trading client of EBL had filed a criminal complaint before Vidhayak Puri Police Station, Jaipur against ex-employee Bhanwar Lal Teli alleging unauthorized trading in his account by the employee thereby causing loss of ₹ 1.40 million. EBL provided all the required details through Jaipur branch office. The matter is currently pending.
2. Srimati Iti of Agra (“Complainant”), a client of Edelweiss Financial Advisors Limited (“EFAL”) (now amalgamated with EBL) filed a first information report (No. 592 of 2012) (“FIR”) before Hari Parvat, Janpad Police Station, Agra (“Police Station”) against Saurabh Jain, Richa Jain and Mahendra Jain (collectively, the “Accused”), under Sections 420, 467, 468, 471 read with Section 120B of the IPC and Sections 66, 66C and 66D of the Information Technology Act,

2000 for alleged unauthorised trading by modifying her trading account and password. Pursuant to notices dated October 8, 2012 and December 12, 2012, the investigation officer sought KYC documents, trade details, trading account password, user IP details and other documentation from the date of opening trading account by the Complainant from EFAL. The station in-charge of the Police Station issued notices under Section 160 of the Cr. P.C. addressed to Himanshu Kaji, director of Edelweiss Financial Services Limited and Sunil Mitra and Sanjiv Misra (then directors of Edelweiss Financial Services Limited), for inquiry in respect of the FIR (“Notices”). EBL *vide* its letter dated July 15, 2016 replied to the Notices, *inter alia*, stating that addresses were neither the directors nor were they holding any official position in respect of any of the contracting entities in which the Complainant had opened her trading account.

On October 10, 2018, Sunil Mitra (then a director of Edelweiss Financial Services Limited) and Himanshu Kaji have been served with the summons dated September 9, 2018 issued pursuant to the order dated April 23, 2018 by the Ld. Chief Judicial Magistrate, Agra based on the supplementary / additional charge-sheet dated December 7, 2017 filed by SHO, Hari Parvat PS, Agra in Case No. 16324/2018 under Sections 420, 406, 120 of IPC read with Sections 66, 66C & 66D of IT Act to appear before Court.

Sanjiv Misra (then a director of Edelweiss Financial Services Limited) has not been served with any summons, however from bare perusal of the charge sheet and subsequent orders passed by the Ld. Magistrate, Agra; it can be inferred that the process has already been issued against Sanjiv Misra as well. Sunil Mitra (then a director of Edelweiss Financial Services Limited), Sanjiv Misra (then a director of Edelweiss Financial Services Limited) and Himanshu Kaji have therefore, filed a joint Criminal Misc. Application No. (L) 245 of 2018 challenging against the said summoning order before the High Court at Allahabad under Section 482 of the Code of Criminal Procedure to quash and set aside the charge sheet, summoning orders and issuance of process from amongst the grounds including on the ground of vicarious liabilities cannot be extended in criminal jurisprudence without substantiating the role of the officials in alleged offences. On December 4, 2018, the Allahabad High Court stayed further proceedings in the Agra Court against Sunil Mitra (then a director of Edelweiss Financial Services Limited), Himanshu Kaji and Sanjiv Misra (then a director of Edelweiss Financial Services Limited) in Criminal Miscellaneous Application under Section 482 of Code of Criminal Procedure No. 43606 of 2018. On January 03, 2019 the stay order dated December 04, 2018 granted by Allahabad High Court was produced before CJM, Agra, which was taken on record.

By another Order dated May 07, 2019, Allahabad High Court granted stay in Second Petition No. 18339 of 2019 filed by Sanjeev Chandiramani, Nirmal Rewaria, Prashant Mody and Manish Dhanuka under Section 482 of Cr. P.C. challenging Supplementary / additional charge-sheet filed against them in Agra. Allahabad High Court further directed to list for hearing in July 2019 along with first petition after parties filed their respective counter reply & rejoinder, if any.

On June 22, 2019, the stay order dated May 7, 2019, granted by Allahabad High Court in Second Petition was produced before CJM, Agra, which was taken on record. The Ld. Magistrate was pleased to stay the proceedings before him till the next date of hearing i.e. August 20, 2019.

By an order passed in July 2019, both the Petitions pending before Allahabad High Court clubbed together and listed for hearing on 09th August 2019, when Complainant made their appearance and sought time to file their say within 03 weeks and stay orders granted stand continued. State also filed its reply in second Petition bearing No. 18339 of 2019.

On August 20, 2019, EBL filed Allahabad High Court Order *inter-alia* clubbing both the Petitions before CJM, Agra, which was taken on record.

On October 15, 2019, Complainant filed her counter affidavit opposing first CMA filed by Sunil Mitra & others. Both the CMA are pending for hearing. The matter is currently pending.

3. Manish Varshney (“Complainant”) filed a first information report (No. 139 of 2012) dated March 28, 2012 (“FIR”) against its ex-employees Manoj Tomar and Manoj Gupta (collectively, the “Accused”) under Sections 406, 417 and 506 of the Indian Penal Code, 1860 for alleged



fraudulent trading using the Complainant's trading account. Subsequently, Manoj Gupta filed a criminal petition (miscellaneous No. 18155 of 2012) under Article 226 of the Constitution of India, 1949 before the High Court of Judicature at Allahabad ("Court"), seeking a stay order and directions to quash the FIR. The Court granted a stay and directed the police to submit a police report under Section 173(2) of the Criminal Procedure Code, 1973. Accordingly, Police filed its final report before Chief Judicial Magistrate, Aligarh and matter stands transferred to Judicial Magistrate, Aligarh. The matter is currently pending.

4. Edelweiss Broking Limited ("EBL") received an undated notice ("Notice") under Section 91 of the Code of Criminal Procedure, 1973 from Kundan Singh, Investigating Officer, Udyong Vihar Police Station, Gurgaon ("IO"), in pursuance of first information report number 76 of 2012 dated June 26, 2012 under Sections 406, 420, 467, 468, 471 and 120 – B of the Indian Penal Code, 1860 ("FIR"). The IO has directed EBL to furnish necessary documents for purposes of investigation into the FIR. EBL replied to the Notice on May 5, 2016, seeking further information on the matter. However, EBL is not a party to the dispute. The matter is currently pending.
5. EBL received two email Notices both dated November 14, 2018 from Inspector of Police, Office of the Deputy Inspector General of Police, CBI, Anti-corruption Branch, Hyderabad under Section 91 and 160 of the Criminal Procedure Code, 1973 *inter-alia* seeking trading and Demat details pertaining to the client of EBL namely, P. Durga Prasad DP ID: 12032300 Client ID: 01564294 in relation to investigation in RC 12 (A)/2018/CBI/HYD and to appear before him on November 23, 2018 for the purpose of answering questions relating to the case. On November 30, 2018 EBL furnished all necessary information and documents to the authorities. EBL is not a party to the dispute. The case is currently pending.
6. EBL received email notice dated November 15, 2018 Crime Branch Police Station, Zone-1, M.P. Nagar, Bhopal, Pin Code 462011 (M.P.) India under Section 91 of the Criminal Procedure Code, 1973 *inter-alia* informing that Crime Branch Police Bhopal is investigating Crime No 457/15 under Section 408,420,467,468,120B of Indian Penal Code and inquired with EBL to ascertain whether the telephone numbers namely, 8085870001, 9039136189, 8305344861, 9977140007 and PAN Number :AFQPL4923E pertains to any of the account with EBL at any time. EBL after ascertaining the telephone and PAN numbers provided by authority found that PAN Number: AFQPL4923E is linked with Trading and Demat Account belonging to one of our client, namely Devansh Linjhara residing at H No B-26, Aamra Vihar Kolar Road, Bhopal – 462 042 having his Trading Account No. 60001377 and Demat Account No. -12032300-00710736. Accordingly, EBL provided the necessary information and documents to the authority. EBL is not a party to the dispute. The matter is currently pending. The case is currently pending.
7. Baburajan Pillai, a client of EBL, filed a police complaint No. 537 of 2015 before S Roopesh Raj, PSI, Anjalummoodu, Kollam Police station under Sections 408, 418, 468 and 420 of the Indian Penal Code, 1860 for unauthorised trading in his account. His complaint is that one of EBL's officials (Hariharan) took 300 Bank of India share certificates from the client and carried out unauthorized trading in his account. All the shares were sold at loss. Branch officials have visited the police station from time to time and have filed requisite documents. Thereafter, a notice dated January 7, 2016, was sent by the police, under Section 91 of Cr PC ("**Notice**") directing EBL to provide the relevant documents, which have been duly submitted. The matter is currently pending.
8. EBL received a notice dated March 28, 2013 (No. 109-5A/EOWING) ("**Notice**") from the Economic Offences Wing at Ludhiana ("EOW") pursuant to a complaint filed by Amarjeet Arora ("**Complainant**") in relation to alleged wrongful transactions carried out in the Complainant's account by EBL ("**Complaint**"). An application for arbitration was instituted before the National Stock Exchange Arbitral Tribunal ("**Tribunal**") on May 15, 2013 by the Complainant against EBL on similar grounds ("**Arbitration**"). EBL vide its letter dated July 24, 2013, *inter alia*, denied the allegations of carrying out the trade transactions on behalf of the

Complainant without his consent and prayed to dispose of the Complaint as the Arbitration has been instituted on similar grounds. The Tribunal vide its award dated December 30, 2014 dismissed the Arbitration (“Award”) and the Complainant filed an appeal before the National Stock Exchange Appellate Tribunal (“Appellate Tribunal”) against the Award (“Appeal”). However, the Appellate Tribunal rejected the Appeal vide its award dated April 15, 2015. (“Impugned Award”). Thereafter, the Complainant filed an appeal dated May 20, 2015 against the Impugned Award before the High Court of Delhi which was returned by the High Court of Delhi, directing the Complainant to file an application before an appropriate forum. The Complainant subsequently filed an application before the Additional District and Sessions Judge, Ludhiana on March 30, 2016 (“Appeal dated March 30, 2016”). EBL vide its reply dated July 1, 2016 denied the allegations and prayed for dismissal of the Appeal dated March 30, 2016. The matter is currently pending.

9. Fazal Bhai (“Complainant”) filed a criminal case (No. 3213/2007) before the Judicial Magistrate First Class, Chhindwara (Madhya Pradesh) (“Court”) under Sections 420 and 406 of the Indian Penal Code, 1860 against V. K. Sharma, Darshan Mehta, Mayank Shah, Abhijeet Dikshit (all employees of Anagram Stock Broking Limited (now amalgamated with EBL)) and one Pramod Kumar Jain (collectively, the “Accused”) for an alleged fraud in the transaction of shares worth INR 0.30 million. By an order dated December 16, 2015 (“Order”), the Court dismissed the Complaint against the Accused. The Complainant has filed a revision petition before the First Additional Sessions Judge, Chhindwara against the Order in pursuance of which summons dated September 16, 2016 was issued to V. K. Sharma, ex-director of EBL. Summons dated June 28, 2018 were also served upon an ex-employee Abhijeet Dikshit through the Commissioner of Police, Nagpur, Maharashtra. The matter is currently pending.
10. A first information report (No. 393/13) dated December 5, 2013 was filed by Gaurang Doshi (“Complainant”) against one Mehul Kantilal Vala, ex-employee of the complainant under Section 154 of the Criminal Procedure Code, 1973 for violation of Sections 408, 418, 381 and 506(2) of the Indian Penal Code, 1860 with Ellisbridge Police Station at Ahmedabad, for alleged theft of the physical share certificates of different companies, challan of the banks and cash of INR 30,000/- aggregating to value of INR 4 million. Pursuant to which EBL received a Notice dated December 11, 2013 from Ellisbridge Police Station at Ahmedabad *inter-alia* requesting to produce relevant documents pertaining to Delivery Instruction Slips (“DIS”) lodged by Mehul Kantilal Vala along with relevant share certificates as well as Demat Account Statement of the Complainant, which has been provided by EBL vide its letter dated December 13, 2013 and December 23, 2013. The matter is currently pending.
11. H. R. Verma (“Complainant”) filed a criminal complaint (No. UR/2014) (“Complaint”) before the Judicial Magistrate First Class, Bhopal (“Judicial Magistrate”) under Sections 406, 420, 467, 468, 471 and 120B of the Indian Penal Code, 1860 against Sanjay Kumar, Asha Batham, Anita Gupta and Edelweiss Financial Advisory Limited (now amalgamated with EBL) (collectively, the “Accused”) for fraudulent transfer of shares of 4,000 Reliance Industries Limited shares from their designated accounts. The Judicial Magistrate dismissed the Complaint *vide* an order dated March 16, 2015 (“Order”). Subsequently, the Complainant filed a criminal revision petition (No. 236/15) under Section 397 of the Criminal Procedure Code, 1973 before the District and Sessions Court, Bhopal (“Court”) against the Order of the Judicial Magistrate. The Court heard the matter and directed the Judicial Magistrate to conduct further investigations *vide* an order dated December 22, 2015. The matter is currently pending.
12. EBL received a notice dated February 1, 2018 from Investigating Officer, General Cheating – 1, Economic Offence Wing (EOW), Mumbai under Section 91 and 160 of Criminal Procedure Code, 1973 *inter-alia* seeking details of clients of EBL namely, Mukesh Jayantilal Simaria, Gaurav Sudhirkumar Davda, Ashok Rasikbhai Solanki, Rahul Himatlal Mehta, Vipul Hiralal Shah, Mukesh Mansukhabhai Kanani and Smt. Jasmin Kumar Lodhiya in relation to the transaction in Shree Ashtavinayak Cine Vision Limited. EBL has provided all necessary information and documents related to trades of above clients in script of Shree Ashtavinayak

Cine Vision Limited and also recorded the statements of the concern officials/dealers before Investigating Officer (“IO”). EBL is not a party to the dispute. The matter is currently pending.

13. EBL received Notice dated March 26, 2019 from the office of Economic Offences Wing-Mumbai under Section 91 of Cr PC *inter-alia* informing that offence under Section 409, 406, 420, 120 (B) of IPC and Section 3 and 4 of Maharashtra Protection of Interest of Depositors Financial Establishment Act 1999 has been registered against Arrows Dynamic Enterprises and its directors for duping the investors to the tune of Rs.3.30 cores. The investigation officer has directed EBL to furnish necessary information and documents like transaction statement, DP holding statement, KYC etc. By its letter dated April 10, 2019, EBL furnished the necessary information and documents to the authority. However, EBL is not a party to the dispute. The matter is currently pending.
14. George Ommen (“**Complainant**”) filed a criminal case dated July 10, 2008 (No. CC/137/2009) (“Criminal Case”) before the Chief Judicial Magistrate Court at Ernakulum (“**Court**”) against Anagram Securities Limited (now amalgamated with EBL) and its employees, alleging criminal breach of trust and misappropriation of the Complainant’s money by conducting unauthorised trades leading to a loss of INR 0.03 million under Sections 406, 409 and 34 of the Indian Penal Code, 1860. Subsequently, the Complainant moved an application dated December 24, 2014 (“**Application Order**”) before the Court to implead Rashesh Shah as one of the co–accused in the Criminal Case, subsequent to the amalgamation of Anagram Securities Limited with EBL. Pursuant to an order dated July 7, 2015 (“**Order**”), the Court allowed the Application for impleading Rashesh Shah as one of the co-accused in the Criminal Case. Pursuant to a criminal miscellaneous application (No. 10897/2015), Rashesh Shah applied to stay the Order and all further proceedings in the Criminal Case. EBL filed quashing petition bearing No. CMP/7337/2014 in CRI MC No. 7340/2015 at High Court against the order and Criminal Complaint. The High Court of Kerala subsequently stayed the Order. On November 25, 2015 a stay order passed in the Criminal Miscellaneous Application by Kerala High Court (Ernakulum) was produced before the Metropolitan Magistrate Court. By an Order dated January 10, 2018, the Kerala High Court has set aside the Order dated July 7, 2015 passed by the Magistrate Court, Ernakulum to implead Rashesh Shah as party respondent as in the finding the High Court concluded that the procedure adopted by the Metropolitan Magistrate Court to implead Rashesh Shah per se is illegal. On February 15, 2019, George Ommen filed another petition to implead Rashesh Shah as an accused and the same has been dismissed by the Court. Complainant thereafter, on May 27, 2019 filed fresh Petition before CJM, Kochi for substitution of M/s Anagram Securities Ltd to Edelweiss Financial Services Ltd. On August 31, 2019 EBL filed its objection to the fresh Petition. The matter is currently pending.
15. EBL received Notice dated July 17, 2019 from the office of Central Bureau of Investigation, Bank Securities & Fraud Branch, Bangalore under Section 91 & 160 of Criminal Procedure Code, 1973 *inter-alia* seeking details of mutual fund investments and other investments of client, S. V. Venkatesan during the period from 2009 till 2019 including applications, mode of payment, redemption etc. On July 24, 2019 EBL furnished the necessary information and documents to the authority. However, EBL is not a party to the dispute. The matter is currently pending.
16. On August 23, 2019 EBL received two Notices both dated June 25, 2019 from Deputy Superintendent of Police, Central Bureau of Investigation, Anti-Corruption Branch, Nagpur *inter-alia* seeking information such as Investment / Redemption of Funds and Buying & Selling of Shares since the subscription to 12th October 2017 in respect of client Anand Rajjoram Azami, Meena Anand Azami (Client ID: 10754082 / DP ID: IN302201) and their family members / all other connected Client IDs / DP IDs. EBL is in process of furnishing the same. The matter is currently pending.

By EBL

### *Criminal Proceedings*

1. EBL (“Complainant”) filed a criminal complaint dated March 2, 2016 (“Complaint”) with the Gandhi Nagar Police Station, Jammu against AEN Collective Market Management Private Limited and its directors (collectively, the “Accused”) under the applicable criminal laws of the State of Jammu and Kashmir and the Trade Marks Act, 1999 restraining the Accused from posing as the Complainant’s franchise and conducting fraudulent transactions. Subsequently, the Complainant filed an application under the applicable criminal procedure code of the State of Jammu and Kashmir (“Application”) before the Chief Judicial Magistrate, Jammu (“Court”) for investigation of the Complaint. The Court *vide* its order dated April 26, 2016, issued a direction to the Gandhi Nagar Police Station, Jammu to register a first information report and commence investigation. Additionally, the Complainant filed a complaint dated October 20, 2016 with the cyber-crime cell against the Accused for violating of Sections 66A and 66D of the Information and Technology Act, 2000 by fraudulently and dishonestly using electronic media to mislead the public at large by using the Complainant’s registered logo. The matter is currently pending.

Further, one A.K. Dewani *vide* his letter dated November 17, 2016 has raised a complaint with the RBI against the Complainant demanding that the value of bonds invested in pursuance of the fraud committed by the Accused be refunded to him stating that the Accused is related to the Complainant. A copy of this letter has also been sent to the RBI and the RBI has forwarded the letter to the Complainant advising the Complainant to resolve the complaint amicably within ten days. A.K. Dewani has through an undated letter highlighted that the total amount of fake bonds issued by Accused is INR 2.33 million. Thereafter, EBL denied any involvement of itself. The matter is currently pending.

2. EBL has filed a Criminal Writ Petition against State of Maharashtra and BKC police station before High Court at Bombay praying that CBI or any other investigating agency be directed to investigate the offence committed by Pranav Patki under Section 385 of Indian Penal code. Petition is currently pending for hearing before the Hon’ble High Court.

### ***Edelweiss Securities Limited***

#### *Against ESL*

### *Criminal proceedings*

1. S & D Financials Private Limited (“Complainant”) filed an application under section 156(3) of the Criminal Procedure Code, 1973 pursuant to which a first information report (No. 142) dated March 22, 2008 (“FIR”) was registered under Sections 406, 420 and 120B of the Indian Penal Code, 1860 with the Hare Street Police Station, Calcutta against Edelweiss Securities Limited, Rashesh Shah and Venkatchalam Ramaswamy and others (collectively, the “Accused”). The Complainant alleged that the Accused committed criminal breach of trust and cheated the Complainant in future and options transactions amounting to INR 8.48 million. Thereafter, Edelweiss Securities Limited denied the allegations *vide* a letter dated September 8, 2008. The matter is currently pending.
2. Sharad Jagtiani (“Complainant”) filed an application dated November 11, 2008 (“Complaint”) under section 156(3) of the Criminal Procedure Code, 1973 (“Cr. P.C”) before the A.C.M.M. Rohini Courts, Delhi (“Court”) against senior officials and directors of Edelweiss Securities Limited, including against P. N. Venkatachalam, Venkatchalam Ramaswamy, Kunnasagan Chinniah and Rashesh Shah (collectively, the “Accused”). Pursuant to the Complaint filed by the Complainant and an order dated January 13, 2009 passed by the Court, a first information report dated January 16, 2009 (No. 27 of 2009) was registered in Subhash Palace Police Station, Delhi, alleging loss of Rs 4.10 million in the stock market trade on account of cheating, breach of trust and conspiracy by the Accused. The police proceeded to investigate the allegations and subsequently, a closure report was filed by the investigating officer before the Metropolitan Magistrate. The closure report was protested by the Complainant before the Court, which *vide* an

order dated January 31, 2012 directed the police to further investigate the matter. Subsequently, the investigating officer issued notices to Edelweiss Securities Limited, under Sections 91 and 160 and 175 of the Criminal Procedure Code, 1973 to produce information, documents and materials for the purpose of further investigation. The matter is currently pending for the investigating officer's report.

***Ecap Equities Limited (“EEL”)***

*Against EEL*

*Material taxation proceedings*

EEL is involved in two material taxation proceedings (direct taxation proceedings) where the amount involved is ₹902.48 million.

***Edel Finance Company Limited (“EFCL”)***

*By EFCL*

*Criminal Proceedings*

1. Edel Finance Company Limited (“Complainant”) filed criminal complaint number 156/SW/2011 (“Complaint”) before the Additional Chief Metropolitan Magistrate Court, Bandra, Mumbai (“Court”) on August 29, 2011 against Vipul Shah (“Accused”) seeking an order from the Court directing the Senior Inspector of Police, Bandra West Police Station to register a complaint against the Accused for committing an offence under Section 420 of the Indian Penal Code, 1860 in relation with a loan facility and defaulting on repayment of the facility causing a loss to the Complainant to the tune of INR 10 million. Matter is currently pending for hearing and police enquiry/report.

***Edel Investments Limited (“EIL”)***

*Against EIL*

*Civil Proceedings*

1. A suit was filed by Om Builders Private Limited against Orbit Abode Private Limited and Edel Investments Limited (Suit No. 507 of 2017) in relation to the sale of 95% of 1/4th share of property known as Kilachand House via sale deed dated May 4, 2016 executed by and between Orbit Abode Private Limited (vendor) and Edel Investment Limited (purchaser) for a claim amount of ₹ 3,000 million. Edel Investments Limited is yet to file its written statement. The matter is currently pending.

***Edelweiss Housing Finance Limited (“EHFL”)***

*By EHFL*

1. EHFL filed a complaint before the Senior Police Inspector, Bandra Kurla Complex Police Station, Mumbai (“Authority”) vide its letter dated November 19, 2014 against Sachin R. Jayswal and Ratan Ram Jayswal and others (collectively, the “Accused”) for cheating and forgery in relation to a property situated at 4th Floor, Shree Samarth Ashirwad Apartment, Thane (“Secured Property”). Subsequently, EHFL filed a first information report dated January 20, 2015 (“FIR”) under Section 154 of the Criminal Procedure Code, 1973 against the Accused before the Authority under sections 420, 465, 468, 471, 120-B, 467 and 34 of the Indian Penal Code, 1860. Thereafter, EHFL issued a notice dated January 20, 2016 under section 13(2) of the

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI”) to the Accused for payment of the outstanding amount due to EHFL. However, EHFL did not receive any reply to such notice. Hence, EHFL filed an application under Section 14 of the SARFAESI on September 22, 2016 before Court of District Magistrate, Thane (“Court”) seeking possession of the Secured Property. An order dated November 19, 2016 was passed by the Court directing Tahsildar, Thane to take possession of the Secured Property and to handover the articles present in the Secured Property to EHFL. Subsequently, Reshma Khan, alleging to be the real owner of the Secured Property, instituted a special civil suit dated April 19, 2017 before the Civil Judge, Senior Division, Thane against EHFL and the Executive Magistrate, Thane Tahsildar Office Station, Thane (“Defendants”) praying, *inter alia*, to declare Reshma Khan as the legal owner of the Secured Property, to restrain the Defendants from taking possession of the Secured Property and for any ad-interim relief in favour of Reshma Khan and also instituted an application for temporary injunction. Reshma Khan has filed a special civil suit against EHFL at the Thane Special Civil Suit and has been placed for arguments. The matter is currently pending.

2. EHFL filed a complaint before the Senior Police Inspector, Chaturshrungi Police Station, Pune against Sachin Yashwant Rananaware and Nilam Sachin Rananaware (collectively, the “Accused”) *vide* its letter dated July 28, 2016 alleging fraud and cheating with reference to a property situated at flat No. 6, 2<sup>nd</sup> floor and flat No. 10 on 4<sup>th</sup> floor, Chaya Smruti, Suncity Road, Pune (“Secured Property”). Subsequently, EHFL filed an application dated August 9, 2016 before District Magistrate, Pune (“Authority”) under Section 14 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI”) seeking possession of the Secured Property. Thereafter, an order dated March 20, 2017 was passed by the Authority directing authorised personnel to take physical possession of the Secured Property. Subsequently, Anil Kenjalkar, alleging to be the original owner of the Secured Property (“Applicant”), instituted a special civil suit dated April 13, 2017 before the Civil Judge, Junior Division, Pune (“Court”) against EHFL, Accused, Collector of Pune and other parties (“Defendants”) praying, *inter alia*, to restrain the Defendants from creating any third party interest or taking possession of flat No. 6 on 2<sup>nd</sup> floor, Chaya Smruti, Suncity Road, Pune and for an ad-interim injunction to be passed in favour of the Applicant (“Suit dated April 13, 2017”). Further, the Applicant has filed an application for condonation of delay dated May 19, 2017 before the Debt Recovery Tribunal, Pune, praying, *inter alia*, to restrain EHFL from taking physical possession of the Secured Property. EHFL filed an application dated October 24, 2017 before the Court under Section 9A of the Civil Procedure Code, 1908 to set aside the Suit dated April 13, 2017. Thereafter, Anil Kenjalkar withdrew his case before the Debt Recovery Tribunal, Pune and the matter is currently pending before the Court. The matter was heard on August 4, 2018. The matter is currently pending.
3. EHFL issued a notice dated October 20, 2016 to P. Aravindan and A. Aruna (collectively, the “Accused”) under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI”) for payment of the amount due to EHFL in relation to charge created on the property under a home loan dated August 30, 2014 entered between EHFL and the Accused (“Home Loan Agreement”). EHFL issued another notice dated January 3, 2017 under Section 13(4) of the SARFAESI to the Accused, on non-receipt of any payment under Section 13(2) notice, for taking possession of the charged property in relation to the Home Loan Agreement. The matter is currently pending. Thereafter, EHFL filed a complaint against P. Aravindan, Tholkappian, J. Vinayagamorthy, K. Babu and B. Saravanan before the Commissioner of Police, Egmore, Chennai *vide* its letter dated September 27, 2017 alleging that pursuant to an internal investigation conducted by EHFL, it was found that P. Aravindan and Tholkappian along with the previous employees of EHFL i.e. J. Vinayagamorthy, K. Babu and B. Saravanan (“Ex-Employees”) had, *inter alia*, forged the ‘Know Your Customer’ documents and other transactional documents in relation to the Home

Loan Agreement. The Accused are presently in judicial custody and the matter is currently pending.

4. EHFL issued a notice dated October 20, 2016 to Prem Anand (“Accused”) under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI”) for payment of the amount due to EHFL in relation to charge created on the property under a home loan dated January 1, 2015 entered between EHFL and the Accused (“Home Loan Agreement”). EHFL issued another notice dated January 3, 2017 under Section 13(4) of the SARFAESI to the Accused, on non-receipt of any payment under section 13(2) notice, for taking possession of the charged property in relation to the Home Loan Agreement. Thereafter, EHFL filed a complaint against the Accused, Tholkappian and J. Vinayagamoorthy before the Commissioner of Police, Egmore, Chennai *vide* its letter dated September 27, 2017 alleging that pursuant to an internal investigation conducted by EHFL, it was found that the Accused along with Tholkappian and a previous employee of EHFL i.e. J. Vinayagamoorthy, had, *inter alia*, forged the ‘Know Your Customer’ documents and other transactional documents in relation to the Home Loan Agreement. The Accused are presently in judicial custody and the matter is currently pending.
5. EHFL disbursed a loan to Om Prakash Singh on 31-December 2017 for an amount of INR 2,00,50,000 for purchase of Residential Property in Jangpura Extension Delhi. Om Prakash Singh runs a software company in Noida Namely “V3 Mobi Communication Pvt. Ltd.” (the “**Borrower**”), a company engaged in developing software & proving online platform for Trading. The Borrower had been defaulting since March 2018 and was hence declared a non-performing asset in August 2018.
6. EHFL filed a complaint to the Police and Economic Offences Wing, New Delhi (“EOW”) on 28 June 2018. EHFL filed Application Order 39 R1&2 before the Delhi High Court for seeking Stay of Sale proceeding and the Delhi High Court allowed the stay on sale proceeding and directed Punjab National Bank to file their reply on 29 October 2018. Meanwhile EHFL also tried to obtain a certified copy pertaining to the SARFAESI proceeding filed by Punjab National Bank. A securitization application under Section 17 of the SARFAESI Act was filed before DRT II on 6 September 2018. The complaint has been registered after rigorous follow up with EOW and the FIR was lodged on dated 28 September 2018 by the EOW. The matter is currently pending.
7. EHFL issued a notice dated January 20, 2016 against Somprashant M. Patil and Sonali S. Patil (collectively, the “Accused”) under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**Act**”). Having received no response from the Accused, EHFL issued a notice dated March 29, 2016 under Section 13(4) of the Act to the Accused intimating them about the symbolic possession of the mortgaged property by EHFL. Further, EHFL received notices dated July 15, 2015 and April 25, 2016 from Chinchwad Police Station seeking certain documents in relation to the loan granted by EHFL to the Accused, pursuant to a first information report filed by Ganpat Datta Salunkhe against the Accused, to which EHFL has provided the relevant documents. The Accused are presently in jail for committing serious offences under the provisions of the Maharashtra Control of Organised Crime Act, 1999. The matter is currently pending.

8. EHFL has filed five (5) separate criminal complaints against certain borrowers with the Economic Offences Wing, Pune under Sections 406, 408, 415, 417, 418, 420, 423, 463, 464, 465, 467, 468 to 471 read with 34 and 120 B of Cr PC for fraudulently siphoning off EHFL's money amounting to ₹ 140 million while availing home loan facility from the Pune branch.. The matter is currently pending for investigation.
  
9. EHFL sanctioned a loan for an amount of INR 31.10 million as a loan to N. K. Proteins Limited ("Borrower") vide a loan agreement dated January 27, 2012 to purchase a property being flat number 1203, Tower B, 12 Floor, Bhagtani Krishaang, Powai, Mumbai ("Suit Property") from Jaycee Homes Limited. A no-objection certificate for mortgage of suit property dated January 23, 2012 was issued by Jaycee Homes Limited in favour of EHFL. A notice dated August 26, 2013 was issued to the Borrower for recall of the total loan amount sanctioned to which no reply was received by EHFL. Thereafter, a first information report (No. 216/2013) was registered against the National Spot Exchange Limited, its borrowers and trading members including the Borrower. Pursuant to the investigation conducted by the Economic Offences Wing, Mumbai Police, the Enforcement Directorate ("Authority") attached the Suit Property as proceeds of fraud vide its provisional attachment order dated August 27, 2014, which was confirmed vide an order dated February 20, 2015 ("Impugned Order"). EHFL received a show cause notice dated September 30, 2014 ("SCN") issued by the Authority seeking why the provisional attachment should not be confirmed.

Subsequently, EHFL filed a writ petition before the High Court of Delhi (No. 8971 of 2014) ("High Court") against the Impugned Order and the SCN. The High Court granted a stay on the Impugned Order vide its interim order dated December 18, 2014 and directed to file a petition before the High Court of Bombay. The High Court of Bombay disposed the writ petition filed by EHFL vide its order dated November 28, 2016, granting liberty to EHFL to approach the Appellate Tribunal (under the Prevention of Money Laundering Act, 2002 ("Act") New Delhi ("Tribunal"). EHFL filed an appeal dated January 5, 2017 before the Tribunal under Section 26 of the Act for quashing of the Impugned Order passed by the Authority. The matter is currently pending.

10. EHFL has filed a criminal complaint on December 14, 2019 against Rayabarapu Ranaprathap under section 403, 405, 415, 417, 418, 420, 423, 425, 465 of IPC for showing the non existing property and obtained the loan amount fraudulently on December 14, 2019 before PS Hanmakonda Warangal District. The matter is currently pending for investigation.

*Against Edelweiss Housing Finance Limited*

EHFL received a notice dated December 06, 2019 from EOW, Mumbai under Section 91 of Cr PC *inter-alia*, informing that a case is registered against accused Mukesh Bhagtani, Dipesh Bhagtani and Laxman Bhagtani and EOW is investigating an offence in C. R No. 67/2018 and 87/2017 u/S. 406, 420, 34 and 120 B of IPC read with 3,5,6,8, and 13 of MOFA Act. The investigating Officer ("IO") further informed that during investigation it was revealed that EHFL granted loan to the said accused against mortgage of property. The investigation officer therefore directed to furnish necessary information and documents in respect of the said Loan. EHFL is in process of complying with the said summons.

***Edelweiss Asset Management Limited ("EARC")***

*By EARC*

*Criminal proceedings*

1. Edelweiss Asset Management Limited ("Complainant") filed a criminal complaint on September 9, 2019 ("Complaint") against one of its client Anil Nath ("Accused") before the Court of the Additional Chief Metropolitan Magistrate's Court, Bandra, at Mumbai ("Court"), for the offence of criminal defamation under Section 499 of Indian Penal Code, 1860 ("IPC") and made



punishable under Section 500 of IPC. It is a case of the Complainant that the Accused after executing the Discretionary Portfolio Management Agreement on July 3, 2017 and other related documents (“Documents”) made an investment in PMS Strategy product offered by the Complainant. On February 4, 2019, the Accused expressed his desire of exiting the said PMS Strategy and had forwarded to the Complainant the redemption request of even date as required under documents. Pursuant to the receipt of the redemption request, the Complainant redeemed and paid to the Accused on February 12, 2019 all the amount that was duly payable under the said PMS Strategy. Subsequently, it has come to the notice of the Complainant and its employees that the Accused has been using the social media platforms for making malicious, vexatious, false, baseless and scandalous statements against the Complainant alleging that Complainant eroded his hard earned money. According, on September 11, 2019, the Complaint was registered before the Court and scheduled for hearing on March 9, 2020.

*Civil proceedings*

1. An application under section 14 was filed by EARC in the court of CMM, Esplanade, Mumbai for taking possession of two flats at Shree Swami Samartha Prasanna Oshiwara East, Indra Darshan – II, Oshiwara, Andheri. Mithraraj, a third party filed a miscellaneous application seeking an order from the CMM Court to permit him to intervene in the Section 14 application filed by EARC. Mithraraj alleged that in the affidavit dated September 14, 2015 in support of Section 14 application filed with CMM Court, Venkatesh Chandrasekhar made a false statement that no case is pending and there is no stay and/or restrain order from any competent Court of law restraining the Respondent No. 1 (EARC) from enforcing the security interest including DRT, High Court etc although EARC was aware about passing of the award dated September 9, 2013 in Arbitration Petition No. 02/2013 and the Order of Attachment dated December 12, 2013, Order of Sale dated March 19, 2014 and invitation for objection dated March 24, 2014. EARC and other respondents were served with Notice under Section 340 of the Code of Criminal Procedure, 1973 by CMM, Esplanade, Mumbai calling upon them to show cause as to why an action under section 193 of IPC should not be initiated against the Respondents. EARC in its detailed reply stated that the above statement made by respondent number 4 was not false. EARC called upon the Mithraraj (the Applicant) to produce papers of proceedings if any, initiated by the Borrower Company and its guarantors or proceedings if any initiated by the Applicant challenging the SARFAESI measures initiated by the Respondent No. 1 herein and proof of service of such proceedings on the Respondent No. 1. The Respondents also called upon the Applicant to produce any order passed by any Court restraining the Respondent No. 1 from enforcing its security interest under the SARFAESI Act. In the event the Applicant is not able to produce the documents sought above, the same will signify that the allegations made by the Applicant against the Respondents are false and the Respondents reserve their rights to initiate appropriate proceedings against the Applicant. EARC has filed detailed reply to the said application. The matter is currently pending.

***Edelweiss Finvest Limited (“EFPL”)***

*Against EFPL*

*Criminal proceedings*

EFPL has filed a complaint on January 14, 2019 before the 33<sup>rd</sup> Court of Ld. Metropolitan Magistrate for dishonor under section 138 of the Negotiable Instruments Act, 1881 for ₹0.32million drawn on Bank of Baroda, Charkop, Mumbai – 400 067 towards the part payment against the total due and liabilities under the said Loan facility, bearing charge against Santosh Shah and Seema Shah under Section 138 of the Negotiable Instruments Act, 1881. The Accused issued, executed and delivered a cheque dated November 1, 2018 of ₹0.32million drawn on Bank of Baroda, Charkop, Mumbai – 400 067 towards the part payment against the total due and liabilities under the said Loan facility, in favour of EFPL, in consideration of the loan facilities provided to the Accused. The said cheque was dishonored by the Bank by way of memo dated November 2, 2018 on account of remark “Refer to Drawer”. EFPL sent demand notice dated December 1, 2018 to the Accused for repayment of the amount due within 15 days of receipt of the notices. The Accused failed to pay the amount dues, pursuant to which, EFPL has filed the

Complaint praying that the Court be please to take cognizance of the offense punishable under Section 138 of the Negotiable Instruments Act, 1881.

Our group companies have filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, against their customers for dishonour of cheques which were presented to the respective group companies. These cases are pending across different courts in India. Further, in some of the cases, customers have filed appeal against our group companies.

### **III. Litigation involving our Directors**

1. Sharad Jagtiani (“Complainant”), a client of Edelweiss Securities Limited (“ESL”) (our subsidiary), had filed a complaint dated November 11, 2008 (“Complaint”) under Section 156 (3) of the Code of Criminal Procedure, 1973 (“Code”) before the ACMM Rohini Courts, Delhi (“Court”), against its directors, inter-alia, being, Rashesh Shah (a director of ESL at the relevant time) and also against P. N. Venkatachalam (“Director”). Pursuant to the Complaint filed by the Complainant and an order dated January 13, 2009 passed by the Court, a First Information Report (“FIR”) dated January 16, 2009 (No. 27 of 2009) was registered in Subhash Palace Police Station, Delhi, (formerly Sarasvati Vihar), Police Station, Delhi, alleging loss of ₹ 467 million in stock trade on account of purported cheating, criminal breach of trust and conspiracy by ESL and its Directors. The police proceeded to investigate the allegations and subsequently, a closure report was filed by the investigating officer before the Metropolitan Magistrate. The closure report was protested by the Complainant before the Court, which vide an order dated January 31, 2012 directed the police to further investigate the matter. Subsequently, the investigating officer issued notices to Edelweiss Securities Limited, under Sections 91 and 160 and 175 of the Criminal Procedure Code, 1973 to produce information, documents and materials for the purpose of further investigation. Vide letters dated May 28, 2012 and October 14, 2013, ESL tendered their detailed reply to the IO Order. IO Pramod Kumar issued fresh notices u/s. 160 of Cr. PC for appearance on April 5, 2014 and August 5, 2014, which were duly complied with by officials of ESL.
2. S & D Financials Private Limited (“Complainant”) filed an application under Section 156(3) of the Criminal Procedure Code, 1973 pursuant to which a first information report (No. 142) dated March 22, 2008 (“FIR”) was registered under Sections 406, 420 and 120B of the Indian Penal Code, 1860 with the Hare Street Police Station, Calcutta against Edelweiss Securities Limited, Rashesh Shah and Venkatchalam Ramaswamy and others (collectively, the “Accused”). The Complainant alleged that the Accused committed criminal breach of trust and cheated the Complainant in future and options transactions amounting to INR 848 million. Thereafter, Edelweiss Securities Limited denied the allegations vide a letter dated September 8, 2008.
3. Arvind Ghai a resident of Ghaziabad and a retail client of ECL Finance Limited filed an injunction suit bearing No 1288 of 2018 before the Court of Civil Judge, Senior Division, Ghaziabad against ECL and some of its directors namely, Rashesh Shah, Venkat Ramaswamy, Himanshu Kaji, Vidya Shah, Biswamohan Mahapatra and Rujan Panjwani, one of the directors of its Promoter Company seeking permanent injunction and has prayed to restrain any dispossession from his residential property till the final disposal of the recovery suit filed by ECL before District Judge of Patiala House Court. On March 7, 2019 ECL filed its counter reply in the matter. On April 8, 2019, ECL filed its Application under Section 10 of Code of Civil Procedure for stay of proceedings. On July 23, 2019 the Hon’ble Court after hearing dismissed the said Suit. Client thereafter filed Restoration Application bearing No. 19 of 2019 before the Upper Civil Judge (Senior Division) Ghaziabad against ECL and its above stated directors.
4. Betul Oil Limited, a client of Edelweiss Rural & Corporate Services Limited (ERCSL) filed a civil suit before the District Court, Betul against ERCSL and its eight directors including Kunnasagar Chhiniah, *inter-alia* for the recovery of an amount of ₹59,13,333.48 being paid towards TDS erroneously payable on purchase transactions between the parties. The matter is pending.

### **IV. Litigations by and against our Promoter**

Except as disclosed below, there are no other outstanding important legal proceedings involving our Promoter.

(a) *Criminal Proceedings*

*By our Promoter*

Our Promoter filed a criminal writ petition bearing number 1899 of 2012 (“Writ Petition”) before the High Court of Judicature at Bombay (“Court”) against The State of Maharashtra and others, (“Respondents”), praying *inter-alia*, that the Respondents or the Central Bureau of Investigation or any other agency be directed to register and investigate the complaint dated December 30, 2011 made by the Petitioner. The Petitioner *vide* letter dated December 30, 2011 filed a complaint under Sections 417,419,420,465,468,469 and 471 read with Section 120-B of the Indian Penal Code, 1860 and under certain sections of the Information Technology Act, 2000, Trademark Act 1999 and the Copyright Act, 1957 against Vaibhav Singh, Percept Profile, Harindra Singh, Shailendra Singh, Rajeev Mehrotra and unknown persons before the Senior Inspector Police, N.M. Marg Police Station Mumbai. (“Complaint”). The Complaint was filed in relation to press release titled “*Edelweiss Asset Management - Head Quits, to Start Own*”, which was allegedly released by the aforesaid employees of Percept Profile on behalf of the Petitioners. The Court *vide* order dated July 23, 2012 directed the police to register a First Information Report (“FIR”). Subsequently Harindra Singh and Shailendra Singh filed a Criminal Application bearing number 956 of 2012 praying *inter-alia* for quashing the FIR. Further Rajeev Mehrotra filed a writ petition bearing number 3093 of 2012 *inter-alia* praying for staying further proceedings in the FIR. The Court, *vide* order dated December 3, 2012, in the writ petition bearing number 3093 of 2012 and the Criminal Application bearing number 956 of 2012 directed that in case the investigating officer desires to arrest the applicants, the investigating officer shall give 72 hours’ advance notice (excluding Sundays and court holidays), so that the applicants can adopt appropriate remedy. The matter is currently pending.

*Against our Promoter*

EFSL received Notice dated September 17, 2019 from the office of the Property Cell, Detection Crime Branch, CID, Mumbai under Section 91 of Cr PC *inter-alia* informing that Detection Crime Branch is investigating an offence *vide* D.C.B., C.I.D., C.R. No 64/2019 under Section 419, 420, 465, 467, 468, 471 read with 34 and 120 B of Indian Penal Code and during investigation it was revealed that the arrested Accused, namely Pravin Rameshbhai Bhatt had prepaid and applied to EFSL for housing loan. It was further informed that based on said fake documents EFSL sanctioned the housing loan of ₹ 27,36,700 and disbursed the said amount on in February 2019.

The investigation officer has directed EFSL to furnish necessary information and documents in respect of the said Loan. On September 27, 2019 EFSL furnished the required documents to Police authorities and recording of Statement of EFSL’s officials is in process. The matter is pending.

(b) *Civil proceedings*

*Against our Promoter: NIL*

*By our Promoter: NIL*

(c) *Taxation proceedings: NIL*

(d) *Other proceedings: NIL*

- V. Details of inquiries, inspections or investigations initiated or conducted under the Companies Act, 1956 or the Companies Act, 2013 against our Company and its Subsidiaries in the last three years along with Section wise details of prosecutions filed (whether pending or not), fines imposed or compounding of offences against our Company and its Subsidiaries in the last three years

NIL

**VI.** Details of litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last five years and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action, as on date of this Prospectus.

1. EFSL and other merchant bankers in the matter of initial public offer of Credit Analysis and Research Limited (together referred to as the “**Appellants**”) have filed an appeal before the Securities and Appellate Tribunal, Mumbai (“**SAT**”) against the impugned order dated November 28, 2014 (“**Order**”). SEBI vide Order had imposed the maximum penalty prescribed under Section 15HB of the SEBI Act amounting to ₹10 million jointly and severally on the Appellants for the violation of Clause 1 of Form C of Schedule VI of Regulation 8(2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Regulation 13 read with clause 1, 4,6,7 and 20 of Code of Conduct for Merchant Bankers as specified in Schedule III of the SEBI (Merchant Bankers) Regulations, 1992. Aggrieved, the Appellants have filed the Appeal inter-alia to set aside the order and to stay the Order. The SAT by a majority order dated September 30, 2016 has set aside the order passed by SEBI as well as the penalty imposed on the merchant bankers.
2. EFSL, Axis Capital Limited and SBI Capital Markets Limited (“**Appellants**”) has filed an appeal before the Securities Appellate Tribunal (“**SAT**”) on May 19, 2016, inter alia to set aside an order dated March 31, 2016 (“**Order**”) passed by the adjudication officer of SEBI (“**Respondent**”) and to grant an interim stay on the Order. The Respondent vide the Order had imposed a penalty of ₹10 million jointly and severally on the Appellant for violation of Regulation 57(1), Regulation 57(2)(a)(ii) and Regulation 64(1) of the SEBI ICDR Regulations and Regulation 13 of the SEBI (Merchant Bankers) Regulations, 1992 (“**MB Regulations**”) in relation to certain disclosure requirements set forth under the SEBI ICDR Regulations and adherence to the code of conduct set forth under the MB Regulations for the merchant bankers respectively, for the initial public offer of Electrosteel Steels Limited. The SAT vide its order dated November 14, 2019, has partly allowed the appeal by reducing the penalty amount from ₹1 crore to ₹50 lakh imposed on the Appellants have been jointly paid by the Appellants.

**VII.** Details of acts of material frauds committed against our Company in the last five years, if any, and if so, the action taken by our Company: NIL

**VIII.** Details of default in the last five years, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon: NIL

**IX.** Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of this offer letter and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks: NIL

**X.** Other information

The Enforcement Directorate, Ministry of Finance, (“**ED**”) vide summon dated January 3, 2020 bearing file number T-3/03/MB20-II/2019/01 (“**Summon**”) under section 37(1) and (3) of the Foreign Exchange Management Act, 1999 read with section 131(1) of the Income Tax Act, 1961 and section 30 of the code of civil procedure 1908, issued to Chairman and CEO of Edelweiss Financial Services Limited (“**EFSL**”) and requested his personal attendance in case of M/s Capstone Forex Private limited and other on January 9, 2020 to give evidence and produce books of account or other documents specified in the Summon.

EFSL vide letter dated January 9, 2020 requested for the deferment of the personal hearing. The ED, vide letter dated January 13, 2020 requested the personal attendance, on January 15, 2020. The Chairman and CEO of EFSL attended the office of ED on January 15, 2020 and the authorized representative of EFSL vide letter dated January 15, 2020, *inter alia* responded to the Summon and provided the information sought in the Summon.

## KEY REGULATIONS AND POLICIES

*The regulations summarised below are not exhaustive and are only intended to provide general information to investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. For purposes of this section, references to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification are to such legislation, act, regulation, rule, guideline, policy, circular, notification or clarification as amended from time to time.*

*The following description is a summary of certain sector specific laws and regulations and policies as prescribed by the Government of India and other regulatory bodies, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

*In addition to the regulations and policies specified herein below, taxation laws, labour law, intellectual property law, environmental law and other miscellaneous laws apply to the Company as they do to any other Indian company.*

The major regulations governing our Company are detailed below:

We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI Regulations applicable to non-public deposit accepting NBFCs (“NBFC-ND”).

As at November 22, 2019, the RBI issued an updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, applicable to all NBFC-ND-SI’s.

### **Regulations governing NBFCs**

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its ‘principal business’ is to be treated as an NBFC. The term ‘principal business’ has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company’s principal business. The company will be treated as an NBFC if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than 30 December of that year,

stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act, the Master Direction – Non-Banking Financial Company – Non-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, Peer to Peer Lending Platform (Reserve Bank) Directions, 2017 (“**Peer to Peer Regulations**”), Reserve Bank Commercial Paper Directions, 2017 (“**Commercial Papers Directions**”) and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and
- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC (“**NBFC-D**”) or as a non-deposit accepting NBFC (“**NBFC-ND**”). The RBI has recently harmonised the categories of NBFCs into: (i) investment and credit companies (which erstwhile consisted of asset finance companies, investment companies, and loan companies); (ii) infrastructure finance companies; (iii) infrastructure debt funds; (iv) NBFC – micro finance institutions; and (v) NBFC – factors.

The Company has been classified as an NBFC-ND-SI.

#### *Systemically Important NBFC-NDs*

As per the NBFC Master Directions, the revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹ 5,000 million and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹ 5,000 million and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of 15 per cent.

#### *Rating of NBFCs*

Pursuant to the RBI circular DNBS (PD) CC. No.134/03.10.001/2008-2009 dated 04 February 2009, all NBFCs with an asset size of ₹1,000 million are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

#### *Prudential Norms*

The RBI Master Circular on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (“**ND-SI-Directions**”), amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning

requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. The ND-SI-Directions state that the credit/investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

#### *Corporate governance norms*

As per the ND-SI-Directions, all NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders. Constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, RBI *vide* notification dated 10 November 2014 has mandated the Audit Committee to ensure that an information systems audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the company. RBI has also mandated the NBFCs to have a policy to ascertain the 'fit and proper criteria' at the time of appointment of directors and on a continuing basis.

#### *Provisioning Requirements*

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms Directions.

In the interests of counter cyclicity and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated 17 January 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25 per cent of the outstanding standard assets. RBI *vide* their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated 11 June 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The provisions on standard assets are not reckoned for arriving at Net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the 'General Provisions on Standard Assets' in Tier II capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

#### *Capital Adequacy Norms*

Every systemically important NBFC-ND is required to maintain, with effect from 01 April 2007, a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15 per cent of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II capital of a NBFC-MFI shall not exceed 100 per cent of the Tier I capital.

*Tier-I Capital*, has been defined in the ND-SI Directions as, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10 per cent of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15 per cent of the aggregate Tier I capital of such company as on 31 March of the previous accounting year.

*Owned Funds*, has been defined in the ND-SI Directions as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

*Tier - II Capital* has been defined in the ND-SI Directions, includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55 per cent; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth per cent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier - I capital; and (f) perpetual debt instrument issued by a systemically important NBFC-ND, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate Tier-II capital does not exceed 15 per cent of the Tier -I capital.

*Hybrid debt* means, capital instrument, which possess certain characteristics of equity as well as debt.

*Subordinated debt* means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

#### *Exposure Norms*

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Master Direction, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15 per cent of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25 per cent of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFC-ND may not invest in the shares of another company exceeding 15 per cent of its owned funds, and in the shares of a single group of companies exceeding 25 per cent of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5 per cent of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25 per cent of its owned funds to or in single party and 40 per cent of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings. Further, NBFC ND SI may exceed the concentration of credit/investment norms, by 5 per cent for any single party and by 10 per cent for a single group of parties, if the additional exposure is on account of infrastructure loan and/or investment.

#### *Asset Classification*

The Prudential Norms Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss assets



Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC is required to make a provision for standard assets at 0.40 per cent by March 31, 2018 and onwards.

#### *Other stipulations*

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

#### *Net Owned Fund*

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹20 million. For this purpose, the RBI Act has defined “net owned fund” to mean:

*Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,*

- (i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and
- (ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10 per cent of (a) above.

Further, in accordance with RBI Notification No DNBR.007/CGM (CDS) 2015 dated 27 March 2015 which provides that a non banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than ₹20 million may continue to carry on the business of non banking financial institution, if such company achieves net owned fund of:

- (i) ₹ 10 million before April 1, 2016; and
- (ii) ₹ 20 million before April 1, 2017

#### *Reserve Fund*

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20 per cent% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

#### *Maintenance of liquid assets*

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI’s Non- Deposit Accepting Companies

Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no's, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹1,000 million or more or holding public deposits of ₹ 2,000 million or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

RBI, vide circular bearing reference number RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, has harmonised different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Further differential regulations relating to bank's exposure to the three categories of NBFCs viz., AFCs, LCs and ICs were harmonised. Further, a deposit taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC, an amount not exceeding twenty per cent of its owned fund.

***Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("RBI KYC Directions")***

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement.

### ***Accounting Standards & Accounting policies***

Subject to the changes in Indian Accounting Standards (“IAS”) and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made. The Ministry of Corporate Affairs has amended the existing IAS *vide* Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 and the same shall be applicable to the Company from April 1, 2018.

### ***Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016***

All NBFC-ND-SIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹1 lac and above, and if the fraud is of ₹ 10 million or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

### ***Reporting by Statutory Auditor***

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

### ***Master Direction – Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016***

Auditor’s Report Master Directions are applicable to auditors of all NBFCs. In addition to the reports to be furnished under Companies Act, the auditors of NBFCs are mandated to provide a report as prescribed under Auditor’s Report Master Directions. While matters pertaining to all NBFCs are covered under section 3(A) of Auditor’s Report Master Directions, matters specifically pertaining to NBFCs-ND are mentioned in section 3(C). The report furnished by the auditors under Auditor’s Report Master Directions shall include, amongst other things, if the NBFC has obtained the certificate of registration from the RBI to operate as an NBFC, clarification with respect to correctness of the capital adequacy ratio mentioned in the return submitted to RBI, status of furnishing of annual statement of capital funds, risk assets/exposures and risk asset ratio by NBFCs to the RBI and passing of resolution by the board of the NBFCs for non-acceptance of deposits from public. Every NBFC shall submit a certificate that is engaged in the business of being an NBFC and it holds a valid certificate of registration issued by the RBI.

### ***Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016***

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding *inter alia* asset liability mismatches and interest rate risk, quarterly report on branch information, and Central Repository of Information on Large Credits (“CRILC”) on a quarterly basis as well as all Special Mention Accounts-2 (“SMA-2”) status on a weekly basis to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

### ***Appointment of Chief Risk Officer***

RBI vide circular bearing reference number RBI/2018-19/184 DNBR (PD) CC. No.099/03.10.001/2018-19 dated May 16, 2019 directed that NBFCs with asset size of more than ₹50 billion shall appoint a Chief Risk Officer (“CRO”) with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management. To ensure independence, the CRO will have a fixed tenure with the approval of the Board. The CRO shall report directly to the managing director/CEO/risk management committee of the Board. The CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks. The CRO’s role in deciding credit proposals shall be limited to be an advisor.

#### ***Master Direction on Information Technology Framework for the NBFC Sector, 2017***

All systematically important NBFCs must implement the security enhancement requirements under the Master Direction with respect to enhancing security of its Information Technology/Information Security Framework (“IT”) business continuity planning, disaster recovery and management. NBFCs must constitute a IT Strategy Committee and IT Steering Committee and formulate an IT and Information Security Policy in furtherance of the same. Further, a Cyber Crisis Management Plan must be formulated to address cyber intrusions and attacks.

#### ***Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017***

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs (“**Risk Management Directions**”). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

#### ***Financing of NBFCs by bank***

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) all types of loans and advances by NBFCs to their subsidiaries, group companies/entities; and (v) further lending to individuals for the purpose of subscribing to an initial public offer.

#### ***Norms for excessive interest rates***

In addition, the RBI has introduced *vide* a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

#### ***Supervisory Framework***

In order to ensure adherence to the regulatory framework by systemically important ND-NBFCs, the RBI has directed NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than 30 December of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

### ***Asset Liability Management***

The RBI has prescribed the Guidelines for Asset Liability Management (“**ALM**”) System in relation to NBFCs (“**ALM Guidelines**”) that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated 01 July 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹10,000 lacs, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹2,000 lacs or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15 per cent of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15 per cent of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

### ***The Recovery of Debts due to Banks and Financial Institutions Act, 1993***

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the “**DRT Act**”) provides for establishment of the Debts Recovery Tribunals (the “**DRTs**”) for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

### ***Anti-Money Laundering***

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 (“**PMLA**”) is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of

PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹1 million. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015 titled “Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards” states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document ‘Improving Global AML/CFT Compliance: on-going process’ as on October 23, 2015.

### **The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI Act”)**

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower’s assets over which the secured creditor proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹10 million, agricultural land and any case where the amount due is less than 20.00% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

### **Insolvency and Bankruptcy Code, 2016**

The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code) was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a

debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

**The Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules 2019 (“IBC Rules, 2019”)**

The Code, which regulates the insolvency resolution process for “corporate persons” previously excluded financial service providers from its purview. With the notification of the IBC Rules, 2019, the provisions of the Code will apply to financial service providers as well, which are subject to modifications and additional conditions as set out in the IBC Rules, 2019. Financial service providers are defined to mean persons engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator under the Code. “Financial services” is broadly defined in the Code, and includes, inter alia, services in the nature of acceptance of deposits, administration of assets, underwriting services, advisory services with respect to dealings in financial products, operation of an investment scheme, and maintenance of records of ownership of a financial product. The IBC Rules, 2019, lays down the provisions for setting up an advisory committee, resolution plan and the liquidation process of Financial service providers.

***Labour Laws***

Our Company is required to comply with various labour laws, including the Code of Wages, 2019, the Payment of Gratuity Act, 1972 and the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

At the meeting of the Board of Directors of our Company, held on November 11, 2019, the Directors approved the public Issue of NCDs for an amount not exceeding INR 10,000 million. Further, the proposed borrowing is within the borrowing limits of ₹75,000 million under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders in the AGM held on September 9, 2014.

### **Prohibition by SEBI/Eligibility of our Company to come out with the Issue**

Our Company, persons in control of our Company and/or our Directors and/or our Promoter are not restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group is prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

### **Wilful Defaulter**

Our Company, our Directors and/or our Promoter are not categorised as wilful defaulters by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE, IDBI CAPITAL MARKETS & SECURITIES LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED\* HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT MUST BE NOTED THAT EDELWEISS FINANCIAL SERVICES LIMITED SHALL BE INVOLVED ONLY WITH RESPECT TO THE MARKETING ASPECTS OF THE ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, IDBI CAPITAL MARKETS & SECURITIES LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED\* HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 16, 2020 WHICH READS AS FOLLOWS:**

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTER OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY SEBI. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDS OFFERED THROUGH THE ISSUE WILL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL**



**THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE WILL BE GIVEN.**

- 3. WE CONFIRM THAT THE PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.**
- 4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND TO THE EXTENT NOTIFIED, SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

**WE CONFIRM THAT WE HAVE NOT RECEIVED ANY COMMENTS ON THE DRAFT PROSPECTUS DATED DECEMBER 20, 2019 FILED ON THE WEBSITE OF BSE LIMITED (THE DESIGNATED STOCK EXCHANGE).**

*\*In compliance with the proviso to Regulation 21A (1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (“Merchant Bankers Regulations”), Edelweiss Financial Services Limited (“EFSL”) will be involved only in marketing of the Issue.*

#### **DISCLAIMER CLAUSE OF BSE**

**BSE LIMITED (“THE EXCHANGE”) HAS GIVEN VIDE ITS LETTER DATED DECEMBER 31, 2019 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:**

- (i) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- (ii) WARRANT THAT THIS COMPANY’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- (iii) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

**AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.**

#### **DISCLAIMER CLAUSE OF RBI**

**THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED DECEMBER 13, 2016 BEARING REGISTRATION NO. B-13.02144 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/DISCHARGE OF LIABILITY BY THE COMPANY.**

## **DISCLAIMER OF CRISIL RESEARCH FOR INDUSTRY REPORT**

**CRISIL RESEARCH, A DIVISION OF CRISIL LIMITED (CRISIL) HAS TAKEN DUE CARE AND CAUTION IN PREPARING THIS REPORT (REPORT) BASED ON THE INFORMATION OBTAINED BY CRISIL FROM SOURCES WHICH IT CONSIDERS RELIABLE (DATA). HOWEVER, CRISIL DOES NOT GUARANTEE THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE DATA / REPORT AND IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS OR FOR THE RESULTS OBTAINED FROM THE USE OF DATA / REPORT. THIS REPORT IS NOT A RECOMMENDATION TO INVEST / DISINVEST IN ANY ENTITY COVERED IN THE REPORT AND NO PART OF THIS REPORT SHOULD BE CONSTRUED AS AN EXPERT ADVICE OR INVESTMENT ADVICE OR ANY FORM OF INVESTMENT BANKING WITHIN THE MEANING OF ANY LAW OR REGULATION. CRISIL ESPECIALLY STATES THAT IT HAS NO LIABILITY WHATSOEVER TO THE SUBSCRIBERS / USERS / TRANSMITTERS/ DISTRIBUTORS OF THIS REPORT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE REPORT IS TO BE CONSTRUED AS CRISIL PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL DOES NOT HAVE THE NECESSARY PERMISSION AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES IN THIS REGARD. EDELWEISS FINANCE & INVESTMENTS LIMITED WILL BE RESPONSIBLE FOR ENSURING COMPLIANCES AND CONSEQUENCES OF NON-COMPLIANCES FOR USE OF THE REPORT OR PART THEREOF OUTSIDE INDIA. CRISIL RESEARCH OPERATES INDEPENDENTLY OF, AND DOES NOT HAVE ACCESS TO INFORMATION OBTAINED BY CRISIL'S RATINGS DIVISION / CRISIL RISK AND INFRASTRUCTURE SOLUTIONS LTD (CRIS), WHICH MAY, IN THEIR REGULAR OPERATIONS, OBTAIN INFORMATION OF A CONFIDENTIAL NATURE. THE VIEWS EXPRESSED IN THIS REPORT ARE THAT OF CRISIL RESEARCH AND NOT OF CRISIL'S RATINGS DIVISION / CRIS. NO PART OF THIS REPORT MAY BE PUBLISHED/REPRODUCED IN ANY FORM WITHOUT CRISIL'S PRIOR WRITTEN APPROVAL.**

## **DISCLAIMER STATEMENT OF CRISIL (AS A CREDIT RATING AGENCY)**

**THIS DISCLAIMER FORMS PART OF AND APPLIES TO EACH CREDIT RATING REPORT AND/OR CREDIT RATING RATIONALE THAT WE PROVIDE (EACH A "REPORT"). FOR THE AVOIDANCE OF DOUBT, THE TERM "REPORT" INCLUDES THE INFORMATION, RATINGS AND OTHER CONTENT FORMING PART OF THE REPORT. THE REPORT IS INTENDED FOR THE JURISDICTION OF INDIA ONLY. THIS REPORT DOES NOT CONSTITUTE AN OFFER OF SERVICES. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE REPORT IS TO BE CONSTRUED AS CRISIL PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL DOES NOT HAVE THE NECESSARY LICENSES AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES REFERRED TO ABOVE. ACCESS OR USE OF THIS REPORT DOES NOT CREATE A CLIENT RELATIONSHIP BETWEEN CRISIL AND THE USER.**

**WE ARE NOT AWARE THAT ANY USER INTENDS TO RELY ON THE REPORT OR OF THE MANNER IN WHICH A USER INTENDS TO USE THE REPORT. IN PREPARING OUR REPORT WE HAVE NOT TAKEN INTO CONSIDERATION THE OBJECTIVES OR PARTICULAR NEEDS OF ANY PARTICULAR USER. IT IS MADE ABUNDANTLY CLEAR THAT THE REPORT IS NOT INTENDED TO AND DOES NOT CONSTITUTE AN INVESTMENT ADVICE. THE REPORT IS NOT AN OFFER TO SELL OR AN OFFER TO PURCHASE OR SUBSCRIBE FOR ANY INVESTMENT IN ANY SECURITIES, INSTRUMENTS, FACILITIES OR SOLICITATION OF ANY KIND OR OTHERWISE ENTER INTO ANY DEAL OR TRANSACTION WITH THE ENTITY TO WHICH THE REPORT PERTAINS. THE REPORT SHOULD NOT BE THE SOLE OR PRIMARY BASIS FOR ANY INVESTMENT DECISION WITHIN THE MEANING OF ANY LAW OR REGULATION (INCLUDING THE LAWS AND REGULATIONS APPLICABLE IN THE US).**

**RATINGS FROM CRISIL RATING ARE STATEMENTS OF OPINION AS OF THE DATE THEY ARE EXPRESSED AND NOT STATEMENTS OF FACT OR RECOMMENDATIONS TO PURCHASE, HOLD, OR SELL ANY SECURITIES / INSTRUMENTS OR TO MAKE ANY**

**INVESTMENT DECISIONS. ANY OPINIONS EXPRESSED HERE ARE IN GOOD FAITH, ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND ARE ONLY CURRENT AS OF THE STATED DATE OF THEIR ISSUE. CRISIL ASSUMES NO OBLIGATION TO UPDATE ITS OPINIONS FOLLOWING PUBLICATION IN ANY FORM OR FORMAT ALTHOUGH CRISIL MAY DISSEMINATE ITS OPINIONS AND ANALYSIS. CRISIL RATING CONTAINED IN THE REPORT IS NOT A SUBSTITUTE FOR THE SKILL, JUDGMENT AND EXPERIENCE OF THE USER, ITS MANAGEMENT, EMPLOYEES, ADVISORS AND/OR CLIENTS WHEN MAKING INVESTMENT OR OTHER BUSINESS DECISIONS. THE RECIPIENTS OF THE REPORT SHOULD RELY ON THEIR OWN JUDGMENT AND TAKE THEIR OWN PROFESSIONAL ADVICE BEFORE ACTING ON THE REPORT IN ANY WAY. CRISIL OR ITS ASSOCIATES MAY HAVE OTHER COMMERCIAL TRANSACTIONS WITH THE COMPANY/ENTITY.**

**NEITHER CRISIL NOR ITS AFFILIATES, THIRD PARTY PROVIDERS, AS WELL AS THEIR DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES OR AGENTS (COLLECTIVELY, "CRISIL PARTIES") GUARANTEE THE ACCURACY, COMPLETENESS OR ADEQUACY OF THE REPORT, AND NO CRISIL PARTY SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN, REGARDLESS OF THE CAUSE, OR FOR THE RESULTS OBTAINED FROM THE USE OF ANY PART OF THE REPORT. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. IN NO EVENT SHALL ANY CRISIL PARTY BE LIABLE TO ANY PARTY FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING, WITHOUT LIMITATION, LOST INCOME OR LOST PROFITS AND OPPORTUNITY COSTS) IN CONNECTION WITH ANY USE OF ANY PART OF THE REPORT EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

**CRISIL RATINGS MAY RECEIVE COMPENSATION FOR ITS RATINGS AND CERTAIN CREDIT-RELATED ANALYSES, NORMALLY FROM ISSUERS OR UNDERWRITERS OF THE INSTRUMENTS, FACILITIES, SECURITIES OR FROM OBLIGORS. CRISIL'S PUBLIC RATINGS AND ANALYSIS AS ARE REQUIRED TO BE DISCLOSED UNDER THE REGULATIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (AND OTHER APPLICABLE REGULATIONS, IF ANY) ARE MADE AVAILABLE ON ITS WEB SITES, WWW.CRISIL.COM (FREE OF CHARGE). REPORTS WITH MORE DETAIL AND ADDITIONAL INFORMATION MAY BE AVAILABLE FOR SUBSCRIPTION AT A FEE – MORE DETAILS ABOUT CRISIL RATINGS ARE AVAILABLE HERE: WWW.CRISILRATINGS.COM.**

**CRISIL AND ITS AFFILIATES DO NOT ACT AS A FIDUCIARY. WHILE CRISIL HAS OBTAINED INFORMATION FROM SOURCES IT BELIEVES TO BE RELIABLE, CRISIL DOES NOT PERFORM AN AUDIT AND UNDERTAKES NO DUTY OF DUE DILIGENCE OR INDEPENDENT VERIFICATION OF ANY INFORMATION IT RECEIVES AND / OR RELIES IN ITS REPORTS. CRISIL KEEPS CERTAIN ACTIVITIES OF ITS BUSINESS UNITS SEPARATE FROM EACH OTHER IN ORDER TO PRESERVE THE INDEPENDENCE AND OBJECTIVITY OF THE RESPECTIVE ACTIVITY. AS A RESULT, CERTAIN BUSINESS UNITS OF CRISIL MAY HAVE INFORMATION THAT IS NOT AVAILABLE TO OTHER CRISIL BUSINESS UNITS. CRISIL HAS ESTABLISHED POLICIES AND PROCEDURES TO MAINTAIN THE CONFIDENTIALITY OF CERTAIN NON-PUBLIC INFORMATION RECEIVED IN CONNECTION WITH EACH ANALYTICAL PROCESS. CRISIL HAS IN PLACE A RATINGS CODE OF CONDUCT AND POLICIES FOR ANALYTICAL FIREWALLS AND FOR MANAGING CONFLICT OF INTEREST. FOR DETAILS PLEASE REFER TO: [HTTPS://WWW.CRISIL.COM/EN/HOME/OUR-BUSINESSES/RATINGS/REGULATORY-DISCLOSURES/HIGHLIGHTED-POLICIES.HTML](https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html)**

**CRISIL'S RATING CRITERIA ARE GENERALLY AVAILABLE WITHOUT CHARGE TO THE PUBLIC ON THE CRISIL PUBLIC WEB SITE, WWW.CRISIL.COM. FOR LATEST RATING INFORMATION ON ANY INSTRUMENT OF ANY COMPANY RATED BY CRISIL YOU MAY CONTACT CRISIL RATING DESK AT CRISILRATINGDESK@CRISIL.COM, OR AT (0091) 1800 267 1301.**

**THIS REPORT SHOULD NOT BE REPRODUCED OR REDISTRIBUTED TO ANY OTHER PERSON OR IN ANY FORM WITHOUT A PRIOR WRITTEN CONSENT OF CRISIL.**

## DISCLAIMER CLAUSE OF CARE

CARE'S RATINGS ARE OPINIONS ON CREDIT QUALITY AND ARE NOT RECOMMENDATIONS TO SANCTION, RENEW, DISBURSE OR RECALL THE CONCERNED BANK FACILITIES OR TO BUY, SELL OR HOLD ANY SECURITY. CARE HAS BASED ITS RATINGS/OUTLOOKS ON INFORMATION OBTAINED FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. CARE DOES NOT, HOWEVER, GUARANTEE THE ACCURACY, ADEQUACY OR COMPLETENESS OF ANY INFORMATION AND IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS OR FOR THE RESULTS OBTAINED FROM THE USE OF SUCH INFORMATION. MOST ENTITIES WHOSE BANK FACILITIES/ INSTRUMENTS ARE RATED BY CARE HAVE PAID A CREDIT RATING FEE, BASED ON THE AMOUNT AND TYPE OF BANK FACILITIES/ INSTRUMENTS.

IN CASE OF PARTNERSHIP/PROPRIETARY CONCERNS, THE RATING/OUTLOOK ASSIGNED BY CARE IS BASED ON THE CAPITAL DEPLOYED BY THE PARTNERS/ PROPRIETOR AND THE FINANCIAL STRENGTH OF THE FIRM, AT PRESENT. THE RATING/OUTLOOK MAY UNDERGO CHANGE IN CASE OF WITHDRAWAL OF CAPITAL OR UNSECURED LOANS BROUGHT IN BY THE PARTNERS/ PROPRIETOR IN ADDITION TO THE FINANCIAL PERFORMANCE AND OTHER RELEVANT FACTORS.

OUR RATINGS DO NOT FACTOR IN ANY RATING RELATED TRIGGER CLAUSES AS PER THE TERMS OF THE FACILITY/INSTRUMENT, WHICH MAY INVOLVE ACCELERATION OF PAYMENTS IN CASE OF RATING DOWNGRADES. HOWEVER, IF ANY SUCH CLAUSES ARE INTRODUCED AND IF TRIGGERED, THE RATINGS MAY SEE VOLATILITY AND SHARP DOWNGRADES.

### Track record of past public issues handled by the Lead Managers

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

Name of Lead Manager	Website
IDBI Capital Markets & Securities Limited	<a href="http://www.idbicapital.com">www.idbicapital.com</a>
Edelweiss Financial Services Limited	<a href="http://www.edelweissfin.com">www.edelweissfin.com</a>

### Listing

An application will be made to the Stock Exchange, for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange mentioned above are taken within 6 working days from the date of closure of the Issue.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Series/Options, such NCDs with Series(s)/Option(s) shall not be listed.

### Consents

Consents in writing of (a) Directors of our Company; (b) Company Secretary and Compliance Officer; (c) Chief Financial Officer; (d) Legal Advisor to the Issue; (e) Lead Managers; (f) the Registrar to the Issue; (g) Public Issue Account Bank; (h) Refund Bank; (j) Credit Rating Agencies; (k) the Bankers to our Company; (l) the Debenture Trustee; and (m) the Lead Brokers and (n) CRISIL Limited (for industry report), to act in their respective capacities, have been or will be duly obtained, as the case may be and will be filed along with a copy of the Prospectus with the Stock Exchange and any other authority as may be required..

Our Company has received written consent dated January 16, 2020, from our Statutory Auditors, namely, S.R. Batliboi & Co. LLP, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI Debt Regulations in this Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Current Statutory Auditor and in respect of their (i) examination report dated December 19, 2019 to the Reformatted Standalone Financial Statements ; (ii) audit report dated May 13, 2019 to the 2019 Audited Standalone Financial Statement; (iii) review report dated December 19, 2019 on the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement; and (iv) their report dated December 19, 2019 on the statement of tax benefits, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act, 1933, as amended.

Our Company has received written consent dated December 20, 2019, from our erstwhile statutory auditors, namely, B S R & Associates LLP and presently an independent practitioner , to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI Debt Regulations in this Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as an erstwhile Statutory Auditors and in respect of their audit report dated July 5, 2017 to the 2017 Audited Consolidated Financial Statement.

### **Expert Opinion**

Except the following, our Company has not obtained any expert opinions in connection with this Prospectus, it has obtained the following:

- Our Company has received written consent dated January 16, 2020, from our Statutory Auditors, namely, S.R. Batliboi & Co. LLP, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI Debt Regulations in this Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Current Statutory Auditor and in respect of their (i) examination report dated December 19, 2019 to the Reformatted Standalone Financial Statements; (ii) audit report dated May 13, 2019 to the 2019 Audited Standalone Financial Statement; (iii) review report dated December 19, 2019 on the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement; and (iv) their report dated December 19, 2019 on the statement of tax benefits, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act, 1933, as amended.
- Vide Consent Letter dated December 20, 2019, erstwhile statutory auditors, namely, B S R & Associates LLP and presently an independent practitioner, have given their consent to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI Debt Regulations in this Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as an independent practitioner and to include their report dated July 5, 2017 to the 2017 Audited Consolidated Financial Statement, in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

### **Common form for Transfer**

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size (i.e. ₹ 937.50 million). If our Company does not receive the minimum subscription of 75% of Base Issue Size (i.e. ₹ 937.50 million), as specified in Companies Act, 2013 and rules made thereunder, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 15 (fifteen) working days from the

Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular bearing no. HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

### **Filing of the Draft Prospectus**

A copy of the Draft Prospectus has been filed with the Stock Exchange in terms of SEBI Debt Regulations for dissemination on its website.

### **Filing of this Prospectus with the RoC**

A copy of this Prospectus will be filed with the RoC, in accordance with Section 26 of the Companies Act, 2013.

### **Debenture Redemption Reserve (“DRR”)**

In accordance with recent amendments to the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with Rule 16 of the SEBI Debt Regulations, any non-banking finance company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures. The Government, in the union budget for the Financial Year 2019-20 had announced that non-banking finance companies raising funds in public issues would be exempt from the requirement of creating a DRR. Pursuant to the amendment to the Companies (Share Capital & Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. The Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

- A. in deposits with any scheduled bank, free from any charge or lien
- B. in unencumbered securities of the Central Government or any State Government;
- C. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
- D. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

### **Issue Related Expenses**

The Issue expenses and listing fees will be paid by our Company. The expenses of this Issue include, *inter alia*, lead management fees and selling commission to the Lead Managers, Lead Brokers, fees payable to debenture trustees, underwriters (if any), the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees.

For details of Issue related expenses, see “*Objects of the Issue-Issue Related Expenses*” on page 51 of this Prospectus.

## Reservation

No portion of the Issue has been reserved.

## Public / Rights Issues of Equity Shares

Our Company has not undertaken any public issuance of Equity Shares in the preceding five years. Details of the rights issues undertaken by our Company in the preceding five years are set forth below:

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹ in million)	Cumulative Equity Share Premium (in ₹ in million)
August 4, 2017	585,000	10	512	Cash	Allotment to the Holding Company*	3,240,020	32.40	2,271.47
February 28, 2018	195,312	10	512	Cash	Allotment to the Holding Company*	3,435,332	34.35	2,369.52

\* Allotment to Edelweiss Financial Services Limited by way of a rights issue.

## Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

For details in relation to the preference shares issued by our Company, see “Capital Structure” on page 47 of this Prospectus. Further, for details in relation to debentures issued by our Company and other debt instruments issued and outstanding, see “Financial Indebtedness” on page 132 of this Prospectus.

## Previous Public Issue

Our Company has not undertaken a public issue of equity shares or debentures in the past. Further, we have not raised funds by way of a ‘Rupee denominated bond’ offering (outside India).

Our Company has not issued any securities for consideration other than cash in the two years preceding the date of this Prospectus.

## Dividend

Our Company does not have a dividend policy. The declaration and payment of dividend is subject to the recommendation of our Board of Directors and approval of our shareholders, at their discretion, and may depend on a number of factors, including but not limited to our Company’s profits, capital requirements and overall financial condition including cash flows.

Except as mentioned below, our Company has not declared any dividend during the Fiscals ended March 31, 2019, 2018, 2017, 2016 and 2015:

Particulars	As at March 31, 2019/ Fiscal 2019
<b>Equity Shares</b>	
Equity share capital* (in ₹ million)	34.35
Face value per equity share (in ₹)	10
Rate of dividend (in %)	-
Dividend (₹ per equity share)	-

Particulars	As at March 31, 2019/ Fiscal 2019
Total dividend on equity shares (in ₹ million)	-
<b>Preference Shares</b>	
Preference share <sup>#</sup> (in ₹ million)	516.59
Face value per preference share (in ₹)	10
Rate of dividend (in %)	14.625%
Dividend (₹ per preference share )	1.46
Total dividend on preference shares (in ₹ million)	<b>45.89</b>

\*Refers to the issued, subscribed and paid equity shares of ₹10 each.

# Refers to issued, subscribed and paid cumulative redeemable preference shares of ₹ 10 each.

Particulars	As at March 31, 2018/ Fiscal 2018	As at March 31, 2017/ Fiscal 2017	As at March 31, 2016/ Fiscal 2016	As at March 31, 2015/ Fiscal 2015
<b>Equity Shares</b>				
Equity share capital* (in ₹ million)	34.35	26.55	26.55	26.55
Face value per equity share (in ₹)	10	10	10	10
Rate of dividend (in %)	-	2,100%	2,075%	750%
Dividend (₹ per equity share )	-	210	207.50	<b>75</b>
Total dividend on equity shares (in ₹ million)	-	<b>557.55</b>	<b>550.92</b>	<b>199.13</b>
<b>Preference Shares</b>				
Preference share capital <sup>#</sup> (in ₹ million)	313.80	313.80	313.80	313.80
Face value per preference share (in ₹)	10	10	10	10
Rate of dividend (in %)	14.625%	14.625%	14.625%	14.625%
Dividend (₹ per preference share )	1.46	1.46	1.46	1.46
Total dividend on preference shares (in ₹ million)	<b>45.89</b>	<b>45.89</b>	<b>45.89</b>	<b>45.89</b>

\*Refers to the issued, subscribed and paid equity shares of ₹10 each.

# Refers to issued, subscribed and paid cumulative redeemable preference shares of ₹ 10 each.

### Revaluation of assets

Our Company has not revalued its assets in the last five years.

### Mechanism for redressal of investor grievances

The agreement between the Registrar to the Issue and our Company dated December 19, 2019 provides for settling of investor grievances in a timely manner and provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or Compliance Officer giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted. The contact details of Registrar to the Issue are as follows:

#### LINK INTIME INDIA PRIVATE LIMITED

C- 101, 1<sup>st</sup> Floor, 247 Park

LBS Marg, Vikhroli (West)

Mumbai 400083, Maharashtra, India

**Tel:** +91 22 4918 6200

**Fax:** +91 22 4918 6195

**Email:** Efil.ncd@linkintime.com



**Investor Grievance mail:** Efil.ncd@linkintime.co.in  
**Website:** www.linkintime.co.in  
**Contact Person:** Shanti Gopalkrishnan  
**Registration Number:** INR000004058  
**CIN:** U67190MH1999PTC118368

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this Agreement and continue to do so during the period it is required to maintain records under the RTA Regulations and the Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed fifteen (15) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a fortnightly basis to our Company and similar status reports will also be provided to our Company as and when required.

Pooja Jayesh Doshi has been appointed as the Company Secretary and Compliance Officer of our Company for this Issue.

The details of the Company Secretary and Compliance Officer for the purposes of this Issue are set out below:

Pooja Jayesh Doshi  
Edelweiss House,  
Off. C.S.T Road,  
Kalina, Mumbai,  
Maharashtra – 400098,  
Maharashtra, India  
**E-mail:** efildebtipo@edelweissfin.com  
**Tel.:** +91 22 4009 4400  
**Fax:** +91 22 4086 3759

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, non-receipt of Debenture Certificates, transfers, or interest on application amount etc.

#### **Change in Auditors of our Company during the last three years**

Details of change(s) in the Statutory Auditors of our Company in the last 3 (three) financial years preceding the date of this Prospectus as follows.

<b>Name</b>	<b>Address</b>	<b>Date of appointment / resignation</b>	<b>Auditor of our Company since (in case of resignation)</b>	<b>Remarks</b>
B S R & Associates LLP, Chartered Accountants	Lodha Excelus, 5 <sup>th</sup> Floor, Apollo Mills Compound, N. M. Joshi Marg, Mahalakshmi, Mumbai - 400 011, Maharashtra, India.	September 22, 2006 (Appointment) July 20, 2017 (Resignation)	September 22, 2006	-
Price Waterhouse Chartered Accountants LLP	252 Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai - 400 028, Maharashtra, India	July 20, 2017 (Appointment) May 22, 2018 (Resignation)	July 20, 2017	-
S.R. Batliboi & Co. LLP	14 <sup>th</sup> Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai - 400 028,	July 20, 2018 (Appointment)	July 20, 2018	

Name	Address	Date of appointment / resignation	Auditor of our Company since (in case of resignation)	Remarks
	Maharashtra, India			

#### Details of overall lending as of March 31, 2019

##### A. Type of loans:

The detailed break-up of the type of loans given by the Company as on March 31, 2019 is as follows:

Sl. No.	Type of Loans	Amount
1.	Secured loans	Nil
2.	Unsecured loans	Nil
<b>Asset under management (AUM)</b>		<b>Nil</b>

##### B. Sectoral Exposure as on March 31, 2019: Nil

##### C. Denomination of the loans outstanding by ticket size as on March 31, 2019\*: Nil

##### D. Denomination of loans outstanding by LTV as on March 31, 2019\* : Nil

##### E. Geographical classification of our borrowers as on March 31, 2019: Nil

##### F. (a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2019: Nil

##### (b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2019: Nil

##### G. Details of loans and overdues classified as non-performing (Sector – wise) for the year ended March 31, 2019: Nil

##### H. Details of loans overdue and classified as non-performing in accordance with RBI's guidelines as on March 31, 2019: Nil

##### I. Segment-wise gross NPA as on March 31, 2019: Nil

##### J. Our Company has not provided any loans/advances to associates, entities/person relating to the board, senior management, Promoter except as provided for in "Related Party Transactions" on page 126 of this Prospectus.

##### K. Onward lending to borrowers forming part of the "Group" as defined by RBI as on March 31, 2019: Nil

##### L. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (As of March 31, 2019)

(₹ in million)

Particulars	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Borrowings	19,215.17	45.89	-	-	-	-	470.70	-	19,736.76

Particulars	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-
Securities held for trading	13,804.53	-	-	-	-	-	-	-	13,804.53

#### M. Concentration of Exposure and NPA as of March 31, 2019: Nil

##### Others

##### A. Lending Policy

For details on lending policy please refer to “*Our Business*” on page 88 of this Prospectus.

##### B. Details regarding lending out of issue proceeds of Previous Issues

##### (i) Loans given by the Company

Our Company has not undertaken any prior public issuance of debentures. Accordingly, our Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoter or others out of proceeds from previous public issuances of debentures.

##### (ii) Utilisation of Issue Proceeds of the previous Issues by our Company and group companies

Our Company has not undertaken a previous public issuance of debentures.

Our group company, ECL Finance Limited, has undertaken public issuances of debentures in the past, the particulars of such issuances are set out below:

<b>Date of Opening</b>	January 16, 2014
<b>Date of Closing</b>	January 20, 2014
<b>Total Issue Size</b>	₹ 5,000 million
<b>Amount raised in the Issue</b>	₹ 5,000 million
<b>Date of Allotment</b>	January 28, 2014
<b>Net Utilisation of Issue Proceeds</b>	For the purpose of financing activities including lending and investments, subject to applicable statutory and / or regulatory requirements, to repay existing loans and business operations including capital expenditure and working capital requirements.

<b>Date of Opening</b>	June 17, 2014
<b>Date of Closing</b>	June 19, 2014
<b>Total Issue Size</b>	₹ 4,000 million (subordinate debt)
<b>Amount raised in the Issue</b>	₹ 4,000 million
<b>Date of Allotment</b>	June 26, 2014
<b>Net Utilisation of Issue Proceeds</b>	For the purpose of financing activities including lending and investments, subject to applicable statutory and / or regulatory requirements, to repay existing loans and business operations including for capital expenditure and working capital requirements.

<b>Date of Opening</b>	February 26, 2015
<b>Date of Closing</b>	March 2, 2015
<b>Total Issue Size</b>	₹ 8,000 million
<b>Amount raised in the Issue</b>	₹ 7,892.76 million
<b>Date of Allotment</b>	March 11, 2015
<b>Net Utilisation of Issue Proceeds</b>	For onward lending and for repayment of interest and principal of existing loans.

<b>Date of Opening</b>	July 24, 2018
<b>Date of Closing</b>	July 26, 2018
<b>Total Issue Size</b>	₹ 20,000 million
<b>Amount raised in the Issue</b>	₹ 19,809.01 million
<b>Date of Allotment</b>	August 6, 2018
<b>Net Utilisation of Issue Proceeds</b>	For the purpose of repayment of interest and principal of existing loans and general corporate purposes.

<b>Date of Opening</b>	December 13, 2018
<b>Date of Closing</b>	December 31, 2018
<b>Total Issue Size</b>	₹ 10,000 million
<b>Amount raised in the Issue</b>	₹ 9105.14 million
<b>Date of Allotment</b>	January 4, 2019
<b>Net Utilisation of Issue Proceeds</b>	For the purpose of repayment of interest and principal of existing loans and general corporate purposes.

<b>Date of Opening</b>	May 10, 2019
<b>Date of Closing</b>	May 17, 2019
<b>Total Issue Size</b>	₹ 3,000 million
<b>Amount raised in the Issue</b>	₹ 2,719.15 million
<b>Date of Allotment</b>	May 23, 2019
<b>Net Utilisation of Issue Proceeds</b>	For the purpose of repayment of interest and principal of existing loans and general corporate purposes.

<b>Date of Opening</b>	November 4, 2019
<b>Date of Closing</b>	November 22, 2019
<b>Total Issue Size</b>	₹ 5,000 million
<b>Amount raised in the Issue</b>	₹ 4,606.80 million
<b>Date of Allotment</b>	November 28, 2019
<b>Net Utilisation of Issue Proceeds</b>	For the purpose of repayment of interest and principal of existing loans and general corporate purposes.

Our group company Edelweiss Housing Finance Limited (“**EHFL**”) undertook a public issue of non-convertible debentures in July 2016, the particulars of which have been set out as below:

<b>Date of Opening</b>	July 8, 2016
<b>Date of Closing</b>	July 11, 2016
<b>Total Issue Size</b>	₹ 5,000 million
<b>Amount raised in the Issue</b>	₹ 5,000 million
<b>Date of Allotment</b>	July 19, 2016
<b>Net Utilisation of Issue Proceeds</b>	(i) For the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of EHFL; and (ii) For general corporate purposes.

Our group company Edelweiss Retail Finance Limited (“ERFL”) undertook a public issue of non-convertible debentures in March 2018, the particulars of which have been set out as below:

<b>Date of Opening</b>	March 7, 2018
<b>Date of Closing</b>	March 22, 2018
<b>Total Issue Size</b>	₹ 5,000 million
<b>Amount raised in the Issue</b>	₹4,916.22 million
<b>Date of Allotment</b>	April 5, 2018
<b>Net Utilisation of Issue Proceeds</b>	(i) For the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of ERFL; and (ii) For general corporate purposes.

### (iii) Group Companies

Our Company has not undertaken any prior public issuance of debentures. Accordingly, our Company has not provided any loans/advances to its group companies from the proceeds of previous public issue of debentures.

### Pre-Issue Advertisement:

Subject to Section 30 of the Companies Act 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

### Auditors’ Remarks

There are no reservations or qualifications or adverse remarks in the financial statements of our Company in the last five financial years immediately preceding this Prospectus.

### Trading

Debt securities issued by our Company, which are listed on BSE are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities.

### Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him, or any other person in a fictitious name shall be liable for action under section 447.”

### Disclaimer Statement from the Issuer

The issuer accepts no responsibility for statements made other than in this Prospectus issued by our Company in connection with the Issue of the NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk.

## **SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

(The following regulations comprised in these Articles of Association were adopted by the members at the 20<sup>th</sup> Annual General Meeting of the Company held on September 9, 2014, in substitution for, and to the entire exclusion of the earlier regulations comprised in the extant Articles of Association of the Company)

### **APPLICABILITY OF TABLE 'F'**

1. The Regulations for the management of the Company shall be those as contained in these Articles and the matters in respect of which no Regulations is specified herein, Regulations as contained in Table F in Schedule I to the Companies Act, 2013 shall be applicable.

### **INTERPRETATION**

2. Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which the Articles become binding on the Company.

The marginal note hereto shall not affect the construction hereof and in these presents, unless there be something in the subject or context consistent therewith:

- (a) "The Act" means the Companies Act, 2013, or any statutory modification or re-enactment thereof from time to time and shall include the Rules and Regulations framed thereunder.
- (b) "The Company" means **Edelweiss Finance & Investments Limited**, incorporated under the Companies Act, 1956.
- (c) "The Directors" means the Director for the time being of the Company.
- (d) "The Board of Directors" or "The Board" means the Board of Directors for the time being of the Company.
- (e) "The Managing Director" means the Managing Director for the time being of the Company.
- (f) "The Office" means the Registered Office for the time being of the Company.
- (g) "The Registrar" means the Registrar of Companies, Maharashtra.
- (h) "Seal" means the Common Seal of the Company includes Attorneys duly constituted under a power of Attorney.

"In writing" and "Written" include printing, lithography and other modes of representing or reproducing words in a visible form.

Words importing the singular number only include the plural number and vice versa.

Words importing persons include corporations.

### **SHARE CAPITAL AND VARIATION OF RIGHTS**

3. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at par or at a premium and at such time as they may from time to time think fit.
4. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind, whatsoever, sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its

business and any shares which may be so allotted may be issued either as fully paid-up or partly paid-up otherwise than for cash.

5. The Company may issue the following kinds of shares in accordance with these Articles, the Act and other applicable laws:
  - (a) Equity Share Capital:
    - (i) With voting right; and/or
    - (ii) With differential rights as to dividend, voting or otherwise in accordance with the Act; and
  - (b) Preference Share Capital.
6. A Person subscribing to the securities of the Company shall have the option either to receive certificates for such securities or hold such securities in a dematerialised state with a depository. Where a person opts to hold any securities with the depository, the Company shall intimate such depository the details of the securities to enable the depository to enter in its records the name of such person as the beneficial owner of such securities.
7.
  - (1) The Company may exercise the powers of paying commission conferred by the Act to any person in connection with the subscription to its securities, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act.
  - (2) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Act.
8.
  - (1) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class as prescribed by the Act.
  - (2) The provisions of this Article shall *mutatis mutandis* apply to other securities including debentures of the Company.
  - (3) To every such separate meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply.
9. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
10. Subject to the provisions of the Act, the Board shall have the power to issue preference shares of one or more classes which are liable to be redeemed, or converted in to equity shares or other securities, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.
11. A further issue of securities may be made in any manner and on such terms, whatsoever, as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act.

## **LIEN**

12.

- (1) The Company shall have a first and paramount lien—
  - (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

- (b) on all shares (not being fully paid shares) standing registered in the name of a person, for all monies presently payable by him or his estate to the Company: Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
  - (2) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.
13. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:
- Provided that no sale shall be made—
- (a) unless a sum in respect of which the lien exists is presently payable; or
  - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency or otherwise.
- 14.
- (1) To give effect to any such sale, the Board may authorise a person to transfer the shares sold to the purchaser thereof.
  - (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
  - (3) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
  - (4) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.
- 15.
- (1) The proceeds of the sale shall be received by the Company and applied in the payment of such part of the amount in respect of which the lien exists as is presently payable.
  - (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
16. In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.
17. The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other securities including debentures of the Company.

#### **ALTERATION OF CAPITAL**

18. Subject to the provisions of the Act, the Company may, by an ordinary resolution:-
- (a) increase the share capital by such sum, to be divided into shares of such amount, as it may think expedient;



- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
  - (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum;
  - (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
19. Where shares are converted into stock—
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
 

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
  - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
  - (c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder”/”member” in those Regulations shall include “stock” and “stock-holder” respectively.
20. The Company may, by a resolution, or as may be prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act:-
- (a) its share capital; and/or
  - (b) any capital redemption reserve account; and/or
  - (c) any security premium account; and/or
  - (d) any other reserve in the nature of share capital.

### **CAPITALISATION OF PROFITS**

- 21.
- (1) The Company by an ordinary resolution may, upon the recommendation of the Board, resolve—
    - (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company’s Reserve Account(s), or to the credit of the profit and loss account, or otherwise available for distribution; and
    - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
  - (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) hereunder, either in or towards—
    - (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

- (b) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);
- (3) The Securities Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, be applied in the paying up of un-issued shares to be issued to the members of the Company as fully paid bonus shares;
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

22.

- (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the amount resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities if any; and
  - (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (3) Any agreement made under such authority shall be effective and binding on such members.

#### **BUY-BACK OF SHARES**

23. Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities as per the Act.

#### **GENERAL MEETINGS**

24. All general meetings other than Annual General Meeting shall be called Extraordinary General Meeting.
25. The Board may, whenever it thinks fit, call an Extraordinary General Meeting.
26. If at any time the Directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any two members of the Company may call an Extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### **PROCEEDINGS AT GENERAL MEETINGS**

27.

- (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (2) The quorum for the general meetings shall be as provided in the Act.
28. No business shall be discussed or transacted at any general meeting except the election of Chairperson, whilst the chair is vacant.
29. The Chairperson, if any, of the Board shall preside as a Chairperson at every general meeting of the Company.
30. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairperson of the meeting, the Directors present shall elect one of their members to be Chairperson of the meeting.
31. If at any meeting no Director is willing to act as Chairperson or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
32. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.

#### **ADJOURNMENT OF GENERAL MEETING**

33.
  - (1) The Chairperson may, suo moto, or with the consent of the meeting at which the quorum is present and, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
  - (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
  - (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
  - (4) Save as aforesaid, and as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **VOTING RIGHTS**

34. Subject to any rights or restrictions for the time being attached to any class or classes of shares—
  - (a) on a show of hands, every member present in person shall have one vote; and
  - (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.
35. A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.
36.
  - (1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
  - (2) For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
37. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his Committee or other legal guardian, and any such Committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share(s) shall be by his guardian or any one of his guardians.

38. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
39. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised the right of lien.
40. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

### **PROXY**

41.
  - (1) Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, subject to the provisions of the Act.
  - (2) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
42. An instrument appointing a proxy shall be in the form as prescribed in the Act.
43. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### **BOARD OF DIRECTORS**

44. Unless otherwise determined by the Company in General Meeting, the number of the Directors shall not be less than 3 (three) and shall not be more than 15 (Fifteen).
45. The same individual may, at the same time, be appointed as the Chairperson of the Board as well as the Managing Director/Executive Director/Chief Executive Officer of the Company.
46.
  - (1) The remuneration payable to the Directors, including any Managing Director, Whole-Time Director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act.
  - (2) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid all travelling, hotel and other expenses properly incurred by them—
    - (a) in attending and returning from meetings of the Board of Directors or any Committee thereof or general meetings of the Company; and
    - (b) in connection with the business of the Company.

47. The Company may exercise the powers conferred on it under the provisions of the Act with regard to the keeping of a foreign Register; and the Board may make and vary such Regulations as it may think fit in keeping of any such Register.
48. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
- 49.
- (1) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.
  - (2) Subject to the provisions of the Act, such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting.
- 50.
- (1) Subject to the provisions of the Act, the Board may appoint an alternate Director to act for a Director (hereinafter in this Article called “the Original Director”) during his absence for a period of not less than three months from India.
  - (2) The Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement or by the Central Government or the State Government by virtue of its shareholding in a Government Company.
- 51.
- (1) If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.
  - (2) The Director so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held the office if it had not been vacated.

#### **PROCEEDINGS OF THE BOARD**

- 52.
- (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
  - (2) A Chairperson or any Director with the prior consent of the Chairperson may, and the manager or secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.
  - (3) The quorum for a Board meeting shall be as provided in the Act.
  - (4) The Directors may participate in a meeting of the Board and Committee may be either in person or through video conferencing or audio-visual means or teleconferencing, as may be prescribed under the Act.
- 53.
- (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
  - (2) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
- 54.

- (1) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
  - (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their member to be Chairperson of the meeting.
- 55.
- (1) The Board may, subject to the provisions of the Act, delegate any of its powers to Committee(s) consisting of such member(s) of its body as it thinks fit.
  - (2) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any Regulations that may be imposed on it by the Board.
- 56.
- (1) A Committee may elect a Chairperson of its meetings unless the Board while constituting a Committee has appointed a Chairperson of such Committee.
  - (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
- 57.
- (1) A Committee may meet and adjourn as it thinks fit.
  - (2) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

#### **DUTIES OF DIRECTORS**

58. The Director shall –
- (i) act in accordance with the provisions of the Act, Applicable law and these Articles of Association of the Company.
  - (ii) act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
  - (iii) exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
  - (iv) not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
  - (v) not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
  - (vi) not assign his office and any assignment so made shall be void.

#### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

59. Subject to the provisions of the Act—
- (1) A Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may

think fit; and any Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer so appointed may be removed by means of a resolution of the Board.

- (2) A Director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.
60. The provisions of the Act or these Regulations requiring or authorising a thing to be done by or to a Director and Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.

### **THE SEAL**

61. The Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of Directors previously given and every deed or other instrument to which the Seal of the Company is required to be affixed shall, be affixed in the presence of a Director/ Manager/Chief Executive Officer/Chief Financial Officer/Secretary or such other person as the Board/Committee of the Board may appoint for the purpose, who shall sign every instrument to which the Seal is so affixed in his presence, provided nevertheless, that any instrument bearing the Seal of the Company, and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity of the authority to issue the same.

The Company shall also be at liberty to have an official seal in accordance with the provisions of the Act or any amendment thereof for use in any territory, district or place outside India and shall be used by or under the authority of the Directors or a Committee of the Directors and granted, in favour of any person appointed for the purpose in that territory, district or place outside India.

### **DIVIDENDS AND RESERVES**

62. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in the General Meeting may declare a lesser dividend.
63. Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such interval as it may think fit.
- 64.
- (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
  - (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.
  - (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
65. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
- 66.
- (1) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post/courier/other mode specified in the Act, directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members, or to such person and to such address as the holder or joint holders may in writing direct.

- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
67. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
68. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
69. No dividend shall bear interest against the Company.

### **REGISTERS**

70. The Company shall keep and maintain the statutory registers for such duration as the Board may, unless otherwise prescribed decide, and in such manner and containing such particulars as may be prescribed in the Act.

The Registers and the other documents which are required to be kept open for inspection, shall be open for inspection during 11.00 a.m. and 1.00 p.m. (or such other time as the Board including Committee thereof may decide from time to time) on all working days, at the Registered Office of the Company, by the persons entitled thereto on payment, where required of such fees as may be fixed by the Board.

### **WINDING UP**

71. Subject to the applicable provisions of the Act—
- (1) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
  - (2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
  - (3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### **INDEMNITY**

72. Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the Court or the Tribunal.



## SECTION IX - OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or/are to be entered into by our Company. These contracts which are or may be deemed material shall be attached to the copy of this Prospectus to be delivered to the Registrar of Companies, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the filing of this Prospectus with Stock Exchange.

#### *Material Contracts*

1. Issue Agreement dated December 19, 2019 between the Company and the Lead Managers.
2. Registrar Agreement dated December 19, 2019 between the Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated December 19, 2019 executed between the Company and the Debenture Trustee.
4. The agreed form of the Debenture Trust Deed to be executed between the Company and the Debenture Trustee.
5. Public Issue Account Agreement dated January 14, 2020 executed between the Company, the Lead Managers, the Public Issue Account Bank, Refund Bank and the Registrar.
6. Lead Broker Agreement dated January 14, 2020 executed between the Company, the Lead Managers and the Lead Brokers.
7. Tripartite agreement dated April 13, 2010 between the Company, Registrar to the Issue and CDSL.
8. Tripartite agreement dated March 15, 2010 between the Company, Registrar to the Issue and NSDL.

#### *Material Documents*

1. Certificate of Incorporation of the Company dated October 27, 1994, issued by Registrar of Companies, Maharashtra, Mumbai.
2. Fresh certificate of incorporation consequent upon change of name dated July 24, 2009 issued by the Registrar of Companies, Andhra Pradesh.
3. The fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated August 20, 2009 issued by the Registrar of Companies, Andhra Pradesh.
4. Memorandum and Articles of Association of the Company.
5. The certificate of registration No. B-13. 02144 dated December 13, 2016 by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934.
6. Credit rating letter dated December 13, 2019 revalidated *vide* the letter dated January 6, 2020 and its rationale dated December 13, 2019 from CRISIL.
7. Credit rating letter dated December 17, 2019 and revalidated *vide* the latter dated January 15, 2020 and its rationale dated December 18, 2019 from CARE.
8. Copy of the Board Resolution dated November 11, 2019 approving the Issue.
9. Copy of the Debentures Committee resolution dated December 20, 2019 approving the Draft Prospectus.

10. Copy of the Debentures Committee resolution dated January 16, 2020 approving this Prospectus.
11. Resolution passed by the shareholders of the Company at the Annual General Meeting held on September 9, 2014 approving the overall borrowing limit of our Company under Section 180(1)(c) of the Companies Act, 2013.
12. Consents of the Directors, Lead Managers, Debenture Trustee, Credit Rating Agencies for the Issue, Company Secretary and Compliance Officer, Chief Financial Officer, Legal Advisor to the Issue, Bankers to the Company, the Lead Brokers, the Public Issue Account Bank, the Refund Bank, the Registrar to the Issue and CRISIL Limited (for industry report) to include their names in this Prospectus.
13. Consent dated January 16, 2020 from the Current Statutory Auditors namely, S.R. Batliboi & Co. LLP, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI Debt Regulations in this Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Current Statutory Auditor and in respect of their (i) examination report dated December 19, 2019 on our Reformatted Standalone Financial Statements; (ii) audit report dated May 13, 2019 on the 2019 Audited standalone Financial Statement ; (iii) review report dated December 19, 2019 on the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement; and (iv) their report dated December 19, 2019 on the statement of tax benefits, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act, 1933, as amended.
14. Consent dated December 20, 2019, from our erstwhile statutory auditors, namely, B S R & Associates LLP and presently an independent practitioner , to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI Debt Regulations in this Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as an erstwhile Statutory Auditors and in respect of their audit report dated July 5, 2017 to the 2017 Audited Consolidated Financial Statement.
15. Statement of tax benefits dated December 19, 2019 issued by our Current Statutory Auditors.
16. Annual Reports of the Company for the last five Financial Years.
17. Due Diligence certificate dated January 16, 2020 filed by the Lead Managers with SEBI.
18. In-principle listing approval from BSE by its letter no. DCS/BM/PI-BOND/16/19-20 dated December 31, 2019.
19. Examination Report dated December 19, 2019 issued by S.R. Batliboi & Co LLP, on the Reformatted Standalone Financial Statements.
20. Audit report dated May 13, 2019 issued by S. R. Batliboi & Co LLP, on the 2019 Audited standalone Financial Statement.
21. Review Report dated December 19, 2019 issued by S. R. Batliboi & Co LLP, on the September 2019 Unaudited Interim Condensed Standalone Ind AS Financial Statement of our Company.
22. Audit report dated July 5, 2017 issued by B S R & Associates LLP, Chartered Accountants, on the 2017 Audited Consolidated Financial Statement.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Debenture Holders subject to compliance of the provisions contained in the Companies Act, and other relevant statutes.

## DECLARATION

We, the Directors of the Company, hereby certify and declare that all the relevant provisions of the Companies Act, 2013 and rules prescribed thereunder to the extent applicable as on this date, the guidelines issued by the Government of India and the regulations and guidelines and circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, in connection with the Issue have been complied with and no statement made in this Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Prospectus.

We further certify that all the disclosures and statements in this Prospectus are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements.

Signed by the Directors of our Company

 Subramanian Ranganathan (DIN: 00125493) Executive Director	 Shabnam Parthwani (DIN: 02057371) Non-Executive Director
 Venkatchalam Arakoni Ramaswamy (DIN: 00008509) Non-Executive Director	 Kunnasagaran Chinniah (DIN: 01590108) Independent Director
 Pudugramam Narayanaswamy Venkatachalam (DIN: 00499442) Independent Director	

Date: JANUARY 16, 2020

Place: MUMBAI

**ANNEXURE A**

**CRISIL Credit Rating Letter and Rationale**

For Annexure A, please see the page below.



CONFIDENTIAL

EDFIL/236917/NCD/13122019  
 December 13, 2019

Mr. Nilesh Sampat  
 Edelweiss Finance and Investments Limited  
 Edelweiss House, 11th Floor,  
 Off C.S.T. Road, Kalina,  
 Mumbai 400 098  
 Board: 22 4342 8000 / Fax: 22 4342 8500

Dear Mr. Nilesh Sampat,

**Re: CRISIL Rating on the Rs.500 Crore Non-Convertible Debentures\* of Edelweiss Finance and Investments Limited**

We refer to your request for a rating for the captioned Non-Convertible Debentures.

CRISIL has, after due consideration, assigned its "CRISIL AA-/Stable" (pronounced as CRISIL double A minus rating with Stable outlook) rating to the captioned debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

For the purpose of issuance of the captioned debt instrument, this letter is valid for 180 calendar days from the date of the letter. In the event of your company not placing the above instrument within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned debt instrument.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned programme at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crisil.com](mailto:debtissue@crisil.com)

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Subhasri Narayanan  
 Director - CRISIL Ratings



Nivedita Shibu  
 Associate Director - CRISIL Ratings



*\*proposed public issue of retail NCDs*

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company/entity. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, [www.crisil.com](http://www.crisil.com). For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

**Details of the Rs.500 Crore Non-Convertible Debentures of  
Edelweiss Finance and Investments Limited**

	<i>1st tranche</i>		<i>2nd tranche</i>		<i>3rd tranche</i>	
<i>Instrument Series:</i>						
<i>Amount Placed:</i>						
<i>Maturity Period:</i>						
<i>Put or Call Options (if any):</i>						
<i>Coupon Rate:</i>						
<i>Interest Payment Dates:</i>						
<i>Principal Repayment Details:</i>	<i>Date</i>	<i>Amount</i>	<i>Date</i>	<i>Amount</i>	<i>Date</i>	<i>Amount</i>
<i>Investors:</i>						
<i>Trustees:</i>						

***In case there is an offer document for the captioned Debt issue, please send us a copy of it.***

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CONFIDENTIAL

EDFIL/236917/NCD/13122019/1  
January 06, 2020

**Mr. Nilesh Sampat**  
**Edelweiss Finance and Investments Limited**  
Edelweiss House, 11th Floor,  
Off C.S.T. Road, Kalina,  
Mumbai 400 098  
Board: 22 4342 8000 / Fax: 22 4342 8500

Dear Mr. Nilesh Sampat,

**Re: CRISIL Rating on the Rs.500 Crore Non-Convertible Debentures\* of Edelweiss Finance and Investments Limited**

All ratings assigned by CRISIL are kept under continuous surveillance and review.  
Please refer to our rating letters dated December 13, 2019 bearing Ref. no: EDFIL/236917/NCD/13122019

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Non-Convertible Debentures	500	CRISIL AA-/Stable

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned programme at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crisil.com](mailto:debtissue@crisil.com)

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Subhasri Narayanan  
Director - CRISIL Ratings




Nivedita Shibu  
Associate Director - CRISIL Ratings

\*proposed public issue of retail NCDs

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company/entity. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available with no charge to the public on the CRISIL web site, [www.crisil.com](http://www.crisil.com). For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.  
Corporate Identity Number: L67120MH1987PLC042363



# Ratings



## Rating Rationale

December 13, 2019 | Mumbai

### Edelweiss Finance and Investments Limited

'CRISIL AA-/Stable' assigned to NCD

#### Rating Action

Total Bank Loan Facilities Rated	Rs.500 Crore
Long Term Rating	CRISIL AA-/Stable (Reaffirmed)

Rs.500 Crore Non Convertible Debentures@	CRISIL AA-/Stable (Assigned)
Rs.500 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AA-r/Stable (Reaffirmed)
Non-Convertible Debenture Aggregating Rs.510 Crore	CRISIL AA-/Stable (Reaffirmed)
Rs.105 Crore Preference Share Issue	CRISIL AA-/Stable (Reaffirmed)
Short-Term Principal-Protected Market-Linked Debentures Aggregating Rs.71.5 Crore	CRISIL PP-MLD A1+r (Reaffirmed)
Rs.3000 Crore Commercial Paper Programme(IPO Financing)	CRISIL A1+ (Reaffirmed)
Rs.1000 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments &amp; Bank Facilities

@proposed public issue of retail NCDs

#### Detailed Rationale

CRISIL has assigned it 'CRISIL AA-/Stable' rating to the Rs 500 crore non-convertible debentures of Edelweiss Finance and Investments Limited (EFIL; part of the Edelweiss group). The ratings on the other debt instruments and bank facilities have been reaffirmed at 'CRISIL AA-/CRISIL PP-MLD AA-r /Stable/CRISIL A1+/CRISIL PP-MLD A1+r'.

On October 4, 2019, CRISIL had downgraded its rating on the long-term debt instruments of Edelweiss group entities, including EFIL, by one notch and revised its outlook to 'Stable'. The rating revision was on account of continued challenging operating environment for non-banking financial companies (NBFCs), especially those with a wholesale lending book. This has led to issues in funding access for non-banks, including the Edelweiss group. Furthermore, with rising borrowing cost and slowdown in disbursements by non-banks, mainly to wholesale borrowers, refinancing risks for real estate players have increased. This could strain the asset quality of the wholesale lending portfolio in the near to medium term.

The ratings continue to reflect the group's diversified business and earnings profile, with presence across credit, capital market, and insurance segments and demonstrated ability to build significant presence in multiple lines of business. The ratings also factor in an established market position in capital market-related segments, resulting in a regular stream of fee-based income.

These strengths are partially offset by vulnerability of the asset quality to concentration in the wholesale lending segment, particularly in the current challenging environment. Furthermore, the profitability ratios and gearing (while declining) are relatively weaker than many other large, predominantly wholesale players.

CRISIL will continue to monitor the group's ability to raise fresh funding, progress of additional capital raising in the wealth business, any increase in build-up of stress in the wholesale book, as well as proposed scale-down of the wholesale lending book.

#### Analytical Approach

For arriving at the ratings, CRISIL has combined the business and financial risk profiles of Edelweiss Financial Services Ltd (EFSL) and its subsidiaries, including EFIL. This is because all these entities, collectively referred to as the Edelweiss group, have significant operational, financial, and managerial integration and operate under a common Edelweiss brand.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

#### Key Rating Drivers & Detailed Description

##### Strengths:

##### \* Diversified business profile

The group has been diversifying within each of its key businesses, as well as entering new businesses over the past few years. It is now present in the retail and wholesale lending segments, securities broking, wealth management, asset management, insurance, stressed-asset management, and alternate assets. Many of these have now attained sizeable scale and are likely to lend greater stability to earnings. Within the capital market, retail broking volume now constitutes around half of the overall broking volume. In terms of new business lines, the life insurance business has grown significantly and may break even over the next three-four years. In the lending business (book size of Rs 31,289 crore as on September 30, 2019, excluding capital deployed in distressed assets credit), the group should continue to focus on increasing the granularity of the loan book. As a part of this strategy, it should focus on growing the retail book (comprising mortgage, small and medium enterprise [SME], agriculture loans, and retail loans against shares) from around 48% as on September 30, 2019 (45% as on March 31, 2018) to about 70% by March 2021. Within wholesale lending, focus will be on a new segment of mid-market corporate lending, with lower ticket size of Rs 50-100 crore against large ticket size in the existing structured collateralised credit. Growth in the wholesale credit book should be through the fund structure. However, given the current evolving liquidity situation for non-banks since September 2018, and the slowdown seen in the sector, the group has reduced its disbursements in the wholesale segment.

##### \* Demonstrated ability to build significant competitive positions across businesses



While the group remains a large player in the traditional broking business, it also has one of the largest wholesale lending books among non-banks; this portfolio stood at Rs 16,178 crore as on September 30, 2019 (Rs 18,055 crore as on March 31, 2019, excluding capital deployed in distressed assets credit). In the distressed assets segment, EARC remains the largest asset reconstruction company in India, with total securities receipts managed at Rs 47,029 crore as on September 30, 2019 (Rs 46,600 crore as on March 31, 2019). In the commodities business, the group has exited its agricultural commodities and precious metal-trading businesses and is focusing on the agricultural credit and value chain services businesses.

**\* Established position in the capital market businesses**

The established market position in capital market-related businesses should provide the group with a regular stream of fee-based income over the medium term. Profit from the fee-based capital markets and asset management has increased in the past few years and may record healthy growth over the medium term. The group has an established franchise in institutional broking and investment banking and an expanding presence in the retail broking, wealth management, and asset management segments. It is also one of the largest Indian institutional brokerage houses, with over 700 foreign and domestic institutional clients. The retail broking franchise is also expanding, with more than 5.55 lakh unique clients as on March 31, 2019. The group operates across the corporate finance and advisory domains: equity markets, private equity, mergers and acquisitions, advisory structured financial syndication, and debt issues. The wealth business and alternate assets business have also witnessed significant growth. Assets under advice in the global wealth management business were Rs 107,800 crore, and assets under management in the asset management business stood at Rs 35,900 crore as on September 30, 2019.

**Weaknesses:**

**\* Asset quality exposed to risks related to concentration in wholesale lending**

Reported asset quality metrics witnessed an uptick with overall gross non-performing assets (GNPA) ratio of 2.7% as on September 30, 2019, compared to 1.9% as on March 31, 2019. The loan book remains chunky, with around 52% of the overall portfolio towards wholesale lending (of which around 68% is real estate loans) and the 10 largest loans constituting 19.2% of the wholesale portfolio. A sizeable portion of this book is currently under moratorium, with bullet or staggered repayments. While the group follows sound credit appraisal and risk management practices, has adequate collateral cover for its wholesale loans, and has also built strong recovery capabilities, asset quality in the past was also supported by an active refinance market, particularly for the real estate loans. The group also benefits from its diversified business ecosystem, and as part of its account-specific recovery/resolution strategy, it has sold some of the stressed exposures in the lending business to Edelweiss Asset Reconstruction Co Ltd (EARC; on an arm's length basis) to benefit from the latter's better resolution capability and strong legal team.

Furthermore, given the current evolving liquidity situation for non-banks and macro environment, asset quality on the group's exposures to loans against property (LAP) and loans to micro, SME (around 26.44% of the loan book as on September 30, 2019; excluding capital deployed in distressed assets credit) would also be key monitorables. This stems from sensitivity of borrowers of such loans to an environment of prolonged liquidity tightness.

Any sharp deterioration in the asset quality, specifically in the wholesale lending book, should also impact profitability and capital and remains a key rating monitorable.

The group has recently closed a fund of \$425 million, which should buy out some of the existing real estate loans from Edelweiss and required additional funding for the completion of the projects. With this, the proportion of wholesale loans is expected to come down.

The group is planning to further reduce its wholesale loan book through sell-down over the next few months. With slowdown in the real estate sector and incipient stress for developers coupled with exposure to some stressed corporates, the Edelweiss group's ability to get timely refinance/exits, recover from some of these exposures, maintain asset quality metrics, and scale down the wholesale book will remain key monitorables.

**\* Lower profitability than peers**

Profitability has been lower than those of other large financial sector groups; return on assets (annualised) and return on equity (annualised) stood at 0.7% and 4.4%, respectively, for the first half of fiscal 2020 (1.6% and 12.6%, respectively, in fiscal 2019).

Profitability in the first half of fiscal 2019 was also impacted by higher provisioning costs, which increased to Rs 430 crore (Rs 265 crore during the corresponding period of the previous fiscal).

The group's profitability, while on an improving trend over the past few fiscals, remains relatively lower as over 25% of the capital (equity plus borrowings) is employed in businesses or investments that are either low-yielding or loss-making at this point. The group has a large investment portfolio under its balance sheet management unit (BMU), used for managing liquidity. This largely comprises government securities, fixed deposits, liquid mutual fund units, and corporate bonds, which have a low return on capital employed. Furthermore, the life and general insurance businesses continue to be loss-making. The general insurance business started in February 2018, after requisite approvals were received from the Insurance Regulatory and Development Authority of India. This business is also expected to affect consolidated profitability in the initial years of operations, given its long gestation period. Expected improvement in the profitability of the insurance business and reduction in the share of funds allocated to BMU should benefit profitability only in the long term. In the near term, profitability could be constrained by increase in credit costs and higher borrowing costs coupled with limited ability to pass these on to borrowers.

**\* Relatively high gearing, though lower than earlier levels**

Gearing is relatively high, though declining, in the context of the share of the wholesale portfolio in the Edelweiss group, which is around 52%. Other large, predominantly wholesale lenders operate at significantly lower levels. As on September 30, 2019, gearing was around 4.5 times, while net gearing (excluding the liquid assets of BMU) stood at 3.4 times. After factoring in Rs 1,040 crore received from Caisse de depot et placement du Quebec (CDPQ) in the June quarter and treating it as equity, the group's gearing stood at around 4 times as on September 30, 2019.

In August 2019, the Edelweiss group announced that Kora Management (Kora; a US-based investment firm) would be investing around Rs 525 crore (USD 75 million) in the advisory business, Edelweiss Global Investment Advisors (EGIA). EGIA includes the businesses of asset reconstruction, wealth and asset management, and the institutional client group. In addition to this investment, Kora plans to invest Rs 350 crore (USD 50 million) into the group, the timing and structuring of which is being finalised. Additionally, in November 2019, Edelweiss group announced that Sanaka Growth SPV I Ltd (part of Sanaka Capital) has committed to invest around Rs 308 crore (around USD 44 million) of capital in EGIA and is in talks with other investors alongside for a further investment of around Rs 217 crore (around USD 31 million) in EGIA.

Earlier, the group had entered into an agreement to raise Rs 1,800 crore from CDPQ in the form of compulsory convertible debentures (CCDs) in ECL Finance (of which Rs 1,040 crore has already been infused in the June 2019 quarter).

With additional capital raising plans in EGIA, the group's leverage ratio is expected to reduce further. Gearing, thereafter, is expected to gradually increase to 5-5.5 times over the medium term.

#### **Liquidity Adequate**

Liquidity is adequate. As a policy, the group maintains a cushion of 9-10% of the balance sheet. There was a liquidity cushion (including cash, liquid investments, and treasury assets) of around Rs 3,800 crore and unutilised bank lines of around Rs 900 crore as on November 30, 2019. Collections of around Rs 3,800 crore, expected until February 2020, also support liquidity. The group also has other liquid assets (investments, securities-based lending book), which can be accessed if necessary; they stood at around Rs 4,100 crore. As on November 30, 2019, the overall liquidity was adequate to meet the debt obligation of around Rs 4,300 crore due over the next three months until February 2020. The assets and liabilities continue to be well-matched.

The group has also reduced its dependence on commercial paper borrowing, which dropped to nil compared to 18% of the total borrowings as on September 30, 2018. The group has raised around Rs 3,000 crore (excluding commercial paper) in the first six months of the current fiscal (Rs 7,600 crore for the corresponding period of the previous fiscal).

#### **Outlook: Stable**

CRISIL believes the Edelweiss group will continue to benefit from its diversified business profile. The outlook may be revised to 'Negative' if access to fresh funds remains challenging, thereby impacting liquidity and/or there is an increase in risks/stress in the group's lending portfolio, particularly the wholesale loan portfolio. The outlook may be revised to 'Positive' in case of sustained improvement in funding access and reduced asset quality challenges in the lending business.

#### **Rating Sensitivity factors**

##### **Upward factors**

- \* Significant improvement in the asset quality, with GNPA less than 1% on a sustained basis and an improving earnings profile
- \* Increase in fund mobilisation to pre-September 2018 levels on a steady-state basis

##### **Downward factors**

- \* Deterioration in the asset quality, with GNPA increasing to above 4% over an extended period, thereby impacting profitability
- \* Continued funding access challenges for the non-banks sector with limited fundraising by the Edelweiss group
- \* Lack of progress on planned scale-down of the wholesale portfolio

#### **About the Group**

The group comprises 46 subsidiaries as on March 31, 2019. It plans to bring down the number of entities to around 35 in fiscal 2020 (subject to requisite approvals). The group had 476 offices (including eight international offices in six locations) in around 200 cities as on March 31, 2019. Its main business lines are credit, franchise businesses, and insurance. These businesses entail loans to corporates and individuals, mortgage finance, including LAPs and small-ticket housing loans, SME finance, agricultural credit including commodity sourcing and distribution, institutional and retail equity broking, corporate finance and advisory, wealth management, third-party financial products distribution, alternative and domestic asset management, and life and general insurance. In addition, the BMU focuses on liquidity and asset-liability management.

In fiscal 2019, the group's profit after tax (PAT) was Rs 995 crore on total income of Rs 10,881 crore against Rs 863 crore and Rs 8,920 crore, respectively, in fiscal 2018.

In the first half of fiscal 2020, PAT (after minority interest) was Rs 183 crore on total income of Rs 4,987 crore against Rs 537 crore and Rs 5,227 crore, respectively, in the corresponding period of the previous fiscal. Networth increased to Rs 9,870 crore (after factoring in CDPQ investment of Rs 1,040 crore in May 2019) as on September 30, 2019, from Rs 8,470 crore a year earlier.

#### **Key Financial Indicators - EFSL (Consolidated)**

As on/For the half year ended September 30		2019	2018
<b>Total assets</b>	Rs crore	60,121	59,433
<b>Total income</b>	Rs crore	4,987	5,227
<b>PAT (after minority interest)</b>	Rs crore	183	537
<b>GNPA</b>	%	2.73	1.78
<b>Adjusted gearing*</b>	Times	4.0	6.0
<b>Return on assets</b>	%	0.6	1.7

\*Indicates gross gearing treating CDPQ CCDs investment as a part of networth; the net gearing excluding the liquid assets of BMU, gearing stood at 3.4 times as on September 30, 2019

**Any other information:** Not applicable

#### **Note on complexity levels of the rated instrument:**

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on [www.crisil.com/complexity-levels](http://www.crisil.com/complexity-levels). Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

#### **Annexure - Details of Instrument(s)**

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs crore)	Rating assigned with outlook
NA	Proposed Long-Term Bank Facility <sup>^</sup>	NA	NA	NA	500	CRISIL AA-/Stable
NA	Non-Convertible Debentures# <sup>@</sup>	NA	NA	NA	500	CRISIL AA-/Stable
NA	Long-Term Principal-Protected Market-Linked Debentures#	NA	NA	NA	489.02	CRISIL PP-MLD AA-/Stable
NA	Commercial Paper Programme (IPO Financing)	NA	NA	7 to 30 Days	3000	CRISIL A1+
NA	Commercial Paper Programme Debentures#	NA	NA	7-365 days	1000	CRISIL A1+
NA	Short-Term Principal-Protected Market-Linked	NA	NA	NA	510	CRISIL AA-/Stable
NA		NA	NA	NA	71.5	CRISIL PP-MLD A1+r

NA	Debentures Aggregating#	NA	NA	NA		
INE918K04018	Preference Shares#	19-Jul-13	NA	18-Jul-23	73.62	CRISIL AA-/Stable
INE918K07F13	Preference Shares	26-Aug-19	NA	26-Mar-21	31.38	CRISIL AA-/Stable
INE918K07F13	Long-Term Principal-Protected Market-Linked Debentures	26-Aug-19	NA	26-Mar-21	2.00	CRISIL PP-MLD AA-r/Stable
INE918K07FH5	Long-Term Principal-Protected Market-Linked Debentures	26-Aug-19	NA	24-Feb-22	0.50	CRISIL PP-MLD AA-r/Stable
INE918K07FJ1	Long-Term Principal-Protected Market-Linked Debentures	26-Aug-19	NA	26-Dec-22	0.50	CRISIL PP-MLD AA-r/Stable
INE918K07F13	Long-Term Principal-Protected Market-Linked Debentures	28-Aug-19	NA	28-Mar-21	1.76	CRISIL PP-MLD AA-r/Stable
INE918K07F13	Long-Term Principal-Protected Market-Linked Debentures	16-Sep-19	NA	26-Mar-21	1.00	CRISIL PP-MLD AA-r/Stable
INE918K07FH5	Long-Term Principal-Protected Market-Linked Debentures	16-Sep-19	NA	24-Feb-22	1.00	CRISIL PP-MLD AA-r/Stable
INE918K07FJ1	Long-Term Principal-Protected Market-Linked Debentures	16-Sep-19	NA	26-Dec-22	1.00	CRISIL PP-MLD AA-r/Stable
INE918K07FJ1	Long-Term Principal-Protected Market-Linked Debentures	17-Sep-19	NA	26-Dec-22	0.50	CRISIL PP-MLD AA-r/Stable
INE918K07FJ1	Long-Term Principal-Protected Market-Linked Debentures	25-Sep-19	NA	26-Dec-22	1.45	CRISIL PP-MLD AA-r/Stable
INE918K07FJ1	Long-Term Principal-Protected Market-Linked Debentures	27-Sep-19	NA	26-Dec-22	1.27	CRISIL PP-MLD AA-r/Stable

#Yet to be issued

@public issue of retail NCDs

^Interchangeable between short term and long term

**Annexure - List of entities consolidated - (As on March 31, 2019 as per IndAS)**

Entity consolidated	Extent of consolidation	Rational for consolidation
Edelweiss Securities Ltd	Full	Subsidiary
Edelweiss Finance & Investments Ltd	Full	Subsidiary
ECL Finance Ltd	Full	Subsidiary
Edelweiss Global Wealth Management Ltd	Full	Subsidiary
Edelweiss Insurance Brokers Ltd	Full	Subsidiary
Edelweiss Trustee Services Ltd	Full	Subsidiary
Edelcap Securities Ltd	Full	Subsidiary
Edelweiss Asset Management Ltd	Full	Subsidiary
Ecap Equities Ltd	Full	Subsidiary
Edelweiss Broking Ltd	Full	Subsidiary
Edelweiss Trusteeship Company Ltd	Full	Subsidiary
Edelweiss Housing Finance Ltd	Full	Subsidiary
Edelweiss Investment Adviser Ltd	Full	Subsidiary
EC Commodity Ltd	Full	Subsidiary
Edel Land Ltd	Full	Subsidiary
Edelweiss Custodial Services Ltd	Full	Subsidiary
Edel Investments Ltd	Full	Subsidiary
Edelweiss Rural and Corporate Services Limited (Formerly: Edelweiss Commodities Services Ltd (ECSL))	Full	Subsidiary
Edel Commodities Ltd	Full	Subsidiary
Edel Finance Company Ltd	Full	Subsidiary
Edelweiss Retail Finance Ltd	Full	Subsidiary
Edelweiss Multi Strategy Fund Advisors LLP	Full	Subsidiary
Edelweiss Resolution Advisors LLP (formerly known as Edelweiss Wealth Advisors LLP)	Full	Subsidiary
Edelweiss Holdings Limited	Full	Subsidiary
Edelweiss General Insurance Company Ltd	Full	Subsidiary
Edelweiss Finvest Pvt Ltd	Full	Subsidiary
Edelweiss Securities (IFSC) Ltd	Full	Subsidiary
Alternative Investment Market Advisors Pvt Ltd	Full	Subsidiary
Edelweiss Securities Trading and Management Pvt Ltd (Formerly Known as Dhalla Commodities Services P Pvt Ltd)	Full	Subsidiary
Edelweiss Securities and Investment Pvt Ltd (Formerly Known as Magnolia commodities Services Pvt Ltd)	Full	Subsidiary
Edelweiss Securities (Hong Kong) Pvt Ltd	Full	Subsidiary
EC Global Ltd	Full	Subsidiary
EC International Ltd	Full	Subsidiary
EAAA LLC	Full	Subsidiary
EFSL International Ltd	Full	Subsidiary
Edelweiss Capital (Singapore) Pte Ltd	Full	Subsidiary



Edelweiss Alternative Asset Advisors Pte Ltd	Full	Subsidiary
Edelweiss International (Singapore) Pte Ltd	Full	Subsidiary
Edelweiss Investment Advisors Pvt Ltd	Full	Subsidiary
Aster Commodities DMCC	Full	Subsidiary
Edelweiss Financial Services (UK) Ltd	Full	Subsidiary
Edelweiss Financial Services Inc	Full	Subsidiary
Edelweiss Alternative Asset Advisors Ltd	Full	Subsidiary
EW Clover Scheme - 1	Full	Subsidiary
Edelvalue Foundation	Full	Subsidiary
Edelgive Foundation	Full	Subsidiary
Lichen Metal Private Ltd	Full	Subsidiary
EW India Special Assets Advisors LLC	Full	Subsidiary
Edelweiss Private Equity Tech Fund	Full	Subsidiary
Edelweiss Value and Growth Fund	Full	Subsidiary
Edelweiss Asset Reconstruction Company Ltd	Full	Subsidiary
EW Special Opportunities Advisors LLC	Full	Subsidiary
Edelweiss Tokio Life Insurance Company Ltd	Full	Subsidiary
Allium Finance Pvt Ltd	Full	Subsidiary
Retra Ventures Pvt Ltd	Full	Subsidiary

## Annexure - Rating History for last 3 Years

Instrument	Type	Current		2019 (History)		2018		2017		2016		Start of 2016	
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating	
Commercial Paper	ST	1000.00	CRISIL A1+	04-10-19	CRISIL A1+	19-03-18	CRISIL A1+						
				31-07-19	CRISIL A1+								
				20-07-19	CRISIL A1+								
				29-03-19	CRISIL A1+								
Commercial Paper Programme (IPO Financing)	ST	3000.00	CRISIL A1+	04-10-19	CRISIL A1+								
				31-07-19	CRISIL A1+								
Long Term Principal Protected Market Linked Debentures	LT	10.99 13-12-19	CRISIL PP-MLD AA-/Stable	04-10-19	CRISIL PP-MLD AA-/Stable								
				31-07-19	CRISIL PP-MLD AA-/Negative								
Non Convertible Debentures	LT	0.00 13-12-19	CRISIL AA-/Stable	04-10-19	CRISIL AA-/Stable	19-03-18	CRISIL AA-/Stable	29-09-17	CRISIL AA-/Stable	26-12-16	CRISIL AA-/Stable	CRISIL AA-/Positive	
				31-07-19	CRISIL AA-/Negative			11-09-17	CRISIL AA-/Stable	08-12-16	CRISIL AA-/Positive		
				20-07-19	CRISIL AA-/Negative			02-08-17	CRISIL AA-/Stable	25-10-16	CRISIL AA-/Positive		
				29-03-19	CRISIL AA-/Stable			18-07-17	CRISIL AA-/Stable	07-10-18	CRISIL AA-/Positive		
								28-06-17	CRISIL AA-/Stable	20-09-16	CRISIL AA-/Positive		
								14-06-17	CRISIL AA-/Stable	19-08-16	CRISIL AA-/Positive		
								08-05-17	CRISIL AA-/Stable	05-08-16	CRISIL AA-/Positive		
								26-04-17	CRISIL AA-/Stable	03-08-16	CRISIL AA-/Positive		
								22-03-17	CRISIL AA-/Stable	20-07-16	CRISIL AA-/Positive		
								08-03-17	CRISIL AA-/Stable	13-07-16	CRISIL AA-/Positive		
								08-03-17	CRISIL AA-/Stable	30-06-16	CRISIL AA-/Positive		
										25-01-17	CRISIL AA-/Stable	24-06-16	CRISIL AA-/Positive
												28-04-16	CRISIL AA-/Positive
												11-04-16	CRISIL AA-/Positive
												05-02-16	CRISIL AA-/Positive
Preference Shares	LT	31.38 13-12-19	CRISIL AA-/Stable	04-10-19	CRISIL AA-/Stable	19-03-18	CRISIL AA-/Stable	29-09-17	CRISIL AA-/Stable	26-12-16	CRISIL AA-/Stable	CRISIL AA-/Positive	
				31-07-19	CRISIL			11-09-17	CRISIL	08-12-16	CRISIL		

Rating Rationale

					AA/Negative		AA/Stable		AA/Positive		
					20-07-19	CRISIL AA/Negative	02-08-17	CRISIL AA/Stable	25-10-16	CRISIL AA/Positive	
					29-03-19	CRISIL AA/Stable	18-07-17	CRISIL AA/Stable	07-10-16	CRISIL AA/Positive	
							28-06-17	CRISIL AA/Stable	20-09-16	CRISIL AA/Positive	
							14-06-17	CRISIL AA/Stable	16-09-16	CRISIL AA/Positive	
							08-05-17	CRISIL AA/Stable	19-08-16	CRISIL AA/Positive	
							26-04-17	CRISIL AA/Stable	05-08-16	CRISIL AA/Positive	
							22-03-17	CRISIL AA/Stable	03-08-16	CRISIL AA/Positive	
							08-03-17	CRISIL AA/Stable	20-07-16	CRISIL AA/Positive	
							06-03-17	CRISIL AA/Stable	13-07-16	CRISIL AA/Positive	
							25-01-17	CRISIL AA/Stable	30-06-16	CRISIL AA/Positive	
									24-06-16	CRISIL AA/Positive	
									28-04-16	CRISIL AA/Positive	
									11-04-16	CRISIL AA/Positive	
									05-02-16	CRISIL AA/Positive	
<b>Short Term Debt</b>	<b>ST</b>						11-09-17	CRISIL A1+	26-12-16	CRISIL A1+	CRISIL A1+
							02-08-17	CRISIL A1+	08-12-16	CRISIL A1+	
							18-07-17	CRISIL A1+	25-10-16	CRISIL A1+	
							28-06-17	CRISIL A1+	07-10-16	CRISIL A1+	
							14-06-17	CRISIL A1+	20-09-16	CRISIL A1+	
							08-05-17	CRISIL A1+	19-08-16	CRISIL A1+	
							26-04-17	CRISIL A1+	05-08-16	CRISIL A1+	
							22-03-17	CRISIL A1+	03-08-16	CRISIL A1+	
							08-03-17	CRISIL A1+	20-07-16	CRISIL A1+	
							06-03-17	CRISIL A1+	13-07-16	CRISIL A1+	
							25-01-17	CRISIL A1+	30-06-16	CRISIL A1+	
									24-06-16	CRISIL A1+	
									28-04-16	CRISIL A1+	
									11-04-16	CRISIL A1+	
									05-02-16	CRISIL A1+	
<b>Short Term Debt (Including Commercial Paper)</b>	<b>ST</b>						29-09-17	CRISIL A1+			
<b>Short Term Debt Issue</b>	<b>ST</b>						11-09-17	Withdrawal	26-12-16	CRISIL A1+	CRISIL A1+
							02-08-17	CRISIL A1+	08-12-16	CRISIL A1+	
							18-07-17	Withdrawal	25-10-16	CRISIL A1+	
							28-06-17	CRISIL A1+	07-10-16	CRISIL A1+	
							14-06-17	CRISIL A1+	20-09-16	CRISIL A1+	
							08-05-17	CRISIL A1+	19-08-16	Withdrawal	
							26-04-17	Withdrawal	19-08-16	CRISIL A1+	
							22-03-17	CRISIL A1+	05-08-16	CRISIL A1+	
							08-03-17	CRISIL A1+	03-08-16	CRISIL A1+	
							06-03-17	CRISIL A1+	20-07-16	CRISIL A1+	
							25-01-17	CRISIL A1+	13-07-16	CRISIL A1+	
									30-06-16	CRISIL A1+	
									24-06-16	CRISIL A1+	

										28-04-16	CRISIL A1+	
										11-04-16	CRISIL A1+	
										05-02-16	Withdrawal	
<b>Short Term Principal Protected Market Linked Debentures</b>	ST	0.00 13-12-19	CRISIL PP-MLD A1+r	04-10-19	CRISIL PP-MLD A1+r	19-03-18	CRISIL PP-MLD A1+r	29-09-17	CRISIL PP-MLD A1+r	26-12-16	CRISIL PP-MLD A1+r	CRISIL PP-MLD A1+r
				31-07-19	CRISIL PP-MLD A1+r			11-09-17	CRISIL PP-MLD A1+r	08-12-16	CRISIL PP-MLD A1+r	
				20-07-19	CRISIL PP-MLD A1+r			02-08-17	CRISIL PP-MLD A1+r	25-10-16	CRISIL PP-MLD A1+r	
				29-03-19	CRISIL PP-MLD A1+r			18-07-17	CRISIL PP-MLD A1+r	07-10-16	CRISIL PP-MLD A1+r	
								28-06-17	CRISIL PP-MLD A1+r	20-09-16	CRISIL PP-MLD A1+r	
								14-06-17	CRISIL PP-MLD A1+r	19-08-16	CRISIL PP-MLD A1+r	
								08-05-17	CRISIL PP-MLD A1+r	05-08-16	CRISIL PP-MLD A1+r	
								26-04-17	CRISIL PP-MLD A1+r	03-08-16	CRISIL PP-MLD A1+r	
								22-03-17	CRISIL PP-MLD A1+r	20-07-16	CRISIL PP-MLD A1+r	
								08-03-17	CRISIL PP-MLD A1+r	13-07-16	CRISIL PP-MLD A1+r	
								06-03-17	CRISIL PP-MLD A1+r	30-06-16	CRISIL PP-MLD A1+r	
								25-01-17	CRISIL PP-MLD A1+r	24-06-16	CRISIL PP-MLD A1+r	
										28-04-16	CRISIL PP-MLD A1+r	
										11-04-16	CRISIL PP-MLD A1+r	
										05-02-16	CRISIL PP-MLD A1+r	
<b>Fund-based Bank Facilities</b>	LT/ST	500.00	CRISIL AA-/Stable	04-10-19	CRISIL AA-/Stable	19-03-18	CRISIL AA/Stable	29-09-17	CRISIL AA/Stable		--	--
				31-07-19	CRISIL AA/Negative			11-09-17	CRISIL AA/Stable			
				20-07-19	CRISIL AA/Negative			02-08-17	CRISIL AA/Stable			
				29-03-19	CRISIL AA/Stable			18-07-17	CRISIL AA/Stable			
								28-06-17	CRISIL AA/Stable			
								14-06-17	CRISIL AA/Stable			
								08-05-17	CRISIL AA/Stable			
								26-04-17	CRISIL AA/Stable			
								22-03-17	CRISIL AA/Stable			
								08-03-17	CRISIL AA/Stable			

All amounts are in Rs.Cr.

#### Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Proposed Long Term Bank Loan Facility^	500	CRISIL AA-/Stable	Proposed Long Term Bank Loan Facility^	500	CRISIL AA-/Stable
<b>Total</b>	<b>500</b>	<b>--</b>	<b>Total</b>	<b>500</b>	<b>--</b>

^Interchangeable between short term and long term

#### Links to related criteria

[Rating Criteria for Finance Companies](#)

[CRISILs Bank Loan Ratings](#)

[CRISILs Criteria for Consolidation](#)

[CRISILs Criteria for rating short term debt](#)

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Saman Khan Media Relations CRISIL Limited	Krishnan Sitaraman Senior Director - CRISIL Ratings CRISIL Limited	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301

12/18/2019

Rating Rationale

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## **ANNEXURE B**

### **CARE Credit Rating Letter and Rationale**

For Annexure B, please see the page below.

No. CARE/HO/RL/2019-20/3679  
Ms. Leena Shetye,  
VP,  
Edelweiss Finance & Investments Ltd.,  
Edelweiss House, 10<sup>th</sup> Floor,  
Off C.S.T. Road, Kalina,  
Mumbai – 400 098

December 17, 2019

**Confidential**

Dear Madam,

**Credit rating for proposed Non-Convertible Debenture Public issue**

Please refer to your request for rating of proposed non-convertible debenture (NCD) issue aggregating to Rs. 500 crore of your company.

2. The following ratings have been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Non-Convertible Debenture (Public issue)	500 (Rs. Five hundred crore only)	CARE AA-; Stable (Double A Minus; Outlook Stable)	Assigned

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is December 13,2019)

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of	Details of top 10 investors
-----------------	------	-----------------	-------------	----------------------	---------------------	-----------------	-----------------------------	-----------------------------

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

		cr)					Debenture Trustee	
--	--	-----	--	--	--	--	----------------------	--

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately..
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
11. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
12. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



**Akansha Jain**  
Rating Analyst  
[akansha.jain@careratings.com](mailto:akansha.jain@careratings.com)



**Ravi Kumar**  
Associate Director  
[ravi.kumar@careratings.com](mailto:ravi.kumar@careratings.com)

Encl.: As above

**Disclaimer**

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE/HO/RL/2019-20/4068

Ms. Leena Shetye,

VP,

Edelweiss Finance & Investments Ltd.,

Edelweiss House, 10<sup>th</sup> Floor,

Off C.S.T. Road, Kalina,

Mumbai – 400 098

January 15, 2020

Confidential

Dear Madam,

**Credit rating for Non-Convertible Debenture (Public issue)**

Please refer to our letter dated December 17, 2019 and your request for revalidation of the rating assigned to issue Non-Convertible Debenture (Public issue) aggregating to Rs.500 crore of your company.

2. Our Rating Committee has reviewed the following rating:

Instrument	Rated Amount (Rs. crore)	Amount Outstanding *	Rating <sup>1</sup>	Rating Action
Non-Convertible Debenture (Public issue)	500.00	Nil	CARE AA-; Stable (Double A Minus; Outlook Stable)	Reaffirmed
<b>Total</b>	<b>500.00</b> <b>(Rupees Five Hundred crore only )</b>			

\*As on January 07, 2020

- Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
- Please inform us the below- mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publication.

5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



Pankaj Chaplot  
Analyst

[pankaj.chaplot@careratings.com](mailto:pankaj.chaplot@careratings.com)



Ravi Kumar  
Associate Director

[ravi.kumar@careratings.com](mailto:ravi.kumar@careratings.com)

Encl: As above

Disclaimer

Page 2 of 3

CARE Ratings Limited  
(Formerly known as Credit Analysis & Research Limited)

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

## Edelweiss Finance and Investments Ltd

December 18, 2019

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Non-convertible Debentures (Public issue)	500 [Rs. Five hundred crore only]	CARE AA-; Stable [Double A Minus; Outlook: Stable]	Assigned

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

The ratings on a consolidated basis continue to factor in the diversified business profile of the Edelweiss group with experienced management team, adequate capitalization with continuous plans for equity infusion, moderate asset quality and comfortable liquidity profile. The ratings are, however, constrained by dependence on revenue from the capital market related activities which has inherent volatility, client concentration and credit risk in its wholesale credit book, risk associated with relatively new businesses and moderation in the profitability. The rating continues to factor in challenges in resource mobilisation for the NBFC sector in general and wholesale NBFCs in particular, however, CARE takes note of approx. Rs.4,400 crore of resource mobilisation by Edelweiss Financial Services Limited (EFSL) and subsidiaries during H1FY20 at a relatively increased cost of borrowings due to increased risk perception of the lenders towards entities operating in NBFC/HFC segment. ECL Finance Ltd, a Group NBFC, has also successfully closed a public issue of NCDs of Rs.500 crore in December 2019. Therefore, continuous mobilisation of resources for EFSL group and maintaining adequate liquidity during this tough operating environment remains a key rating monitorable.

The rating also continues to take into account the exposure of EFSL Group to real estate sector which is witnessing slowdown and experiencing heightened refinancing risk. The asset quality in this segment for EFSL Group remains a key monitorable as large part of its portfolio remains under moratorium. At present, the asset quality remains moderate. Further, the collateral cover taken on the real estate exposures and control over project cash flows through escrow mechanism also provide comfort to an extent but continuation of slowdown in the real estate market may put some pressure on the liquidity in the short to medium term.

### Rating Sensitivities

#### Negative Factors

- Increase in the gearing levels [Debt/Tangible Net worth (including minority interest)] above 7x on a consolidated basis
- Deterioration in asset quality with Gross Non-Performing asset (GNPA) increasing above 4% levels on consolidated basis
- Lower than expected scale down of the wholesale loan portfolio
- Rise in the provisions above Rs. 850-900 crore as envisaged for FY20

#### Positive Factors

- Improvement in the profitability parameters on a consolidated basis
- Increase in the mobilization of resources on a steady basis at improved rates

### Detailed description of the key rating drivers

#### Key rating strengths

#### Diversified business profile of the group

EFSL is a diversified financial services company with presence in various business segments related to credit in retail credit including mortgage finance (housing loans, loans against property) and SME credit, corporate credit and distressed assets credit including asset reconstruction. Its Advisory businesses include wealth management, asset management, and capital market businesses which include equity broking (both institutional and retail) and investment banking. Its insurance business includes both life and general insurance businesses. The share of the group's total interest income accounted for 60% of the total income in FY19 on consolidated basis. (FY18: 56.5%). The share of broking and fee based income has reduced to 22% of total income in FY19 from 27% of total income in FY18. This was mainly due to the slowdown in the advisory and broking business due to the volatility in the capital market in FY19 though the fees from distressed credit business were higher. The share of the insurance premium increased marginally.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications



**Established institutional equity broking business and good retail distribution network**

EFSL on group basis has established institutional equity business comprising institutional equity sales and research. It provides services to a large and diversified base of Foreign Institutional Investors (FIIs) and domestic institutional investors. Its clients include large pension funds, long only funds, Exchange Traded Funds (ETFs) and hedge funds. It is one of the largest domestic institutional broking houses in India with around 700 foreign and domestic institutional investors. The institutional equity business is supported by a strong equity sales team and relevant and timely research. EFSL manages an AUM of Rs. 2,00,900 crore of customer assets which comprises of Assets under advice (Wealth Management), Distressed Credit (ARC Assets)(excluding Edelweiss contribution), Funds under Management (Asset Management) (excluding Edelweiss contribution) and Assets under custody and clearing.

**Experienced management team**

EFSL has a strong management team with a rich experience in the financial sector. The senior management team of Edelweiss has been quite stable over the last few years and most of the senior management have been with Edelweiss for a long period.

**Adequate capitalization levels with fresh capital infusion plans**

On a consolidated basis, the tangible net worth (excluding minority interest) stood at Rs. 6919 crore as on March 31, 2019 compared to Rs. 6027 crore as on March 31, 2018. In March 2019, the company has signed an agreement with CDPQ (Canadian Pension Fund) for investment in the NBFC arm ECL Finance Limited of ~Rs. 1800 crore in a span of 2 years. Out of the said investment, Rs. 1040 crore was received in May 2019 in the form of compulsorily convertible debenture. The group maintained the Capital Adequacy levels (as per company) at 18.01% as on March 31, 2019. (17.4% as on March 31, 2018). During FY20, the company announced capital infusion plans in the advisory arm of the group i.e. Edelweiss Global Investment Advisory Business to the tune of Rs. 883 crore from two foreign investor viz. Kora Management Limited and Sanaka Capital. Out of the said investment, Rs. 175 crore was received in November 2019 from KORA Management in the form of compulsorily convertible preference shares.

The groups' debt levels have decreased from Rs.48031 crore as on March 31, 2018 to Rs.45217 crore as on March 31, 2019. Subsequently, gearing levels (excluding minority interest) decreased from 7.97 times as on March 31, 2018 to 6.53 times as on March 31, 2019. The gearing (excluding MI) post the capital infusion in May 2019 stood at 5.60 times (based on March 2019 debt figures). The group's gearing excluding the liquid treasury assets maintained for liquidity management as on March 31, 2019 as per the management is 4.4 times based on reported net worth.

The group's gearing (excluding MI) stood at 6.22 times as on September 30, 2019. The group's gearing excluding the liquid treasury assets maintained for liquidity management as on September 30, 2019 as per the management is 3.4 times based on reported net worth.

The Group has demonstrated a track record of raising funds at regular intervals to take care of the leverage at the group level. Further, the Group has a strong track record of raising and deploying managed funds, which supports its overall business capabilities.

**Moderation in asset quality**

EFSL has been able to maintain comfortable asset quality on the book including the wholesale book over the years. As on March 31, 2019, Gross NPA ratio was 1.87% (1.75% as on March 31, 2018). Net NPA ratio was 0.83% (0.70% as on March 31, 2018) while Net NPA to Net-worth ratio was 4.32% (3.43% as on March 31, 2018). Including the written off amounts, Adjusted GNPA ratios stood at 2.5% as on March 31, 2019 as compared to 2.91 % as on March 31, 2018.

As on September 30, 2019, the group on a consolidated basis witnessed deterioration in the asset quality metrics. Gross NPA ratio was 2.73% as on September 30, 2019 as compared to 1.87% as on March 31, 2019. The Net NPA ratio was 1.66% as on September 30, 2019 as compared to 0.83% as on March 31, 2019.

Edelweiss group has outstanding exposure to real estate with financing to developers accounting for 27% of the total credit book. The current environment prevailing in the real estate sector with funding constraints on account of crisis in the NBFC sector coupled with higher inventory is expected to put pressure on the asset quality of the NBFCs including Edelweiss which has relatively higher exposure to real estate developers in the NBFC segment. Thus, the ability of the group in maintaining the asset quality across the business cycles is a key rating sensitivity.

**Comfortable liquidity profile and diversified resource profile**

EFSL on a consolidated basis maintained a cumulative positive asset-liability mismatch across the time buckets as on September 30, 2019. At the group level, the company maintained liquidity to the tune of Rs. 4600 crore as on March September 30, 2019 which comprised of Rs. 1700 crore of cash/bank balance & fixed deposit, Rs. 1100 crore of investment in government securities and bonds, Rs 800 crore of investment in mutual funds and bonds and Rs. 1000 crore of undrawn bank lines.

As on September 30, 2019, resource profile (excluding CBLO) is well diversified with NCDs / Sub debt / MLD - 57% (FY19: 53%), Bank borrowings- 43% (FY19: 34%), Commercial Paper- 0% (FY19: 2%) of total borrowings respectively. EFSL has reduced its dependence on the commercial paper in FY19 and continues to maintain the CP borrowings as negligible in FY20 as well.

#### **Key rating weaknesses**

##### **Substantial proportion of revenue from the capital markets related activities**

A significant proportion of EFSL's revenue is related to the capital markets led activities, which include equity broking, investment banking, capital market related loan portfolio, asset management. However with increase in size of the credit and distressed assets business, dependency on capital markets has been declining over past few years.

##### **Client concentration and credit risk in its wholesale credit book**

As on March 31, 2019, the total loan portfolio comprised of retail book of 42% (March 2018: 41%), wholesale book of 41% (March 2018: 45%) and distressed asset book of 17% (March 2018:14%). Wholesale credit book of EFSL comprises of the real estate financing and the structured collateralised credit book. The real estate financing accounted for 27% of the total credit book as on March 31, 2019 as compared to 24% of the total credit book as on March 31, 2018. Even though the company has demonstrated a reduction on the concentration in the wholesale book as compared to the last year, the real estate segment continues to dominate the credit book. As on March 31, 2019, top 50 exposures (of which 32 accounts were from real estate segment) shared by the company accounted for 1.37 times of Tangible Net-worth. The top 10 accounts accounted for 45% of the tangible net-worth. (March 2018: 46% of tangible net worth). As on September 30, 2019, the retail and wholesale proportion of the total loan portfolio (including distress asset) stood at 48:52.

The real estate book which has high ticket concentration and higher proportion of the book (based on analysis of information provided for 32 top exposures in RE book) under principal moratorium is expected to impact the liquidity in the short to medium term given the prolonged slowdown in the real estate sector. However, the company tries to mitigate the risk associated with the real estate exposures by the adequate collateral cover of 2-3x maintained on each exposure and control over the cash flows of the projects through Escrow mechanism. The company undertakes regular monitoring of each projects by an in-house team of 70+ employees which is engaged in fortnightly physical verification of the projects, marketing and controlling the construction if required.

##### **Risk associated with distressed assets and new businesses**

The Edelweiss group has recently forayed into new businesses, including expanding insurance (both life and general), and distressed assets. The insurance business is characterized by high competition and the group's ability to successfully establish a position in these segments is yet to be seen. Furthermore, the group has acquired a large portfolio of distressed assets in the past few years and the resolution in such cases needs to be seen.

As on March 31, 2019, the distressed assets (DA) accounted for 17% of credit book stood as on March 31, 2019 compared to 15% as on March 31, 2018. Till date the ARC has redeemed Rs.7553 crore of security receipts which account of approximately 13.99% of the issued security receipts. The ARC has made recoveries of Rs. 7019 crore during FY19. (FY18: Rs.2574 crore). Edelweiss ARC reported a Profit after tax (PAT) of Rs.435.02 crore in FY19 (Rs.180.02 crore in FY18). Even though the ARC business has demonstrated growth in the past year with steady recoveries and growth in profitability, the inherent high riskiness of business leads to uncertainty and credit risk. At the same time, the implementation of IBC has improved the pace of resolution. The company's ability to demonstrate adequate and timely resolution performance is a key rating sensitivity.

##### **Moderation in profitability growth**

Moderation in the growth in profitability is on account of moderate growth in the advisory income due to capital market volatility in FY19 and increase in the loss in the life insurance business coupled with the rise in the cost of borrowings of the group post H2FY19 on account of liquidity crunch in the market and also the lower dependence on the commercial paper borrowings. The operating expense as a % of average assets increased from 5.73% in FY18 to 6.24% in FY19 on account of creation of capacity to build the retail book. Credit cost has declined from 1.17% in FY18 to 0.77% in FY19 on account of reduction in the provisions in FY19. As a result of the above, the Return on total assets continued to be maintained at 1.66% in FY19.

During H1FY20, the group reported a decline in the profitability (Profit after tax) by 65% on a Y-o-Y basis. The major reasons for the decline in the profitability are decline in the interest income due to de-growth in the loan portfolio, decline in the broking and commission income on account of lower activity due to volatility in the markets, and rise in the provisions. The company has envisaged a decline in the profitability for FY20 as the company aims at strengthening the balance sheet. The Return on total assets (ROTA) stood at 0.66 times and Return on Net worth (RONW) stood at 6 times.

**Analytical approach:** Edelweiss Financial Services Ltd (EFSL – rated ‘CARE AA-; Stable’ and ‘CARE A1+’), the flagship company of the Edelweiss group, owns 100% in most of its subsidiaries and the management/line functions for these businesses is common with significant operational and financial integration among them. Accordingly, CARE has considered a consolidated view of EFSL for arriving at the rating. The list of the subsidiaries considered for consolidation are as per Annexure 3.

### Applicable Criteria

[CARE’s Criteria on assigning Outlook and Credit Watch to Credit Ratings](#)

[Policy of Default Recognition](#)

[Rating Methodology- Non Banking Finance Companies](#)

[Financial ratios – Financial Sector](#)

[Criteria for Short term instruments](#)

[Consolidation and Factor Linkages in Ratings](#)

### Liquidity: Adequate

EFSL on a consolidated basis had no negative cumulative asset-liability mismatch across the time buckets as on September 30, 2019 considering cash and liquid investments of Rs.6,977 crore. The company had cumulative repayments of Rs.15,263 crore upto September 2020 and scheduled cumulative advances inflows of Rs.9,458 crore upto September 2020. At the group level, the company maintained liquidity (excluding the lien marked investments) to the tune of Rs.4,600 crore as on September 30, 2019 which comprised of Rs.1,700 crore of cash/bank balance & fixed deposit, Rs.1,100 crore of investment in government securities and bonds, Rs 800 crore of investment in mutual funds and bonds and Rs.1,000 crore of undrawn bank lines.

### About Edelweiss Financial Services Limited

Previously known as Edelweiss Capital Limited, Edelweiss Financial Services Limited (EFSL) was incorporated in 1995 by Mr. Rashesh Shah and Mr. Venkat Ramaswamy. EFSL is registered as a Category I Merchant Banker with SEBI and is the parent company of the Edelweiss Group. The company on a standalone basis is primarily engaged in investment banking services and provides development, managerial and financial support to the businesses of the Edelweiss group entities. The Edelweiss Group offers a range of products and services, spanning varied asset classes and diversified consumer segments. The businesses of Edelweiss are organized around three broad lines – credit including housing finance, SME loans, Loans against Property, Loans against Securities, Rural finance, Agri credit, Structured collateralised credit to corporates, real estate developer finance and distressed credit, Advisory businesses including wealth management, asset management and capital markets and Insurance including life and general insurance. In addition, the Balance-sheet Management Unit (BMU) attends to the balance sheet and liquidity management. The group conducts its business from 476 offices (including 8 international offices in 6 locations) in around 200 cities as on March 31, 2019. EFSL now caters to the total client base of 12 Lakh served by 11,410 employees pan India as on March 31, 2019.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total income	8,920	10,886
PAT(after share of profit and minority interest)	863	995
Overall Gearing (excluding minority interest) (times)	7.97	6.53
Total Assets	62,554	63,630
Gross NPA (%)	1.75	1.87
ROTA (%)	1.57	1.65

A: Audited

### About Edelweiss Finance and Investment Limited

EFIL (ND–SI–NBFC) was originally incorporated as a Private Limited company as “Crossborder Investments Private Limited” on October 27, 1994 in Maharashtra. The Company became the subsidiary of Edelweiss Financial Services Limited (EFSL) in March 2000. Company’s registered office was shifted to Hyderabad from Mumbai in 2007. The name was changed to “Edelweiss Finance & Investments Private Limited” in July 2009. In August 2009, EFIL became a public limited company and the name was changed to Edelweiss Finance & Investments Limited. The Company had applied for Primary Dealership license with RBI and is awaiting approval for the same, though the prospects of getting the license are remote due to RBI policies. As a result the company had discontinued some of its operations and also has transferred loan portfolio to the books of other Edelweiss entities in the past and started dealing in G-secs and Fixed income segment. However, EFIL is now again building a loan book on account of loans against securities being granted to the wealth and broking clients of EGIA and expects to scale up the loan book going forward. Its products include loans against securities,

ESOP financing, margin trading financing and IPO financing. The loan book comprising these products in the past used to reside in ECL Finance Ltd which is being discontinued gradually now as a part of overall strategic Group reorganization.

#### EFIL Standalone (Ind AS)

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total income	159	142
PAT	12.70	(0.36)
Overall Gearing (times)	9.57	12.79
Total Assets	2034	2585
Gross NPA (%)	-	-
ROTA (%)	0.59	(0.02)

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

#### Annexure I- Instrument Details

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Rating assigned along with Rating Outlook
Non-convertible debenture (Public Issue)	-	-	-	500	CARE AA-;Stable

#### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Market Linked Debentures	LT	-	-	-	-	1)Withdrawn (12-Sep-17)	1)CARE PP-MLD AA; Stable (22-Mar-17) 2)CARE PP-MLD AA (02-Nov-16)
2.	Debt	LT	-	-	-	1)Withdrawn (06-Jun-18)	1)CARE AA; Stable (12-Sep-17)	1)CARE AA; Stable (22-Mar-17) 2)CARE AA (02-Nov-16)
3.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (06-Jun-18)	1)CARE AA; Stable (12-Sep-17)	1)CARE AA; Stable (22-Mar-17) 2)CARE AA (02-Nov-16)
4.	Debentures-Market Linked Debentures	LT	-	-	-	1)Withdrawn (06-Jun-18)	1)CARE PP-MLD AA; Stable (12-Sep-17)	1)CARE PP-MLD AA; Stable (22-Mar-17) 2)CARE PP-MLD AA (02-Nov-16)
5.	Debentures-Market Linked Debentures	LT	-	-	-	1)Withdrawn (06-Jun-18)	1)CARE PP-MLD AA; Stable	1)CARE PP-MLD AA; Stable

							(12-Sep-17)	(22-Mar-17) 2)CARE PP-MLD AA (02-Nov-16)
6.	Commercial Paper	ST	1000.00	CARE A1+	-	1)CARE A1+ (06-Jul-18)	1)CARE A1+ (12-Sep-17)	1)CARE A1+ (22-Mar-17) 2)CARE A1+ (02-Nov-16)
7.	Commercial Paper (IPO Financing)	ST	2500.00	CARE A1+	1)CARE A1+ (31-Jul-19)	-	-	-
8	Debentures-Market Linked Debentures	LT	500.00	CARE PP-MLD AA-; Stable	1)CARE PP-MLD AA-; Stable (31-Jul-19)	-	-	-
9.	Non-convertible debenture (Public issue)	LT	500.00	CARE AA-; Stable	-	-	-	-

**Annexure-3: List of subsidiaries taken for consolidation as on March 31, 2019**

	Subsidiaries of Edelweiss Financial Services Limited	Shareholding by EFSL (directly/indirectly)
1	Edelweiss Securities Limited (ESL)	100%
2	Edelweiss Comtrade Ltd.	100%
3	Edelweiss Securities (Hong Kong) Private Limited	100%
4	Edelweiss Financial Services Inc.	100%
5	Edelweiss Custodial Services Limited	100%
6	Edelweiss Asset Reconstruction Company Limited	74.8%
7	Edelweiss Financial Services (UK) Limited	100%
8	Edelweiss Finance & Investments Limited	100%
9	EC Global Limited, Mauritius	100%
10	Edelweiss Rural & Corporate Services Limited (ERC SL) (Formerly Edelweiss Commodities Services Ltd. (ECSL))	100%
11	Edelweiss Housing Finance Limited (EHFL)	100%
12	Edelweiss Broking Limited (EBL)	100%
13	Edel Finance Company Ltd.	100%
14	Edelweiss Capital (Singapore) Pte. Limited (ECSPL)	100%
15	Edelweiss Alternative Asset Advisors Pte. Limited	100%
16	Edelweiss International (Singapore) Pte. Limited	100%
17	Edelweiss Investment Advisors Private Limited, Singapore	100%
18	EC International Limited, Mauritius (ECIL)	100%
19	Aster Commodities DMCC, Dubai	100%
20	EAAA LLC, Mauritius	100%
21	EFSL International Limited	100%
22	EW Special Opportunities Advisors LLC, Mauritius	67%
23	EW India Special Assets Advisors LLC, Mauritius	100%
24	ECap Equities Limited	100%
25	Edelcap Securities Limited	100%
26	Edelweiss Finvest Private Limited (formerly Arum Investments Private Limited)	100%
27	Edelweiss Retail Finance Limited	100%
28	ECL Finance Limited	100%
29	Edelweiss Alternative Asset Advisors Limited	95%
30	Edelweiss Global Wealth Management Limited	100%
31	Edelweiss Insurance Brokers Limited	100%
32	EC Commodity Limited	100%
33	Edelweiss Investment Adviser Limited	100%



34	Edelweiss Tokio Life Insurance Company Limited	51%
35	Edelweiss Trustee Services Limited	100%
36	Edel Investments Limited	100%
37	Edel Land Limited	100%
38	Edelweiss Trusteeship Company Limited	100%
39	Edelgive Foundation	100%
40	Edelweiss Asset Management Limited	100%
41	Edelweiss Holdings Limited	100%
42	Edelweiss General Insurance Company Limited	100%
43	Edelweiss Securities (IFSC) Limited	100%
44	Alternative Investment Market Advisors Private Limited	100%
45	Allium Finance Private Limited	55.48%
46	Lichen Metals Private Limited	50.32%

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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#### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

#### Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**ANNEXURE C**

**Consent letter from Debenture Trustee**

For Annexure C, please see the page below.

CL/MUM/19-20/DEB/251

Date: December 16, 2019

**Edelweiss Finance & Investments Limited**

Edelweiss House  
Off CST Road, Kalina  
Mumbai 400 098  
Maharashtra, India

Dear Ma'am/Sir

**Sub: Proposed public issue of secured redeemable non- convertible debentures ("NCDs") aggregating up to ` 500 Crore ("Issue") of Edelweiss Finance & Investments Limited ("Company").**

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Prospectus to be filed with the BSE Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Prospectus to be filed with the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"), Stock Exchange and to be forwarded to SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed:

Name:	<b>Beacon Trusteeship Limited</b>
Address:	<b>4C &amp; D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East), Mumbai – 400 051</b>
Tel:	<b>022-26558759</b>
Fax:	-
Email:	<b>compliance@beacontrustee.co.in</b>
Website:	<b>www.beacontrustee.co.in</b>
Contact Person:	<b>Mr. Vitthal Nawandhar</b>
SEBI Registration No:	<b>IND000000569</b>
CIN	<b>U74999MH2015PLC271288</b>

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company; and (iii) any other information in connection thereto.

We confirm that we will immediately inform you and the Lead Managers of any change to the above information until the date when the NCDs commence trading on the Stock Exchange. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.



**BEACON TRUSTEESHIP LTD.**

Corporate Office : 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club Bandra (E), Mumbai - 400 051.

Regd Off : 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club Bandra (E), Mumbai - 400 051. | CIN : U74999MH2015PLC271288

Phone : 022-26558759 | Email : contact@beacontrustee.co.in | Website : www.beacontrustee.co.in



This letter may be relied upon by the Company, the Lead Managers and the legal advisor to the Issue in respect of the Issue.

Sincerely

For **Beacon Trusteeship Limited**

*Aukita*  
Authorized Signatory



CC:

**Edelweiss Financial Services Limited**

Edelweiss House  
Off CST Road, Kalina  
Mumbai 400 098  
Maharashtra, India

**IDBI Capital Markets & Securities Limited**

6th Floor, IDBI Tower  
World Trade Centre, Cuffe Parade  
Mumbai 400 005  
Maharashtra, India

**Khaitan & Co**

One Indiabulls Centre  
13<sup>th</sup> Floor, Tower 1,  
Senapati Bapat Marg,  
Mumbai 400 013  
Maharashtra, India



डिबेंचर न्यासी

प्रकार B  
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनियम बोर्ड  
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993  
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000257

(विनियम B)

(Regulation B)

रजिस्ट्रीकरण प्रमाणपत्र INITIAL REGISTRATION  
CERTIFICATE OF REGISTRATION

- 1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,  
1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

**BEACON TRUSTEESHIP LIMITED**  
3, PRABHAT KUNJ,  
PRABHAT COLONY,  
SANTACRUZ EAST  
Mumbai 400055  
Maharashtra India

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।  
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

- 2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट IND000000569 है।  
2) Registration Code for the debenture trustee is  
3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधमान्य है।  
3) Unless renewed, the certificate of registration is valid from 11/04/2016 to 10/04/2021, unless suspended or cancelled by the Board

MUMBAI

स्थान Place :

APRIL 11, 2016

तारीख Date :



आदेश से  
भारतीय प्रतिभूति और विनियम बोर्ड  
के लिए और उसकी ओर से  
By order  
For and on behalf of  
Securities and Exchange Board of India

*MJSonparote*  
MEDHA SONPAROTE

प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

For Beacon Trusteeship Limited

*Aukita*  
Certified True Copy



**Annexure B**

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

1.	Registration Number	<b>IND000000569</b>
2.	Date of registration/ Renewal of registration	<b>April 11, 2016</b>
3.	Date of expiry of registration	<b>April 10, 2021</b>
4.	If applied for renewal, date of application	Not Applicable
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	<b>NIL</b>
6.	Any enquiry/ investigation being conducted by SEBI	<b>NIL</b>
7.	Details of any penalty imposed by SEBI	<b>NIL</b>



**ANNEXURE D**

**ILLUSTRATION FOR GUIDANCE IN RESPECT OF THE DAY COUNT CONVENTION AND EFFECT OF HOLIDAYS ON PAYMENTS**

**Investors should note that the below examples are solely for illustrative purposes and is not specific to the Issue**

Series I

Name of the Company	Pre-Incentive	Post-Incentive		
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited		
Face Value per NCD (in Rs.)	1,000	1,000		
Number of NCDs held (assumed)	1	1		
Date of allotment	Wednesday, February 05, 2020	Wednesday, February 05, 2020		
Tenor	18 Months	18 Months		
Coupon	9.70%	9.90%		
Redemption Date/Maturity Date	Thursday, August 05, 2021	Thursday, August 05, 2021		
Frequency of Interest Payment	Annual	Annual		
Day Count Convention	Actual/Actual	Actual/Actual		
Effective Yield	9.75%	9.96%		
<b>Pre-Incentive</b>				
Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Friday, February 05, 2021	Friday, February 05, 2021	366	97.00
2nd Coupon/Interest Payment Date	Thursday, August 05, 2021	Thursday, August 05, 2021	181	48.10
Redemption of Principal	Thursday, August 05, 2021	Thursday, August 05, 2021		1,000.00
Total Cash Flows				1,145.10
<b>Post-Incentive</b>				
Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Friday, February 05, 2021	Friday, February 05, 2021	366	99.00
2nd Coupon/Interest Payment Date	Thursday, August 05, 2021	Thursday, August 05, 2021	181	49.09
Redemption of Principal	Thursday, August 05, 2021	Thursday, August 05, 2021		1,000.00
Total Cash Flows				1,148.09

## Series II

Name of the Company	Pre-Incentive	Post-Incentive		
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited		
Face Value per NCD (in Rs.)	1,000	1,000		
Number of NCDs held (assumed)	1	1		
Deemed date of allotment	Wednesday, February 05, 2020	Wednesday, February 05, 2020		
Tenor	18 Months	18 Months		
Redemption Date/Maturity Date	Thursday, August 05, 2021	Thursday, August 05, 2021		
Day Count Convention	Actual/Actual	Actual/Actual		
Effective Yield	9.75%	9.95%		
<b>Pre-Incentive</b>				
Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Redemption Premium	Thursday, August 05, 2021	Thursday, August 05, 2021	547	149.61
Redemption of Principal	Thursday, August 05, 2021	Thursday, August 05, 2021		1,000.00
Total Cash Flows				1,149.61
<b>Post-Incentive</b>				
Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Redemption Premium	Thursday, August 05, 2021	Thursday, August 05, 2021	547	152.70
Redemption of Principal	Thursday, August 05, 2021	Thursday, August 05, 2021		1,000.00
Total Cash Flows				1,152.70

## Series III

Name of the Company	Pre-Incentive	Post-Incentive		
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited		
Face Value per NCD (in Rs.)	1,000	1,000		
Number of NCDs held (assumed)	1	1		
Deemed date of allotment	Wednesday, February 05, 2020	Wednesday, February 05, 2020		
Tenor	36 Months	36 Months		
Coupon	10.00%	10.20%		
Redemption Date/Maturity Date	Sunday, February 05, 2023	Sunday, February 05, 2023		
Frequency of Interest Payment	Annual	Annual		
Day Count Convention	Actual/Actual	Actual/Actual		
Effective Yield	9.99%	10.19%		
<b>Pre-Incentive</b>				
Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Friday, February 05, 2021	Friday, February 05, 2021	366	100.00
2nd Coupon/Interest Payment Date	Saturday, February 05, 2022	Monday, February 07, 2022	365	100.00
3rd Coupon/Interest Payment Date	Sunday, February 05, 2023	Friday, February 03, 2023	365	100.00
Redemption of Principal	Sunday, February 05, 2023	Friday, February 03, 2023		1,000.00
Total Cash Flows				1,300.00
<b>Post-Incentive</b>				
Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Friday, February 05, 2021	Friday, February 05, 2021	366	102.00
2nd Coupon/Interest Payment Date	Saturday, February 05, 2022	Monday, February 07, 2022	365	102.00
3rd Coupon/Interest Payment Date	Sunday, February 05, 2023	Friday, February 03, 2023	365	102.00
Redemption of Principal	Sunday, February 05, 2023	Friday, February 03, 2023		1,000.00
Total Cash Flows				1,306.00

## Series IV

Name of the Company	Pre-Incentive	Post-Incentive		
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited		
Face Value per NCD (in Rs.)	1000.00	1000.00		
Number of NCDs held (assumed)	1	1		
Deemed date of allotment	Wednesday, February 05, 2020	Wednesday, February 05, 2020		
Tenor	36 Months	36 Months		
Redemption Date/Maturity Date	Sunday, February 05, 2023	Sunday, February 05, 2023		
Day Count Convention	Actual/Actual	Actual/Actual		
Effective Yield	10.00%	10.20%		
Coupon	NA	NA		
<b>Pre-Incentive</b>				
Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Redemption Premium	Sunday, February 05, 2023	Friday, February 03, 2023	1096	331.35
Redemption of Principal	Sunday, February 05, 2023	Friday, February 03, 2023		1,000.00
Total Cash Flows				1,331.35
<b>Post-Incentive</b>				
Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Redemption Premium	Sunday, February 05, 2023	Friday, February 03, 2023	1096	338.50
Redemption of Principal	Sunday, February 05, 2023	Friday, February 03, 2023		1,000.00
Total Cash Flows				1,338.50

## Series V

Name of the Company	Pre-Incentive	Post-Incentive
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited
Face Value per NCD (in Rs.)	1000.00	1000.00
Number of NCDs held (assumed)	1	1
Deemed date of allotment	Wednesday, February 05, 2020	Wednesday, February 05, 2020
Tenor	5 years	5 years
Coupon	9.80%	10.00%
Redemption Date/Maturity Date	Wednesday, February 05, 2025	Wednesday, February 05, 2025
Frequency of Interest Payment	Monthly	Monthly
Day Count Convention	Actual/Actual	Actual/Actual
Effective Yield	10.24%	10.46%

**Pre-Incentive**

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Wednesday, April 01, 2020	Wednesday, April 01, 2020	56	14.99
2nd Coupon/Interest Payment Date	Friday, May 01, 2020	Monday, May 04, 2020	30	8.05
3rd Coupon/Interest Payment Date	Monday, June 01, 2020	Monday, June 01, 2020	31	8.32
4th Coupon/Interest Payment Date	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.05
5th Coupon/Interest Payment Date	Saturday, August 01, 2020	Monday, August 03, 2020	31	8.32
6th Coupon/Interest Payment Date	Tuesday, September 01, 2020	Tuesday, September 01, 2020	31	8.32
7th Coupon/Interest Payment Date	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.05
8th Coupon/Interest Payment Date	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.32
9th Coupon/Interest Payment Date	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.05
10th Coupon/Interest Payment Date	Friday, January 01, 2021	Friday, January 01, 2021	31	8.32
11th Coupon/Interest Payment Date	Monday, February 01, 2021	Monday, February 01, 2021	31	8.32
12th Coupon/Interest Payment Date	Monday, March 01, 2021	Monday, March 01, 2021	28	7.52
13th Coupon/Interest Payment Date	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.32
14th Coupon/Interest Payment Date	Saturday, May 01, 2021	Monday, May 03, 2021	30	8.05
15th Coupon/Interest Payment Date	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.32
16th Coupon/Interest Payment Date	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.05
17th Coupon/Interest Payment Date	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.32
18th Coupon/Interest	Wednesday,	Wednesday,	31	



Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Payment Date	September 01, 2021	September 01, 2021		8.32
19th Coupon/Interest Payment Date	Friday, October 01, 2021	Friday, October 01, 2021	30	8.05
20th Coupon/Interest Payment Date	Monday, November 01, 2021	Monday, November 01, 2021	31	8.32
21st Coupon/Interest Payment Date	Wednesday, December 01, 2021	Wednesday, December 01, 2021	30	8.05
22nd Coupon/Interest Payment Date	Saturday, January 01, 2022	Monday, January 03, 2022	31	8.32
23rd Coupon/Interest Payment Date	Tuesday, February 01, 2022	Tuesday, February 01, 2022	31	8.32
24th Coupon/Interest Payment Date	Tuesday, March 01, 2022	Tuesday, March 01, 2022	28	7.52
25th Coupon/Interest Payment Date	Friday, April 01, 2022	Friday, April 01, 2022	31	8.32
26th Coupon/Interest Payment Date	Sunday, May 01, 2022	Monday, May 02, 2022	30	8.05
27th Coupon/Interest Payment Date	Wednesday, June 01, 2022	Wednesday, June 01, 2022	31	8.32
28th Coupon/Interest Payment Date	Friday, July 01, 2022	Friday, July 01, 2022	30	8.05
29th Coupon/Interest Payment Date	Monday, August 01, 2022	Monday, August 01, 2022	31	8.32
30th Coupon/Interest Payment Date	Thursday, September 01, 2022	Thursday, September 01, 2022	31	8.32
31st Coupon/Interest Payment Date	Saturday, October 01, 2022	Monday, October 03, 2022	30	8.05
32nd Coupon/Interest Payment Date	Tuesday, November 01, 2022	Tuesday, November 01, 2022	31	8.32
33rd Coupon/Interest Payment Date	Thursday, December 01, 2022	Thursday, December 01, 2022	30	8.05
34th Coupon/Interest Payment Date	Sunday, January 01, 2023	Monday, January 02, 2023	31	8.32
35th Coupon/Interest Payment Date	Wednesday, February 01, 2023	Wednesday, February 01, 2023	31	8.32
36th Coupon/Interest Payment Date	Wednesday, March 01, 2023	Wednesday, March 01, 2023	28	7.52
37th Coupon/Interest Payment Date	Saturday, April 01, 2023	Monday, April 03, 2023	31	8.32
38th Coupon/Interest Payment Date	Monday, May 01, 2023	Tuesday, May 02, 2023	30	8.03
39th Coupon/Interest Payment Date	Thursday, June 01, 2023	Thursday, June 01, 2023	31	8.30
40th Coupon/Interest Payment Date	Saturday, July 01, 2023	Monday, July 03, 2023	30	8.03
41st Coupon/Interest Payment Date	Tuesday, August 01, 2023	Tuesday, August 01, 2023	31	8.30
42nd Coupon/Interest Payment Date	Friday, September 01, 2023	Friday, September 01, 2023	31	8.30
43rd Coupon/Interest Payment Date	Sunday, October 01, 2023	Monday, October 02, 2023	30	8.03

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
44th Coupon/Interest Payment Date	Wednesday, November 01, 2023	Wednesday, November 01, 2023	31	8.30
45th Coupon/Interest Payment Date	Friday, December 01, 2023	Friday, December 01, 2023	30	8.03
46th Coupon/Interest Payment Date	Monday, January 01, 2024	Monday, January 01, 2024	31	8.30
47th Coupon/Interest Payment Date	Thursday, February 01, 2024	Thursday, February 01, 2024	31	8.30
48th Coupon/Interest Payment Date	Friday, March 01, 2024	Friday, March 01, 2024	29	7.77
49th Coupon/Interest Payment Date	Monday, April 01, 2024	Monday, April 01, 2024	31	8.30
50th Coupon/Interest Payment Date	Wednesday, May 01, 2024	Thursday, May 02, 2024	30	8.05
51st Coupon/Interest Payment Date	Saturday, June 01, 2024	Monday, June 03, 2024	31	8.32
52nd Coupon/Interest Payment Date	Monday, July 01, 2024	Monday, July 01, 2024	30	8.05
53rd Coupon/Interest Payment Date	Thursday, August 01, 2024	Thursday, August 01, 2024	31	8.32
54th Coupon/Interest Payment Date	Sunday, September 01, 2024	Monday, September 02, 2024	31	8.32
55th Coupon/Interest Payment Date	Tuesday, October 01, 2024	Tuesday, October 01, 2024	30	8.05
56th Coupon/Interest Payment Date	Friday, November 01, 2024	Friday, November 01, 2024	31	8.32
57th Coupon/Interest Payment Date	Sunday, December 01, 2024	Monday, December 02, 2024	30	8.05
58th Coupon/Interest Payment Date	Wednesday, January 01, 2025	Wednesday, January 01, 2025	31	8.32
59th Coupon/Interest Payment Date	Saturday, February 01, 2025	Monday, February 03, 2025	31	8.32
60th Coupon/Interest Payment Date	Wednesday, February 05, 2025	Wednesday, February 05, 2025	4	1.07
Redemption of Principal	Wednesday, February 05, 2025	Wednesday, February 05, 2025		1,000.00
Total Cash Flows				1,490.23

### Post-Incentive

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Wednesday, April 01, 2020	Wednesday, April 01, 2020	56	15.30
2nd Coupon/Interest Payment Date	Friday, May 01, 2020	Monday, May 04, 2020	30	8.22
3rd Coupon/Interest Payment Date	Monday, June 01, 2020	Monday, June 01, 2020	31	8.49
4th Coupon/Interest Payment Date	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.22
5th Coupon/Interest Payment Date	Saturday, August 01, 2020	Monday, August 03, 2020	31	8.49
6th Coupon/Interest	Tuesday,	Tuesday,	31	

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Payment Date	September 01, 2020	September 01, 2020		8.49
7th Coupon/Interest Payment Date	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.22
8th Coupon/Interest Payment Date	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.49
9th Coupon/Interest Payment Date	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.22
10th Coupon/Interest Payment Date	Friday, January 01, 2021	Friday, January 01, 2021	31	8.49
11th Coupon/Interest Payment Date	Monday, February 01, 2021	Monday, February 01, 2021	31	8.49
12th Coupon/Interest Payment Date	Monday, March 01, 2021	Monday, March 01, 2021	28	7.67
13th Coupon/Interest Payment Date	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.49
14th Coupon/Interest Payment Date	Saturday, May 01, 2021	Monday, May 03, 2021	30	8.22
15th Coupon/Interest Payment Date	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.49
16th Coupon/Interest Payment Date	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.22
17th Coupon/Interest Payment Date	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.49
18th Coupon/Interest Payment Date	Wednesday, September 01, 2021	Wednesday, September 01, 2021	31	8.49
19th Coupon/Interest Payment Date	Friday, October 01, 2021	Friday, October 01, 2021	30	8.22
20th Coupon/Interest Payment Date	Monday, November 01, 2021	Monday, November 01, 2021	31	8.49
21st Coupon/Interest Payment Date	Wednesday, December 01, 2021	Wednesday, December 01, 2021	30	8.22
22nd Coupon/Interest Payment Date	Saturday, January 01, 2022	Monday, January 03, 2022	31	8.49
23rd Coupon/Interest Payment Date	Tuesday, February 01, 2022	Tuesday, February 01, 2022	31	8.49
24th Coupon/Interest Payment Date	Tuesday, March 01, 2022	Tuesday, March 01, 2022	28	7.67
25th Coupon/Interest Payment Date	Friday, April 01, 2022	Friday, April 01, 2022	31	8.49
26th Coupon/Interest Payment Date	Sunday, May 01, 2022	Monday, May 02, 2022	30	8.22
27th Coupon/Interest Payment Date	Wednesday, June 01, 2022	Wednesday, June 01, 2022	31	8.49
28th Coupon/Interest Payment Date	Friday, July 01, 2022	Friday, July 01, 2022	30	8.22
29th Coupon/Interest Payment Date	Monday, August 01, 2022	Monday, August 01, 2022	31	8.49
30th Coupon/Interest Payment Date	Thursday, September 01, 2022	Thursday, September 01, 2022	31	8.49
31st Coupon/Interest	Saturday, October	Monday, October	30	

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Payment Date	01, 2022	03, 2022		8.22
32nd Coupon/Interest Payment Date	Tuesday, November 01, 2022	Tuesday, November 01, 2022	31	8.49
33rd Coupon/Interest Payment Date	Thursday, December 01, 2022	Thursday, December 01, 2022	30	8.22
34th Coupon/Interest Payment Date	Sunday, January 01, 2023	Monday, January 02, 2023	31	8.49
35th Coupon/Interest Payment Date	Wednesday, February 01, 2023	Wednesday, February 01, 2023	31	8.49
36th Coupon/Interest Payment Date	Wednesday, March 01, 2023	Wednesday, March 01, 2023	28	7.67
37th Coupon/Interest Payment Date	Saturday, April 01, 2023	Monday, April 03, 2023	31	8.49
38th Coupon/Interest Payment Date	Monday, May 01, 2023	Tuesday, May 02, 2023	30	8.20
39th Coupon/Interest Payment Date	Thursday, June 01, 2023	Thursday, June 01, 2023	31	8.47
40th Coupon/Interest Payment Date	Saturday, July 01, 2023	Monday, July 03, 2023	30	8.20
41st Coupon/Interest Payment Date	Tuesday, August 01, 2023	Tuesday, August 01, 2023	31	8.47
42nd Coupon/Interest Payment Date	Friday, September 01, 2023	Friday, September 01, 2023	31	8.47
43rd Coupon/Interest Payment Date	Sunday, October 01, 2023	Monday, October 02, 2023	30	8.20
44th Coupon/Interest Payment Date	Wednesday, November 01, 2023	Wednesday, November 01, 2023	31	8.47
45th Coupon/Interest Payment Date	Friday, December 01, 2023	Friday, December 01, 2023	30	8.20
46th Coupon/Interest Payment Date	Monday, January 01, 2024	Monday, January 01, 2024	31	8.47
47th Coupon/Interest Payment Date	Thursday, February 01, 2024	Thursday, February 01, 2024	31	8.47
48th Coupon/Interest Payment Date	Friday, March 01, 2024	Friday, March 01, 2024	29	7.92
49th Coupon/Interest Payment Date	Monday, April 01, 2024	Monday, April 01, 2024	31	8.47
50th Coupon/Interest Payment Date	Wednesday, May 01, 2024	Thursday, May 02, 2024	30	8.22
51st Coupon/Interest Payment Date	Saturday, June 01, 2024	Monday, June 03, 2024	31	8.49
52nd Coupon/Interest Payment Date	Monday, July 01, 2024	Monday, July 01, 2024	30	8.22
53rd Coupon/Interest Payment Date	Thursday, August 01, 2024	Thursday, August 01, 2024	31	8.49
54th Coupon/Interest Payment Date	Sunday, September 01, 2024	Monday, September 02, 2024	31	8.49
55th Coupon/Interest Payment Date	Tuesday, October 01, 2024	Tuesday, October 01, 2024	30	8.22
56th Coupon/Interest Payment Date	Friday, November 01, 2024	Friday, November 01, 2024	31	8.49
57th Coupon/Interest Payment Date	Sunday, December 01,	Monday, December 02,	30	8.22

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
	2024	2024		
58th Coupon/Interest Payment Date	Wednesday, January 01, 2025	Wednesday, January 01, 2025	31	8.49
59th Coupon/Interest Payment Date	Saturday, February 01, 2025	Monday, February 03, 2025	31	8.49
60th Coupon/Interest Payment Date	Wednesday, February 05, 2025	Wednesday, February 05, 2025	4	1.10
Redemption of Principal	Wednesday, February 05, 2025	Wednesday, February 05, 2025	0	1,000.00
Total Cash Flows				1,500.23

## Series VI

Name of the Company	Pre-Incentive	Post-Incentive
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited
Face Value per NCD (in Rs.)	1000.00	1000.00
Number of NCDs held (assumed)	1	1
Deemed date of allotment	Wednesday, February 05, 2020	Wednesday, February 05, 2020
Tenor	5 years	5 years
Coupon	10.25%	10.45%
Redemption Date/Maturity Date	Wednesday, February 05, 2025	Wednesday, February 05, 2025
Frequency of Interest Payment	Annual	Annual
Day Count Convention	Actual/Actual	Actual/Actual
Effective Yield	10.24%	10.44%

**Pre-Incentive**

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Friday, February 05, 2021	Friday, February 05, 2021	366	102.50
2nd Coupon/Interest Payment Date	Saturday, February 05, 2022	Monday, February 07, 2022	365	102.50
3rd Coupon/Interest Payment Date	Sunday, February 05, 2023	Monday, February 06, 2023	365	102.50
4th Coupon/Interest Payment Date	Monday, February 05, 2024	Monday, February 05, 2024	365	102.50
5th Coupon/Interest Payment Date	Wednesday, February 05, 2025	Wednesday, February 05, 2025	366	102.50
Redemption of Principal	Wednesday, February 05, 2025	Wednesday, February 05, 2025		1,000.00
Total Cash Flows				1,512.50

Post-Incentive				
Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Friday, February 05, 2021	Friday, February 05, 2021	366	104.50
2nd Coupon/Interest Payment Date	Saturday, February 05, 2022	Monday, February 07, 2022	365	104.50
3rd Coupon/Interest Payment Date	Sunday, February 05, 2023	Monday, February 06, 2023	365	104.50
4th Coupon/Interest Payment Date	Monday, February 05, 2024	Monday, February 05, 2024	365	104.50
5th Coupon/Interest Payment Date	Wednesday, February 05,	Wednesday, February 05,	366	104.50

	2025	2025		
Redemption of Principal	Wednesday, February 05, 2025	Wednesday, February 05, 2025		1,000.00
Total Cash Flows				1,522.50

## Series VII

Name of the Company	Pre-Incentive	Post-Incentive
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited
Face Value per NCD (in Rs.)	1000.00	1000.00
Number of NCDs held (assumed)	1	1
Deemed date of allotment	Wednesday, February 05, 2020	Wednesday, February 05, 2020
Tenor	5 years	5 years
Redemption Date/Maturity Date	Wednesday, February 05, 2025	Wednesday, February 05, 2025
Day Count Convention	Actual/Actual	Actual/Actual
Effective Yield	10.25%	10.45%
Coupon	NA	NA

**Pre-Incentive**

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Redemption Premium	Wednesday, February 05, 2025	Wednesday, February 05, 2025	1827	629.77
Redemption of Principal	Wednesday, February 05, 2025	Wednesday, February 05, 2025		1,000.00
Total Cash Flows				1,629.77

**Post-Incentive**

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Redemption Premium	Wednesday, February 05, 2025	Wednesday, February 05, 2025	1827	644.50
Redemption of Principal	Wednesday, February 05, 2025	Wednesday, February 05, 2025		1,000.00
Total Cash Flows				1,644.50

## Series VIII

Name of the Company	Pre-Incentive	Post-Incentive
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited
Face Value per NCD (in Rs.)	1000.00	1000.00
Number of NCDs held (assumed)	1	1
Deemed date of allotment (assumed)	Wednesday, February 05, 2020	Wednesday, February 05, 2020
Tenor	10 years	10 years
Coupon	9.80%	10.00%
Redemption Date/Maturity Date (assumed)	Tuesday, February 05, 2030	Tuesday, February 05, 2030
Frequency of Interest Payment	Monthly	Monthly
Day Count Convention	Actual/Actual	Actual/Actual



Name of the Company	Pre-Incentive	Post-Incentive
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited
Effective Yield	10.25%	10.46%

### Pre-Incentive

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Wednesday, April 01, 2020	Wednesday, April 01, 2020	56	14.99
2nd Coupon/Interest Payment Date	Friday, May 01, 2020	Friday, May 01, 2020	30	8.05
3rd Coupon/Interest Payment Date	Monday, June 01, 2020	Monday, June 01, 2020	31	8.32
4th Coupon/Interest Payment Date	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.05
5th Coupon/Interest Payment Date	Saturday, August 01, 2020	Monday, August 03, 2020	31	8.32
6th Coupon/Interest Payment Date	Tuesday, September 01, 2020	Tuesday, September 01, 2020	31	8.32
7th Coupon/Interest Payment Date	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.05
8th Coupon/Interest Payment Date	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.32
9th Coupon/Interest Payment Date	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.05
10th Coupon/Interest Payment Date	Friday, January 01, 2021	Friday, January 01, 2021	31	8.32
11th Coupon/Interest Payment Date	Monday, February 01, 2021	Monday, February 01, 2021	31	8.32
12th Coupon/Interest Payment Date	Monday, March 01, 2021	Monday, March 01, 2021	28	7.52
13th Coupon/Interest Payment Date	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.32
14th Coupon/Interest Payment Date	Saturday, May 01, 2021	Monday, May 03, 2021	30	8.05
15th Coupon/Interest Payment Date	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.32
16th Coupon/Interest Payment Date	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.05
17th Coupon/Interest Payment Date	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.32
18th Coupon/Interest Payment Date	Wednesday, September 01, 2021	Wednesday, September 01, 2021	31	8.32
19th Coupon/Interest Payment Date	Friday, October 01, 2021	Friday, October 01, 2021	30	8.05
20th Coupon/Interest Payment Date	Monday, November 01, 2021	Monday, November 01, 2021	31	8.32
21st Coupon/Interest Payment Date	Wednesday, December 01, 2021	Wednesday, December 01, 2021	30	8.05
22nd Coupon/Interest Payment Date	Saturday, January 01, 2022	Monday, January 03, 2022	31	8.32

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
23rd Coupon/Interest Payment Date	Tuesday, February 01, 2022	Tuesday, February 01, 2022	31	8.32
24th Coupon/Interest Payment Date	Tuesday, March 01, 2022	Tuesday, March 01, 2022	28	7.52
25th Coupon/Interest Payment Date	Friday, April 01, 2022	Friday, April 01, 2022	31	8.32
26th Coupon/Interest Payment Date	Sunday, May 01, 2022	Monday, May 02, 2022	30	8.05
27th Coupon/Interest Payment Date	Wednesday, June 01, 2022	Wednesday, June 01, 2022	31	8.32
28th Coupon/Interest Payment Date	Friday, July 01, 2022	Friday, July 01, 2022	30	8.05
29th Coupon/Interest Payment Date	Monday, August 01, 2022	Monday, August 01, 2022	31	8.32
30th Coupon/Interest Payment Date	Thursday, September 01, 2022	Thursday, September 01, 2022	31	8.32
31st Coupon/Interest Payment Date	Saturday, October 01, 2022	Monday, October 03, 2022	30	8.05
32nd Coupon/Interest Payment Date	Tuesday, November 01, 2022	Tuesday, November 01, 2022	31	8.32
33rd Coupon/Interest Payment Date	Thursday, December 01, 2022	Thursday, December 01, 2022	30	8.05
34th Coupon/Interest Payment Date	Sunday, January 01, 2023	Monday, January 02, 2023	31	8.32
35th Coupon/Interest Payment Date	Wednesday, February 01, 2023	Wednesday, February 01, 2023	31	8.32
36th Coupon/Interest Payment Date	Wednesday, March 01, 2023	Wednesday, March 01, 2023	28	7.52
37th Coupon/Interest Payment Date	Saturday, April 01, 2023	Monday, April 03, 2023	31	8.32
38th Coupon/Interest Payment Date	Monday, May 01, 2023	Monday, May 01, 2023	30	8.03
39th Coupon/Interest Payment Date	Thursday, June 01, 2023	Thursday, June 01, 2023	31	8.30
40th Coupon/Interest Payment Date	Saturday, July 01, 2023	Monday, July 03, 2023	30	8.03
41st Coupon/Interest Payment Date	Tuesday, August 01, 2023	Tuesday, August 01, 2023	31	8.30
42nd Coupon/Interest Payment Date	Friday, September 01, 2023	Friday, September 01, 2023	31	8.30
43rd Coupon/Interest Payment Date	Sunday, October 01, 2023	Monday, October 02, 2023	30	8.03
44th Coupon/Interest Payment Date	Wednesday, November 01, 2023	Wednesday, November 01, 2023	31	8.30
45th Coupon/Interest Payment Date	Friday, December 01, 2023	Friday, December 01, 2023	30	8.03
46th Coupon/Interest Payment Date	Monday, January 01, 2024	Monday, January 01, 2024	31	8.30
47th Coupon/Interest Payment Date	Thursday, February 01, 2024	Thursday, February 01, 2024	31	8.30
48th Coupon/Interest Payment Date	Friday, March 01, 2024	Friday, March 01, 2024	29	7.77
49th Coupon/Interest	Monday, April	Monday, April	31	

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Payment Date	01, 2024	01, 2024		8.30
50th Coupon/Interest Payment Date	Wednesday, May 01, 2024	Wednesday, May 01, 2024	30	8.05
51st Coupon/Interest Payment Date	Saturday, June 01, 2024	Monday, June 03, 2024	31	8.32
52nd Coupon/Interest Payment Date	Monday, July 01, 2024	Monday, July 01, 2024	30	8.05
53rd Coupon/Interest Payment Date	Thursday, August 01, 2024	Thursday, August 01, 2024	31	8.32
54th Coupon/Interest Payment Date	Sunday, September 01, 2024	Monday, September 02, 2024	31	8.32
55th Coupon/Interest Payment Date	Tuesday, October 01, 2024	Tuesday, October 01, 2024	30	8.05
56th Coupon/Interest Payment Date	Friday, November 01, 2024	Friday, November 01, 2024	31	8.32
57th Coupon/Interest Payment Date	Sunday, December 01, 2024	Monday, December 02, 2024	30	8.05
58th Coupon/Interest Payment Date	Wednesday, January 01, 2025	Wednesday, January 01, 2025	31	8.32
59th Coupon/Interest Payment Date	Saturday, February 01, 2025	Monday, February 03, 2025	31	8.32
60th Coupon/Interest Payment Date	Saturday, March 01, 2025	Monday, March 03, 2025	28	7.52
61st Coupon/Interest Payment Date	Tuesday, April 01, 2025	Tuesday, April 01, 2025	31	8.32
62nd Coupon/Interest Payment Date	Thursday, May 01, 2025	Thursday, May 01, 2025	30	8.05
63rd Coupon/Interest Payment Date	Sunday, June 01, 2025	Monday, June 02, 2025	31	8.32
64th Coupon/Interest Payment Date	Tuesday, July 01, 2025	Tuesday, July 01, 2025	30	8.05
65th Coupon/Interest Payment Date	Friday, August 01, 2025	Friday, August 01, 2025	31	8.32
66th Coupon/Interest Payment Date	Monday, September 01, 2025	Monday, September 01, 2025	31	8.32
67th Coupon/Interest Payment Date	Wednesday, October 01, 2025	Wednesday, October 01, 2025	30	8.05
68th Coupon/Interest Payment Date	Saturday, November 01, 2025	Monday, November 03, 2025	31	8.32
69th Coupon/Interest Payment Date	Monday, December 01, 2025	Monday, December 01, 2025	30	8.05
70th Coupon/Interest Payment Date	Thursday, January 01, 2026	Thursday, January 01, 2026	31	8.32
71st Coupon/Interest Payment Date	Sunday, February 01, 2026	Monday, February 02, 2026	31	8.32
72nd Coupon/Interest Payment Date	Sunday, March 01, 2026	Monday, March 02, 2026	28	7.52
73rd Coupon/Interest Payment Date	Wednesday, April 01, 2026	Wednesday, April 01, 2026	31	8.32
74th Coupon/Interest Payment Date	Friday, May 01, 2026	Friday, May 01, 2026	30	8.05

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
75th Coupon/Interest Payment Date	Monday, June 01, 2026	Monday, June 01, 2026	31	8.32
76th Coupon/Interest Payment Date	Wednesday, July 01, 2026	Wednesday, July 01, 2026	30	8.05
77th Coupon/Interest Payment Date	Saturday, August 01, 2026	Monday, August 03, 2026	31	8.32
78th Coupon/Interest Payment Date	Tuesday, September 01, 2026	Tuesday, September 01, 2026	31	8.32
79th Coupon/Interest Payment Date	Thursday, October 01, 2026	Thursday, October 01, 2026	30	8.05
80th Coupon/Interest Payment Date	Sunday, November 01, 2026	Monday, November 02, 2026	31	8.32
81st Coupon/Interest Payment Date	Tuesday, December 01, 2026	Tuesday, December 01, 2026	30	8.05
82nd Coupon/Interest Payment Date	Friday, January 01, 2027	Friday, January 01, 2027	31	8.32
83rd Coupon/Interest Payment Date	Monday, February 01, 2027	Monday, February 01, 2027	31	8.32
84th Coupon/Interest Payment Date	Monday, March 01, 2027	Monday, March 01, 2027	28	7.52
85th Coupon/Interest Payment Date	Thursday, April 01, 2027	Thursday, April 01, 2027	31	8.32
86th Coupon/Interest Payment Date	Saturday, May 01, 2027	Monday, May 03, 2027	30	8.03
87th Coupon/Interest Payment Date	Tuesday, June 01, 2027	Tuesday, June 01, 2027	31	8.30
88th Coupon/Interest Payment Date	Thursday, July 01, 2027	Thursday, July 01, 2027	30	8.03
89th Coupon/Interest Payment Date	Sunday, August 01, 2027	Monday, August 02, 2027	31	8.30
90th Coupon/Interest Payment Date	Wednesday, September 01, 2027	Wednesday, September 01, 2027	31	8.30
91st Coupon/Interest Payment Date	Friday, October 01, 2027	Friday, October 01, 2027	30	8.03
92nd Coupon/Interest Payment Date	Monday, November 01, 2027	Monday, November 01, 2027	31	8.30
93rd Coupon/Interest Payment Date	Wednesday, December 01, 2027	Wednesday, December 01, 2027	30	8.03
94th Coupon/Interest Payment Date	Saturday, January 01, 2028	Monday, January 03, 2028	31	8.30
95th Coupon/Interest Payment Date	Tuesday, February 01, 2028	Tuesday, February 01, 2028	31	8.30
96th Coupon/Interest Payment Date	Wednesday, March 01, 2028	Wednesday, March 01, 2028	29	7.77
97th Coupon/Interest Payment Date	Saturday, April 01, 2028	Monday, April 03, 2028	31	8.30
98th Coupon/Interest Payment Date	Monday, May 01, 2028	Monday, May 01, 2028	30	8.05
99th Coupon/Interest Payment Date	Thursday, June 01, 2028	Thursday, June 01, 2028	31	8.32
100th Coupon/Interest	Saturday, July 01,	Monday, July 03,	30	

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Payment Date	2028	2028		8.05
101st Coupon/Interest Payment Date	Tuesday, August 01, 2028	Tuesday, August 01, 2028	31	8.32
102nd Coupon/Interest Payment Date	Friday, September 01, 2028	Friday, September 01, 2028	31	8.32
103rd Coupon/Interest Payment Date	Sunday, October 01, 2028	Monday, October 02, 2028	30	8.05
104th Coupon/Interest Payment Date	Wednesday, November 01, 2028	Wednesday, November 01, 2028	31	8.32
105th Coupon/Interest Payment Date	Friday, December 01, 2028	Friday, December 01, 2028	30	8.05
106th Coupon/Interest Payment Date	Monday, January 01, 2029	Monday, January 01, 2029	31	8.32
107th Coupon/Interest Payment Date	Thursday, February 01, 2029	Thursday, February 01, 2029	31	8.32
108th Coupon/Interest Payment Date	Thursday, March 01, 2029	Thursday, March 01, 2029	28	7.52
109th Coupon/Interest Payment Date	Sunday, April 01, 2029	Monday, April 02, 2029	31	8.32
110th Coupon/Interest Payment Date	Tuesday, May 01, 2029	Tuesday, May 01, 2029	30	8.05
111th Coupon/Interest Payment Date	Friday, June 01, 2029	Friday, June 01, 2029	31	8.32
112th Coupon/Interest Payment Date	Sunday, July 01, 2029	Monday, July 02, 2029	30	8.05
113th Coupon/Interest Payment Date	Wednesday, August 01, 2029	Wednesday, August 01, 2029	31	8.32
114th Coupon/Interest Payment Date	Saturday, September 01, 2029	Monday, September 03, 2029	31	8.32
115th Coupon/Interest Payment Date	Monday, October 01, 2029	Monday, October 01, 2029	30	8.05
116th Coupon/Interest Payment Date	Thursday, November 01, 2029	Thursday, November 01, 2029	31	8.32
117th Coupon/Interest Payment Date	Saturday, December 01, 2029	Monday, December 03, 2029	30	8.05
118th Coupon/Interest Payment Date	Tuesday, January 01, 2030	Tuesday, January 01, 2030	31	8.32
119th Coupon/Interest Payment Date	Friday, February 01, 2030	Friday, February 01, 2030	31	8.32
120th Coupon/Interest Payment Date	Tuesday, February 05, 2030	Tuesday, February 05, 2030	4	1.07
Redemption of Principal	Tuesday, February 05, 2030	Tuesday, February 05, 2030		1,000.00
Total Cash Flows				1,980.23

### Post-Incentive

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Wednesday, April 01, 2020	Wednesday, April 01, 2020	56	15.30

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
2nd Coupon/Interest Payment Date	Friday, May 01, 2020	Monday, May 04, 2020	30	8.22
3rd Coupon/Interest Payment Date	Monday, June 01, 2020	Monday, June 01, 2020	31	8.49
4th Coupon/Interest Payment Date	Wednesday, July 01, 2020	Wednesday, July 01, 2020	30	8.22
5th Coupon/Interest Payment Date	Saturday, August 01, 2020	Monday, August 03, 2020	31	8.49
6th Coupon/Interest Payment Date	Tuesday, September 01, 2020	Tuesday, September 01, 2020	31	8.49
7th Coupon/Interest Payment Date	Thursday, October 01, 2020	Thursday, October 01, 2020	30	8.22
8th Coupon/Interest Payment Date	Sunday, November 01, 2020	Monday, November 02, 2020	31	8.49
9th Coupon/Interest Payment Date	Tuesday, December 01, 2020	Tuesday, December 01, 2020	30	8.22
10th Coupon/Interest Payment Date	Friday, January 01, 2021	Friday, January 01, 2021	31	8.49
11th Coupon/Interest Payment Date	Monday, February 01, 2021	Monday, February 01, 2021	31	8.49
12th Coupon/Interest Payment Date	Monday, March 01, 2021	Monday, March 01, 2021	28	7.67
13th Coupon/Interest Payment Date	Thursday, April 01, 2021	Thursday, April 01, 2021	31	8.49
14th Coupon/Interest Payment Date	Saturday, May 01, 2021	Monday, May 03, 2021	30	8.22
15th Coupon/Interest Payment Date	Tuesday, June 01, 2021	Tuesday, June 01, 2021	31	8.49
16th Coupon/Interest Payment Date	Thursday, July 01, 2021	Thursday, July 01, 2021	30	8.22
17th Coupon/Interest Payment Date	Sunday, August 01, 2021	Monday, August 02, 2021	31	8.49
18th Coupon/Interest Payment Date	Wednesday, September 01, 2021	Wednesday, September 01, 2021	31	8.49
19th Coupon/Interest Payment Date	Friday, October 01, 2021	Friday, October 01, 2021	30	8.22
20th Coupon/Interest Payment Date	Monday, November 01, 2021	Monday, November 01, 2021	31	8.49
21st Coupon/Interest Payment Date	Wednesday, December 01, 2021	Wednesday, December 01, 2021	30	8.22
22nd Coupon/Interest Payment Date	Saturday, January 01, 2022	Monday, January 03, 2022	31	8.49
23rd Coupon/Interest Payment Date	Tuesday, February 01, 2022	Tuesday, February 01, 2022	31	8.49
24th Coupon/Interest Payment Date	Tuesday, March 01, 2022	Tuesday, March 01, 2022	28	7.67
25th Coupon/Interest Payment Date	Friday, April 01, 2022	Friday, April 01, 2022	31	8.49
26th Coupon/Interest Payment Date	Sunday, May 01, 2022	Monday, May 02, 2022	30	8.22
27th Coupon/Interest	Wednesday, June	Wednesday, June	31	

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Payment Date	01, 2022	01, 2022		8.49
28th Coupon/Interest Payment Date	Friday, July 01, 2022	Friday, July 01, 2022	30	8.22
29th Coupon/Interest Payment Date	Monday, August 01, 2022	Monday, August 01, 2022	31	8.49
30th Coupon/Interest Payment Date	Thursday, September 01, 2022	Thursday, September 01, 2022	31	8.49
31st Coupon/Interest Payment Date	Saturday, October 01, 2022	Monday, October 03, 2022	30	8.22
32nd Coupon/Interest Payment Date	Tuesday, November 01, 2022	Tuesday, November 01, 2022	31	8.49
33rd Coupon/Interest Payment Date	Thursday, December 01, 2022	Thursday, December 01, 2022	30	8.22
34th Coupon/Interest Payment Date	Sunday, January 01, 2023	Monday, January 02, 2023	31	8.49
35th Coupon/Interest Payment Date	Wednesday, February 01, 2023	Wednesday, February 01, 2023	31	8.49
36th Coupon/Interest Payment Date	Wednesday, March 01, 2023	Wednesday, March 01, 2023	28	7.67
37th Coupon/Interest Payment Date	Saturday, April 01, 2023	Monday, April 03, 2023	31	8.49
38th Coupon/Interest Payment Date	Monday, May 01, 2023	Tuesday, May 02, 2023	30	8.20
39th Coupon/Interest Payment Date	Thursday, June 01, 2023	Thursday, June 01, 2023	31	8.47
40th Coupon/Interest Payment Date	Saturday, July 01, 2023	Monday, July 03, 2023	30	8.20
41st Coupon/Interest Payment Date	Tuesday, August 01, 2023	Tuesday, August 01, 2023	31	8.47
42nd Coupon/Interest Payment Date	Friday, September 01, 2023	Friday, September 01, 2023	31	8.47
43rd Coupon/Interest Payment Date	Sunday, October 01, 2023	Tuesday, October 03, 2023	30	8.20
44th Coupon/Interest Payment Date	Wednesday, November 01, 2023	Wednesday, November 01, 2023	31	8.47
45th Coupon/Interest Payment Date	Friday, December 01, 2023	Friday, December 01, 2023	30	8.20
46th Coupon/Interest Payment Date	Monday, January 01, 2024	Monday, January 01, 2024	31	8.47
47th Coupon/Interest Payment Date	Thursday, February 01, 2024	Thursday, February 01, 2024	31	8.47
48th Coupon/Interest Payment Date	Friday, March 01, 2024	Friday, March 01, 2024	29	7.92
49th Coupon/Interest Payment Date	Monday, April 01, 2024	Monday, April 01, 2024	31	8.47
50th Coupon/Interest Payment Date	Wednesday, May 01, 2024	Thursday, May 02, 2024	30	8.22
51st Coupon/Interest Payment Date	Saturday, June 01, 2024	Monday, June 03, 2024	31	8.49
52nd Coupon/Interest Payment Date	Monday, July 01, 2024	Monday, July 01, 2024	30	8.22
53rd Coupon/Interest Payment Date	Thursday, August 01, 2024	Thursday, August 01, 2024	31	8.49

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
54th Coupon/Interest Payment Date	Sunday, September 01, 2024	Monday, September 02, 2024	31	8.49
55th Coupon/Interest Payment Date	Tuesday, October 01, 2024	Tuesday, October 01, 2024	30	8.22
56th Coupon/Interest Payment Date	Friday, November 01, 2024	Friday, November 01, 2024	31	8.49
57th Coupon/Interest Payment Date	Sunday, December 01, 2024	Monday, December 02, 2024	30	8.22
58th Coupon/Interest Payment Date	Wednesday, January 01, 2025	Wednesday, January 01, 2025	31	8.49
59th Coupon/Interest Payment Date	Saturday, February 01, 2025	Monday, February 03, 2025	31	8.49
60th Coupon/Interest Payment Date	Saturday, March 01, 2025	Monday, March 03, 2025	28	7.67
61st Coupon/Interest Payment Date	Tuesday, April 01, 2025	Tuesday, April 01, 2025	31	8.49
62nd Coupon/Interest Payment Date	Thursday, May 01, 2025	Friday, May 02, 2025	30	8.22
63rd Coupon/Interest Payment Date	Sunday, June 01, 2025	Monday, June 02, 2025	31	8.49
64th Coupon/Interest Payment Date	Tuesday, July 01, 2025	Tuesday, July 01, 2025	30	8.22
65th Coupon/Interest Payment Date	Friday, August 01, 2025	Friday, August 01, 2025	31	8.49
66th Coupon/Interest Payment Date	Monday, September 01, 2025	Monday, September 01, 2025	31	8.49
67th Coupon/Interest Payment Date	Wednesday, October 01, 2025	Wednesday, October 01, 2025	30	8.22
68th Coupon/Interest Payment Date	Saturday, November 01, 2025	Monday, November 03, 2025	31	8.49
69th Coupon/Interest Payment Date	Monday, December 01, 2025	Monday, December 01, 2025	30	8.22
70th Coupon/Interest Payment Date	Thursday, January 01, 2026	Thursday, January 01, 2026	31	8.49
71st Coupon/Interest Payment Date	Sunday, February 01, 2026	Monday, February 02, 2026	31	8.49
72nd Coupon/Interest Payment Date	Sunday, March 01, 2026	Monday, March 02, 2026	28	7.67
73rd Coupon/Interest Payment Date	Wednesday, April 01, 2026	Wednesday, April 01, 2026	31	8.49
74th Coupon/Interest Payment Date	Friday, May 01, 2026	Monday, May 04, 2026	30	8.22
75th Coupon/Interest Payment Date	Monday, June 01, 2026	Monday, June 01, 2026	31	8.49
76th Coupon/Interest Payment Date	Wednesday, July 01, 2026	Wednesday, July 01, 2026	30	8.22
77th Coupon/Interest Payment Date	Saturday, August 01, 2026	Monday, August 03, 2026	31	8.49
78th Coupon/Interest Payment Date	Tuesday, September 01, 2026	Tuesday, September 01, 2026	31	8.49
79th Coupon/Interest	Thursday,	Thursday,	30	



Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
Payment Date	October 01, 2026	October 01, 2026		8.22
80th Coupon/Interest Payment Date	Sunday, November 01, 2026	Monday, November 02, 2026	31	8.49
81st Coupon/Interest Payment Date	Tuesday, December 01, 2026	Tuesday, December 01, 2026	30	8.22
82nd Coupon/Interest Payment Date	Friday, January 01, 2027	Friday, January 01, 2027	31	8.49
83rd Coupon/Interest Payment Date	Monday, February 01, 2027	Monday, February 01, 2027	31	8.49
84th Coupon/Interest Payment Date	Monday, March 01, 2027	Monday, March 01, 2027	28	7.67
85th Coupon/Interest Payment Date	Thursday, April 01, 2027	Thursday, April 01, 2027	31	8.49
86th Coupon/Interest Payment Date	Saturday, May 01, 2027	Monday, May 03, 2027	30	8.20
87th Coupon/Interest Payment Date	Tuesday, June 01, 2027	Tuesday, June 01, 2027	31	8.47
88th Coupon/Interest Payment Date	Thursday, July 01, 2027	Thursday, July 01, 2027	30	8.20
89th Coupon/Interest Payment Date	Sunday, August 01, 2027	Monday, August 02, 2027	31	8.47
90th Coupon/Interest Payment Date	Wednesday, September 01, 2027	Wednesday, September 01, 2027	31	8.47
91st Coupon/Interest Payment Date	Friday, October 01, 2027	Friday, October 01, 2027	30	8.20
92nd Coupon/Interest Payment Date	Monday, November 01, 2027	Monday, November 01, 2027	31	8.47
93rd Coupon/Interest Payment Date	Wednesday, December 01, 2027	Wednesday, December 01, 2027	30	8.20
94th Coupon/Interest Payment Date	Saturday, January 01, 2028	Monday, January 03, 2028	31	8.47
95th Coupon/Interest Payment Date	Tuesday, February 01, 2028	Tuesday, February 01, 2028	31	8.47
96th Coupon/Interest Payment Date	Wednesday, March 01, 2028	Wednesday, March 01, 2028	29	7.92
97th Coupon/Interest Payment Date	Saturday, April 01, 2028	Monday, April 03, 2028	31	8.47
98th Coupon/Interest Payment Date	Monday, May 01, 2028	Tuesday, May 02, 2028	30	8.22
99th Coupon/Interest Payment Date	Thursday, June 01, 2028	Thursday, June 01, 2028	31	8.49
100th Coupon/Interest Payment Date	Saturday, July 01, 2028	Monday, July 03, 2028	30	8.22
101st Coupon/Interest Payment Date	Tuesday, August 01, 2028	Tuesday, August 01, 2028	31	8.49
102nd Coupon/Interest Payment Date	Friday, September 01, 2028	Friday, September 01, 2028	31	8.49
103rd Coupon/Interest Payment Date	Sunday, October 01, 2028	Tuesday, October 03, 2028	30	8.22
104th Coupon/Interest Payment Date	Wednesday, November 01, 2028	Wednesday, November 01, 2028	31	8.49

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
105th Coupon/Interest Payment Date	Friday, December 01, 2028	Friday, December 01, 2028	30	8.22
106th Coupon/Interest Payment Date	Monday, January 01, 2029	Monday, January 01, 2029	31	8.49
107th Coupon/Interest Payment Date	Thursday, February 01, 2029	Thursday, February 01, 2029	31	8.49
108th Coupon/Interest Payment Date	Thursday, March 01, 2029	Thursday, March 01, 2029	28	7.67
109th Coupon/Interest Payment Date	Sunday, April 01, 2029	Monday, April 02, 2029	31	8.49
110th Coupon/Interest Payment Date	Tuesday, May 01, 2029	Wednesday, May 02, 2029	30	8.22
111th Coupon/Interest Payment Date	Friday, June 01, 2029	Friday, June 01, 2029	31	8.49
112th Coupon/Interest Payment Date	Sunday, July 01, 2029	Monday, July 02, 2029	30	8.22
113th Coupon/Interest Payment Date	Wednesday, August 01, 2029	Wednesday, August 01, 2029	31	8.49
114th Coupon/Interest Payment Date	Saturday, September 01, 2029	Monday, September 03, 2029	31	8.49
115th Coupon/Interest Payment Date	Monday, October 01, 2029	Monday, October 01, 2029	30	8.22
116th Coupon/Interest Payment Date	Thursday, November 01, 2029	Thursday, November 01, 2029	31	8.49
117th Coupon/Interest Payment Date	Saturday, December 01, 2029	Monday, December 03, 2029	30	8.22
118th Coupon/Interest Payment Date	Tuesday, January 01, 2030	Tuesday, January 01, 2030	31	8.49
119th Coupon/Interest Payment Date	Friday, February 01, 2030	Friday, February 01, 2030	31	8.49
120th Coupon/Interest Payment Date	Tuesday, February 05, 2030	Tuesday, February 05, 2030	4	1.10
Redemption of Principal	Tuesday, February 05, 2030	Tuesday, February 05, 2030	0	1,000.00
Total Cash Flows				2,000.23

## Series IX

Name of the Company	Pre-Incentive	Post-Incentive
	Edelweiss Finance and Investments Limited	Edelweiss Finance and Investments Limited
Face Value per NCD (in Rs.)	1000.00	1000.00
Number of NCDs held (assumed)	1	1
Deemed date of allotment	Wednesday, February 05, 2020	Wednesday, February 05, 2020
Tenor	10 years	10 years
Coupon	10.25%	10.45%
Redemption Date/Maturity Date	Tuesday, February 05, 2030	Tuesday, February 05, 2030
Frequency of Interest Payment	Annual	Annual
Day Count Convention	Actual/Actual	Actual/Actual
Effective Yield	10.24%	10.44%

**Pre-Incentive**

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Friday, February 05, 2021	Friday, February 05, 2021	366	102.50
2nd Coupon/Interest Payment Date	Saturday, February 05, 2022	Monday, February 07, 2022	365	102.50
3rd Coupon/Interest Payment Date	Sunday, February 05, 2023	Monday, February 06, 2023	365	102.50
4th Coupon/Interest Payment Date	Monday, February 05, 2024	Monday, February 05, 2024	365	102.50
5th Coupon/Interest Payment Date	Wednesday, February 05, 2025	Wednesday, February 05, 2025	366	102.50
6th Coupon/Interest Payment Date	Thursday, February 05, 2026	Thursday, February 05, 2026	365	102.50
7th Coupon/Interest Payment Date	Friday, February 05, 2027	Friday, February 05, 2027	365	102.50
8th Coupon/Interest Payment Date	Saturday, February 05, 2028	Monday, February 07, 2028	365	102.50
9th Coupon/Interest Payment Date	Monday, February 05, 2029	Monday, February 05, 2029	366	102.50
10th Coupon/Interest Payment Date	Tuesday, February 05, 2030	Tuesday, February 05, 2030	365	102.50
Redemption of Principal	Tuesday, February 05, 2030	Tuesday, February 05, 2030		1,000.00
Total Cash Flows				2,025.00

**Post-Incentive**

Cash Flows	Due Date	Actual Payout Date	No. of Days in Coupon Period	For all Categories of Investors(Rs.)
1st Coupon/Interest Payment Date	Friday, February 05, 2021	Friday, February 05, 2021	366	104.50
2nd Coupon/Interest Payment Date	Saturday, February 05, 2022	Monday, February 07, 2022	365	104.50
3rd Coupon/Interest Payment Date	Sunday, February 05, 2023	Monday, February 06, 2023	365	104.50
4th Coupon/Interest Payment Date	Monday, February 05, 2024	Monday, February 05, 2024	365	104.50
5th Coupon/Interest Payment Date	Wednesday, February 05, 2025	Wednesday, February 05, 2025	366	104.50
6th Coupon/Interest Payment Date	Thursday, February 05, 2026	Thursday, February 05, 2026	365	104.50
7th Coupon/Interest Payment Date	Friday, February 05, 2027	Friday, February 05, 2027	365	104.50
8th Coupon/Interest Payment Date	Saturday, February 05, 2028	Monday, February 07, 2028	365	104.50
9th Coupon/Interest Payment Date	Monday, February 05, 2029	Monday, February 05, 2029	366	104.50
10th Coupon/Interest Payment Date	Tuesday, February 05, 2030	Tuesday, February 05, 2030	365	104.50
Redemption of Principal	Tuesday, February 05, 2030	Tuesday, February 05, 2030		1,000.00
Total Cash Flows				2,045.00

Assumptions:

- Investors should note that the below examples are solely for illustrative purposes and is not specific to the Issue.
- For the purpose of illustration, it is assumed that Saturdays and Sundays are non-Working Days
- The Deemed Date of Allotment is assumed to be February 5, 2020. If the Deemed Date of Allotment undergoes a change, the coupon payments dates, redemption dates, redemption amount and other cash flow working shall be changed accordingly.
- Interest payable during the Financial Year 2020, 2024 and 2028 being a leap year, has been calculated for 366 days.
- In the event, the interest / pay-out of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is Rs. 1,574.90/-, then the amount shall be rounded off to Rs. 1,575/-. In the above table, interest payable per NCD is round off to nearest integer only for purpose of illustration. However, this rounding off to nearest integer at the time of payment of interest and/or redemption amount will be done per debenture holder.

Note:

The Coupon/ Interest Payments are rounded-off to nearest rupee as per FIMMDA 'Handbook on market practices'.